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April 13-16, 1998

Academy of Strategic and Organizational Leadership

Proceedings

Proceedings of the
Academy of Strategic and
Organizational Leadership

April 13-16, 1998
Myrtle Beach, South Carolina

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**The Proceedings of the
Academy of Strategic and Organizational Leadership
are published by the
Allied Academies, Inc., PO Box 2689, Cullowhee, NC, 28723.**

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THE INFLUENCE OF FUNCTIONAL BACKGROUND ON CORPORATE STRATEGIC CHANGE IN THE CONTEXT OF CHIEF EXECUTIVE OFFICER SUCCESSION

David W. Gibson, Hampden-Sydney College

ABSTRACT

This research investigates the relationship between organizational outcomes and the organizational background of chief executive officer successors. The research record reveals chief executive officer successor background is an important factor influencing organizational outcomes.

This research tests the association between organizational outcomes and the functional backgrounds of chief executive officers and their successors. It is hypothesized successors of similar functional background can be expected to maintain patterns of behavior and organizational adaptation pursued by their predecessors. Alternatively, the replacement of a chief executive officer by a successor with a different functional background can be viewed as a sign of organizational change and adaptation.

The results reveal no significant difference in the degree of strategic change experienced by large corporations when the chief executive officer is replaced by a successor with a different functional background versus those that are replaced by a chief executive officer with a dissimilar functional background.

INTRODUCTION

An enduring question in organizational analysis concerns the effect of leadership on organizational outcomes. Some researchers assume leaders are a homogeneous group with regard to their influence (Gamson and Scotch, 1964; Eitzen and Yetman, 1972). Other researchers argue major corporations run themselves, with minimal influence of the chief executive officer (Hannan and Freeman, 1977; Mintzberg, 1979; Hall, 1977). Still other researchers (Smith, Carson, and Alexander, 1984; Gupta, 1984; Chaganti and Sambharya, 1987; Pfeffer and Davis-Blake, 1988) argue top leadership accounts for a significant difference in variability in organizational performance.

THE ROLE OF MANAGEMENT SUCCESSION

If leadership matters, then the transfer of authority, or succession, is an important event in an organization. For more than four decades executive succession has been an extensively studied area of research. Succession research has grown dramatically since the 1970s. Kesner and Sebora cite a 250 percent increase in the number of succession-related articles in academic journals from the 1970s to the 1990s and argue "there is little that we know conclusively, much that we do not know because of mixed results, and even more that we have not yet studied" (1994: 327).

A principal reason succession has remained such a rich area of academic inquiry is the acknowledgment the relationship between succession and organizational outcomes has proved elusive. Despite a steady stream of research, a consensus is still lacking. Scholars have concluded succession improves organizational performance (Guest, 1962; Helmich, 1974), reduces organizational performance (Gouldner, 1954; Grusky, 1964; Allen, Panian, & Lotz, 1979), and has no effect on organizational performance (Gamson & Scotch, 1964; Eitzen & Yetman, 1972).

THE IMPORTANCE OF THE CHIEF EXECUTIVE OFFICER

This research is concerned specifically with chief executive officer succession. Succession at this level is of particular importance for a variety of reasons. It is the chief executive officer who determines the central concept of a business (Lauenstein, 1980), controls and directs the organization toward its goals (Brady and Helmich, 1984), is responsible for organization/environment alignment (Daft, Sormunen, and Parks, 1988), and is ultimately responsible for action on, and reaction to, an organization's strategy (Dalton and Kesner, 1985).

Citing research in the strategic management literature (Hofer and Schendel, 1978; Porter, 1980), Smith and White (1987) argue strategic choice is fundamental to organizational adaptation and survival. The chief executive officer, as a member of the organization's dominant coalition (Cyert and March, 1963), is instrumental in formulating (Hofer and Schendel, 1978) and implementing (Galbraith and Nathanson, 1978) strategy. Thus the selection of the chief executive officer is of central importance to the organization's adaptation and survival (Gupta, 1984).

FUNCTIONAL BACKGROUND AS A DETERMINANT OF MANAGEMENT BIAS AND ACTION

Conventional wisdom supports the notion of the universalistic manager, however the literature (Kotter, 1982; Gupta, 1984; Hambrick and Mason, 1984) demonstrates general managers tend to be functionally specialized. Furthermore, these managers bring to their positions attitudes, perspectives, and skills, that are in part, formed by their functional background (Dearborn and Simon, 1958; Hambrick and Mason, 1984; Datta and Guthrie, 1994). These attitudes, perspectives, and skills, in turn, can be expected to influence organizational outcomes (Gupta and Govindarajan, 1984; Wiersema and Bantel, 1992).

Research by Dearborn and Simon (1958) found managers suffer from limitations in the systematic processing of information. They discovered executives with different functional backgrounds have their perspectives formed, in part, by their functional experiences.

Over time, exposure to goals and rewards within a particular functional department shapes the manager's perspectives. Based on these repeated exposures, managers come to view broader organizational issues in the context of the belief structure of their functional work experience. Dearborn and Simon (1958) conclude the manner in which an executive approaches a problem is biased by the executive's functional background, and this subsequently limits and defines the range of actions to be considered.

Hambrick and Mason (1984) view background characteristics as predictors of the assumptions a manager brings to bear on an administrative situation. They contend the top executive's functional

background, in part, acts as a predictor of the executive's values, beliefs, and cognitive perspectives. Functional background, among other demographic variables, serves to differentiate executives in terms of executive choice and action and thus managers act in a manner consistent with their functional backgrounds (Hambrick and Mason, 1984). Consequently, it is expected chief executive officers with similar functional backgrounds will view organizational issues in a similar manner.

FUNCTIONAL BACKGROUND AND ORGANIZATIONAL CHANGE

The dominant coalition serves to preserve organizational values (Vancil, 1987), however it also can foster institutional inbreeding (Smith and White, 1987; Miller, 1991). Thus, the dominant coalition may seek chief executive officer successors that preserve the status quo. Smith and White (1987) theorize a manifestation of this phenomenon is the selection of chief executive officer successors with functional backgrounds similar to their predecessors. In addition, Smith and White (1987) predict the dominant coalition will seek to promote continuity in strategic direction. The results indicate the career specialization of the exiting chief executive officer is a predictor of the specialization of the successor, and that these career specializations tend to be the same.

Smith and White (1987) express concern that United States firms may need to demonstrate greater flexibility in the successor selection process. Nontraditional career backgrounds and institutional experiences may become more important in an increasingly complex competitive environment. This suggests successors with backgrounds similar to the departing chief executive officer may serve to constrain organizational change and adaptation. While Smith and White (1987) raise the concern that similarity of functional backgrounds of chief executive officers and their successors may be problematic, they do not test for the hypothesized performance effects.

MEASUREMENT PROBLEMS IN PREVIOUS RESEARCH

In the context of succession, measuring organizational outcomes has proved problematic. Most previous research has used performance-based measures, such as profitability and stock prices. A wide variety of factors that can influence organizational performance can conceal the real relationship between performance and succession (Weiner and Mahoney, 1981; Beatty and Zajac, 1987). In addition, performance-based measures of organizational performance as the dependent variable have been demonstrated to have both a cause and effect relationship with succession (Gamson and Scotch, 1964).

In an attempt to overcome the difficulties associated with profitability-based measures, more recent research has used stock prices as a proxy of investors' profitability expectations. Beatty and Zajac (1987) found a reduction in the value of the firm following the announcement of a pending succession. Reinganum (1985) found the stock price effect of succession is dependent upon the relationship among the size of the firm, the origin of the successor, and the disposition of the predecessor. Lubatkin, Chung, Rogers, and Owers (1989) found a favorable reaction by investors to be dependent upon the performance context and the nature of the succession event. It is apparent the research record concerning performance effects of succession for stock price changes is as mixed as it is for profitability-based measures of performance.

To avoid these problems, the present research is not concerned with performance-based measures of organizational performance, but rather with strategic change. Strategic change is less subject to influence by external factors than performance-based measures of organizational performance. For example, financial performance can be influenced by external factors such as general economic conditions, as it is by the effects of executive leadership (Lieberson and O'Connor, 1972). However, changes in corporate strategy are the direct result of top management action, most notably, the actions of the chief executive officer (Vancil, 1987). It is evident from the research record that different chief executive officers influence their organization's strategies in different ways (Wiersema, 1992).

At the corporate level, strategy determines what set of businesses the organization should compete in (Hofer and Schendel, 1979). Corporate strategy-related measures of organization outcomes have precedence in the succession literature. Virany, Tushman, and Romanelli (1992) found the positive influence of succession accentuated when accompanied by a strategic reorientation. Strategic reorientation was defined as the organization moving into or out of major product lines or markets. Miller (1993) found succession is associated with strategic change through an increase in competitive aggressiveness after the appointment of a new chief executive officer. Strategic change was defined as entering major new markets, introducing a significant new product, a major merger or acquisition, etc. Wiersema (1992) measured strategic change in terms of changes in the firm's specialization ratio. The specialization ratio is the proportion of the firm's annual revenues attributable to its largest business unit. In agreement with Hofer and Schendel's (1979) view of corporate strategy, a common theme among each of these measures of strategic change is the firm's movement into or out of a major product/market.

RESEARCH RATIONALE AND HYPOTHESIS

Only two studies have considered functional background in the context of management succession: Smith and White (1987) found the functional backgrounds of chief executive officers and their successors to be related; Datta and Guthrie (1994) found chief executive officer successors with technical functional backgrounds are associated with an organizational strategy of innovation.

Previous research has not investigated whether the relationship between functional backgrounds of chief executive officer successors and their predecessors influences organizational outcomes. In addition, the relationship between the functional background and corporate strategic change has not previously been investigated.

Replacement of a chief executive officer with a successor of similar functional background can be viewed as an affirmation of the status quo. Alternatively, selection of a chief executive officer who functional background differs from the predecessor's can be viewed as a break with the past and as a sign of organizational change and adaptation. The business press frequently provides anecdotal evidence of this proposition. This research empirically tests this hypothesis.

> *Hypothesis: The degree of strategic change will be the same when the functional backgrounds of chief executive officers successors and their predecessors are the same and when they differ.*

METHOD

The research hypothesis was tested by a test of two independent means. This straightforward statistical technique was used to determine whether the degree of strategic change was different when the functional backgrounds of chief executive officer successors and their predecessors differed versus when they coincided.

Chief Executive Officer Functional Background and Origin of Successor data were gathered from the *Business Week* Corporate Elite (1991-1993), which lists the career specializations of the chief executive officers of the 1000 largest United States corporations.

Chief executive officer functional background is reported in the *Business Week* Corporate Elite (1991-1993). Ambiguity exists in certain cases, such as in listings of functional background as "management" or "administration." Such cases are problematic since it is not clear whether the executives either do not possess a clearly defined functional background, or whether they truly do possess such a background, but have failed to divulge it. As a result, cases listing administration or management as the career specialization were excluded from the sample. Based on the foregoing, background similarity and difference is a binary variable. Successors whose background is the same as their predecessor are coded as 0, and successors whose background is different are coded as 1.

Strategic change is based on Wiersema's (1992) measure. Wiersema (1992) uses the specialization ratio to measure the percentage of annual sales attributable to the corporation's largest discrete product-market activity. Wiersema (1992) argues, despite diversification efforts, most corporations maintain a core business from which a majority of overall sales are generated. The degree of strategic change is measured by the percentage change in the specialization ratio over the period of five years pre-and-post-succession. Wiersema (1992) contends this is sufficiently long to reflect shifts in corporate strategy. Utility and financial institutions were excluded from the sample due to regulatory restrictions on movement in and out of product-market activities.

Standard Industrial Codes are used to identify the corporation's core business. Standard Industrial Codes for core businesses, as well as relative sales figures for core business units, are available on Standard & Poor's COMPUSTAT. The use of Standard Industrial Codes as a measure of organizational strategy finds support in the succession literature. Belkaoui and Pavlik (1993) used two digit Standard Industrial Codes to measure diversification strategy. Wiersema and Bantel used 4 digit Standard Industrial Codes to measure shifts in corporate strategy.

Chief executive officer succession data are drawn from data available in the *Business Week* Corporate Elite (1991-1993). The succession event will be identified by chief executive officers who held office in a given year, but did not hold office in the previous year.

The *Business Week* Corporate Elite (1991-1993) revealed 153 corporations experienced chief executive officer succession between 1991 and 1993. Elimination of cases representing utility and financial industries, as well as a small number of cases with incomplete data, left a sample of 93 firms.

RESULTS AND DISCUSSION

The research results reveal no statistically significant (at the five percent level of confidence) association between chief executive officer successor and predecessor functional background similarity or difference and strategic change. The results of this research suggest functional

background, in the context of chief executive officer succession, does not have a significant influence on corporate strategic change.

The importance of functional background assumed in shaping executive perceptions and belief structures (Dearborn and Simon, 1958; Hambrick and Mason, 1984) was instrumental in the theoretical development of the research hypotheses. However, the results do not support the contention that executive perceptions influence executive choice and action (Hambrick and Mason, 1984), and in turn, executive choice and action influence strategy (Mintzberg, 1990).

The research findings address Smith and White's (1987) concerns relating to institutional inbreeding. Smith and White (1987) predicted the dominant coalition may seek to preserve the status quo in strategic direction through the selection of chief executive officer successors with career specializations similar to the predecessor's career specialization. The results reveal strategic change is not influenced by the career specialization of the chief executive officer successor, thus, the earlier concerns of Smith and White (1987) appear unfounded.

Various arguments presented in the literature review can be offered in support of the research results, including leaders are a homogeneous group with regard to their leadership influence (Gamson and Scotch, 1964; Eitzen and Yetman, 1972); corporations are largely self-directed (Lieberson and O'Connor, 1972; Mintzberg, 1979; Hall, 1977); and organizational inertia constrains the influence of top management (Pfeffer, 1977; Hannan and Freeman, 1977).

DIRECTION FOR FUTURE RESEARCH

One avenue of future research relates to the influence of background characteristics on the top management team or dominant coalition. The inability of the chief executive officer, as a sole agent of change, to influence corporate outcomes has been argued by a number of researchers (Gamson and Scotch, 1964; Lieberson and O'Connor, 1972; Pfeffer, 1977).

Some researchers (Virany, Tushman, and Romanelli (1992); Norburn and Birley, 1988) have argued the top management team is a more useful unit of analysis. In the context of succession, background characteristics of the chief executive office, alone, may not have a significant influence on organizational outcomes. Hence, the background characteristics of the top management team might be a better predictor of organizational outcomes. Future research should consider expanding upon the methodology used by this study by analyzing the influence of relevant background characteristics of the top management team on strategic change in the context of chief executive officer succession.

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HUMAN RESOURCE TRAINING FOR MANAGERS: AN INTEGRAL PART OF THE STRATEGIC MANAGEMENT PROCESS

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Human Resource Management (HRM) is evolving from a staff area, characterized by clerical and record keeping tasks, to a senior management level with the recognition that it is crucial to the strategic planning process of the organization (Wright and McMahan, 1992). Dramatic changes in today's labor pool have rendered sound and effective HRM policy-making essential to survival in a competitive market place (Johnson, 1991). Without it, optimizing the quality and quantity of human capital will prove impossible. As an integral part of the strategic process, HRM is now responsible for maintaining a qualified work force that will allow the organization to meet its goals and objectives.

Historically, the HRM task of maintaining a qualified body of participating employees has been accomplished though the functions of: 1) Recruitment, 2) Selection, 3) Training, and 4) Evaluation. The importance of these four functions is well-documented (Mondy, Noe, and Edwards, 1987; Schmidt, Hunter, McKenzie, and Muldrow, 1979; Rummler, 1996; Lee, 1996) and their application has been embraced by many organizations. Unfortunately, these functions are often applied in isolation from each other, resulting in inefficiency that increases overall costs to the organization. Many people functioning as managers have never encountered HRM literature, much less studied this process. They are thus inadequately prepared to implement proper hiring and developmental procedures described in the HRM literature even if motivated to do so.

This study reviews accepted theory and practice in recruitment, selection, training, and evaluation. A modified employment model, incorporating these functions is introduced and used to analyze current managerial hiring practices and their impacts in academic settings. Reasons for the gaps between this modified employment model and actual practice are identified. Suggestions for improving the process are offered.

AN INTEGRATED PERSONNEL MANAGEMENT MODEL

The four functions of recruitment, selection, training, and evaluation are essential to organizational performance. They should provide the organization with individuals who perform the tasks necessary for organizational success. To accomplish this end, the functions of recruitment, selection, training, and evaluation must be considered as an interactive process, creating a continuous program of interdependent tasks. In addition, a fifth element concerning itself with employment outcomes (retention/termination, pay raise, and promotion decisions) of this process is suggested. This Integrated Personnel Management (IPM) process is presented below.

RECRUITMENT

The recruitment function serves two primary roles in maintaining a qualified work place. The first is to notify potential job candidates that positions are available. The second is to recruit by presenting a positive image of the organization to qualified individuals. Recruitment behavior should be influenced by projected employment needs as determined by job analysis, public employment policy, relevant labor pool, available resources, etc.

Accepted HRM theory does not now recognize, however, that the planning stage of recruitment should also consider selection, training, evaluation, and employment outcomes. The links between the phases of the IPM process imply that inadequate recruitment (whether too narrow geographically, too limited in duration, too poorly defined, or whatever) will negatively impact later stages of the firm's relationship with the employee. Recruitment should concern itself with seeking out individuals who will make good corporate members, willing and able to accept continuous training, with the potential for advancement. Recruitment should track the progress of those identified and eventually hired and attempt to make correlations between procedures and employee success.

SELECTION

The selection process focuses on gathering pertinent information that will help the organization make the best employment decision possible. Concern must be given to the quality and quantity of information collected. The selection process must also ensure it collects the information related to job criteria. This information is then organized into a measure that can be used to evaluate and differentiate potential employees.

Employee hiring should be based on those measures generated during the selection phase of employment. Those individuals possessing the most positive fit with the organization should be selected. The fit of an employee describes not only how well the employee will perform organizational tasks, but also the ease with which the individual will embrace the objectives of the organization. Many organizations hire employees by looking at their histories, trying to determine previous work-place behaviors. While the past and present are important, organizations should also consider the long-term future of the employer/employee relationship. Selection should concern itself with the questions of how well the new hire will respond to "our" training and evaluation process. All too often, once the employee is selected, the selection committee washes its hands of the situation, with responsibility for the employee's inculcation into the organization passed on to someone else. However, the selection process should monitor the movement of new hires through the organization to access its own success.

TRAINING

The training of employees is essential to the viability of today's organizations. In addition to providing necessary skills, training also aids in the personal and organizational development of the individual. Training is expensive, with US firms spending over $50 billion a year on this activity (Filipczak, 1996). Training typically involves four basic steps: 1) An organizational need assessment

analysis, 2) Development of a specific training program, 3) Implementation of that program, and 4) Evaluation of both value-added for the trainee and the program itself. The primary function of training is to maintain a consistent knowledge base within the organization that will ensure the attainment of the organization's goals and objectives.

Unfortunately, employee training often occurs in isolation from strategic planning activities. All employees, especially new hires, should have short and long-term planning scenarios, which anticipate needed skills and identify appropriate training activities. Management often neglects the continual appraisal of employee training needs, resulting in inefficient use of employee time and training dollars. As training policy is developed, it should complement recruitment and selection, recognizing the individual qualifications required now and for the future. Validity of training strategies should be a key component in assessing the manager's performance.

EVALUATION

Employee evaluation is the process that analyzes and assigns a value to employee contribution to the organization. Employees should have a clear understanding of expected behaviors, and evaluation should focus on these behaviors. Periodic evaluations are an opportunity for the organization to communicate support or concern for employee behavior. The evaluation process also creates an environment in which potential employee development activities can be discussed. The evaluation process should include a review of the employee's recruitment, selection, and training history. This review should reveal any relationships that exist between the ISD methods used and employee performance. Any relationships, which do not result in satisfactory performance, should be re-examined.

EMPLOYMENT OUTCOMES

Evaluations should be reflected in organizational actions such as promotion, pay-raises, mandatory training, and retention decisions. These actions are often discussed within the rubric of evaluation, but this paper suggests that these organizational outcomes are best analyzed as a fifth stage of the IPM process. Evaluation should *not* be made only when such decisions are imminent. This will bias the evaluation process. Decisions such as promotion or continued education should always be the result of a carefully scheduled, regular evaluation process. The design of the evaluation process should anticipate output useful to the pay/promotion decision.

Integration among the five phases of the IPM process is essential to organizational strategy.

Relationships among the five areas can and should be reviewed. Did recruitment activities have any relationship to employee training activities? Was the selection process related to positive employee evaluations? Did the training effort foster promotions and pay-raises? Only after such relationships are reviewed is the IPM model complete and ready as a standard for the organization's HRM process.

Utilizing the IPM model, we now evaluate the actual HRM processes that characterize institutions of higher education. What exactly are the "actual" HRM practices applied in such organizations? What is their basis and what are the results?

ACTUAL HRM PROCESS IN AN ACADEMIC SETTING

To begin our examination of the HRM process at work in institutions of higher education, we look at the practices used to hire Department Heads and Deans. We argue that this process works much the same for both sorts of positions, so they can be collapsed into one scenario. We begin with this level of management because department head positions are the lowest academic positions where management of employees is a significant part of the job description and duties. Not only that, it is generally from the ranks of department heads that deans are selected, then from the pool of deans that chief academic officers are hired, and in turn from among chief academic officers that college presidents are chosen. Thus, understanding how department heads and deans are selected, evaluated, and promoted is crucial to understanding behavior at the chief academic officer and president level.

THE RECRUITMENT PROCESS

When department head/dean positions are to be filled, the institution (i.e., the chief academic officer and president) can decide to promote from within or to conduct a search open to external candidates. If a department head position is filled from within, candidates will consist of interested faculty members who are then elected by their peers or appointed by the chief academic officer with or without the president's involvement. If it is a dean position, it is likely to be filled by one of the department heads under the purview of that dean position. If an open search is conducted in either case, the position description will be advertised in such publications as the *Chronicle of Higher Education*, mailed to universities awarding doctorates in the departmental discipline(s), and listed at the discipline's professional association meetings. The Personnel Office of the institution is likely to be involved, perhaps reviewing the position description and checking for compliance with equal opportunity employment procedures in the advertising process. Particularly for the dean position, the position description will list supervisory experience in addition to the requisite indicators of success as a faculty member in the discipline represented (publications, successful teaching, a record of university service).

THE SELECTION PROCESS

A search committee will be appointed or elected from faculty inside the department/school and perhaps one or two members from other departments or the community. The committee chair probably will be designated when the committee is appointed or beforehand if the members are to be elected. The search committee will be charged with review of applicants' credentials, usually defined to include letters of application, vita, letters of reference, and perhaps educational transcripts. Committee members will screen out applicants who do not meet minimum criteria, then score remaining applicants to identify those winning majority interest. Phone calls to those applicants and their references precede another scoring round that narrows the field to just a few persons to be invited for on-site interviews.

The on-site interview permits evaluation of the candidate's physical appearance, probably more important than commonly acknowledged; public speaking skills (a lecture/presentation on some topic is generally expected); interpersonal communication skills (one-on-one contact is necessary

during local transportation, meals, and meetings with the chief academic officer and president); and ability to provide "the right" answers to questions about current and controversial issues in the academic environment (some are likely to be management issues, perhaps even HRM dilemmas). After all the on-campus interviews, the search committee will invite input from department/school faculty, then score the applicants again to identify "the winner and runners-up." Hiring recommendations to the chief academic officer result. Those recommendations are either accepted, the search is reopened, or the position remains unfilled. The latter is not common since unfilled positions impose costs in terms of extra duties on the next-higher administrator, though an "interim or acting" designation is sometimes used to avoid those costs.

THE TRAINING PROCESS

Once department heads and deans are hired, the search committee dissolves and no one institutes a training/education program. The department head or dean is expected to choose some professional conferences/workshops to attend, but (s)he is assumed to be fully qualified to manage the department/school when hired. The conferences/workshops chosen are usually within the department head/dean's professional field, though workshops for deans that address some management issues are occasional options. Rarely will an academic institution maintain a systematic developmental program that focuses on administrators.

THE EVALUATION PROCESS

The dean will evaluate the department head's performance; the chief academic officer will evaluate the dean's performance. In both instances the primary criterion is likely to be the impacts felt directly by the evaluator from the department head's/dean's performance. That is, so long as the department head/dean causes no substantial problems for the dean/chief academic officer, that department head/dean is likely to remain in office. Precisely what is essential to avoid negatively impacting the dean/chief academic officer? Is it HRM performance? More likely it is such considerations as: operating within the departmental/school budget; avoiding, or at least deflating, customer (students, faculty, alumni, community) complaints; compliance with prescribed procedures and deadlines; demonstrating allegiance to the boss.

THE PROCESS OF DECIDING RETENTION, PAY RAISES, PROMOTIONS

Pay increases are most often formulaic except in very extreme situations. Retention is automatic unless performance is grossly unsatisfactory; Promotion for either the department head or the dean is generally possible only with the attrition of the next in line or by relocation to another institution. Thus, the department head and the dean are likely to be in a position where the rewards for excellent performance are few and penalties for poor performance are unlikely, especially if the poor performance does not directly impact the next administrator in line.

OVERVIEW OF THE HRM PROCESS IN ACADEMIA

Dean/department head recruitment does not target HRM-trained persons. Rather it seeks persons credentialed in the professional discipline and sometimes mandates prior management experience. Neither does the selection process hire on the basis of HRM education/skills. Credentials in the discipline are targeted, prior management experience is desirable or mandatory, and whether it is openly admitted or not, appearance and interpersonal communications skills are crucial. Experience and interpersonal skills are implicitly viewed as proxies for management ability including HRM skills. Unfortunately, it is <u>not</u> valid to assume that one who has previously managed has HRM skills/knowledge, since successful HRM administration is not usually a primary evaluation criterion for deans/department heads.

Once hired, the department head/dean does not necessarily receive management training, much less education in personnel management procedures. Rather, (s)he is likely to attend occasional meetings in his/her discipline (which of course is rarely HRM). So whatever HRM skills the department head/dean exhibits are either innate or learned by doing. Despite this, the department head/dean is likely to receive average pay increases and will probably not suffer for a lack of HRM knowledge. After all, success in that position is likely to be measured by criteria largely unrelated to HRM performance.

Having confined our attention thus far to the department head and dean positions, we now note that hiring for the chief academic officer position and for college presidents is likely to be done from the pool of deans. Thus, they generally share the dean's lack of HRM education.

IMPLICATIONS FOR THE ORGANIZATION

What are the implications of the lack of IPM knowledge by the organization's existing management? Obviously, future recruitment, selection, training, evaluation, and hiring/firing decisions will not be consistent with IPM model presented. What sort of "seat of the pants" procedures will be used by managers ignorant of HRM literature and practice? Most likely, they will adopt the same flawed process that was applied in hiring them.

For non-supervisory positions, recruitment and selection might be closely consistent with HRM theory. The organization's Personnel Office is likely to supervise position descriptions and advertisement as well as search procedures. Discrimination suits and federal affirmative action initiatives have raised the costs of mistakes in the recruitment and selection process so high that most organizations now mandate review by trained managers. There is still some likelihood, however, that untrained department heads/deans will hire without due respect for the costs of a bad hire. Both the desire to avoid excessive workloads due to understaffing and the political reality that unfilled slots are sometimes lost when budgets tighten encourage administrators to hire when in doubt. For supervisory positions, the recruitment and selection processes will continue to ignore the importance of HRM-trained supervisors despite the Personnel Office.

Once the hire has been made the costs of the department head's/dean's ignorance of the IPM process are likely to escalate. Perhaps the biggest problem is that the untrained department head/dean is unlikely to implement an effective process for assessing the strengths and weaknesses of the new hire and mandating training/improvement plans accordingly. Why? First, documentation of

performance does not come naturally to the HRM-ignorant administrator. The need for documentation tends to be clear only when it is too late. Secondly, careful documentation takes time and effort. Administrators are reluctant to allocate time and effort to tasks that are not clearly urgent, given other pressing demands. Finally, the department head/dean is likely to realize that her/his future (whether involving pay raises, promotion or retention decisions) will not be impacted significantly by a failure to document and remediate employee weaknesses. Associated costs will accrue to the organization and its customers, not the administrator.

The failure to document and remediate employee shortcomings leads to seriously flawed decisions regarding employee retention, promotion and pay raises. Why? First, even the administrator uneducated in HRM processes soon realizes that evaluations criticizing employee performance and refusals to recommend promotion call for careful documentation. Grievances and lawsuits are likely if negative evaluations, below average pay raises, refusal to promote consistent with the organization's norms, and/or termination are not based on demonstrable facts. Not only that, administrators (like most of us) prefer to avoid unpleasant and stressful interpersonal interactions. Even with documentation of employee faults, administrators will suffer less stress, at least in the short-term, if they evaluate positively.

Potential costs to any organization of a bad decision regarding retention of employees are perhaps apparent. In most situations, however, those decisions can be corrected in the near term. In the academic organization, however, a bad decision with regard to awarding tenure cannot be corrected and can impose substantial costs on the institution and its customers for thirty or more years to come. In fact, the very fact of tenure reduces the probability that a poor performer will desert the security for other positions as might otherwise occur. Hence, the college/university paradigm is one in which ignorance of HRM procedures is unusually expensive - to the future of the institution and its supporters, its students, and the faculty who share the consequences of poorly performing colleagues.

CONCLUSIONS / APPROPRIATE ORGANIZATIONAL STRATEGIES

The practice of placing persons in management positions based on strong credentials in disciplines other than management is common in the workplace; academic institutions are not exceptions in that regard. Good engineers, accountants, nurses, architects, and professional basketball players commonly move into management. The faulty HRM process that results in academe is virtually identical to that which results in industry or other agencies when competent professionals who are untrained in HRM make HRM decisions. The biggest difference is probably that the academic organization must live with its mistakes longer because of tenure. Given this fact, the organizational strategies stated below for academic institutions apply to any organization, no matter the sort of good or service it produces.

First, organizations must mandate HRM education for any persons promoted or hired into positions that require employee supervision. Faculty with doctorates in Physics, Psychology, or History cannot be expected to know HRM theory and practice. The damage that results from faulty HRM decisions is too big to tolerate, whether by an ignorant department head, dean, chief academic officer, or college president.

Secondly, evaluations of performance for those who supervise others should place strong emphasis on knowledge and application of accepted HRM theory and practice. Otherwise, administrators/managers will lack the incentive to bear the personal costs (in terms of stress, interpersonal conflict, time and effort) of documenting poor employee performance, evaluating employees honestly and accurately, identifying appropriate training/improvement plans to address weaknesses, and making good employee outcomes decisions. Compounding this problem is the escalated commitment of resources that often follows a poor decision. (Bobecel and Meyer, 1994).

Thirdly, management professionals should profit from making available IPM training opportunities, but acceptance of the validity of this process will be crucial. Even top-level managers ignorant of HRM may not recognize the potential value of IPM to the organization. Busy with routine duties, any HRM seminar can easily go unnoticed by the administrator/manager in need of it.

Future research in this area should document empirically the extent to which academic institutions put people in supervisory positions and fail to mandate Human Resource Management training. Further, a survey should investigate the level of interest in Integrated Personnel Management for department heads, deans, and chief academic officers. Such empirical investigations might also be conducted for other organizations where professionals with credentials in disciplines outside management are promoted to management positions.

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PROFESSORIAL COMMITMENTS
AND THEIR WORK-RELATED OUTCOMES

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ABSTRACT

Although commitment has been a subject of interest for some time, the past decade has seen a steady increase in the attention given to studying it. Not only has the number of studies directly concerned with the development and consequences of commitment increased dramatically, but also commitment is often included as a variable in studies where it is not the primary focus of attention. Indeed, commitment has begun to rival job satisfaction in this regard (Meyer, 1993).

INTRODUCTION

The purpose of the survey was to determine how the type of commitment to the university was linked to work-related outcomes. The two types of commitment of interest were *affective organizational commitment* and *continuance organizational commitment*. Those who are affectively committed to the university remain there because they are psychologically involved and want to remain. Those who are there because of continuance commitment remain "loyal" because they need to, i.e., they don't have any choice. They have few alternatives for leaving the university, and there are too many personal sacrifices related to switching organizations.

For the past quarter-century, psychologists have been frustrated in their attempts to demonstrate a systematic relationship between organizational commitment and work performance. The reason why I selected this topic was because I was interested in understanding the limitless affects that commitment had on job performance. Realizing that commitment had an impact regardless of the career chosen, I selected the discipline that I was most affected by -- professors. Students often times do not acknowledge the significance of professors careers. I wanted to explore the realization that professors are not disconnected from the real world. They are in the business of making a living just as anyone else in the work-force. I also chose the field of business professors as my sample for study because I am debating on whether I would want to become a business professor in the near future.

Commitment is seemingly universal to any situation. With commitment an individual is more inclined to achieve and maintain success. There is indeed a positive correlation between an individual's (professor's) commitment and their work related outcomes.

METHODOLOGY

A systematic random sample of 1080 business professors throughout the United States received a four page questionnaire, which was non-disguised. Of these, 168 useable surveys were

returned. The response rate to the survey was 15.5%. A widely cited source on survey research indicates that, "mail surveys with response rates over 30% are rare, and response rates are often 5 to 10 percent" (Alreck amd Settle. 1985). Professors represented several different disciplines in business (16% accounting, 18.5% business administration, 25.9% economics/finance, 17.9% management, 17.3% marketing, 3.1% human sciences, 1.2% other). Of these respondents, 77% were married, 90.9% were Caucasian, and 26.5% were female. The average age was 50, and the average university tenure was over 18 years. 50% of the respondents were at the Full Professor level.

The survey contains statements that measure organizational commitment, emotional intelligence, organizational citizenship behavior, career commitment, career satisfaction, career withdrawal and ends with career entrenchment. This report will concentrate on organizational commitment and their work-related outcomes. A five point rating scale was used to measure organizational commitment (1 = Strongly Disagree; 2 = Disagree; 3 = Uncertain; 4 = Agree; and 5 = Strongly Agree). In addition, the survey contained demographic and work-related questions.

LITERATURE REVIEW

Within the past several years, organizational commitment has emerged as a central concept in the study of work attitudes and behavior. Organizational commitment can be defined generally as a psychological link between the employee and his or her organization. This type of commitment makes it less likely that the employee will voluntarily leave the organization. Although early work in the area was characterized by various, and often conflicting, *unidimensional* views of the construct, organizational commitment is now widely recognized as a *multidimensional* work attitude (Allen & Meyer, 1996).

Organizational commitment holds a prominent place in organizational behavior research. That position has not been held without some controversy, however. Researchers have increasingly criticized many of the instruments used in organizational commitment research as well as the construct itself (Sutton, 1993). Part of the problem stems from the lack of consensus on the definition of organizational commitment. Numerous definitions have been offered, most of which fall into one of two camps. At the head of one camp are Mowday, Steers, and Porter (1979) who defined organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization. They noted that organizational commitment can be characterized by at least three related factors: (a) a strong belief in and an acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization.

The second camp has viewed organizational commitment from a broader perspective. Approaching commitment from a perspective of organizational attachment, it has been suggested that employees may be committed to an organization because of factors other than values, goals, and identification; and that some organizational members may be "committed" to remain with the organization because of costs associated with leaving are too high (Sutton, 1993).

Meyer and Allen (1990) have provided what is perhaps the best-developed typology of organizational commitment which *inter alia* incorporates these two aspects which they term *affective commitment* and *continuance commitment*. Meyer and Allen (1984) contended that organizational commitment consists of two dimensions of commitment: (a) affective, which refers to commitment

based on values and identification; and (b) continuance commitment, which is based on costs associated with leaving.

In their review of the organizational commitment literature, Meyer and Allen (1991) identified three distinct themes in the definition of commitment: commitment as an affective attachment to the organization, commitment as a perceived cost associated with leaving the organization, and commitment as a an obligation to remain in the organization. They referred to these three forms of commitment as affective, continuance, and normative commitment, respectively.

Table 1 presents the results of the respondents to the questions that were weighting affective commitment. Table 2 presents the results of the respondents to the questions which were within the survey that dealt with continuance commitment. From these responses, a correlation was made to work performance.

Table 1

Statements revealing Affective Commitment	Percentage of Respondents				
	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
I do not feel a strong sense of belonging to my university.	28.7	**36.5**	9.6	16.2	9.0
1. I do not feel "emotionally attached" to this university.	25.7	**35.3**	11.4	16.2	11.0
2. This university has a great deal of personal meaning for me.	8.4	20.4	10.2	**35.9**	25.1
3. I do not feel like "part of the family" at this university.	24.6	**40.1**	9.6	13.8	12.0
4. I would be very happy to spend the rest of my career at this university.	9.6	12.0	16.2	29.3	**32.9**
5. I enjoy discussing my university with people outside of it.	4.8	12.0	9.6	43.7	**29.9**
I really feel as if this university's problems are my own.	18.6	**22.8**	19.8	32.3	6.6
I think I could easily become as attached to another university as I am to this one.	4.8	13.3	24.1	**33.7**	24.1

Table 2

| | Percentage of Respondents | | | | |
	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Statements revealing Continuance Commitment					
Right now, staying with my university is a matter of necessity as much as desire.	13.2	24.0	10.8	**34.1**	18.0
One of the major reasons I continue to work for this university is that leaving would require considerable sacrifice - another organization may not match the overall benefits I have.	16.9	25.9	8.4	**31.9**	16.9
I feel I have too few options to consider leaving this university.	21.0	**34.1**	15.0	18.6	11.4
One of the few negative consequences of leaving this university would be the scarcity of available alternatives.	16.1	**31.7**	17.4	27.3	7.5
I would be very hard for me to leave my university right now, even if I wanted to.	16.9	**31.3**	16.3	24.1	11.4
6. Too much in my life would be disrupted if I decided I wanted to leave my university now.	10.2	24.7	14.5	**31.3**	19.3
7. I would have many options if I decided to change organizations.	6.0	23.5	28.9	**31.3**	10.2
8. It wouldn't be too costly for me to leave my university in the near future.	7.9	30.3	17.6	**33.9**	10.3
I am not afraid of what might happen if I quit this university without having another job lined up.					
It would be very costly for me to switch organizations.	10.2	24.7	14.5	**31.3**	19.3
	30.1	25.9	12.0	22.3	9.6

It seems reasonable that affective and continuance commitment would have different implications for behavioral outcomes. Meyer found a positive link with job performance for affective commitment but not for continuance commitment. Angle and Perry (1994) found that organizational performance varied with members' mean value commitment but not with their commitment to stay.

According to O'Reilly and Chatman (1986), commitment based on internalization is predicted on similarity of individual and organizational values. Identification is a result of pride or a desire for affiliation that may not necessarily be associated with similar values. Compliance refers to organizational involvement in exchange for specific, extrinsic rewards.

One program of research in which conceptual and measurement work have gone hand in hand has resulted in a two-component view of commitment. According to this perspective, the psychological linkage between employees and their organizations can take two quite distinct forms, each which is given a distinguishing label. The commitments include affective commitment and

continuance commitment. Affective commitment refers to identification with, involvement in, and emotional attachment to the organization. Thus, employees with strong affective commitment remain with the organization because they want to do so. Continuance commitment refers to commitment based on the employee's recognition of the costs associated with leaving the organization. Employees with strong continuance commitment, then, remain with the organization because they have to do so.

Organizational Citizenship Behavior (OCB) represents individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization. By discretionary, we mean that the behavior is not an enforceable requirement of the role or the job description, that is, the clearly specifiable terms of the person's employment contract with the organization. The behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable (Organ, 1988).

There were specific questions that were used to measure *citizenship behavior*, *teaching performance,* and *service performance*. These questions were self evaluated by the professors on a scale between 1-30 according to how they thought their colleagues would evaluate them. The number 1 on the scale represented unacceptable, 15 represented average, and 30 represented the best at the university. The four questions included the following: (1) How would your colleagues evaluate your research activity? mean = 18.85 (2) How would your colleagues evaluate your teaching performance? mean = 23.13 (3) How would your colleagues rate your service activity at the **university**? mean = 15.75 and (4) How would your colleagues rate your service activity in **professional organizations**? mean = 17.22

A systematic random sample of 1080 business professors throughout the United States received a four page questionnaire, which was non-disguised. Of these, 168 useable surveys were returned.

Of particular interest was the notion of whether the type of commitment was positively or negatively related to organizational citizenship behavior. Citizenship behavior could be described as an extra-role behavior or constructive discretionary behavior that is not part of the professors' formal role requirements. As predicted, we found a positive relationship between affective organizational commitment and organizational citizenship behavior (r = .52, p W .01). Further, as expected, we found a negative relationship between continuance organizational commitment and organizational citizenship behavior (r = -.35, p W .01).

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The survey also asked how colleagues would evaluate the respondent's teaching performance and service activity. As hypothesized, affective organizational commitment was positively related to teaching performance (r = .29, p W .01) and positively related to service activity (r = .42, p W .01). However, those entrapped in their university because of continuance organizational commitment reported negative relationships with teaching performance (r = -.18, p = .01) and service activity (r = -.16, p W .05).

Table 3

Percentage of Respondents

	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
Statements revealing Organizational Citizenship Behavior					
I often help others with workloads.	1.2	11.6	11.0	**64.6**	11.6
9. I'm always helping others with problems.	1.2	17.1	25.6	**45.7**	10.4
10. I frequently volunteer to do things.	3.7	15.2	14.0	**57.9**	9.1
11. I begin my work on time.	0.6	8.5	6.1	**51.8**	32.9
12. I come to work early if needed.	1.8	1.8	3.7	47.9	44.8
13. I do not take excess time off.	1.2	4.3	7.3	**52.4**	34.8
I am not always finding fault with the university.	3.1	11.0	11.7	49.1	25.2
I seldom complain about things.	3.7	25.0	17.7	**44.5**	9.1
You will rarely see me blow problems out of proportion.	3.0	9.1	18.9	**52.4**	16.5
14. I attend voluntary functions at the university.					
I typically attend voluntary meetings.	6.1	17.2	9.2	**50.9**	16.6
15. I help organize department/ university get-togethers.	6.1	25.0	14.0	42.1	12.8
I keep up with changes at the university.	11.5	30.9	15.8	**32.1**	9.7
16. I read announcements at work.	1.2	7.3	18.3	**55.5**	17.7
15. I often find myself assessing what is best for the university.	0.6	3.6	7.3	**61.2**	27.3
	1.8	13.4	20.1	**45.1**	19.5

Table 4

Correlations of Commitments with Variable of Interest

	Affective Commitment	Continuance Commitment
Citizenship Behavior	.52**	-.35**
Teaching Performance	.29**	-.18**
Service Performance	.42*	-.16*

** - Level of significance is .01
*   - Level of significance is .05

CONCLUSION

This study shows the result of a survey of business professors, whose level of commitment to the university does affect their performance. In today's work force, many organizations require diligence from their employees. Without commitment, it will not only be detrimental to the individual but also to the environment in which the commitment is lacking. This study has reinforced several similar studies that have also proven that affective commitment is positively correlated to work performance and continuance commitment is negatively correlated to work performance.

Professors who feel entrenched in their job need to find a different avenue. Those who feel contentment from their job need to keep up the good work.

Implications for further research may include the sampling of non-business professors and look at the actual performance of the professors rather than their self-evaluation.

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ORGANIZATIONAL VITALIZATION OF BUSINESS ASSOCIATIONS IN EMERGING COUNTRIES: AN EMPIRICAL STUDY BASED ON CLASSICAL THEORY AND CURRENT PRACTICES

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ABSTRACT

This paper reports on a survey of Ghanian business association executives and the resulting problems that were worked through in a workshop format using classical management theory as a framework.

INTRODUCTION

Ghana, like many other countries in transition, has been undergoing a radical political and economic shift, toward a more democratic system of government as well as toward more private initiative. At present over half of all jobs are located in the public sector. The country is located on the West African coast and is a rather small country encompassing 92,100 square miles. It has a population of just over 16 million people and a density of approximately 170 persons per square mile. Until recently the 3.3% population growth outstripped the per capita annual GNP growth.

In 1957, Ghana became the first country in Africa to be given independence from the British. In 1964 a referendum vote by Ghanians approved a one-party socialistic state. The country's downward economic spiral coincided with the political events of the 1960's. In 1983 the government began a four-point economic recovery program. This program called for (1) a more realistic exchange rate, (2) liberalizing the trade of imports and exports, (3) controlling inflation, and (4) improving services to the private sector. Integral parts of the transitional strategy involved removing export/import barriers and attempting to increase economic effectiveness by vitalizing business associations. These actions took place in the wake of a more robust entrepreneurial environment.

The economic recovery program has produced positive results, but not without costs. The GDP has increased by an annual average of over 5% since 1984. During this period the government deficit and external debt have been drastically reduced. Despite this, the country still depends heavily on donor funding to balance the excessive import/export gap. Increasingly consumer imports are replacing locally produced products and inflation has placed an excessive burden on loan repayments for established businesses. To help improve the competitiveness of domestic industries; western donors, such as the United States Agency for International Development(USAID), are providing much of the funds for the vitalization of Ghanian business associations.

In general little is known about the role of business associations in national transitional development. This paper attempts to shed light on how such associations can play a positive role in strengthening industries, especially in emerging economies. Data was collected from several associations in Ghana. This data has been used to develop a conceptual framework to evaluate the linkages between association success and expanded international market opportunities. The paper relies heavily on classical management theory to develop the framework. It is organized into three parts: (1) a review of classic management theory, (2) a presentation of results from interviews with association executives in Ghana and (3) the integration of theory with the responses of executives.

REVIEW OF LITERATURE

The context for this study of associations is drawn from the management subfields of organization and strategic theory. More specifically, it is framed in an open-systems approach incorporating exchange networks and competitive advantage. Associations exist because they create value in the market place. They become successful to the extent that they fill a need within a specific market niche. Associations are information/service providing organizations. They can be visualized as a network of exchanges.

The role of associations in Third World settings is to reduce economic uncertainty and imperfect information while offsetting strong bureaucratic dysfunctions (Austin, 1988). When looking at a developing and transitional country like Ghana, they must be viewed as part of not only domestic but global exchange networks. The success of manufacturing associations in such countries is heavily dependent upon their ability to link members with global markets.

In a centrally planned economy, associations are often closed systems created by the state, whereas membership is required. For instance until 1983, manufacturers in Ghana were required to be licensed by the Association of Ghana Industries. Even today, the Ghana Chamber of Commerce issues export certificates of origin. In a private market-driven economy the success of a business association is an open system and ultimately based on the value of the services provided members.

Although Ghana is moving toward a private market economy, the system is still not completely open. The government is still trying to create new business associations without regard to exchange network relationships to represent non-traditional export oriented industries. Government support of private associations may cause a dependency relationship (Flynn, 1993). As a true private market economy nears reality, if these newly formed associations cannot eventually create value for their members it is highly likely that they will not be able to stand alone.

March and Simon (1958) argued that organizations exist only as long as they can offer inducements that exceed their contributions. According to exchange theory, formal organizations are created when the technological/market conditions demand more efficient and effective ways to conduct business. These new organizations are created when the market does not efficiently satisfy the needs of firms within an industry (Barnard, 1938).

Blau and Scott (1962) viewed organizations as an aggregation of members working toward a common goal. This network can exist only if it is capable of mediating economic transactions among its members at a lower transaction cost than the market mechanism can provide. The cost and informational needs of developing markets by individual manufactures in lesser developed countries may be prohibitive. Joint efforts, however, can be used to reduce the transaction cost involved in

exporting without diminishing the individual firm's competitive advantage. With regard to the transactions between industry members and the association, associations in developing countries may need to consider what is being forecast for associations in the United States in the near future: a three-tier membership fee which services three classes of members. This pricing strategy is similar to that of the airline system that utilizes first class, business class, and economy class. Services would be packaged according to those needed by potential members and according to their willingness to pay.(Dineger, 1996)

The success of an organization can be visualized in terms of both effectiveness and efficiency. Weber(1947) explored the concept of organizational efficiency in great depth. In terms of transaction cost, organizational stability will occur when the aggregate value of the exchanges to the members is positive. In strategic terms, associations' effectiveness should be based upon the accomplishment of their goals. Because of limited domestic markets in transitional countries like Ghana, it becomes important for business associations to include foreign market expansion in their strategy.

Changes within the domestic environment can reduce the efficiency of an association. Stress is created within an association as it comes to realize that its goals are not being met. As a way of coping with this stress, there is a tendency to centralize. Rather than trying to adapt to the new environment created by a market-driven economy, the association may create a buffer of policies and rules. This centralization is created as a safeguard against perceived threats and results in organizational rigidity.

Unfortunately, this nonadaptive centralization/buffering behavior tends to result in additional inefficiencies and poor goal achievement, further reinforcing the need for more bureaucratic structures (Crozier, 1973). Older associations in Ghana are experiencing difficulty in adjusting services and practices to the more competitive environment. These associations have a tendency to promote policies which either encourage status-quo or a return to pre-reform methodologies. To attain vitalization, all associations must develop ways to break the cycle of increasing rigidity.

As the economic transition occurs and the nature of markets change, associations must search out new value exchanges for their members. The search process constitutes the first step in what is known as organizational learning (Duncan, 1974) . Simon (1963) defined 'organizational learning' as developing insight and restructuring problems which become manifest in the design, process, and outcomes of the organization. In brief, stress produced by negative performance appears to be essential for learning to occur. Hirschman and Limbdlom (1962) concluded that organizational learning occurs in public and non-profit organizations in response to inefficiencies and difficulties rather than as a result of deliberate planning. In addition to stress, the availability of organizational slack, the ability to review current operations, and leadership activity are also important elements if learning is to occur. It is predicted that in Ghana, the successful business associations will be those that feel the pressure of stress and respond to their members' needs. In order for this to happen, association managers will need to provide dynamic leadership and resources(time, money, information etc.) will be required to identify weaknesses and make adjustments.

Techniques used in competitive assessment and industry analysis developed in the last decade have helped operationalize many of the conceptions of classical organization theory. Modern strategic theory, like classical organizational theory, takes an open-systems approach. Strategic planning incorporates both the internal and external forces acting on the organization. It is critical for business associations in Ghana to engage in strategic planning in order to avoid rigidity and a

return to the pre-reform *modus operandi*. This process can also be useful in creating foreign market opportunities for members.

While some firms engage in very long-range planning, a more realistic approach to what actually occurs is known as 'strategic incrementalism.' This phenomenon parallels what is referred to as 'learning' in organizational theory (Oster, 1990) . In order for associations to be successful, they must understand the nature of external forces impacting member firms and help them to effectively adapt on an ongoing basis.

In Ghana, the shift to a market-driven economy is changing the structure of all industries. The reduction of import restrictions is continuously altering the supplier-buyer-rival firm relationships. Associations must gain a better grasp of what induces firms to join. Viewing the member as a buyer and discovering which product attributes the buyer values should influence the types of services offered by associations and even how to recruit additional members. The association principals should also be able to diagnose the relative cost positions of their services.

Associations need to establish some sustainable competitive advantage. The tried-and-true method for achieving competitive advantage is to integrate all activities performed by the association. The aggregation of these activities has been defined as the 'value chain' -- the collection of discrete activities performed by the organization. It is only at this desegregated level that competitive advantage can be truly understood. Competitive advantage can either be achieved through a low-cost or a differentiation strategy. The low-cost strategy provides comparable buyer value more efficiently than do competitors. While a differentiation strategy may also involve performing activities at low cost, the emphasis is upon offering unique services that create more buyer value than competitors (Porter, 1985) The three-tier price/service mentioned earlier(Dinegar, 1996) may prove helpful as soon as if filters to associations in developing countries.

In summary, an association must understand its own value chain as well as the value chains of members. In its own value chain, the cost and value of association activities can be identified and measured (see Figure 1). The association should determine the effect of its services on the cost and value activities of member firms. Knowledge of these linkages provides the basis for developing services that either lower cost or create differentiation for members.(Petrick, 1991) The lowering of cost and creating value also has global competitive implications for members. Since change is constantly taking place, the association must search for new ways to increase its own competitive position through efficient transactions and effective value activities. In Ghana, the strategic process for creating value by business associations is not yet well developed.

STUDY

The participants in the study were selected from Ghanaian product and professional business association executives. The product association category is composed of approximately fifteen traditional and emerging industries. Associations representing traditional industries include cola nut dealers, precious minerals, and timber.   Emerging industries represented by associations include horticulturists, marine fisheries, scrap metal operations, and vegetables exporters. The professional industries include categories such as accountants, bankers, and women's groups. It should be noted that several of the emerging industry associations have just been established and could not be included in the survey.

This study reports on initial steps to help these associations improve their ability to vitalize exchange networks through improving the competitive advantage of their members. The data was collected at a one-half day workshop for executives of business associations where they were given the opportunity to share information and to develop ideas which might improve their operations. The workshop was held in Accra and was sponsored by a wide range of potentially valuable expert linkage agencies(the School of Administration/University of Ghana, the Ghana Institute of Management and Public Administration, the Institute of Management and Productivity, and the Association of Ghana Industries).

Invitations were mailed and the workshop was attended by eighteen participants representing nine organizations. This number represents about half of the population of Ghana's business associations and consisted of a mixture of both mature and newly established associations. Given the size of the country and the stage of development, the turnout was considered to be exceptional.

During the workshop participants were introduced to practical applications of organizational and strategic theories. An attempt was made to identify the associations' value activities, stress creating problems, solutions, and demand driven learning activities. The workshop format gave special attention to improving services and linkages between domestic firms and international markets.

Two different methods were used to identify linkages and services. The first method used a questionnaire and the second method used small group discussion. The questionnaire contained 32 questions and was administered to all participants. This instrument was used to establish a benchmark data base for association characteristics and services. In the small groups participants were asked to identify activities which might improve their members' competitiveness. They were also asked to identify types of training that would improve their ability to serve their members. A facilitator was assigned to each group, responses were recorded, and summary results were shared with the those attending the workshop.

FINDINGS

The findings are summarized in Figures 1, 2, and 3. Figure 1 presents a typical value chain of an association, Figure 2 illustrates stress factors affecting membership, and Figure 3 addresses associations problems and solutions.

The value chain, as shown in Figure 1, provides a systematic means of displaying and categorizing activities. These activities performed by an association for any industry can be grouped into nine generic categories. Within each category the association typically performs a number of discrete activities. These activities might be unique to both the industry and the association's strategy. The generic categories have been grouped into primary and support activities. The primary activities are involved in the creation, delivery, and marketing of services or information. The support activities provide inputs or structure to facilitate the primary activities on a continuous basis. Examples of primary activities for an association include developing both domestic and foreign market information, industry coordination and networking, and producing a newsletter. Additional activities may be found at the bottom of Figure 1. Before each association attempted to identify its own existing or planned value activities it was encouraged to envision the value chain of its own member firms.

Figure 1: DETERMINING THE VALUE CHAIN:
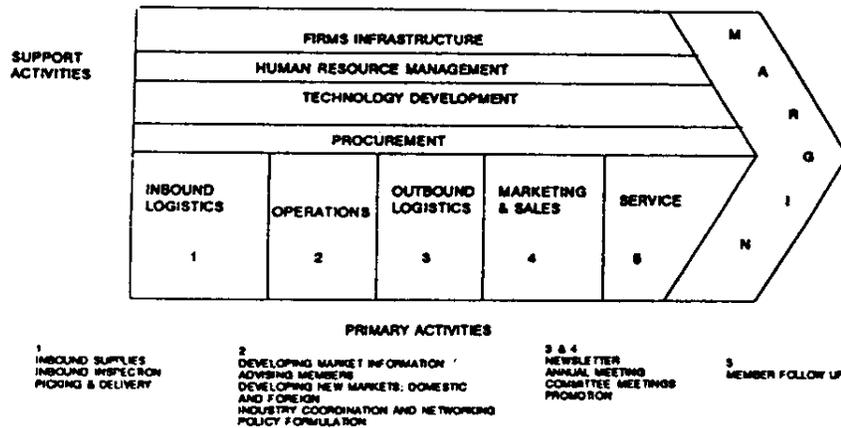
Figure 2 illustrates some of the behaviors that were identified by the association executives which can create stress resulting in association rigidity, reduced member satisfaction, and ultimately member attrition. They agreed that the following value activities were important to the success of member firms' access to markets/ information/ government services/credit, identifying investment opportunities/joint venture partners, providing physical facilities, group purchases/quality control of inputs purchased by member firms, lobbying government for favorable policies, and developing networking and training opportunities. The critical factors listed by the participants were similar to those suggested by Norris (1991) for U.S. associations. Each association is faced with its own set of stress factors and resources, so the incremental strategy of each association will differ (Daly, 1991).

Figure 2: DRIVING FACTORS AFFECTING MEMBERSHIP IN BUSINESS ASSOCIATIONS
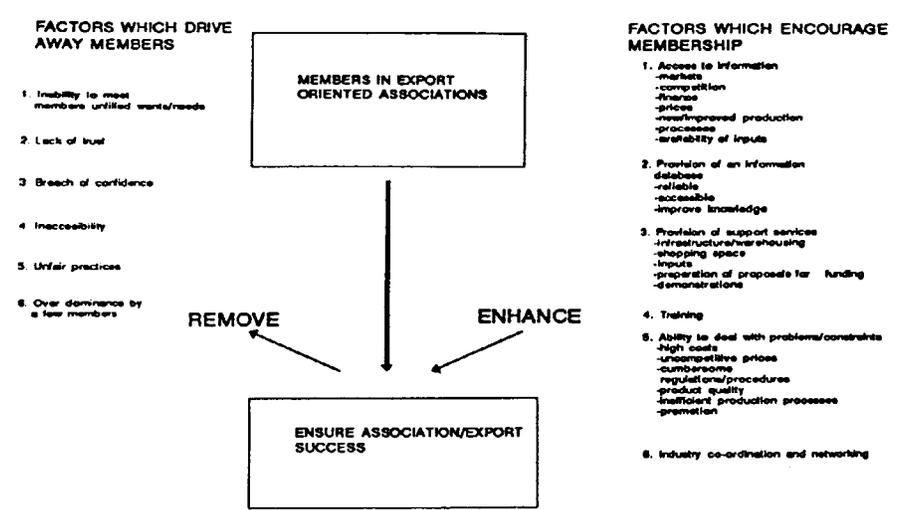
The problems and solutions identified by participants as key to either vitalizing associations through the creation of new activities can be found in Figure 3. Many of the problems listed by the participants were outside the control of the association. These include such problems as lack of infrastructure and cost of transportation. However, a number of the problems in fact could be addressed through internal actions. One area of these controllable problems dealt with human resources such as lack of qualified staff, illiteracy, apathy, and lack of trust. The solutions suggested by the participants are also listed in Figure 3. They include activities which can be directly or indirectly effected by the association. There was a strong feeling among the participants that the creation, development, and delivery of an effective training program for association staff as well as for workers in member firms would help alleviate weaknesses identified by the executives. Many of the solutions involve activities that improve members' ability to compete in global markets. These activities include creating awareness of foreign markets, providing export training, establishing networks, improving banking practices/financing, and increasing quality.

It was learned that the older associations were losing members. Declining membership was attributed to financial pressures, the inability to pay dues, competition from imports, economic liberalization, member apathy, lack of staff, and inability to attract capital. Conversely, newer associations were actually gaining members. These attributed their growth to new member services which help increase exports, expand foreign markets, and improve production quality. The previously mentioned three-tier membership system may help to be more inclusive.(Dinegar, 1996)

Reported success of industries and associations is summarized in Figure 4. This figure presents the interrelationship between the success of associations and their members. The association success grid is divided into four quadrants. Quadrant 1 represents associations with high industry success and high association effectiveness. The picture is of a "plum" industry and an "established" association. The maturity stage of the life cycle is probable for both the industry and the primary association in this quadrant. Quadrant 2 illustrates high industry success but low association

efficiency. The association has not yet caught up to the growth of the industry. This quadrant is likely to house a "growth" industry and an older, "inept" association. Quadrant 3 depicts both an unsuccessful industry and an ineffective association. This duo could be described as an "inert" industry" with a "stunted" association. Appropriate association service offerings and corresponding industry growth is the most likely possibility for breaking the vicious cycle here. And finally, Quadrant 4 shows low industry success yet an effective association. In this case the industry is "lackluster" while the association is an "achiever." The association sees potential in the industry and is possibly new and energetic, but if the industry does not respond, both will likely regress into Quadrant 3.

Figure 3: ASSOCIATIONS PROBLEMS AND SOLUTIONS
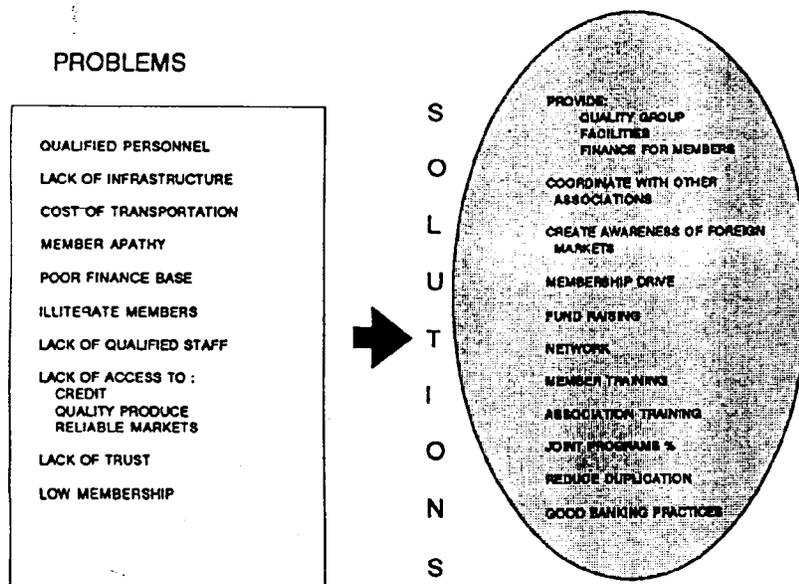
It is thought that an association, regardless of industry factors, through improving efficiency can raise its membership.(Petrick, 1991) Improved association efficiency should also be able to raise, in the long run, the competitive position of its members.

BLENDING THEORY AND PRACTICE

Rather than reviewing the situations in each of the nine associations; one association, the Ghana Furniture Manufacturers Association(GFA), will be used to illustrate how theory and practice can be blended to vitalize business associations. This industry is having difficulty exporting furniture. If the association is to be successful, the industry will have to increase foreign marketing activities.

Figure 4: ASSOCIATION SUCCESS GRID
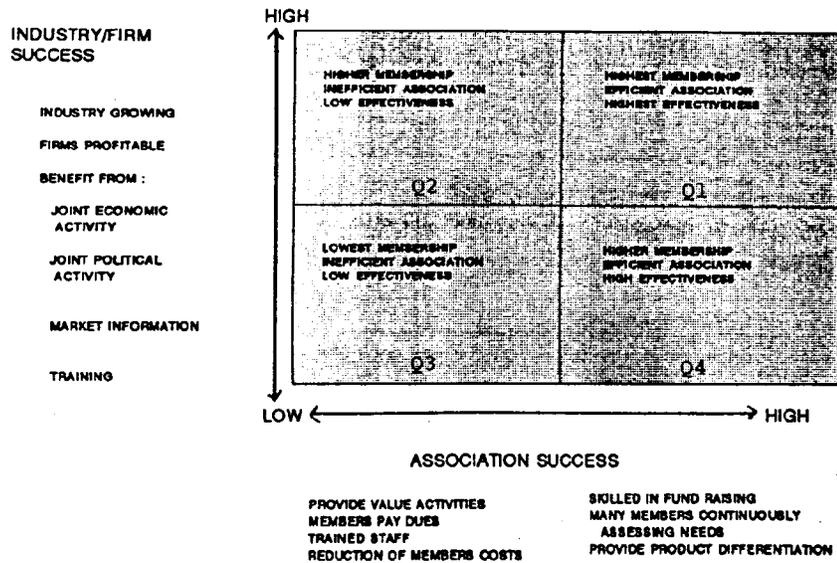
The GFA was organized twelve years ago. The association employs seven staff members including an executive director. Today, although it reports 250 members, its numbers are declining. Only eight percent of its members export. Half had not even paid dues for the year. The primary value activities which the association provides are: access to foreign markets and foreign market information, access to government services, and group purchases of some inputs.

Organizational stress in GFA is being caused by falling membership and, of course, declining revenues. The stress factors are caused by a combination of a falling economy and, most likely, the association's exporting services not matching the needs of its current and potential members. Because of the size of the industry, the success potential for this association is thought to be good.

In order for GFA to realize this potential, it has identified a number of problems that need to be solved. Some of these problems are: lack of research facilities, lack of qualified personnel, and lack of financing for member businesses. In addition, it reported that the government licensing boards still retain many of their pre-reform powers. The association thought that some of its problems could be solved if foreign markets could be expanded and the government-run export school could train its members in proper exporting techniques. Furthermore, association executives they thought that the introduction of improved production methods and techniques along with creating a source for increased financial support would solve many of the industry problems faced by firms. The association felt that it could strengthen the competitive positions of the firms by offering training courses in the above areas. It was further thought that a centralized kiln drying facility owned by the association would encourage membership. The executives also believed that they should take the lead role in strengthening the networking activities within the industry.

The sum total of activities suggested may indeed provide sufficient inducements for firms to join GFA. If the proposed activities are indeed successful in benefiting member firms, the industry

would be strengthened. While the total number of industry firms might decline due to economies of scale, surviving firms would be stronger and more inclined to both join the association and pay their dues. Theory predicts that as value is created in the marketplace by improving the competitive advantage of the firms, the stress within the association will be reduced. Because member firms would benefit from the services provided by GFA, the exchange network between the association and the members would also be vitalized.

These concepts are presented graphically as an association success grid in Figure 4, which was introduced earlier.. The coordinates of the axes reflect internal (association) activities and external (industry) characteristics. Membership in the association is related to the value of these characteristics and activities (Petrick, 1991). As stated earlier, the lower left quadrant(Q3) depicts the least successful association/industry dyad while upper right quadrant(Q1) depicts the most successful. Even if associations overcome their problems and become more efficient and effective, membership is not assured. Each individual association has a different combination of industry characteristics and value activities. The grid can be used to evaluate the current position of an association and its relative success potential. Currently, GFA would be positioned in the lowerrange of quadrant 2.

GFA's industry(furniture) is the largest manufacturing industry in Ghana and exhibits a relatively large current and potential membership. By resolving the stress factors through learning, GFA could begin to move toward quadrant 1. But, according to theory, movement can only take place after the learning process is operationalized. The association can develop a competitive strategy that will detail the steps necessary to solve its problems. Manufacturing associations, like GFA, in small emerging countries that find themselves in quadrant 3 must direct much of their service efforts toward improving members' access to international markets.

CONCLUSIONS

This study is an initial attempt to assess and vitalize business associations in Ghana. It is particularly important in a transitional economy that an association's strategy reflect the changing needs of the private sector. Management theory does indeed provide some insight into the transitional operations of business associations in Ghana. The transition to a market-driven economy has created opportunities as well as stress for associations. Associations there have begun to look at themselves as networks which can play an integral role in vitalizing their members. These associations can also provide bridges for effective dialogue with government and donor agencies (Crandall, 1991). The stress has manifested itself in a number of common and also unique problems for both associations and their members. As a way to overcome these problems and become more efficient and effective, the associations are now beginning to take a hard look at strategic planning. If associations are to become a successful force in improving the entrepreneurial environment in transitional economies, they must learn how to improve the value of both their own activities and those of their members. A key activity may be to encourage expansion of members' foreign sales and associations must include global competitiveness as part of their strategy.

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SUPPORTIVE WORK ENVIRONMENT IN HIGHER EDUCATION: A GENDER AND POSITION ANALYSIS

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ABSTRACT

As the number of working women continues to increase in the American workplace, many organizations have implemented "family friendly" work policies. Much of the research on the implementation and effects of these policies has focused on the corporate setting. This study takes a different approach by looking at the needs and priorities in the academic setting. The results reflect that female staff workers needed a more supportive work environment, i.e., one that encompasses good communication feedback, greater autonomy in decision making and supervisor's sensitivity to family issues.

SUMMARY

"Family friendly" is a term commonly applied to those employers who attempt to assist their employees in coping with the demands of both work and home. Galinsky (1990) groups work family policies and programs into five categories: time policies, leave policies, benefits, dependent care policies, and educational and wellness services. Common family friendly assistance has often been limited to part-time work, family leaves, job sharing, and flextime (Raabe, 1996); however, employees no longer limit their needs to these kinds of concrete benefits. In a broader sense, Ferber and O'Farrell (1991) viewed employer support as an "understanding environment" more than merely a host of program options.

Much of the research on work-family issues has involved corporate settings, but few studies have examined how these issues have been addressed by public higher education institutions. Typical of most academic environments is a slow, detailed process to institute policy changes that begin with a thorough review of the potential costs to the institution. Nationwide, public colleges and universities are faced with declining budget support, increased public demands for more accountability, and increased competition for students. At the same time, many institutions are witnessing an increase in female faculty and administrators (ACE, 1995), a growth in married couples who desire faculty positions at the same institution, and an increase in the number of families with child care needs.

The purpose of this study was to examine work-family needs and priorities in a higher education setting and to determine the effects of gender and position in supportive work environments. The target population was all full-time, on-campus employees of a medium-sized, state supported university. Approximately 62% of the 1,942 faculty and staff responded to the survey.

The sample consisted of slightly more males (51%) than females (49%) and nearly two-thirds of the respondents were staff. By gender, men held higher levels of education than women, and three-fourths of the sample were married.

Data were collected using a mail survey distributed through intra-university mail. A researcher-designed questionnaire included questions in three formats: a predetermined assessment list of work-family needs, an open-ended question on most pressing work-family needs, and work-family priorities. For both the needs assessment and priorities sections, questions were divided into ten broad areas including supportive work environment, housing and home services, fitness and recreation, medical information, financial/employment, counseling services, stress management services, community/campus activities, parenting information, and dependent care services.

The data were analyzed by gender and position (faculty/administration and staff). Among all respondents, supportive work environment emerged as the highest priority that should be addressed by the university to help employees balance work and family. Among the needs assessment categories, the respondents overwhelmingly listed communication and feedback on the job as the greatest need. To further analyze the data by gender and position, a factor analysis of the eight needs assessment items was conducted. Two factors emerged accounting for 69% of the variance. The first factor consisted of work context factors of communication and control needs. The second factor consisted of work structural policies and accounted for 14% of the variance. Using MANOVA, it was found that a significant interaction effect between gender and position with respect to communication and control needs (factor 1), but not for the work structural needs (factor 2). Comparing the four groups (male/faculty, male/staff, female/faculty, and female/staff), female faculty reported a greater need than did male faculty. Among all workers, female staff reported a stronger need for communication and control than did the other three categories of workers.

A great deal of focus has often been centered by employers on the difficulties and costs associated with job sharing, family leaves, and flextime. In this study, respondents indicated that these work structural characteristics (policies) were much less important than attitudinal changes in supervisory staff and a more receptive organizational climate. Communication/feedback on the job, opportunities for decision making, and need for flextime were work family issues that surfaced clearly among staff. However, supervisor sensitivity emerged as a salient issue among both faculty and staff. In conclusion, it appears that the real obstacle in work family issues is the implementation of the policies by supervisors rather than the structural issues of instituting policy changes. This finding points to the need for expanding the knowledge and sensitivity of supervisors and the corporate culture to the idea that employees must be viewed within the context of their family systems and their employment systems, not just the job position.

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WORKPLACE VIOLENCE:
EARLY DETECTION AND INTERVENTION

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ABSTRACT

Identified by the National Institute for Occupational Health as a serious public health hazard, lethal violence is now the number one cause of death on the job for women and the number two cause of death on the job for men. The increased frequency and magnitude of workplace violence calls for organizational action to minimize violence, and its repercussions, in the workplace. This paper addresses the issue by presenting action plans to help prevent workplace violence, reduce the frequency of violent acts, and control the impact of violence through crisis management.

INTRODUCTION

Typically regarded as a phenomenon of large urban organizations, workplace violence has spread across our nation infecting large and small businesses alike. *The Panola Watchman*, a small town bi-weekly newspaper, recently reported:

> Robert Bonner, 33, was sentenced to a 12-year prison term Wednesday after pleading guilty to charges of aggravated kidnaping. At the time of the shooting, Bonner, who has been described as a disgruntled former [employee] of the plant, entered the facility's reception area and asked to speak to the plant manager. Shortly after entering the manager's office, Bonner shot personnel director Ernest McNeil once in the chest and another time in the leg before releasing the victim to seek medical attention. ("Bonner gets Twelve." 1997, p. A1)

The site of this incident, Carthage Cup, is located in the community of Carthage, Texas. The small rural community is home to approximately 6,500 and is nestled in the piney-woods of East Texas. Such a setting is certainly not what one readily associates with workplace violence and begs the questions: Was this just a random act of violence or was this further evidence of a growing trend in American society?

According to recent figures from the National Institute for Occupational Health (NIOSH) and the Bureau of Labor, people at work are increasingly exposed to lethal violence. Homicide accounts for 17% of all deaths in the workplace (Braverman, M. & Braverman, S., 1994). In real terms, the statistics translate into an epidemic rate of lost lives. Compared with mortality rates from just a decade ago the magnitude of the problem is apparent:

Today more than 1,000 Americans are murdered on the job every year, 32% more than the annual average in the 80's. Increasingly, too, they die not at the hands of strangers but because their spouses or jilted lovers pursue their quarry to the worksite, or because disgruntled co-workers or customers want to settle a score. (Taufexis, 1994, p. 35)

To gain perspective on the seriousness of 1,000 workers murdered on the job each year, compare it to statistics for other fatal workplace accidents. According to Genasci (1994), NIOSH identifies workplace violence as a "serious public health hazard", and indeed, Labor Department research shows violence is now the number one cause of death on the job for women and the second for men, behind transportation accidents (p. 4B). The increasing magnitude and frequency of threats or actual violence indicates the need for organizational action plans to help prevent workplace violence, reduce the frequency of violent acts, and control the impact of violence through crisis management.

PREVENTION OF WORKPLACE VIOLENCE

Many firms have worked to develop a system of actions to control workplace violence. If prevention of workplace violence is not viewed as a priority by top management, there is little chance that it will be addressed properly. In fact, some organizations due to their size, location, or nature of business have been able to preserve a safe environment with very little effort. These organizations may be the least prepared when faced with the economic necessity of a downsizing or layoff. They will be unprepared to deal with the induced stress such an event will bring. In addition, these firms also may be ill prepared to recognize and deal with the changes or signals in an employee's behavior that are "red lights" to those trained in this area.

Therefore the first step a firm should take in preventing workplace violence is establishing that the prevention of violence is top priority. A worthwhile action plan would be to develop, review, and implement policies relating to prevention of violence in the workplace. Specific areas to be addressed should include proper prescreening, consistent enforcement of workplace rules, education of supervisors, the use of profiles, and the use of an Employee Assistant Program (EAP) or other medical care resources.

A practical way to reduce violent incidents in the workplace is to carefully control who is hired as new employees. Allcorn (1994) explains that a clear understanding of anger in the workplace can help resolve its causes. For example employee selection can be tailored to weed out prospective workers who tend to express anger in counterproductive ways (p. 25). Toufexis (1994) described how potentially beneficial screening would have been for one business:

Stricter screening of job applicants is the most obvious way to keep violence out of the workplace. The U.S. Postal Service, which in recent years has become the focus of several on-the-job massacres (34 employees gunned down since 1986), did not spot a special designation on the military discharge of Thomas McIlvane, a former clerk who killed four workers.... If followed up, it would have disclosed that in a fit of anger he had run over a noncommissioned officer's car with a tank (p. 36)

Preemployment screening and background verification can be provided through professional consulting organizations. These services can average $1000 per day, but with an estimated 30% of applicants supplying inaccurate or incomplete information it is important to verify. These organizations also perform various diagnostic tests. Tests directed at detecting drug use, assessing honesty, and indicating violent tendencies can be very beneficial in pre-employment screening.

The following are web sites and telephone numbers for two consulting organizations that could be of use in this area. In addition to administering the preemployment tests, MD Angus and Associates market certain nonrestricted tests to businesses to administer themselves.

Violence Prevention Resource Center
National Crisis Prevention Institute
www.execpc.com
(800) 558-8876

MD Angus and Associates
www.psychtest.com
(604) 464-7919

A company that has established work rules sanctioning violent activity, clearly communicates the rules, and aggressively enforces these rules in a clear consistent and visible manner will decrease violent behavior. Work rules should be tailored to fit your organization's specific needs. Following are eight broad areas of prohibited actions that can be used as a framework for developing violence related work rules for your organization.

1) Insubordinate Conduct
   a. Intentional disregard of instructions or responsibilities.
   b. Threatening physical harm toward another person.
2) Property Damage and Loss
   a. abuse or irresponsible destruction
3) Theft - Company or individual property
4) Weapons - possession of illegal weapons or firearms
5) False statements or claims
6) Fighting - threatening, participating or provoking
7) Conduct
   a. Immoral or indecent
   b. Dangerous horseplay, scuffling, and wrestling.
   c. Harassment
8) Safety - failure to follow safety rules

Early intervention is always the preferred policy. When a troubled employee expresses anger in an inappropriate manner, it is imperative that this occurrence is dealt with immediately. If initial displays of anger are tolerated the inevitable outcome will be an increase in severity of behavior, especially if the source of stress remains unresolved in the employees life.

The next step is a supervisor education plan. This program should focus on training supervisors to detect the early warning signs of potentially violent behavior. Early intervention is a must to eliminate the potential escalation of violent employee behavior. Once a supervisor is trained to recognize and react to changes in his employees he will be alerted to respond. Supervisors will know the appropriate time in which to notify personnel department and seek counsel for a given situation. This training program should also equip the supervisor with the steps to be followed in response to an investigation of an incident of workplace violence. The best practice or key phase for any supervisor to remember when dealing with violence is to seek assistance. The basic steps to follow for dealing with an emergency are listed as follows:

1.   If needed, call for emergency service.
2.   Contact your supervisor
3.   Provide for immediate care for victims
4.   Secure the area
5.   Isolate any and all witnesses.

Studies have been conducted to try and identify which type of person, or what distinguishing characteristics could indicate who would be statistically prone to violence. As with all profiles it is extremely important not to categorize employees in an "at risk" group based on these traits. Even the value of such a profile is controversial.

Gathering data from several sources, Koch (1993) exposed the profile of the type of person most prone to on-the-job violence. Koch stressed that "while not every potential workplace attacker has every trait, many possess a combination of them." He described the profile of a potentially violent employee as:

SEX: Male.
AGE: 35 or older.
PERSONALITY TRAITS: An introvert who often is quick to anger.
MENTAL STATE: Often suffers from paranoia or depression.
WORK LIFE: Gets much of his self-esteem through his job. He often fears losing his job and feels he has no other option but to lash out at those he perceives to be responsible for his plight.
HOME LIFE: Sometimes a private stressful situation--death of a parent, trouble with his spouse, financial problems--is carried over to the workplace, resulting in him taking out his frustration on co-workers.
WEAPONS: Owns at least one weapon and often several. Sometimes displays a fascination for weaponry or may even flash a gun at work.
VIOLENT PAST: Has a history of violence toward women, children or animals.
MILITARY: Is a veteran of the armed forces.

Rather than concentrating on descriptive traits, others argue that it is far more productive to look at behavioral changes that have occurred recently as a more accurate indicator of a person at

risk (Koch, 1993, p. 5C). Changed behavior is the key. A trained supervisor is the first line of defense to recognize and respond in an appropriate and timely manner.

Toufexis (1994) explained the twofold risk that relying on profiles carries. She stated, "people will be wrongly tagged as dangerous simply because they match the list, [and secondly] others will be mistakenly disregarded because they don't". More accurate predictors, she makes clear, would be a worker acting paranoid, depressed or suicidal, and continually filing unreasonable grievances and lawsuits (p. 35). There is not one single trait that all attackers have, but "of those who committed homicide at work, 99% preface the crime with a threat" (Voelkner, 1996).

Alcorn (1994) believed that through Employee Assistance Program (EAP) resources, workers can learn about their anger and how to cope with it. He also maintained that an organization must teach management styles that promote efforts to avoid anger, and manage it when it arises (p. 26). Barrier (1995) stated the benefits of the availability of EAP from the employee's perspective, "So frequently [in violent incidents] there's a contributory family situation--an emotional problem,... employees may feel more comfortable in such situations in turning to an EAP run by an outside firm because of the greater assurance that their problems will be treated confidentially" (p. 21). Baron (1994) suggested that "recognizing and providing help to employees under unusual stresses in their lives is as important as providing physical and medical care. More emphasis on psychological assistance is needed if for no other reason than, in the long run, it will save the corporation money and possibly save lives" (p. 30).

The use of Employee Assistance Programs (EAP) and medical care resources can help an employee that is at risk. Simply having an avenue established that a supervisor can direct a troubled employee to can be beneficial for a company in the event of an emotional ordeal for an employee. It is in the company's best interest to assist present employees in dealing with induced stress. The following list of resources can be used as an aid for establishing an EAP.

Resource EAP, Inc.	LaMora Psychological Associates
www.resource-eap.com	www.cs.bc.edu
(800) 421-7327	(800) 498-8648
Managed Health Benefits	EAP Quality Assurance Consultants
www.mhbcorp.com	www.eapqac.com
(800) 852-2644	(905) 702-1380

REDUCING THE FREQUENCY

In the prevention of workplace violence, the use of prescreening, strict enforcement of work rules, increasing supervisor awareness, the use of profiles and employee assistance programs is a foundation. To build on this foundation all organizations can further seek to reduce the frequency of workplace violence through taking measures to ease the loss of a job, improve the present working environment, and install security devices.

It is impossible to point to one individual reason that there has been such a rapid increase in workplace violence. One explanation of why incidents of workplace violence seem to be multiplying is the influence of an increasingly violent society. Another contributing factor seems to be

downsizing, or mass layoffs, in many companies. These mass layoffs have been observed to spark outbursts of violence. Kleinfeld and Uchitelle (1996) described the magnitude of the trend. "Since 1979, the first year for which figures are available, more than 43 million jobs have been extinguished in the United States." Heard (1994) emphasized that "...a chilling report released by the Bureau of Labor last month found that the workplace is the setting for nearly one million violent crimes a year." (p. 11) The on-the-job cost to United States businesses has been estimated at over $4 billion dollars annually.

Whenever an employee feels that his job is in jeopardy, there is naturally increased stress on that employee. When this threat of job loss is realized through layoffs or firings there is no guarantee how an employee may react.

A "downsized" worker can be characterized by grief, fear, anger, and confusion. If external circumstances, such as job loss, affect an already unstable individual, the results can lead to violence. History speaks for itself. It is apparent that the manifestation of workplace violence has been proportional to increased downsizing. It is also clear that downsizing is phenomena that has not ended. Those employees who remain on the job are also vulnerable to emotional strains from the feeling of loss of co-workers, the guilt of retaining their jobs while others are let go, and stress from the subsequent increase in their own personal work load.

Kleinfeld and Uchitelle (1996) presented further repercussions of downsizing, citing a Times poll that showed "one in 10 adults--or about 19 million people acknowledged that a job loss in their household had precipitated a major crisis in their lives" (p. A1). With the statistical knowledge that a job loss will precipitate a number of major crises on an individual's life, it is incumbent on an organization to take measures to alleviate distress among employees. One of the fundamental tools to prepare a workforce for downsizing is honest communication of the event as early as possible. The organization should take every step possible to make the workforce realize the economic necessity of a downsizing. Outplacement services and a commitment to the retraining of downsized employees will go a long way toward smoothing this transition for employees.

Early retirement offerings and voluntary severance packages are tools that many organizations have utilized to control downsizing effects on the employees. Early retirement has the effect of maintaining a younger workforce while offsetting the impact to the older downsized worker with an attractive retirement package. The voluntary severance program will have the affect of inducing the marginal employees to exit. Managers must learn to recognize the potential emotional effects of corporate downsizing, layoffs and involuntary terminations of employment and make the commitment to relieve the impact on the workforce through the various measures discussed.

Downsizing is definitely one specific event that can trigger violence, but it is the day to day pressures that can also trigger violence. Maintaining a healthy work environment is one of the critical factors an employer can take to prevent the demonstration of violence. It is common sense that an unhealthy environment would be more susceptible to work related stress. Genasci (1994) reported the following:

> And the profile of a typical company environment that breeds violence? There is an authoritarian style of management and usually a polarization between employees and managers... Often there are inconsistencies in policy and decision-making and no programs in place to deal with violence. Creativity and new ideas are discouraged.

Finally, there are often environmental pressures including extreme heat, noise, poor ventilation, time pressures and tedious tasks (p. 4B).

Business environments often contain numerous stressful factors. It is incumbent upon managers to recognize the warning signs and become active in developing a preventive remedy for their specific working environment.

Adverse environmental conditions are a fact of life for many manufacturing settings. It is contingent upon management to recognize the stress that working conditions add to their employees lives. Mitigation of this work induced stress can take many forms. Technicalities such as hearing protection can and should be provided. Adequate cooling and ventilation, improved lighting, clean work areas are the basics to be addressed. It is possible that something as simple as a suggestion box can aid employees in feeling that they have an avenue to vent frustrations. The key is to establish a line of communication where employees feel they have a role in ongoing improvement.

A company's best source of information on what employees need is right at their finger tips...ask those who work there. Making appropriate changes can relieve many frustrations in the workplace. Changes that cannot be made should be communicated to employees.

Many organizations greatly increase their employees safety by implementing physical security measures. There are a wide variety of devices that limit access to the working environment. Passage keys, exterior cameras, and guard services are just a few. A security service can be employed to survey an organization's specific needs. The implementation of security measures can certainly reduce the external risks to employees. One of the most productive results of the installation of security devices or measures is the peace of mind the workers will feel from a secure workplace. The International Association of Professional Security Consultants (IAPSC) maintains a web site (www.iapsc.org) with a directory of registered experts in the security field. This listing gives both the expert's credentials and geographic location.

Baron (1994) proposed that violence takes many forms. He described the progression of violence as:

LEVEL ONE

* Refuses to cooperate with immediate supervisor
* Spreads rumors and gossip to harm others
* Consistently argues with co-workers
* Belligerent toward customer/clients
* Constantly swears at others
* Makes unwanted sexual comments

LEVEL TWO

* Argues increasingly with customers, vendors, co-workers and management
* Refuses to obey company policies and procedures
* Sabotages equipment and steals property for revenge
* Verbalizes wishes to hurt co-workers and/or management

* Sends sexual or violent notes to co-workers and/or management
* Sees self as victimized by management (me against them)

LEVEL THREE

Frequent displays of intense anger resulting in:
* Recurrent suicidal threats
* Recurrent physical fights
* Destruction of property
* Utilization of weapons to harm others
* Commission of murder, rape, and/or arson

Remember one of the fundamental principles is early intervention. It is far easier to deal with an employee who is swearing at others than to face any of the level three occurrences.

Most modern organizations have adopted some form of progressive discipline to respond proactively with progressive discipline for work rule infractions. Following is an example of progressive discipline system from Texas Utilities Mining Company's Employee Handbook.

Step 1: Oral Reminder - The supervisor calls the employee into the office, discusses the offense, reminds the employee of the importance of the rule, and expresses confidence that this will be the last time they will need to discuss it.

Step 2: Written Reminder - If at any time within one year after Step 1 the employee's conduct is in violation of Company practices or rules, the supervisor calls the employee into the office and discusses the offense in a supportive but serious manner. After the meeting, the supervisor writes a memo to the employee which summarizes the conversation and confirms the employee's agreement to improve in the future.

Step 3: Decision-Making Leave - If at any time within one year after Step 2 the employee's conduct is in violation of Company practices or rules, the supervisor calls the employee into the office, discusses the offense, then advises the employee that he or she is not to come to work for a specific period of time, but that they will be paid for such time.

Step 4: Termination - If the employee decides to continue working for the organization, and another Incident which warrants discipline arises within one year from Step 3, the employee can be terminated.

The goal of any progressive discipline system is to curb prohibited actions at the lowest level of seriousness. The positive aspect of this type system is that it can reduce the necessity of dealing with the more severe conduct and discipline.

CONTROLLING THE IMPACT THROUGH CRISIS MANAGEMENT

One of the things that an organization hopes it does not have to face is a "crisis" situation. Littler, Mendelson, Fastiff, Tichy, and Mathiason (1994) found that no matter how effective the organization was at education for detecting early warning signs and prevention, there was no total

guarantee against workplace violence. Some of the nation's most responsible employers, that have sophisticated procedures for preventing violence in the workplace, such as IBM, have nonetheless experienced occasional incidents of workplace violence (p. 53).

Baron (1994) suggests the following components for crisis management:

1. Form a Crisis Management Team with individuals from Human Resources, Legal, Security, and other departments. This team should include:
  a. Security personnel to handle immediate security needs such as evacuation or closing of the building.
  b. Emergency Medical procedures- who to contact, etc.
  c. Emergency Law Enforcement Procedures- whom to contact, etc.
  d. A professional trauma counselor.
2. Establish a telephone team from Human Resources to call family members and to notify employees of when to return to work, where to find help, etc.
3. Establish a second source of communication, if possible, in case the telephone system should be destroyed.
4. Establish a plan to provide information about trauma and post traumatic stress. Employees should be kept well informed on what the company is doing to help after a violent incident.

Trauma Plans, identifying all responsible individuals, should be provided to management and kept in more than one place. Important phone numbers should be made available to all supervisors and appropriate employees.

Emergency notification with specific steps to follow should be written down, laminated, and supplied to each supervisor to keep on their person. In the event of an emergency, most, if not all individuals, will react to the incident and invariably forget an important element of the trauma plan.

SUMMARY

It is clear that the incidence of workplace violence has become epidemic. Equally clear is that each organization has to have the resolve to deal with this issue in a preclusive way. There exist measures available to management that can effectively decrease the likelihood of a violent incident. One of the best deterrents is careful pre-employment screening. Training for supervisors in the early identification of problem employee situations is a vital component of any deterrent plan. The supervisor should feel he has real support from his management and know in advance the steps to take when a problem is recognized. Early identification and easy, non-punitive access to medical and mental health resources is needed. Companies should set up confidential counseling services for employees.

There needs to be clear consistent rules in place regarding behavior in the workplace with respect to harassment, threat of violence, and violent or disruptive behavior. Companies should treat employees as they want to be treated. Whenever a potentially emotional event such as downsizing, layoffs, and terminations are faced, a thoughtful, common sense policy should be in place to ease the situation. In addition, supervisors must be alert to possible contributory situations outside the workplace.

There are two fundamental principles that should be followed in preventing workplace violence. First, seek assistance. If your company has a human resources or employee relations department use them. If not, seek the assistance of a consulting organization. Second, early intervention is always recommended over allowing a situation to escalate to a higher level. Finally, management must recognize that no matter how well they have planned, there may be a violent incident in the future. Companies should have an emergency plan with procedures in place, and their supervisors must be trained to act in the proper manner should an incident occur.

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FRAMING URBAN ECONOMIC DEVELOPMENT POLICY: AN ANALYSIS OF THE EMPOWERMENT ZONE

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ABSTRACT

Interest in urban economic development abounds. Studies offer various approaches to reviving American cities that are decaying. Scholarly investigations and the popular press attempt to assist urban areas by promoting economic development initiatives. These initiatives vary, however, due in part to conceptualization. Conceptualization of initiatives may be influenced by prominent features that are emphasized through various media framing techniques. Using both a content and frame analysis, the reporting attributed to the empowerment zone, an urban economic development policy, is analyzed as it is advanced by the media.

INTRODUCTION

Historically, there has been an interest in environmental conditions surrounding America's urban areas. Research conducted by Merton (1938; 1957), Durkeim (1947), and Whyte (1961) has explored and reported on various aspects of urban life such as social mobility, economic opportunity, and crime. Currently, scholarly investigations undertaken by Porter (1997;1995) Bee (1994) and Goldsmith (1995) as well as articles in the popular press, Eckholm, (1993) and Sennott, (1991) have been increasingly focused on discussions about viable techniques that serve to revive the urban U.S. cities that are decaying. Many of these inquiries have yielded a variety of approaches thought to cure these cities of their ills.

Media attention and discussion about improving the conditions of urban areas abound. The reporting and coverage of various economic development approaches varies. This variation is due in part to the conceptualization of approaches as well as the primary features of policy that are highlighted and reinforced through the use of the framing technique. In other words, by using the framing technique, media reports and coverage of urban economic development shape understanding, perceptions, and attitudes about the policy.

Scholarly investigations as well as reports in the popular press indicate that public policy initiatives for urban areas tends to provoke highly partisan and ideological debates. This debate may be partially attributed to the frames advanced by the media. Subsequently, it may prove fruitful to examine how a specific urban economic development policy, the empowerment zone, is framed.

The purpose of this paper is to examine the nature of urban economic development policy, the empowerment zone, and how this policy is advanced in the media. Using both content and frame analysis, the patterns, tendencies, as well as consistencies in the reporting of the empowerment zone will be analyzed. This objective will be accomplished by: (1) describing the current urban milieu; (2) discussing the difficulties associated with defining economic development; (3) highlighting the

relationship between the media and framing; (4) identifying the approaches to urban economic development; (5) describing the content and frame analysis techniques; and (6) describing the methods and reporting the findings.

A CALL FOR URBAN ECONOMIC DEVELOPMENT

The economic growth of America's urban areas is a critical element in the continued development of the U.S. Expansion of these areas is important since it facilitates jobs, services, and economic opportunities. Urban America is, however, currently experiencing economic distress which, for many, is a compelling issue (Bates, 1997; Wilson, 1987;1989).

Over the years the urban America milieu has witnessed a tremendous decline. The environment's downward spiral is due in part to urban growth that has moved beyond the metropolitan area proper into suburban domains. Hughes and Sternberg (1992) report that approximately 60 percent of the U.S. population is located in suburban areas. As a result of this geographical shift, the poor and their neighborhoods have become disconnected from growth and opportunities (Wilson, 1989).

Mincy and Weiner (1993) comment that the poverty in urban areas is increasing. Between 1970 and 1990 those living in concentrated poverty, an area where over 40 percent of the population is poor, increased from 3.8 million to 10.4 million. These high poverty neighborhoods also face the problems of poor educational systems, joblessness, single parenthood, drug abuse, and crime (Ricketts & Sawhill, 1988). Massey (1990) reports that the communities most devastated by the illicit drug epidemic are economically depressed areas with impoverished residents, weak social institutions, deteriorating schools, and stagnate legitimate economies.

Given these environmental conditions, high poverty areas simply do not have the capacity to fully support businesses and economic growth (Harrison & Glasmeier, 1997). Moreover, the circumstances surrounding high poverty areas increase per capita expenditures for both public and city services. In totality, these conditions create an environment that is not amenable to living, working, and investing as its residents are faced with heavy tax burdens. The non-poor are thus encouraged to leave these urban areas due to the unattractive social and economic environments (Cloward & Ohlin, 1960).

Contemporary urban economic development policy attempts to address issues that will facilitate a more habitable and competitive environment in these areas. Studies indicate that policy initiatives in these areas must be capable of encouraging the type of growth that creates jobs and opportunities (Bates, 1997; Wilson, 1987; 1989). Suppressing the current milieu by investing in both human and physical capital is crucial for rebuilding urban areas and creating a more viable environment. The empowerment zone, a government initiative that was introduced in 1993, is designed to foster economic development of urban areas. Community growth and revitalization are the objectives of the policy and these goals are pursued by: economic development; community development; community based partnerships; and, strategic vision for change.

DEFINING URBAN ECONOMIC DEVELOPMENT

The economic development of urban areas has become one of the most prominent issues facing the nation. Given the saliency of regenerating urban areas there has been much debate concerning the methods and techniques deemed suitable to address the dilemma. Intense debate over economic development approaches stems from the definition of the term itself (Porter, 1997). The American Economic Development Council (AEDC) defines economic development as "the process of creating wealth through the mobilization of human, financial, physical and natural resources to generate marketable goods and services" (Economist, 1995 p. 32). In their discussion of defining economic development Ledebur and Barnes (1993) comment that the distinctions between social, political, and economic concerns are difficult since economic development permeates various aspects of community life. As such, more inclusive definitions have been generated. Consequently, there has been some variance in communicating the term since individuals and organizations may assign prominence by selectively concentrating on a particular feature of economic development. Given the various ways to conceptualize and operationalize economic development, it is probable that differential usage of the term will spark debate and perhaps, controversy.

THE MEDIA AND FRAMING

The capacity of the U.S. media is notable. Iyengar (1990, p.21) comments, "For Americans, policy related issues are defined primarily through news reports, and since news coverage is inevitably expressed in particular frames, the influence of the media on public opinion can be significant". Gitlin (1980) remarks that the media provide a lens for the public world that is then transformed into a manageable private arena. In essence, the media have the capacity to conceptualize and operationalize policy and its related issues.

Frames refer to a perspective on a policy issue that politicians, journalists, or the public at large use to clarify the issue. Framing places the issue within a context of understanding and belief that make some particulars of the event more prominent than others.

THE IMPACT OF FRAMES

The media is an institution with extensive reach and appeal that has the power to shape views and outlooks. Reasoning and debate about divisive policy issues may be influenced by how the media depicts the news event. Journalistic norms may, however, limit visible biases and media influence may be more subtle than outright propagandistic efforts (Bartels, 1993).

Framing social, economic, and political issues in distinct ways affords the media the opportunity to identify the causes of a problem and establish criteria for evaluating solutions to problems. As such, frames organize the presentation of fact and opinion in various outlets including newspapers. Iyengar (1991) reports that poverty may be framed to emphasize the responsibility, or the lack there of, of the poverty stricken for their plight. Poverty may also be framed in a way that implies that it may be ascribed to social, economic, or political factors.

URBAN ECONOMIC DEVELOPMENT APPROACHES

Despite the variety in conceptualization and operationalization of economic development, much attention has focused on economically developing urban areas as well as the need for additional entrepreneurial endeavors from residents who live in these areas (Butler & Herring, 1990; Mariotti, 1990). Many of these studies focus on prescriptive elements considered essential in uplifting the scourge which has besieged these communities. Researchers have focused on the need for policy to be centered around social resource programs that address education, training, and community based involvement (Goldsmith, 1995; Reese & Fasenfest, 1997; Rondinelli & Vastag, 1997). Other scholars advocate a more business and economic based approach that squarely focuses on private for profit methods (Cordtz, 1992; Harrison & Glasmeier, 1997; Porter, 1995; Porter, 1997;). Bates (1997) asserts that socially and economically based approaches are laudable however, perceptions of and attitudes toward poor communities are just as salient when addressing the development of urban areas. "The private sector, government, and the public at large all hold entrenched attitudes and prejudices regarding poverty and despair that typify urban communities" (p.5).

While researchers (Massey, 1990; Ricketts & Sawhill, 1988) have identified the significant impact that drugs and crime have on urban areas, few business and social based economic development approaches address these elements. Bee (1994) categorically asserts that crime and drugs are formidable obstacles that need to be squarely focused on when developing economic development initiatives.

The breadth and depth of attention focused on the economic development of urban areas is vast. The approaches range from business and economic foci to social resource foci. The approaches and techniques advanced by politicians, researchers, and business people alike have a variety of objectives. The operationalization of economic development by researchers, as well as media organizations and their representatives may, in and of itself, be a primary feature leading to various conceptualizations.

CONTENT AND FRAME ANALYSIS

Content analysis techniques focus on the frequencies of occurrence within an artifact. Traditional content analyses serve several functions: summarizing data so that they are easily interpreted; identifying patterns and relationships within data that otherwise may not be identified by viewing artifacts individually; and, relating data to findings obtained by other methods (Krippendorff, 1980). Conducting a content analysis of selected newspapers enables the investigation of the coverage patterns attributed to the empowerment zone, an urban economic development policy. Placing deliberate attention on the article text reveals the focus of the article. Through the close examination of the article position, the implicit priority of the news event can be assessed. Frequency of the reporting of the news event is also assessed by this method.

Contextual differences found within news events are explored through the framing technique. Relying on the media for information about policy issues grants the press tremendous power in creating reality for the pubic at large (Park & Kosicki, 1995). Media frames provide order for journalists and subsequently their readers who rely on the journalist's interpretation of news events. The priority of a news event can be insinuated by its placement in the paper and the significance of

the event is assessed by how the writer chooses to frame it. Framing analysis entails examining the framing contexts that journalists use to explicate complex information. Journalists frame events by extracting language and ideas from other forums and paraphrasing their sources (Gamson & Modigliani, 1989).

Fairhurst and Sarr (1996) report that framing entails determining the meaning of an event and making sense of it. Framing an event is to choose one meaning over another and this created bias towards one meaning excludes alternative interpretations of the event. Fairhurst and Sarr's (1996) scheme identifies five tools that are used to frame events: metaphors that describe event likeness to something else; jargon which frames the event in familiar terms; contrast which illuminates the event in terms of its opposite; spin which casts the event in positive or negative light; and stories which make the event real by using example.

RESEARCH QUESTIONS AND METHODS

The research questions for the study focus on the nature of media coverage attributed to the empowerment zone, an urban economic development policy. The research questions include: What is the focus of newspaper coverage with respect to the empowerment zone - primarily business and economic based or, social resource based?; Is the notion of crime or drugs contained in the coverage?; How is empowerment zone policy framed? Are there differences in the nature of newspaper coverage of empowerment zone policy? Are there differences in the framing of empowerment zone policy?

Newspaper articles about empowerment zone policy contained in *The Washington Post, New York Times, Chicago Tribune, Los Angeles Times*, and *Wall Street Journal* are the data source for the investigation. Empowerment zone policy was announced on May 5, 1993. Eligible articles for the investigation include all articles contained in the previously mentioned newspapers regarding empowerment zone policy from May 5th through December 31st 1993. This time frame was chosen in order to explore initial and subsequent coverage patterns of empowerment zone policy. Altogether, 14 articles qualified for the analysis. Using both a traditional content analysis and a frame analysis that applies the scheme advanced by Fairhurst and Sarr (1996), with the exception of the story technique which was not applicable for this investigation, the research questions were explored by examining articles contained in each newspaper.

RESULTS

The first research question addressed the focus of empowerment zone coverage. While newspaper coverage could center around either business and economic or, social based discussions, the core coverage for 13 articles was business and economic based. The remaining article contained discussion about both foci. This May 5th *New York Times* article announced that empowerment zone policy would:

> "combine minor new spending, moderate tax breaks for businesses….and integrate economic planning with a social services strategy intended to stabilize neighborhoods."

Whether crime or drug related issues were contained in the newspaper coverage was the focus of the second research question. One article offers an abbreviated discussion of both drugs and crime as they relate to empowerment zone policy. The November 17th article in the *New York Times* reported that Clinton's speech about empowerment zone policy:

"offers hope that Washington may yet turn its attention to the cities, Americas' most pressing domestic problem…The President spoke in chilling detail about the violence and the drug trade that ravages the cities."

Another article briefly mentions drugs as they relate to the policy. *Los Angeles Times* on May 5th noted that during his discussion of empowerment zones:

"Clinton cited planned federal initiatives to expand community policing and to set up special community development banks. The existing federal programs he referred to would include those for drug prevention, worker training, housing, and child care."

In the 12 remaining articles neither drugs nor crime was mentioned in the discussion.

The third research question centered around how empowerment zone policy is framed. Eight of the articles use a single framing technique. The most frequently used technique was positive spin, which is illustrated in four articles. Clear examples of positive spin include articles in the May 19th *Chicago Tribune* and September 10th *New York Times.*

"President Clinton toured Los Angeles' riot-torn South-Central neighborhood to promote empowerment zones… Clinton laced up high tops and chose sides for a half court game. He showed his stuff on the boards, blocking shots and grabbing rebounds and passing the ball to his young teammates. The crowd cheered every move and Clinton reveled in the game. Afterward, he took the crowd's response as a sign of enthusiasm for rebuilding South-Central."

"To assist in the successful implementation of empowerment zones, the president is reinventing government into a quicker slimmer, smarter creature."

Contrast was the second most popular framing technique as two articles use this method. The November 17th *New York Times* article best illustrates the technique.

"America's cities are crying out for an urban policy from Washington. Presidents Reagan and Bush responded to that cry with racial code words and scorn, often demonizing cities for political gain. But in his speech last weekend, Clinton confronted urban issues in a way that inspired people instead of dividing them."

Dual framing techniques were adopted in five of the articles. The combinations of positive spin and metaphor as well as jargon and metaphor were most recurrent. Each of these combinations was represented by two articles. Metaphor and contrast were also coupled in one article. An example of the positive spin and metaphor combination is illustrated in the May 5th *New York Times* article.

"The empowerment zone plan "would spend $8.1 billion over five years and would bring new economic growth, opportunity and hope in areas long denied their piece of the American dream. The anti-poverty initiative is a variation on the idea of enterprise zones. The Clinton plan even borrows a favorite word of some conservative anti-poverty planners: empowerment."

The May 5th *Chicago Tribune* article best represents the jargon and metaphor combination.

"What the democratic mayors got from the hour-long party line call from President Clinton who was asking for support for empowerment zones was, well, primarily the party line.

Clinton's plan mirrors what the Daley administration has tried to do in the last couple of years….Creating a type of one stop shopping could get federal money quicker and avoid duplication."

Three framing techniques including positive spin, metaphor, and negative spin were showcased in one article. The November 24th article in the *Los Angeles Times* depicts these techniques.

Positive spin is placed on the headline, "A new chance to fight poverty's old problems" -…"The last time anything comparable to the empowerment zone concept happened was after the Watts riots when a raft of well-intentioned social service programs were showered on Los Angeles.

Many war on poverty programs were worthwhile. Even so, L.A.'s poor neighborhoods are poorer than ever. Money disappeared into the pockets of poverty entrepreneurs who had the right connections in the county building and city halls.

Today's empowerment zone scheme is a combination of Lyndon Johnson's War on Poverty and Ronald Reagan's more conservative economic development policies.
The empowerment zone plan looks as though it will promote the same kind of self-destructive political disputes that characterized the earlier effort".

Whether there were differences in the nature of newspaper coverage was the basis of research question four. The content analysis revealed differential media coverage of the empowerment zone. The *New York Times* led all newspapers with a total of five articles. This coverage was closely followed by three articles contained in the *Los Angeles Times.* Two articles were found in each remaining paper - *Washington Post, Chicago Tribune,* and *Wall Street Journal.* In terms of placement: seven of the 14 articles were contained in section A of the newspapers; four were contained in section B; two were in section C; and one article was in section D. The *New York Times* had three articles in section A, one in section B, and one in section D. Both *Washington Post* articles were located in section A. In the *Los Angeles Times* one article was found in section A and two articles were in section B. For the *Chicago Tribune* both articles were located in section C. One article each was found in section A and section B of *Wall Street Journal*.

Whether there were differences in the framing of the empowerment zone was the focus of research question five. The *New York Times* adopts contrast and positive spin techniques in four of five articles. Positive spin was used for both *Washington Post* articles. In the *Los Angeles Times* coverage positive spin, metaphor, and negative spin were combined in one article and metaphor and negative spin were contained in each remaining article. For the two *Chicago Tribune* articles one focused on jargon and metaphor and the other used the positive spin and metaphor technique. *Wall Street Journal* coverage included the metaphor and contrast combination and positive spin.

CONCLUSION

This investigation explores how an urban economic development policy, empowerment zone, is advanced in the media. The investigation was executed by conducting both a content and frame

analysis of empowerment zone policy coverage in various newspapers including: *The Washington Post, New York Times, Chicago Tribune, Los Angeles Times,* and, *Wall Street Journal.*

The results of the study reveal the nature of coverage patterns used by major newspaper organizations. There were overwhelming similarities in the focus of the coverage. Virtually all of the articles centered around business and economics while only scant attention was focused on the nature of crime and drugs as they relate to the policy. This coverage was prominent despite the articulated objectives and focus of the policy. Moreover, the vast majority of reporters did not address many of the policy's features.

Close examination of article coverage and the framing techniques demonstrated in the articles reveal tendencies that warrant additional comment. Half of the articles in the analysis were illustrated in section A of the newspapers. The remaining articles were found in various sections of the newspaper which suggests that some empowerment zone articles were not considered as salient for front page coverage. While the *New York Times* led all newspapers with the greatest amount of coverage, the *Washington Post,* on the other hand, was among the newspapers that had the least amount of coverage. This finding was surprising particularly since empowerment zone policy is a federal initiative. It would seem that this newspaper would provide greater coverage of a government sponsored policy.

With respect to the use of framing techniques, while the *Washington Post* provided only two articles about empowerment zone policy, positive spin was the technique used for each article. The techniques used in the *Los Angeles Times* articles were also quite consistent. One article included positive spin, negative spin, and, metaphor while each of the other articles used negative spin, and metaphor. This coverage was, by far, not as supportive of empowerment zone policy as the coverage contained in other newspapers.

This analysis provides insight into how empowerment zone policy is addressed in the media. Based on the results of the study, newspaper organizations, by and large, focus on one basic feature of the policy thus providing scant coverage of the policy in its totality. This finding provides support for the proposition that media frames shape understanding and opinion by stressing specific features and downplaying others.

Empowerment zone policy was framed in various ways yet there was consistency among each newspaper. These results provide additional support for the proposition that the media is influential with respect to its coverage of policy related issues particularly since they determine the nature of policy coverage as it is reported to the public. Likewise, frames are also salient since framing techniques give rise to the journalists' analysis of events. Subsequently, the reporting of policy is not solely communicating the policy in and of itself; it is also inclusive of the frame the writer adopts when covering the event.

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COMBATING SEXUAL HARASSMENT: A UNIVERSITY'S TEN YEAR WAR

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ABSTRACT

Newspaper stories of Clarence Thomas and Paula Jones highlight the problems of dealing with sex in the workplace. This is the type of media coverage that universities would like to avoid. However, sexual harassment in higher education has become a major issue over the last decade. Numerous studies suggest that sexual harassment is a significant problem in universities.

INTRODUCTION

The problems associated with sexual harassment create unique complexities for administrators, faculty, staff, and students. Biaggio and Brownell identified a number of studies that detail the problems. A 1984 study by Dziech and Weiner concluded that 20 to 30 percent of female students report sexual harassment while in college. A 1994 General Accounting Office (GAO) study found that nearly 60 percent of female Air Force Academy cadets surveyed by the GAO in 1991 had experienced sexual harassment on a regular basis. The problem is further complicated when the harassing behavior go unreported. Till (1980) and Swecker (1985) note that victims of harassment are not likely to report the behavior unless it becomes severe (Biaggio and Brownell, 1996). These complexities are fostered by issues associated with the applicable legislation, constitutional concerns, and academic freedom within a mix of situations uncommon to the private sector.

In higher education, two federal statutes apply to sexual harassment: (1) Title VII of the 1964 Civil Rights Act as amended and (2) Title IX of the Education Amendments of 1972. Title VII is enforced by the Equal Employment Opportunity Commission (EEOC), and Title IX by the Office of Civil Rights (OCR) of the U.S.Department of Education. Both statutes enforce Title VII principles.

Sexual harassment is defined as:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when any one of the following is true:

* Submission to such conduct is made either explicitly or implicitly a term or condition of a person's employment or academic advancement,

* Submission to or rejection of such conduct by an individual is used as the basis for employment decisions or academic decisions affecting the person, and

* Such conduct has the purpose or effect of unreasonably interfering with a person's work or academic performance or creating an intimidating, hostile, or offensive working, learning, or social environment (Sandler & Shoop, p. 4, 1997).

Under this definition sexual harassment, two types are recognized: quid pro quo and hostile environment. Quid pro quo involves "something for something." For example, a department chair refused to recommend a professor for promotion unless sexual favors were performed. It generally takes only one instance of this type of behavior to constitute sexual harassment. The major elements of quid pro quo harassment are:

*The sexual advances were unwelcome,
*The harassment was sexually motivated, and
*The harassment tangibly affects the victim's work environment.

In the case of quid pro quo harassment, the institution is generally held liable, and the victim entitled to relief even when the employer had no knowledge of the behavior. Under the 1991 Amendments to Title VII, employers may be required to pay punitive damages if the employer "engaged in discriminatory practices with malice or with reckless indifference to the plaintiff's rights" (42 U.S.C.§ 1981a Supp. III 1992). Damage awards vary according to the number of employees. The range is from $50,000 for an employer who has from 14 to 100 employees to $300,000 for employers with more than 500 employees. However, issue of liability without employer knowledge may change, pending the U.S. Supreme Court's decision in Faragher v. City of Boca Raton (76 F.3d, 11th Cir. 1997).

In hostile environment cases, the courts examine the circumstances associated with the situation including:

*The frequency of the conduct,
*Its severity,
*Whether it is physically threatening or humiliating, or a mere offensive utterance, and
*Whether it unreasonably interferes with an employee's work performance.

In hostile environment cases, courts normally focus on the employer's policy and practices associated with dealing with sexual harassment.These include the presence of a victim friendly grievance procedure, adequate communication of the policy, and the effectiveness of the employer's response once a complaint is received.

Title IX protects both students and employees in "virtually all activities of a university or college" and has been characterized as "one of the most sweeping sex discrimination laws ever passed" (Sandler & Shoop, p. 34, 1997). Title IX's protection and the enforcement power of the OCR highlight the complexity that universities confront with regard to sexual harassment. Employees, including student employees, can utilize both Title VII and Title IX to initiate litigation. Title IX coverage extends not only to students under any program or any activity associated with their enrollment at the university but also to prospective students.

> No person shall on the basis of sex be excluded from participating in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance (Title IX).

The OCR has the authority to conduct compliance reviews on its own initiative, to investigate complaints filed for individuals by either themselves or by others on their behalf, to suspend or terminate federal assistance, and to request the Justice Department initiate court action. Under Title IX, courts may also award monetary damages for pain and suffering, emotional distress, attorney's fees, and the cost of therapy. Unlike Title VII, damages awarded under Title IX cases are not limited by the number of employees of the organization. The Courts may also direct a university to initiate or change policy, to develop training programs, to waive various time limits for degree completion, and to provide tuition refunds (Sandler & Shoop, p. 35, 1997).

The issues of academic freedom and of the university environment further complicate combating sexual harassment. Courts have traditionally utilized the First Amendment to the U.S. Constitution to provide protection for the concept of academic freedom. Interactions between professors and students in the classroom and between students to students in extracurricular activities highlight the issue. This protection does not provide professors with the right to say anything they "feel like" but what is spoken must be related to the intended educational objective of the presentation. Speech in the classroom that disrupts the educational environment, is unrelated to the subject, and inconsistent with the prescribed curriculum is not protected by academic freedom. In addition, aggressive behavior or behavior inconsistent with established job-related procedures and requirements are not protected (Sandler & Shoop, p.42, 1997).

Interaction and the exchange of ideas between faculty and students is the heart of the educational process. Consensual relationships between faculty and students can pose legal problems. However, relationships between two consenting adults in the workplace are generally not illegal. When a supervisor initiates a sexual relationship with a subordinate in the workplace, the supervisor has more than likely violated a company policy rather then federal law. Yet, the power imbalance between faculty and students in the classroom is virtually the same as the relationship between supervisors and subordinates in the work environment. The persuasiveness of the problem and the complexities of the situation make fashioning effective policies to combat sexual harassment difficult for colleges and universities. Sexual harassment in any organization can lead to disastrous consequences for both the organization and relevant constituents. In an academic institution, those constituents include the faculty, the staff, the students, and in the case of a state university, the public whose taxes and donations fund the institution. The purpose of this paper is to present the results of a major state university's efforts to combat sexual harassment.

In the last decade, the university has been very proactive in combating a war on sexual harassment. The university's efforts with respect to sexual harassment focused on maintaining a University environment that is free of sexual harassment. To that end, the Chancellor of the University appointed the Advisory Committee on the Prevention of Sexual Harassment to advise the University Affirmative Action Officer. The committee's charge included a review of current and proposed policies, procedures, and programs pertaining to the prevention of sexual harassment to ensure the University was adequately responding to the problem of sexual harassment. The committee developed a five-year Sexual Harassment and Awareness Program. This program included education and awareness sessions, the development and distribution of brochures to further educate and communicate with faculty, staff, and students, strategically placed posters across campus providing the name and telephone number of a contact person for additional information, training for mediators, and the development of the survey to assess efforts made.

Staff training included 1.5 hours of formal classroom training for all non-supervisory employees and a sexual harassment prevention education and awareness module in the Leadership Enhancement and Development Program for supervisors. The mediator training included an intensive two-day program that focused on mediation techniques through education and participation. Twelve university employees completed the mediator training.

Information on sexual harassment for students was communicated through programs sponsored by the Division of Student Affairs. Brochures on sexual harassment for students were developed and presented to incoming students. New faculty members were informed about the University's Sexual Harassment Education and Prevention
Program at New Faculty Orientation.

A major campaign to combat sexual harassment occurred during an eighteen month time period. In 1996, the University's Advisory Committee on the Prevention of Sexual Harassment distributed a campus survey to determine (1) the extent to which members of the University community had experienced or had knowledge of instances of sexual harassment within the past eighteen months and (2) whether the awareness raising efforts of the University had been effective in educating the community as to recognizing, discouraging, and reporting conduct that constituted sexual harassment.

Ten years previously, a survey had been done to determine whether university efforts were effective against sexual harassment. Using the 1986 survey as a reference, the 1996 survey included a definition of sexual harassment to be considered when answering the questionnaire which was divided into three sections:

Section I: Instances of Sexual Harassment
Section II: Instances of Sexual Harassment Within the Past Eighteen Months
Section III: Effectiveness of the University's Efforts to Raise Awareness

A total of 7,340 surveys were distributed to a random selection of members of the campus community that consisted of 3,606 on campus students, 2,000 off-campus students, and 1,734 faculty and staff personnel. Response to the survey was both anonymous and voluntary. Over a three-week period, the University Office of Equal Opportunity received 858 responses or a 11.7 percent return. Usable responses were received from 297 staff members, 188 students on campus, 230 students off

campus, 84 tenured faculty members, 57 non-tenured faculty members, and two unidentified. There were 550 identified females, and 294 identified males. Students' class ranks were 87 freshmen, 59 sophomores, 111 juniors, 155 seniors, and 14 graduate students. Most of the respondents were white and the most frequent age group was 20 - 29.

Feedback on the topic of sexual harassment covered the entire spectrum. In general, the responses were positive concerning the efforts made by the University to address the issue of sexual harassment. Many responses indicated that additional work could be done in the area of awareness on campus. The pamphlets distributed during the eighteen month time period were viewed as most informative and beneficial in identifying and responding to sexual harassment.

Less than forty percent of respondents reported that they had ever experienced sexual harassment in any setting and twelve percent recognized that they had experienced sexual harassment. The responses indicated that more non-tenured faculty members had experienced sexual harassment than any other group followed by students living on campus. Tenured faculty members had the highest response to knowing a member of the University community who had ever experienced sexual harassment, again followed by students living on campus. The largest group of harassment victims were female undergraduate students with the second largest group being female staff members.

Comparison of the responses in this area with the 1986 responses indicate that the basic perceptional differences between men and women remain roughly the same. Females tend to see sexual harassment as a more frequent and more serious problem than males. The survey results do indicate a general trend of improvement in addressing sexual harassment.

More than half the respondents indicated that they do not believe sexual harassment takes place often on campus nor do they consider it a serious problem on campus. Less than forty percent of the respondents had knowledge of any instances of sexual harassment involving members of the University community within the past eighteen month awareness campaign. Female undergraduate students were identified as comprising the largest group of harassment victims. Male undergraduate students were identified as the largest group of alleged harassers followed by male tenured faculty members.   Unwanted sexist jokes and comments about physical appearances emerged as the behaviors most experienced by the victims, and less than half of the victims reported the behavior to an individual in an authority position on campus. Only nineteen percent of those reported being harassed informed someone in a position of authority.

Of the sixty percent participating in the survey who reported receiving the sexual harassment brochure, eighty percent found that it better prepared them to address sexual harassment. Of the thirty percent of the respondents who attended university sponsored training, almost eighty percent thought it better prepared them to address sexual harassment. Thirty-five percent of those surveyed believed sexual harassment was an "often occurrence" and was a serious problem at the university. In general, respondents did not know what more the university could do to combat or prevent sexual harassment. More than thirty-six percent of the participants indicated that the university had dealt with the issue quite well.

The consensus of the comments received from respondents contained predominantly positive feedback on the effectiveness of the programs initiated to combat sexual harassment. Continuing the efforts to increase awareness for students, faculty, and staff received high marks. The University's efforts in combating sexual harassment have gone beyond the EEOC and OCR guidelines. The

survey results indicate that those efforts are making progress. Progress in the complex environment of any university is encouraging, but the university must continue to make its efforts in this area a priority.

The purpose of this paper was to present the results of one university's efforts to combat sexual harassment. Using a long term approach to dealing with the problem, the university developed and implemented a sexual harassment program. The program included a wide range of education and awareness strategies targeted to the entire university community - students, faculty, and staff. The university's program goes far beyond the requirements of the EEOC and OCR guidelines. A survey of the university community suggests that in general the university has made some progress in combating the problem of sexual harassment on campus. Survey respondents consistently held positive views concerning the effectiveness of the university's efforts.

While progress has been achieved, sexual harassment continues to be a social and organizational problem. Within the university environment, the unusual complexities of dealing with sexual harassment are compounded by the several factors not faced by non-academic employers. Universities must deal with sexual harassment involving both employees and non-employees (students) under two different federal statutes. At the same time, university administrators must balance policies and practices against constitutional issues of free speech and academic freedom--both of which are protected by the First Amendment as well as freedom of association also constitutionally protected. In many respects, universities are confronted with a more complicated set of factors in addressing problems of sexual harassment than are non-academic employers.

Sexual harassment can be compared to a chronic disease that must continually be treated. There is no one shot medicine or magic pill to eradicate the disease. This paper has described the efforts of one university in battling the sexual harassment problem for ten years. The university appears to have experienced some success in controlling the problem. However, the war against sexual harassment continues.

References and tables available upon request.

THE INTERFACE OF VALUES AND THE SYSTEMATIC PROCESS OF ORGANIZATIONAL STRATEGY DEVELOPMENT

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ABSTRACT

This research examines the relationship between the strategic management process and the practice of ethical corporate actions. After a review of both the conceptual foundations and consequences of the systematic strategy process, the value philosophy approach is postulated to be one means of addressing what is seen as a systemic problem in organizations. Examples are then presented, drawn from both domestic and international business, regarding how such a value philosophy method for developing corporate strategy can facilitate the alignment of the organization's core values, its goal hierarchy, with ethical strategies and decision making.

INTRODUCTION

The priority of the profit motive, versus ethical and social responsibilities in business, has long been a subject of concern and debate. Adam Smith's Wealth of Nations, published in 1776, promoted the pursuit of profit maximization and self-interest by business. According to Smith, "it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest we receive our meal" (Cannan, 1976, p. 18). Theodore Levitt (1958) stated that "business must fight as if it were at war...gallantly, daringly and above all not morally" (p. 50). And the father of monetarist theory, Milton Friedman, (1970) wrote, "the only responsibility of the corporation is to make a profit...as long as it stays within the rules of the game" (p. 126).

"Recent media coverage subtly promotes the stereotype that business ethics is indeed a contradiction in terms. In other words, success in business requires unethical conduct" (Kullberg, 1990, p. 19). This concept is repeatedly reinforced as unethical business practices involving prominent corporations and business executives are headlined in the news. National attention has recently been focused on the questionable business practices of companies such as Salomon Brothers, Beech-Nut, Unisys, and Lockheed. It is natural for members of society to respond to these reports by questioning how these events could have happened. The casual observer may instinctively take a detached, judgmental position when examining these situations concluding that business has gotten "out of hand". Solutions offered by individuals who subscribe to this line of reasoning are commonly based upon the idea that unethical practices in business are no more than a manifestation of personal

greed and a flagrant disregard for the law, which may be tempered through the application of stiffer penalties and increased regulation of business practices.

Are those individuals and corporations involved in unethical business practices blatant criminals with malicious intent in their actions? In many situations, decisions were probably made with the belief that probable decision outcomes were in the best interest of the corporation and that the decision maker was merely facilitating the achievement of corporate goals.

This paper presents the systematic strategy process as one of the contributors to unethical decision making in many organizations. The systematic strategy process is the dynamic process of adjusting to environmental change and uncertainty -- of maintaining an effective alignment with the environment while maintaining internal interdependencies, from which strategy naturally evolves (Miles, Snow, Meyer, and Coleman, 1978). Generally, the systematic strategy process places the objectives of the organization above all other concerns and excludes value considerations from strategic decisions. The foundations of the systematic strategy process and how this process results in the development of business strategies without regard to values will be discussed first. Two consequences that result from concentrating solely on business objectives while excluding values are then developed and discussed. In conclusion, it is argued that a strategy process is needed within organizations that synthesizes business objectives with a business value philosophy.

SYSTEMATIC DEVELOPMENT OF BUSINESS GOALS AND STRATEGIES

Business organizations have often been compared to biological organisms because like biological organisms, businesses are required to adapt to ever-changing environments in order to survive. Just as a the parts of a biological organism work collectively to survive and prosper in an ever-changing environment, so do the parts of the corporation work collectively toward these same goals. Without common goals and purposes, the business organization/organism would cease to exist, because it is the common objective of survival that is the basis of business organization/organism activities (Keeley, 1988). However, the business organization differs from the organism in that business organizations are comprised of individuals (parts) that can exist, make decisions, and adopt goals apart from those of the host entity, while the parts of biological organisms cannot exist or make decisions on their own.

One of the principal objectives of strategy is the adoption of goals and objectives by business organizations that will ensure the perpetuation of the organization beyond the life of it's founders. By assigning goals to the business organization, the organization takes on an entity status separate from its members. Business strategies are traditionally developed so "that if the strategy formulator should leave the company tomorrow, his/her successor could step in as if nothing had happened" (Freeman and Gilbert, 1988, p. 139).

The assignment of goals to the corporation is further reinforced by statements within the strategy literature and by the corporation's legal status. A corporation is defined as "a body of persons granted a charter legally recognizing it as a separate entity having its own rights, privileges, and liabilities distinct from those of its members" (Soukhanov, 1984, p. 313). All legal definitions of the corporation are "pervaded by the notion of a body or an entity of an artificial legal creation, the continuance of which does not depend on that of the component persons" (Hessen, 1979, p. 22). This legal structure reinforces the assignment of goals and objectives to the corporation, separate

from its members. Prominent strategy scholars also acknowledge the corporation as an entity somehow separate from its members. James Quinn writes that all efforts in the corporation must be "directed toward clearly understood, decisive, and attainable overall goals," with their achievement ensuring "the continued viability and vitality of the entity" (Quinn, Mintzberg, and James, 1988, p. 9).

When goals and objectives are assigned to the corporation, responsibility for the consequences of decisions is limited to the effect they have on the corporation. The negative consequences, both external and internal, to the corporation are obscured by the bigger picture of achieving corporate goals and ensuring corporate survival. Psychologists have shown that members of organizations make decisions within the context of organizational membership that they would not make apart from the organizational context, because an assimilation process occurs by which the goals of the organization become the goals of the organizational member (Barrett, 1970). Individual accountability is therefore reduced, due to the individual's belief that his/her actions are in the best interests of the organization. Thus, if cost containment is a corporate objective, CEOs and managers have little problem with dismissing employees, closing plants, or cutting wages. The objective assigned to the corporation is cost containment, and the CEO or manager merely views his/her actions as instrumental in the continued survival of the corporation. This line of reasoning fails to acknowledge that an individual or group of individuals set the objective and that an individual or group of individuals carries out the objective. This is not to say that corporations should not have the right to close facilities or reduce employees; rather, the assignment of goals to the corporation fails to acknowledge that individuals comprise corporations and that individuals are affected by corporate strategies and decisions.

Freeman and Gilbert (1988) develop three hypotheses of the systematic strategic process: the structure premise, the constraint premise, and the organizational self-sufficiency premise. The structure premise states that organizational decision-making processes are designed to overcome human psychological limitations. The constraining premise states that human values partially constrain the formulation and execution of planned organizational action. And the organizational self-interest premise states that organizational performance results from decision-making structures that are directed toward the interests of the firm. Freeman and Gilbert explain that in order to manage strategic processes, one must adhere to structured decision making, conform individual values to those of the organization, and detach personal intent from the strategy formulation process. Therefore, systematic strategic processes eliminate potential conflicts by ensuring that corporate objectives take precedence over other values in the decision-making process.

To support this strategy, corporations spend a great amount of effort socializing the workplace and managing the internal environment so that the goals of the corporation are assimilated by employees and other stakeholders. Research indicates that the more effective a corporation is in integrating its objectives with its environment, the more productive the corporation will be (Barrett, 1970). However, it should be noted that the corporation is not a closed system. The same decisions and actions that result in positive outcomes for the corporation may have negative ramifications for employees and society at large. Systematic strategy processes fail to acknowledge consequences beyond the affect they have on the corporation.

CONSEQUENCES OF THE SYSTEMATIC STRATEGY PROCESS

Since the systematic strategy process focuses on identifying and developing appropriate responses to changes within the environment that may threaten the survival of the organization, decision and action consequences not directly associated with corporation viability may be deemed superfluous. The assimilation process of corporate goals and objectives and the dynamics of organizational decision making may reinforce this attitude. Thus, we propose that viewing the corporation as an entity with inherent goals and objectives encourages a decision-making process based solely on corporate goals and objectives, without regard to values.

Once values are removed from the decision-making process, decisions that focus exclusively on the attainment of corporate goals and objectives may be rationalized by individuals, based upon the perception of threats to the organization's success and survival. A threat can be defined as any action that either limits the ability of the corporation to achieve its goals or jeopardizes its viability or survival. Many aspiring managers are introduced to the concept of threats within the business operating environment through the discussion of SWOT analysis that is included in most college-level business policy textbooks. The concept of environmental threats is reinforced by Michael Porter (1980, 1985) in his discussions of competitive forces that shape strategy and methods of achieving and sustaining competitive advantage.

Generally, strategic planning involves the development of goals and objectives designed to ensure the survival of the corporation. According to Goodman and Pennings (1977), survival of the firm requires effective management of the corporation's environment to ensure the continued inflow of required resources without unnecessary disruption. The restriction or interruption of access to resources required by the firm may be viewed as a threat to the continued survival of the firm. Managers facing this situation usually attempt to develop a response that will minimize or eliminate the threat. Research indicates that the type of action taken will likely depend on the perceived intensity of the threat (Jones, 1991). If the threat is intense, little regard may be shown for the effect that the proposed solutions to the situation may have on others. This premise is the basis for our proposal of one potential consequence of systematic strategy processes:

C1: When values that conflict with corporate goals and objectives are perceived to threaten corporate survival corporate goals and objectives take priority in decision making.

Meeting or surpassing desired end states (or goals) is the measure by which an organization's effectiveness is determined (Goodman, Pennings, 1977). To achieve the desired end state, a set of lower priority goals are set as incremental steps toward achievement of the desired outcome. These incremental steps may be viewed merely as costs of attaining the desired end result (Keeley, 1988). For example, an increase in productivity may necessitate purchasing new equipment or implementing a new reward system. As this example demonstrates, more than one way may be used to achieve the desired end result. Thus, the decision becomes one of selecting the incremental step that will obtain the desired outcome with the least amount of cost to the organization. Purchasing new equipment or revision of the current reward system, in and of themselves, are not desired end states, and they have no value to the corporation except to the extent that they increase productivity. In other words,

the means of obtaining the desired end state has less importance than the achievement of the desired end state. This is the basis for our proposal of a second consequence associated with systematic strategy processes:

> C2: Systematic strategy processes that focus solely on corporate goal attainment, often result in decisions in which the ends are used to justify the means.

The preceding arguments are not intended to suggest that organizations should ignore issues of survival or fail to set responsible goals and objectives. Rather, they were developed to demonstrate how systematic strategy processes that focus solely on corporate survival and goal attainment may disregard values other than those expressed by corporate goals. Thus, some systematic strategic processes may result in scenarios that invite, or inadvertently encourage, unethical decision making.

This conclusion leads to a question of singular importance. Can we foster success in business without encouraging unethical decision making? We postulate that the likelihood of unethical decisions resulting from systematic strategy processes may be reduced by including and encouraging values philosophies in the strategy and decision-making process.

INTEGRATING CORE VALUES AND STRATEGY

Values can be defined as "specific desires for concrete objects, or beliefs that are held to be important" (Buchholz, 1989, p.4). An individual can value both tangible products and services and intangible concepts such as freedom and equality. A subset of values is moral values. Moral values are values having to do with "interacting with other people or acting in ways that affect them" (Freeman & Gilbert 1988, p. 826). As individuals, we value many different things; what we value has a profound impact on the decisions and choices we make. Values often conflict, resulting in one value's necessarily taking precedence over another. If a student chooses playing golf over studying for an exam, it can be said that at that point in time he/she values playing golf more than studying. It is important to point out that one cannot value something while never acting accordingly when the opportunity arises (Freeman & Gilbert 1988). Values on which one never acts are not values at all, only claimed or espoused values.

Systematic strategy processes attempt to neutralize conflict among values, based upon the belief that including values other than those outlined in corporate goals will detract from the achievement of organizational goals. If value philosophies are included as part of the process, how are conflicts between corporate values (goals) and personal values to be resolved? Where do individual beliefs end and corporate beliefs begin? As previously stated, when a conflict between values occurs, one value must necessarily take precedence over the other, although, it cannot separate itself from values. Since individuals are responsible for setting corporate goals and objectives, value philosophies are an inescapable part of the process. We feel that the process of strategy development and corporate decision making is enhanced by the inclusion of core values in the systematic strategy process.

To resolve the consequences of value-free strategies, individuals involved in the strategy development process (the CEO and other upper-level managers) should express a value philosophy

for the corporation, rather than merely assigning goals and objectives for the corporation. Freeman and Gilbert (1988) suggest that the expressed value philosophy of the corporation become the desired end state, and the objectives of profit margins, ROI, market share and the like become the means by which the value philosophy is maintained. Management, by expressing and acting on a corporate value philosophy, enables lower-level employees to determine the behaviors that are expected of them.

The Japanese have long believed that value philosophies play an important role in attaining corporate objectives and profits. Successful Japanese corporations believe that "without a context of values, action becomes meaningless" (Picken, 1987, p. 138). Toyo Glass Company expresses the importance of values in its three-step corporate philosophy. According to the official statement of corporate philosophy, the principal objective of Toyo Glass Company is to work for the benefit of the public at large. This is the basis for the second part of the company's philosophy, which states that profits will naturally follow successful business practices. The third concept within the statement of philosophy emphasizes the duty of employees to serve the public welfare and to share the benefits of their prosperity with others (Picken, 1987). Picken suggests that the Japanese emphasis on values over quantitative objectives has contributed to the success of many Japanese companies.

CONCLUSION

We feel that synthesizing a value philosophy into the strategy process will help to alleviate many of the negative consequences of value-free strategies. Each of the consequences of systematic strategy processes outlined above is directly related to the importance placed on goal attainment. Basing corporate decisions and goals on a stated corporate value philosophy results in the promotion and maintenance of values important to stakeholders and society at large without sacrificing high performance and continued survival. Goal attainment is then contingent on the perpetuation of core values, not simply on the perpetuation of profits. Using value philosophies as the basis for corporate decisions should serve to reduce the incidence of unethical or socially irresponsible reactions to perceived threats. Further, we feel that strategies based on value philosophies are less likely to encourage unethical behavior in the attainment of corporate goals, since profitability and survival would no longer constitute the sole justified basis for action.

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THE EFFECT OF TRUST ON LEADER-MEMBER EXCHANGE RELATIONSHIPS IN TWO NATIONAL CONTEXTS

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ABSTRACT

This article examines the similarities that exist between leader-member exchange (LMX) relationships and dyadic trust in organizational settings. Although trust is often mentioned as an important component of leadership, the relationship between trust and leadership remains a relatively unresearched topic. The model in this article conceptualizes LMX as an outcome of interpersonal trust and extends the cross-cultural research on LMX by contrasting the perceptions of individuals in Northern Ireland with those in the United States.

The effect of leader trustworthiness, defined as ability, benevolence, and integrity, on the quality of the LMX relationships is examined in the two national contexts. Interpersonal trust is viewed as mediating the relationship between ability, benevolence, and integrity and LMX. Two additional variables, propensity to trust and trust in organizations, are shown in the model to moderate the relationships between ability, benevolence, and integrity and interpersonal trust. Differences between Northern Ireland and the United States were found in the perceptions of benevolence, ability, organizational trust, and the quality of LMX relationships. The implications of these differences are discussed and future avenues for additional trust/LMX cross-cultural research are suggested.

INTRODUCTION

The relationship between the level of leader-member trust and the quality of leader-member exchange (LMX) relationships is a recurring theme in the LMX literature (e.g., Dansereau, Graen, & Haga, 1975; Dienesch & Liden, 1986; Graen & Uhl-Bien, 1991). In the LMX literature, trust has been conceptualized as a key dimension of LMX, used as a model to explicate the development of LMX relationships, and empirically linked directly to the LMX construct (Bauer & Green, 1996; Graen & Uhl-Bien, 1995; Lagace, 1990).

Also, LMX is mentioned in the trust literature. Butler (1991) compared Graen and Cashman's (1975) LMX-based findings with Gabarro's (1978) and Zand's (1972) trust-based findings and concluded that trust is an essential element of LMX. Further, research on dyadic (i.e., interpersonal) trust in organizational settings is applicable to the study of LMX relationships. The research studies performed by Butler (1991), Gabarro (1978) and Zand (1972) all examine interpersonal trust in

hierarchical dyads within organizational settings. More recent research on dyadic trust relationships in organizations includes articles by Lewicki and Bunker (1996), Mayer, Davis, and Schoorman (1995), and McAllister (1995). The articles most directly related to LMX research are those addressing hierarchical dyads within organizations by Barber (1983), Fox (1974), Kanter (1977), and Kramer (1996).

This study is exploratory in nature. Although we expected to find differences in the LMX relationships and associated trust in Northern Ireland and the United States, our only preconceived notion was that contentious social problems are more ubiquitous and pervasive in Northern Ireland than the United States. Therefore, based on this notion, we have made specific predictions about LMX and trust. In the following sections we develop a theoretical model which includes LMX, interpersonal trust, antecedents to trust, propensity to trust, and organizational trust. We test the LMX and trust response differences between Northern Ireland and the United States and discuss implications for future cross-cultural research on the LMX/trust relationship.

LEADER-MEMBER EXCHANGE

LMX is the relationship that develops as a result of the interactions that take place between a leader and his or her subordinates in the process of accomplishing work. The LMX relationship (which differs across subordinates) was originally thought to only result from work role exchanges in organizations (Dansereau et al., 1975). The concept was later expanded to include the concept of social exchange (Blau, 1964; Liden, Sparrowe, & Wayne, 1997; Liden, Wayne, & Stilwell, 1993).

The exchanges that take place between a leader and a member have either transactional or social content. In a transactional exchange, the member performs the task because it is within his or her assigned role and completion of the task finishes the exchange. However, when task assignments involve risk to the leader, the leader becomes vulnerable to the member to the extent of the risk, particularly when completion of the task is expected to reflect on the leader's role performance. Requests for assistance with tasks that are important to the leader and outside the member's formal role generally include an implicit promise of future reciprocation. Exchanges such as these have been classified as social exchanges. The distinction between transactional and social exchanges is that social exchanges involve longer time periods and the reciprocation is unspecified. Trust resides at the core of social exchange because exchanges involve unspecified expectations of future rewards. It is the continuing fulfillment of the unspecified expectations that facilitate the trust-building process between the leader and the member. Thus, exchanges with social content are expected to develop the trust between a leader and a member and the increased level of trust adds to the quality of the LMX relationship.

TRUST

Trust is an important factor in organizations and increased trust can reduce the perceived need for protective measures against exploitive behaviors from others (Lewicki & Bunker; 1996; Tyler & Degoey, 1996). The need for fewer specific agreements regarding repeated communication and ongoing exchanges ultimately reduces the transaction costs of productive organizational activities

(Lewicki & Bunker, 1996; Limerick & Cunnington, 1993). While Davis, Mayer, and Schoorman (1995) found that greater levels of trust in a general manager related directly to higher performance, others, such as Cook and Wall (1980) and Sitkin and Roth (1993), have concluded that increased trust is beneficial to the stability and productivity of organizations.

Although the interpersonal trust that develops between individuals in organizations has been shown to be beneficial to organizations, the lack of differentiation between factors that contribute to trust, interpersonal trust itself, and the outcomes of trust has been problematical (Mayer et al., 1995). Mayer et al. integrated the research on trust, provided differentiation, and summarized the factors that have been identified to contribute to the formation of trust. They concluded that three frequently described factors would likely explain a substantial portion of the variance in the factors leading to trust; ability, benevolence, and integrity. In subsequent research, Mayer and associates found empirical support for the use of these factors (Davis et al., 1995; Mayer & Davis, 1996; Schoorman, Mayer, & Davis, 1996).

THE TRUST AND LMX MODEL

The trust/LMX process, shown in Figure 1, has been adapted from Mayer et al. (1995). The model incorporates LMX as the outcome variable and adds the individual's trust in the organization as a moderating variable. The model can be viewed from both the leader's and the member's perspective and, as such, represents the relationship of the variables for both the leader and the member in an LMX relationship.

Extending trust involves the willingness to accept meaningful risk and the awareness that risk exists in the trust being extended. Hence, interpersonal trust is defined as the willingness of the individual extending trust to be vulnerable to the actions of the other individual (Mayer et al., 1995). This includes an expectation that the other individual will perform the important actions without being controlled or monitored. Therefore, trust only exists when the individual extending trust is willing to risk something important.

LMX is the relationship between a leader and his or her subordinate member. As previously discussed, increases in the quality of an LMX relationship are expected to be directly related to increases in the social exchange content of the relationship, that is, those exchanges that increase the level of interpersonal trust between the leader and member. When a leader gives a follower an important assignment it is said to be trust-related because the leader becomes vulnerable to the actions of the follower. Therefore, LMX is a relationship that fits within the scope of the above definition of interpersonal trust. Interpersonal trust in an LMX relationship is defined as the willingness of the leader or the member to be vulnerable to the actions of the other person in the LMX relationship.

The following definitions have been adapted from Mayer et al. (1995) to apply specifically to the constructs shown in the trust/LMX model. Together, the antecedents to interpersonal trust (ability, benevolence, and integrity) form the leader's and member's perceptions of trustworthiness of the other member of the dyad. Ability is defined as the perception of the leader or member that the other has the knowledge, skills, and competencies needed to do a particular job. Benevolence is the perception of the leader or member that the other member of the LMX relationship wants to do good for the other person. And integrity is the perception of the leader or member that the other

person in the LMX relationship adheres to an acceptable set of principles. Thus, the leader's and member's perception of the other's ability, benevolence, and integrity form the perception of trustworthiness in the other.

This set of perceptions is directly related to the leader's and member's level of interpersonal trust for the other person in the LMX relationship. Interpersonal trust has been conceptualized as a cumulative process in which each interaction between the leader and member may increase or decrease the accumulated level of trust for the other individual (Zand, 1972). In Figure 1 interpersonal trust is positively linked to the leader's and member's perception of the LMX relationship; thus, changes in the level of LMX will result from changes in the level of interpersonal trust. The existing level of the leader's and member's LMX relationship is the starting point for the next exchange. During the next exchange both the leader and the follower exhibit behaviors that are observed by the other member. These behaviors are used by the leader and member to update their perceptions of the other's trustworthiness. Thus, the feedback loop provides the means by which changes in the quality of LMX that may occur in successive exchanges are reflected as changes in the perception of trustworthiness.

Propensity to trust refers to an individual's general readiness to trust other persons, objects, or entities. Propensity to trust in LMX relationships is a stable personality factor that affects the likelihood that the leader or member will extend trust to the other person in the relationship (Rotter, 1967). In this model, the antecedents to interpersonal trust (ability, benevolence, and integrity) are the direct predictors of interpersonal trust. Because the propensity to trust variable affects the strength of the relationships between the antecedents to trust and interpersonal trust, propensity to trust is expected to moderate the relationship between the antecedents to interpersonal trust and interpersonal trust.

Organizational trust is the expectation of an individual that an organization's future actions will be favorable and beneficial to the individual. It is defined as the willingness of the individual to be vulnerable to the actions of the organization. Researchers have related organizational trust to other individual level constructs (e.g., Condrey, 1995; Cook & Wall, 1980; Daley, 1991; Hrebiniak & Allutto, 1972) and shown it as both a moderator and a mediator of individual level constructs (Robinson, 1996). Therefore, organizational trust is expected to explain unique additional variance in the trust/LMX model and, as such, is an important construct for inclusion in the trust/LMX model. Organizational trust has been shown to provide context in organizations (Farris, Senner, & Butterfield, 1973; Robinson, 1996) and is viewed as a contextual variable in this research. Organizational trust, as a contextual variable, is expected to be an influencing factor on the level of trust between the leader and member in LMX relationships (Green, Anderson, & Shivers, 1996; Green, Blank, & Liden, 1983). Therefore, organizational trust is shown as a moderator of the relationship between the perceptions of ability, benevolence, and integrity and interpersonal trust. The following sections develop in more detail the proposed model's linkages and offer respective propositions.

TRUST/LMX CROSS-CULTURAL HYPOTHESES

As previously stated, we expected to find that cultural differences between Northern Ireland and the United States would manifest in the quality of LMX relationships and levels of trust in

organizations in these countries. Because of differences in social factors in the two countries, more pervasive and contentious problems in Northern Ireland than in the United States, we predicted that individual's in Northern Ireland would be more cautious in developing trusting relationships with other individuals and organizations. Therefore, we predicted that individuals in Northern Ireland would exhibit a lower propensity to trust, lower perceptions of their leader's ability, benevolence, and integrity, and a lower level of organizational trust than individuals in the United States. Based on our model, these differences would be expected to result in lower interpersonal trust and quality of LMX. The following hypotheses formally state these predictions.

> H1: The quality of the LMX relationship is lower for respondents from Northern Ireland than respondents from the United States.

> H2: In LMX relationships, the level of interpersonal trust is lower for respondents from Northern Ireland than respondents from the United States.

> H3: In LMX relationships, the member's perception of the leader's ability is lower for respondents from Northern Ireland than respondents from the United States.

> H4: In LMX relationships, the member's perception of the leader's benevolence is lower for respondents from Northern Ireland than respondents from the United States.

> H5: In LMX relationships, the member's perception of the leader's integrity is lower for respondents from Northern Ireland than respondents from the United States.

> H6: In LMX relationships, the member's propensity to trust is lower for respondents from Northern Ireland than respondents from the United States.

> H7: In LMX relationships, the member's level of organizational trust is lower for respondents from Northern Ireland than respondents from the United States.

METHODS

Business students at two universities (one in Northern Ireland and one in the southeastern United States) who were employed in various private and public sectors, were requested to fill out survey forms as a part of their class participation. Of the 88 forms completed in Northern Ireland, three were removed from consideration because the participants were self-employed. In the United States sample, two of the 158 forms were removed for the same reason. This left a total of 241 usable forms.

The average age of the participants was 27.1 years (s.d. = 6.2). The average age for participants from Northern Ireland was 31.0 (s.d. = 6.9) and for the United States was 25.0 years (s.d. = 6.3). The mean difference in age between the two groups, 6.0 years, was significant at $p < .001$). 57% of the participants were male and 43% were female, no significant differences in the gender composition by nationality were found. However, the number of years experience in the workforce

for Northern Ireland participants averaged 11.4 and for the United States participants averaged 8.3. The mean difference in workforce experience between the two groups, 3.1 years, was significant at $p < .001$).

For assessing our constructs, we used established measures with known psychometric properties. Liden et al. (1993) and Bauer and Green (1996) made two minor changes to the most commonly used LMX measure, LMX-7, to reduce the likelihood of measurement error. Liden et al. introduced a standard 7-point "strongly disagree" to "strongly agree" format for all questions. Bauer and Green, in addition to using the response format introduced by Liden et al., split one of the original seven questions into two separate items. Liden et al. experienced acceptable coefficient alphas ranging from .75 to .84. Bauer and Green, with the question split into two items, reported an alpha of .94. The item responses were given values from 1 (strongly disagree) to 7 (strongly agree) and averaged to form the subordinate's perception of the quality of LMX.

The relationship between LMX and trust that was developed for this research project is based on the Mayer et al. (1995) model and construct definitions. The measures that were developed by Schoorman et al. (1996) to test segments of that model were empirically demonstrated to satisfactorily measure the constructs (Davis et al., 1995; Mayer & Davis, 1996; Schoorman et al., 1996). The trust measures used in this study and the reliability results reported by Schoorman et al. were: Propensity to trust, alpha = .71; ability, alpha = .93; benevolence, alpha = .95; integrity, alpha = .96; and interpersonal trust, alpha = .82. Respondents were asked to indicate the extent that they agreed or disagreed with the statement and responses were scored from 5 = Strongly Agree to 1 = Strongly Disagree. The average of the responses to the items on each scale was used as the value of the construct.

Organizational trust was measured using the scale developed by Robinson (1996). This seven-item scale measures dimensions of trust related to one's employer. Using this scale in a longitudinal study, Robinson reported reliabilities of alpha = .82 and .87. Respondents were asked to indicate the extent that they agreed or disagreed with each statement and responses were scored from 5 = Strongly Agree to 1 = Strongly Disagree. The average of the values of the responses was used as the value of the construct.

RESULTS

The control variables used in this study were gender, age, and work experience. No significant difference was found between the number of males and females reporting from Northern Ireland and the United States. However, the age and years of work experience were significantly different between the two countries. The average age of respondents was 31.0 (s.d. = 6.9) in Northern Ireland and 25.0 (s.d. = 6.3) in the United States. The years of work experience of respondents was 11.5 (s.d. = 6.4) in Northern Ireland and 8.3 (s.d. = 6.1) in the United States. Thus, age and work experience were used as controls to test all of the hypotheses.

Because of the need to control for age and work experience, ANCOVA was used to test all hypotheses. We predicted that respondents from Northern Ireland would report lower values than respondents from the United States for each hypothesis. The results, shown in Table 1, support four of the seven hypotheses. Our findings, after controlling for age and work experience, indicate that Northern Ireland respondents perceive lower quality LMX relationships (H1), perceive lower levels

of ability (H3)and benevolence(H4) in their supervisors, and lower levels of trust in their organizations (H7) than respondents from the United States. However, the levels of interpersonal trust (H2), integrity (H5), and propensity to trust (H6) were not found to be different between the countries. Overall, These results do support our premise that contentious social problems in Northern Ireland would negatively affect perceptions regarding LMX and trust in organizations.

TABLE 1 Mean Differences in Scores Between Northern Ireland and the United States.						
Variable Name	Northern Ireland		United States		F Test*	
	Mean	s.d.	Mean	s.d.	F value	prob.
Propensity to Trust	2.78	.58	2.90	.59	.75	.526
Benevolence**	3.09	1.04	3.73	.99	7.39	.000
Integrity	3.27	1.02	3.63	.99	2.44	.065
Ability**	3.54	1.08	4.02	.95	5.07	.002
Interpersonal Trust	2.88	.96	3.21	.86	2.64	.051
Leader-Member Exchange**	4.52	1.46	5.02	1.30	3.19	.025
Organizational Trust**	3.28	.91	3.67	.98	3.60	.014
* F test for differences in mean values after controlling for age and work experience. ** Variable significantly different between countries.						

CONTRIBUTIONS AND CONCLUSION

Although the gap between trust and LMX theory is closing, little research has considered LMX as an outcome of interpersonal trust. We highlight this because the LMX and trust literatures independently suggest that the interpersonal trust that can develop through social exchanges should enhance the quality of LMX relationships.

The findings suggest that on an interpersonal level, supervisors and subordinates, whether in the United States or in Northern Ireland, can develop similar levels of trust in their working relationships despite other cultural and organizational forces that are brought to bear the relationship. An explanation of the results found may be as follows. LMX, which is a broader and more organizationally related construct than interpersonal trust, is affected more by contextual factors, such as the culture of the organization, economic factors, and the national culture and setting, conditions in general. Interpersonal trust is a more narrow construct that taps into factors related to the specific relationship and emphasizes external factors less than the LMX construct.   Benevolence and ability may be, in the subordinates' eyes, more directly related to factors controlled by the organization while integrity, viewed as an important personal attribute, is seen as being more directly controllable by the

supervisor and, therefore, less affected by the finding that Northern Ireland respondents had lower levels of trust in their organizations.

Propensity to trust, a personality variable, is viewed as being more stable over time and less likely to be influenced by the immediate surroundings. Although we thought that propensity to trust would be affected by the long-standing conflict extant in Northern Ireland and be lower than in the United States, we found no support for respondents in the United States having higher levels of propensity to trust. As such, our finding indicates that propensity to trust may be consistent across these two cultures.

There are at least three limitations that must be considered regarding this study. First, using a student sample may limit the generalizability of the findings. Second, the limited size of both the Northern Ireland and United States sample may limit the validity of the findings by masking a true underlying relationship. Third, correlational analyses do not provide cause and effect relationships. In summary, a longitudinal study with larger samples in both countries, using business or government organizations could provide much more meaningful results.

However, we believe that this model and the results shown in this article make contributions to the trust and LMX literatures. The model extends the conceptual foundation of trust into the realm of cross-cultural leadership. The variables and their relationships depicted in the model provide a viable foundation that can be useful in examining interpersonal trust between leaders and their followers in organizational settings.

Although prior research on LMX provides us with some links between trust and LMX, the model shown in this article provides the beginning of a nomological network that includes trust and can be useful in examining these links from an LMX perspective. Furthermore, this model provides a tool for predicting the specific effect that various aspects of trust will have on the LMX relationship.

Last, we believe this model provides a much needed theoretical basis for the widely held assumption that trust is an important component of the LMX construct. Hopefully our model will promote additional theoretical and empirical work into the relatively unexplored yet promising topic of trust and LMX.

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MANAGERIAL COMMITMENT PROCESS IN ORGANIZATIONAL CHANGE: FINDINGS FROM A CASE STUDY

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ABSTRACT

While the literature on managing organizational change abounds with descriptions and prescriptions of the crucial role of top management as a change agent, research on managerial commitment processes seems to be quite scarce. In the management literature, a "position-bound" commitment of management is an assumption which has not often been called into question. Systematic evidence is needed to increase the understanding of:
* What role do different managerial levels play?
* Does management commit itself to change and how does commitment occur?
This paper aims at answering these questions by presenting findings from an empirical case study of management commitment in the context of organizational quality improvement program. The study was conducted in a Finnish medium-sized company in the food industry. The findings suggest that managerial commitment is not based on managerial authority and position only. Commitment creation is a culture-related process. Organizational culture affects the tendency for change and commitment, in general. Managerial behavior has effect on the degree of achieved commitment on different managerial levels. The focus of commitment seems to differ between different managerial levels which implies that the division of managerial tasks has an influence on what managers commit themselves to and how commitment occurs.
Key words: Organizational Leadership and Culture, Management Commitment, Managing Organizational Change, Quality Improvement.

INTRODUCTION

The research project on managerial commitment processes, which is partly presented in this paper, has its background in two main perceptions: 1) Commitment has become an element of the dynamics of business strategy (Ghewamat, 1991); 2) Managerial commitment processes are not well understood although management commitment is commonly stressed in the management and organizational change literature. In the field of quality management, in particular, commitment has been prescribed as a crucial requirement for the successful implementation of quality improvement. The systematic evidence of the practices seems to be scarce and empirical research is, thus, well grounded for both academic and practical reasons. This paper sheds further light on how managers commit themselves to change by providing findings from a case study focused on the managerial commitment process. A qualitative case study approach was adopted in this study, due to scarce empirical work in this area. Concentration on one company made it possible to produce empirically-grounded results through rich descriptions, in-depth analyses and thorough interpretations.

Methodologically, the study can be categorized as an inductive type of research meaning that the field work played an important role.

The findings from commitment process indicate that it is related to several management and organization behavioral factors which shape commitment creation. In this case, the lack of commitment at the senior management level was related to the perceived meaning and content of change, and the strategy of change. Deficiencies in the whole management system (vague philosophy and values, undeveloped planning and goal setting practices.) had effect on the slow progress of the change program. Dysfunctional organizational culture, featured by a kind of purposeless and the lack of vision, turned out to be the ultimate hindrance for achieving high commitment among management.

Position-bound commitment of management could not be found. It appears that managerial commitment to organizational change is generated through a gradual learning process involving the adoption of new ideas, talking about them, and transforming them into actions. As senior management played an invisible role, in this case, and did not show high commitment (but rather "half-hearten"), middle managers' commitment remained low, too. Middle managers expected an active and visible role of top and upper management and regarded it as the most critical factor for their commitment. The lack of commitment at the senior management level was related to the perceived meaning and content of change, and the strategy of change. Although the change program was organization-wide and top management was involved in launching the program, the change strategy, that focused on constructing a quality system, aroused scepticism as a bureaucratic tool for improving operational level processes. As a consequence, from the very beginning of the improvement process, there were doubts among the management about the successful integration of the new quality system with the company's management system.

MANAGEMENT COMMITMENT IN ORGANIZATIONAL CHANGE

In managing organizational change the understanding of commitment creation and related factors is important (Locke et. al, 1988). Commitment is closely related to changes in organizational life because change requires commitment (Noe & Schmitt, 1986) In the literature on managing change, management's role as a change agent is considered significant (Beer et.al, 1990, Mezias & Glynn, 1993, Tushman & Romanelli, 1985). That is why focusing on commitment creation on the managerial level is well grounded.

As quality management has been discussed from organization theoretical perspective in prior literature and studies, it is generally characterized as organizational change or transformation (see e.g. Olian & Rynes, 1991, Spencer, 1994, Savolainen, 1994). It has also been defined as a multifaceted, strategic change process linked with the overall development of a business enterprise (Lascelles, 1988). This change process aims at the improvement of the efficiency and flexibility of the entire business. The quality improvement approach involves the renewal of attitudes and skills and the embedding of new quality philosophy in an organization signifies organization cultural change (Crosby, 1979, Oakland, 1993, Olian & Rynes 1991, Spencer 1994).

The development of quality-oriented management system is an organization-wide change process, which requires management commitment (Lascelles & Dale, 1990). In the quality management literature, management commitment is depicted as preeminent, indispensable or crucial for successful quality improvement (Crosby, 1979, Deming 1989, Garvin 1988, Juran, 1988).

Commitment is the first step in the implementation models. The quality literature lists managerial responsibilities as follows: shaping organizational culture, advancing quality awareness and values, strategic quality management, the development and communication of quality policy, setting quality goals, measuring quality costs, and directing quality management systems development. In the quality management literature, however, management commitment seems to be an assumption or a self-evident prescription which has rarely been called into question.

In managing organizational change, managerial commitment draws on one of the core concepts of leadership, interpersonal influence (Yukl, 1989), and on the important role that management plays as a change agent and catalyst. Managerial influence in commitment process becomes visible in catalyzing and effecting change through different actions. On the other hand, a managerial actor is in the process of committing him/herself, too. Any type of change requires managerial support (Mezias & Glynn, 1993), in essence, a powerful actor for leading and accomplishing change efforts. As Beer et al. (1990) contend: "corporate renewal is not an impersonal process unfolding of its own accord. It is possible only when individual managers at the unit and corporate level have sufficient commitment and skills." In the quality management literature, the managerial actor view is highlighted as an antecedent in carrying through quality improvement processes (Crosby 1979, Deming 1985, Feigenbaum 1983, Garvin 1988, Juran 1988). According to Juran's famous cliche: "management commitment is pertinent to every successful quality revolution, no exceptions are known!"

The actor perspective thus proposes that management is a "natural", active part of the dynamics of the organizational change process by which developmental actions are realized. Collaborative/ participative management style seems to be essential for the process of implanting new ideas and systems. As Hoffherr et al. (1994) put it: "the new ideology must frequently be a championed cause, introduced and sustained by one strong leader"

Commitment research has been done in the field of psychology and, as for the organizations, in the field of organizational psychology, more specifically. Commitment has been studied as organizational and work commitment. The research has mainly focused on the workforce (Locke et.al, 1988). In these studies, the individual commitment has been defined as organizational or goal commitment. Goal commitment is closely related to goal acceptance: by definition it refers to the individual's attachment to a goal or determination to reaching a goal (Locke et.al, 1988). Organizational commitment can be defined as the relative strength of the identification of an individual with and involvement in a particular organization (Modway et.al, 1979). Based on these definitions, commitment is an active relationship with an organization, not just a passive membership.

Two main approaches to studying commitment have been applied in commitment research: first, the behavioral approach, which focuses on commitment-related behaviors (overt manifestations, actions); and second, the attitudinal approach, which refers to the individual's identification with an organization and its goals (manifested in opinions and beliefs (Modway et.al, 1979). In this paper, both approaches are combined, and managerial commitment is explored by gathering data on managers' perceptions of their beliefs and actions concerning commitment.

EMPIRICAL CASE STUDY SETTING

The case study was conducted in a medium-sized, family-owned but professionally managed Finnish company. The company was in the mature stage of its life-cycle and the organizational culture was preserving, and at least, partly dysfunctional. The competitive environment of the company underwent major changes; the struggle for market shares and price competition had substantially tightened in the late 80's and early 90's. This company employed 270 workers including a few subsidiaries and the net annual sales was about 24 million US dollars.

A qualitative case study approach was adopted in this study, due to scarce empirical work in this area. Concentration on one company made a rich description possible, as well as the in depth analysis and interpretation of the data. Methodologically, the study can be categorized as an inductive type of research. In this case, the field work played an important role and the role of the theoretical work was to provide a pre-understanding for the field work.

The study was based on the Aristotelian or hermeneutical research tradition which was manifested in the adopted research strategy. As the objective was to gain a better understanding of the phenomenon (cf. von Wright, 1971), an interpretive method was applied to working with data of managers' perceptions. This method is also called an "action research type" strategy (Mäkinen, 1980) which means understanding human intentions and behavior including action in their broader and historical context. The study is a dynamic, processual description focusing on the early stages of organizational change process; i.e. on decision-making, planning and the beginning of implementation. In the case company, organizational change through quality improvement meant the development of a management system. In this process, the role of management was assumed significant in initiating and launching a new system.

The selection of the case company was first based on the criteria to get an access to a firm which had only recently started organizational change process, and, more importantly, in which the development process would be organization-wide and significant enough to draw top management's attention. The company's size and structure suit the purpose well because hierarchical levels of management and divisions of labor were found.

As regards to change needs, the company's status formed a fertile basis for the study. No systematic attempts of quality improvement were previously made. The idea of the development of a quality management system had been germinating as long as three years before the board of directors made the final decision about the project. According to managing director, the most significant pressures for change were external, more specifically, European integration and increasing competition. The rest of the top management and the middle management level, on the other hand, perceived internal change needs as the most prominent. Inside the organization, the pressure for organization-wide development was due to many emerging operational problems in different functions.

The intensive collection of mainly qualitative data was made by open-ended and semi-structured in-depth interviews with the whole top and middle management, with the project manager. In addition, a few supervisors and workers were interviewed, 16 interviewees in all. Complementary written documents were used, too, including the minutes of meetings, annual reports, in-house journals and announcements and documents of the quality system project. Temporally, the data included both past and present observations covering the period of about four years (1990-94). All

interviews were recorded and transcribed. For the analyses and interpretation, transcriptions were sorted out by themes and by managerial levels.

The following research questions were addressed to explore managers' perceptions of their role and commitment:
1. What role does the management play?
            * How do managers perceive their role, responsibilities and duties.
2. Does the management commit itself to the change process and how?
            * How do managers perceive and experience commitment and how is it created.
            * What kind of measures do managers take as a manifestation of their commitment.

RESULTS

At both top and middle management levels, perceptions of taking quality responsibility were general in nature (rhetorical).   Management recognized the well-known TQM principal of "everybody-is-responsible-for-quality" but it rather seemed to be an ideal goal (depicted as espoused theory by Argyris & Schön, 1978). As a whole, managers' perceptions of quality responsibility mainly focused on how the responsibility should be shared, not how it is actually shared . Top management perceived the responsibility to be equal on every organizational level, in principal. Other managers perceived that implanting a new quality management system would assume greater responsibility to workers. Many expectations regarding a new and better management system were expressed, such as planning and goal setting, and the clarification of organizational quality philosophy.

Concerning the management's commitment-related actions, the intensity and way of the participation varied. As a whole, a personal presence and contribution seemed to be lacking. Education and quality awareness did not seem to advance managers' commitment. Systematic training for the management was not organized at the beginning of the program and no quality advocate rose among management to propagating quality values consciously and visibly. The priority was given to constructing the quality system and quality values and philosophy was not discussed in the first place. Likewise, communication was not a managerial means for getting subordinates involved. In the involvement of subordinates, managerial actions varied from active personal participation (communication and exemplar) to nearly total passivity among both top and middle management levels.

Management's collective commitment, which was especially expected in middle management, could not be found. Part of the middle management regarded their participation as duty-bound. This group was concerned about the sufficiency of time and they mainly seemed to concentrate on daily routines.   But managers spontaneously associated management commitment with quality improvement and regarded it as very significant. As a manifestation of commitment, top management declared quality policy but was not actually visible otherwise. Middle management perceived the declared policy as the "framed picture of commandments" hanging on the wall, which was not realized in daily practices. Anyway, it was a signal to the organization that top management was taking note of quality issues. The process of quality goal setting turned out to be difficult because of an elusive quality concept and management philosophy. Quality goals were discussed among managers but the development of measurement tools was perceived as difficult. For example, managers could not even estimate the amount or the class of size of quality costs. In this case, it was

apparent that in implanting a new quality management system emphasis would be on the improvement of the whole management system (on the strategic and operational planning and goal-setting, in particular).

Top management played quite an invisible role but middle managers regarded its role as significant. They expected an active and visible role and considered top management commitment the most critical factor for their commitment. In addition, the support of the colleagues on the same organization level proved to be important for middle managers. The meeting practices of the management quality board illustrated the "faceless" role of the top management, as meetings were canceled repeatedly. This did not change in the course of a process. Due to this, the middle management expressed frustration and disappointment in the phase of transforming from the planning phase of the quality system to its implementation. The fact that some of the middle managers were more deeply involved in the project afforded them only a minor opportunity to compensate the lack of senior management's commitment, "ex officio".

Management perceived the commitment process individually. Some of them thought it was the easiest part, while others considered it the most difficult. This process consisted of adopting new ideas and values, taking part in discussing goals, setting and approving and embracing them. Furthermore, managers perceived the focus of commitment differently. Perceptions varied according to the management level. Middle management described commitment as a process in which the priority was the achievement of the concrete outcome, a quality system manual, and gave secondary importance to their involvement in the implementation and maintenance of the quality system. Moreover, they associated their involvement with the doing, in other words, to the progress of the construction of the quality system. Senior management, on the other hand, seemed to focus on thinking and talking, this is to say, on more philosophical discussion and understanding of the principals of quality management. Senior management willingly approved quality and regarded it as the important survival means for the company but was skeptical toward the functionality of the quality system at the same time because of bureaucracy and laborious sustenance and maintainability.

DISCUSSION

Managerial perceptions of their role and commitment reflect *conceptual and ideological imperceptibility, structural tensions and cultural and management behavior-related aspects* in the managerial commitment process. Each of these will be briefly discussed in turn.

First, the vague quality concept and the expressed need to clarify organizational quality philosophy seemed to hinder efforts to introduce new thinking. This had effect on managerial commitment creation on middle management level, in particular.

Second, structural tensions appeared in the process; They were embedded in the deep-rooted hierarchies and management culture manifesting themselves in unclear responsibilities, cross-organizational/inter-process problems, attitudes toward defects and mistakes, and willingness and maturity to take responsibility. Company culture and managerial behavior had an impact on structural tensions; The undeveloped management systems (e.g. lack of goal setting) seemed to hinder delegation and division of tasks, which a new quality management system required. Historically seen, it was not necessary or even possible to take responsibility voluntarily, because the authoritarian management culture did not assume that. When mistakes were made they were hidden, due to fear

and corrections were not even attempted. Carrying out organizational change was, thus, clearly in conflict with existing structures which formed a barrier to commitment formation.

Third, shortcomings in delegation and empowerment emerged in managerial process, in dealing with defects/mistakes, in particular. Responsibility was not an opportunity because of the lack of trust and non-delegative/non-participative management style. A tight managerial control was apt to arising feelings of threat and leading to concealing and defending behavior. This formed a vicious cycle, which even strengthened itself. These defensive routines formed a real source of change resistance (cf. Argyris, 1985).

Responsibility discussion in management reveals that the "unfreezing" phase (Lewin, 1947) of a change process may be longer due to immaturity of the organization; this is to say, incapability or unwillingness to take responsibility. Due to this, commitment formation progresses slowly. Managerial support, empowerment, and goal-setting would have been the essential elements in the advantageous implanting of the new system. Moreover, differing managerial interpretations on the effective change forces showed that a more powerful change catalyst would have been needed on the top management level. According to Schein (1985), "coercion" may be needed to bring about the change in the mature state of the organization. Finally, a question arouse: does the principle of "everybody-is-responsible-for-quality" mean that nobody is responsible for quality? If the answer is no, there was a place for major cultural change in the case organization.

Managerial perceptions discerned factors related to commitment formation on different managerial levels. Senior management commitment connected to how they perceived the meaning, significance and strategy of change (focus and procedures) as well as the magnitude of change pressure. Despite the fact that senior management supported the change program and was involved in its launching, it perceived the program as a technical-oriented and bureaucratic and doubted the implementation and functionality of the completed system. Due to this, commitment remained low or "half-hearted". As for the change pressure, the main reason for senior management for initiating a change program was external (European integration). This kind of factor has been identified as too weak (distant) to push quality improvement initiatives effectively ahead in reality (Järvelin et.al, 1992). Middle managers commitment was related to the degree of commitment on senior and top management levels. The fact that middle managers considered top management commitment the most critical factor for their commitment highlights this point.

The findings support prior notions on the important role top management plays in organizational change. The findings are consistent with previous findings from the relationship between the degree of top management commitment and middle management willingness to involve. (See, for example Olian & Rynes,1991 who found that top management commitment is crucial for the involvement of middle management).

In the commitment process, organizational culture, managerial behavior (different management styles) and the strategy of managing change emerged as factors that shaped the process. They affected willingness of managers to commit themselves and the degree of actual commitment. Organizational culture represented, in this case, the ultimate hindrance for commitment, originating in the fundamental features of culture: the sense of purposeless and lack of vision. These prominent features of the company culture were largely based on the values created by the aged owner of the company. Cultural values seemed to form a hindrance for any development initiatives in the company.

Differences in management styles at the top management level seemed to affect middle management commitment. The transactional leadership compared to a more transforming one apparently caused conflicts in change management which embarrassed middle managers; for example, unsystematic meeting practices and differing views on how to proceed with the change project. Further, the management of the change program connected to commitment formation. The program manager had adopted a quite active role (or had no other alternatives), and was directing the improvement program very independently and by a highly participative strategy. This reflected the senior management's "traditional view on quality management", in other words, invisibility and low commitment of top management and the insight that quality improvement was perceived as an activity which can be assumed (delegated) to quality professionals (cf. Lascelles & Dale, 1990).

Finally, the study revealed a few interesting notions on the concept of commitment and the nature of commitment process. Commitment as a psychological concept turned out to refer to the way of taking an attitude, in general. Commitment process proved to be an incremental, individual learning process in which a new way of thinking, attitude changes developed gradually. Management commitment occurred differently on different managerial levels. The focus and way of commitment diverged with the levels: involvement in quality in general, on senior management level and the constructing of a quality system, on the middle management level were proceeding separately. This emerged most distinctly, on senior management level, which stressed quality in general but was doubtful about the quality system. Middle management level, on the other hand, was involving by doing, in other words, making the quality system. This shows that middle management and senior management commitments had different foci and that they proceeded on their own tracks and at their own rates. It is perceivable that senior management's "track" manifests organizational commitment, while middle managers' "track" rather shows an attachment to a specific goal/task. Different managerial tasks directed commitment to different foci.

CONCLUSIONS

This paper has presented and discussed the main findings of the empirical case study focused on managerial commitment process on senior and middle management levels in the organizational change process. A few conclusions and implications will yet to be made. The empirical findings open several viewpoints on managerial commitment processes as well as forces effecting the process. First, the findings suggest that these processes are complex and that several factors shape the commitment process. Cultural, structural and managerial factors (e.g. management style) affect the process in a complex and interconnected ways (cf. Benson et.al, 1991). Managerial behavior have influence on the formation and the actual degree of commitment but this is related to organizational culture, structure and values which, in turn, are interconnected. This study discerned the dynamics insufficiently and further research is needed.

Second, the identification and interpretation of external and internal change forces in the commitment process proved to be important for managerial commitment creation. This implies that change needs and forces should be mutually discussed on different managerial levels in the early phase of the change process, in order to find the most powerful factors to facilitating managerial involvement in the whole process.

Third, conceptual skills (perceptibility) and the role of the implantation of new ideology in the development of management systems should be taken into consideration more carefully. Results suggest that implanting a new management system in the company requires stronger contribution by management to advocate ideas, concepts and values in order to create commitment and to avoid undue change resistance. Senior management's visible actions "top-down" show the significance of the change and create organizational involvement. Senior management acts as a catalyst for change which implies that, in the very beginning of the change process, it should take responsibility for propagating new philosophy organization-wide. This generates the grounds for reinforcing total involvement and real changes in the development process. It is not a managerial talk only but sharing the ideas with the organization. To conclude briefly, the final aim is to integrate the ideological side ("soft") with the technical side ("hard") through committed leadership.

Finally, the findings give support for prior descriptions of top managerial leadership as an indispensable requirement for successful change management. On the other hand, this study indicates that there is inconsistency between ideals of managerial commitment prescribed in the literature and actual commitment processes. It is a challenge for further research to close the gap between "espoused theory" and "theory-in-use" (Argyris & Schön, 1978). The initial findings presented in this paper are encouraging. Proposing that the organizational reality of commitment is more complex in nature than prescribed, this paper calls for commitment of both academics and practitioners to further investigations and practical applications.

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CULTURAL IMPLICATIONS FOR EMPLOYEE SUPPORT AND COMMITMENT

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ABSTRACT

This paper will propose a model that examines the relationships among support for employees from entities within an organization, employee commitment to the organization and work teams, and desired organizational outcomes that are associated with organizational and team commitment.

INTRODUCTION

The use of work teams has become a popular strategy for increasing productivity and worker flexibility in the United States. Approximately 69% of firms in the Fortune 1000 were using teams and 69% planned to further increase the use of teams over the subsequent years (Lawler, Ledford, and Mohrman, 1995). All 25 finalists for the 1996 America's Best Plants sponsored by Industry Week have implemented work teams, and the majority of these companies' production work force are engaging in self-directed or self-managed teams (Sheridan, 1997). Organizations that have engineered around work teams have reported a number of benefits including increased individual performance, better quality, less absenteeism, reduced employee turnover, leaner plant structures, and substantial improvements in production cycle time (Harris, 1992).

Because of the success with teams at home, multinational U.S. companies (e.g., Motorola, Sara Lee, Xerox) have been attempting to implement teamwork in other countries. However, the acceptance and applicability of teams outside the United States may be hindered by cultural differences. Do work teams in business organizations differ between culture? Are the determinants and outcomes of team commitment the same regardless of cultural differences? These questions present a challenge to global HR management for U.S. companies, and thus beg for clear and prompt answers through research.

In few countries are these questions more crucial to United States companies than in the People's Republic of China (PRC). On one hand, China holds a huge economic stake for U.S. companies: over 100 of the Fortune 50 companies have investment in China; there are close to 20,000 U.S.-invested enterprises in China today, with approximately $25 billion in contracted capital. On the other hand, the Chinese culture and political system constitute potential barriers to the introduction of teamwork practices.

Meanwhile, research has shown that many of the benefits associated with teams are related to an individual's commitment to the organization and his or her work team. For example, organizational commitment has been linked to extrarole behavior (Gregersen, 1993;), job performance (Mathieu and Zajac, 1990), and lower turnover (Bishop, Scott, & Casino, 1997; Mathieu and Zajac, 1990) while team commitment has been linked to extrarole behavior (Becker & Billings, 1993;

Hackman, 1987) and team performance (Bishop, Scott, & Casino, 1997; Hackman, 1987; Scott & Townsend, 1994).

Commitment in an organization is not limited to the attachment that employees have for entities within the organizational context. Commitment also encompasses the attachment that employees perceive that entities within the organization have for them. Perceived organizational support (POS) is the degree to which employees believe that the organization values their contribution and cares about their well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Subsequent research has identified other entities from which employees could perceive loyalty to them. These include the supervisor (Kottke & Shararfinski, 1988) and the employees' work teams (Bishop, 1998).

Research has identified important outcomes of commitment in U.S.-based companies (Becker, 1992; Bishop & Scott, 1996, 1997; Bishop, Scott, & Casino, 1997), little is known about whether and how these determinants and outcomes would manifest themselves in other cultures. Therefore, the purpose of this paper is twofold. The first is to propose a model that examines the relationships among support that employees perceive from entities within an organization, employee commitment to the organization and the work team, and desired organizational outcomes that previous research has associated with organization and team commitment. The second is to reexamine the model from a cross-cultural perspective, particularly in the U.S. and U.S.-invested enterprises (USIE) in the Peoples Republic of China (PRC). See Figure 1.

As with much of the current management literature, a good portion of the theory and empirical results upon which the model is based originated in the United States. Cultural differences across countries, however, may have significant influence on the relationships among the independent and criterion constructs. Hence, the value of this model in guiding research and managers in other countries to draw meaningful inferences should be questioned. Therefore, the relationships in the model are reexamined with respect to individualism-collectivism, a culturally related dimension upon which the U.S. and China vary greatly. The results of applying this model should help us better understand the transferability of team concepts across cultures, shed light on the role of commitment in team-based organizations, and reveal some practical implications for global management.

TEAM AND ORGANIZATIONAL COMMITMENT ACROSS CULTURES

The findings of cross-cultural research on employee values and behaviors have a direct bearing on commitment to teams and organizations. Although Hofstede (1980) did not focus on teams, per se, he demonstrated that different cultural values contribute to varied employee behaviors along four dimensions. Particularly relevant when comparing teamwork in the United States and China is the individualism-collectivism dimension. Individualism is the condition in which personal interests are accorded greater importance than are the need of groups. Individualists look after themselves and tend to ignore group interests if they conflict with personal desires. The opposite if individualism, collectivism, occurs when the demands and interests of groups take precedence over the desires and needs of individuals. Collectivists look out for the well-being of the group to which they belong, even if such actions sometimes require that personal interests be compromised (Wagner, 1995). Because teams are by definition groups or collectives, the individualism-collectivism dimension is of central importance to the study of whether and how cultural differences influence commitment to teams and organizations.

The work of Hofstede (1980) and Trompenaars (1994) research would suggest stronger team and organizational commitment in a collectivist culture than in an individualist culture. On the other hand, Randall (1993) compared the scores on Hofstede's value dimensions with the reported organizational commitment scores for the same countries and found that, with regard to the individualism-collectivism dimension, and contrary to expectations, organizational commitment was lower in some collectivist countries (i.e., South Korea and Japan). Boyacigiller and Adler (1991), however, argued that the level of commitment of employees in a collectivist society may arise from their ties with managers, owners, and co-workers, while commitment of employees in an individualist society may be due to the job itself or the compensation system.

THE CASE FOR AND AGAINST WORK TEAMS IN CHINA

With regard to China, one would expect that its collectivist culture is conducive to some aspects of teamwork such as a common purpose and group structure. The Chinese culture and society feature both strong vertical relationships of filial piety, paternalism, and hierarchy and horizontal relationships of conformity, face, and social control (Redding 1990). The vertical relationship rule would suggest that teams would work if they are formed by managerial authority and have strong appointed leaders. The horizontal relationship rule would lead to the suppression of individual interests for the good of groups (teams), On the other hand, the Communist ideology and system politicized the Confucian cultural traditions through exercising workplace control and creating workers' political, economic, and social dependence on the stateowned enterprise (Walder 1988). These institutional factors contributed to risk aversion, factionalization of the workforce, mistrust for co-workers, personalized favoritism, and lack of self-direction. Such conditions would contradict the risk-taking and self-responsibility underlying teamwork and may thereby constrain the implementation of teams.

Unfortunately, little research has focused specifically on whether the Chinese culture indeed facilitates or inhibits teamwork. Child (1996, p. 270) found that Chinese-foreign joint ventures had limited success in introducing such foreign human resource management approaches as systematic schemes for appraisal and promotion and career development due to the social and political constraints of the Chinese enterprise. Easterby-Smith, Malina, and Lu (1995) found that both cultural and contextual (institutional) factors accounted for the different and similar HR practices (e.g., manpower planning, performance appraisals) between Chinese and British companies. Shenkar and Ronen (1987) showed that cultural and political factors produced both striking similarities and differences between managers in China and Hong Kong, Taiwan, and Singapore. These studies provide indirect evidence that the Chinese culture and context may either facilitate or hamper the cultivation of organizational commitment and the successful implementation of teamwork as a generally successful human resource management practice.

A MODEL OF SUPPORT AND COMMITMENT

Figure 1 shows the model that was derived from previous research and the propositions made here. When contrasted with a traditional work setting a number of salient differences in a team-based environment emerge. These include employee relationships with first level supervisors and teammates (Hackman, 1987). Perceived organizational support (POS), perceived supervisory support (PSS), and perceived team support (PTS) are essential components of the exchange relationships associated with team and organizational commitment (Bishop, 1998; Kottke & Sharafinski, 1988; Wayne, Shore, & Liden, 1997). Furthermore, it would seem that support from these entities would be of particular importance in the collectivist Chinese culture.

With a sample of employees from the U.S., Bishop and Scott (1996) reported that satisfaction with supervision had a positive relationship with organizational commitment, while satisfaction with co-workers had a positive relationship with team commitment. The function of the first level supervisor, or "facilitator", and the relationship he or she has with employees is quite different when a team-based environment is contrasted with a traditional work setting (Hackman, 1986). Hackman argues that the facilitator role is "both more important and a more demanding undertaking in self-managing units than it is in traditional organizations" (1986: 175). Because of the importance of the first level supervisor's role in the success of the teams, the level of satisfaction team members have with their supervisor will have an important effect on their commitment in the workplace. Specifically, satisfaction with supervision was proposed to be positively related to organizational commitment for three reasons. First, in a team-based environment the supervisor is not part of the team, but like supervisors in a traditional work environment, administers, enforces and explains company policies. The supervisor then "is a representative of the company to many employees and is often viewed as an extension of it" (Ogilvie 1987: 341). Second, the supervisor is usually not exclusively associated with any one team. Third, emphasis is usually placed on teams developing the ability to work independently with minimal assistance from supervision (Bishop & Scott, 1996). Consistent with previous research,

> Proposition 1: Satisfaction with supervision will be positively related to organizational commitment.

In order to handle their challenges successfully, team members must learn how to work together to overcome conflicts and thereby "promote both group creativity and member satisfaction" (Hackman, 1986: 170). As team members develop mutually satisfying exchange relationships commitment associated with the norm of reciprocity should also develop. Also, to the extent members experience other satisfying social exchange relationships with teammates, their alignment with team goals and values, and therefore commitment to the team will be further enhanced.

> Proposition 2: Satisfaction with co-workers will be positively related to team commitment.

Just as commitment in the workplace can be conceptualized as a multiple foci phenomenon, support (i.e. value for one's contribution and care for one's well being) can be perceived to emanate from a number of sources including the organization (Eisenberger, et al., 1986), supervision (Kottke, & Sharafinski, 1988), and, I believe, teams. Hence perceived team support (PTS) is defined as the degree to which a *team* values a member's contribution and cares about his or her well-being; while perceived supervisory support (PSS) has been defined as the degree to which an individual's

supervisor values the individual's contribution and cares about his or her well-being (Kottke, & Sharafinski, 1988).

Based on social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960), perceived organizational support has been hypothesized to have a positive relationship with organizational commitment and empirical results have supported this hypothesis (Eisenberger, et al., 1986; Wayne, Shore, & Liden, 1997). The theory behind this relationship is that the employees exchange affective commitment for the company when they perceive that the company is committed to them. It is proposed that a similar exchange relationship will take place between team members and the team.

Since, in a team-based environment, the facilitator is generally regarded as a representative of the organization, I believe that regard for an employee's well being and expressions of value for his or her well being will engender reciprocating feelings a commitment for the entity the facilitator represents, the organization. Therefore,

> Proposition 3: Perceived organizational support and supervisory support will be positively related to organizational commitment. Perceived team support will be positively related to team commitment.

I also believe that expressions of support will result in feeling of satisfaction with the source of such support. Hence,

> Proposition 4: Perceived team support and supervisory support will be positively related to satisfaction with co-workers and satisfaction with supervision, respectively.

The relationships that appear in this model may be either attenuated or enhanced by Chinese cultural and contextual factors. The Confucian emphasis on harmony, for example, tends to lead to a compromising approach to conflict (Chew & Lim, 1995), thus weakening the hypothesized effect of role conflict on the commitment and satisfaction constructs. The effects of perceived support from the organization, supervision, and the team may be moderated by Chinese attitude toward U.S. expatriate managers as team leaders or team members. Shenkar and Zeira (1987) found that staffing in terms of the actual and desired composition of the work force (e.g., ratio of expatriates to host nationals) is an issue that is critical to international joint ventures (IJVS). I believe that the levels of commitment to the foci in question are so strongly influenced by cultural factors (Boyacigiller & Adler, 1991) that the effects of the role conflict, satisfaction, task interdependence, and support variables will have less influence on commitment. In particular I feel that to the extent commitment is based more on cultural influences in China, it will be based less on reciprocating behavior and attitudes. While it is not suggested that the norm of reciprocity and social exchange are not important in China, it is suggested that they are less powerful as linking mechanisms between the commitment foci and the antecedent variables in the model. Hence,

> Proposition 5: The relationships of satisfaction with supervision, satisfaction with coworkers, perceived team support, perceived supervisory support, and perceived organizational support with organizational commitment and team commitment will be attenuated in China (a collectivist culture) as compared with the United States (an individualist culture).
>
> Proposition 6: The relationship of perceived supervisory support with satisfaction with supervision and the relationship of perceived team support with satisfaction with co-workers will be attenuated in China as compared with the United States.

Previous research supports the idea that the levels of commitment an individual feels toward distinct entities have direct and differential relationships with various organizational outcomes such as job performance, intention to quit, and organizational citizenship behavior. Specifically, team commitment was positively related to job performance, as measured by production (Bishop & Scott, 1997; Bishop, Scott, & Casino, 1997). Organizational commitment was positively related to organizational citizenship behavior (Shore & Wayne, 1993) and negatively related to intention to quit (Bishop & Scott, 1997). Team commitment was also found to be positively related to the intention to engage in organizational citizenship behavior (Bishop & Scott, 1997). Field theory (Lewin, 1943) suggests that psychologically proximal factors in an environment should have a greater influence on employee attitudes and behavior than distal ones. In a work team environment, proximity and regular interaction with the team suggests that it is easier for employees to receive feedback with respect to how well their behavior reflects team goals, values, and norms than it is to receive similar feedback with respect to the global organization. Then the work team, when compared to the organization, is more psychologically proximal in terms of performance related behavior (cf. Becker, Billings, Eveleth, & Gilbert, 1996). Therefore, it was proposed and empirically supported that team commitment would be positively related to job performance (Bishop, Scott, & Casino, 1997). Therefore, it is also proposed here that

Proposition 7: Team commitment is positively related to job performance.

Field theory (Lewin, 1943) suggests that psychologically proximal factors have a greater influence on employees than distal ones. However, it also states that a distal factor may have a greater influence on an individual if that individual perceives the salience of the distal element to be greater. If an employee has an unsatisfactory relationship and low level of attachment to his or her work team, the employee may view the association with the team as temporary and expect to change teams in the future. On the other hand, an organization's goals, values and other characteristics upon which an individual's commitment is based are likely to be independent of the individual's team membership (Bishop & Scott, 1997). Consistent with prior research

Proposition 8: Organizational commitment is positively related to intention to quit.

In general research suggests a positive relationship between organizational commitment and organizational citizenship behavior. However, the results are mixed. For example, Williams and Anderson (1991) found that organizational commitment was not a significant predictor of OCB. On the other hand, Shore and Wayne (1993) found affective commitment was positively related to OCB. Becker (1992), applying a multiple foci perspective, found that to foci other than the organization (e.g. coworkers) explained significant variance in OCB not accounted for by organizational commitment. Becker, however, did not test the differential effects of team and organizational commitment on extrarole behavior, nor was his study conducted in an environment characterized by work teams. On the other hand, Bishop and Scott (1997) found that both team and organizational commitment were related to the *willingness* to perform OCB. Based on these two studies and the assertion by Fishbein and Ajzen (1975) that intentions (willingness) are a prerequisite to behavior, I propose that,

Proposition 9: Both team and organizational commitment will be positively related to OCB.

Research suggests that differences in the level of individualism and collectivism are likely to affect their cooperation in groups (Wagner, 1995: 158) and organizations. Also a collectivist individual's commitment may be high due to his or her ties with the organization or group in question

(Boyacigiller & Adler, 1991). Previous research suggests that levels of commitment to the team and organization will be related to the outcomes shown in Figure 1. However, in the arguments that linked commitment to organizational outcomes, no mention was made as to the antecedents of team or organizational commitment. In other words, the links between the commitment variables and the organizational outcomes variables are independent of the links between the commitment variables and the antecedents of commitment. Since collectivists look out for the well-being of the group to which they belong, even if such actions sometimes require that personal interests be disregarded I believe that the relationships between team and organizational commitment and the outcome constructs will not vary significantly in a collectivist society as compared with an individualist one. Therefore,

> Proposition 10: The relationships between team and organizational commitment and intention to quit, job performance, and OCB will not differ significantly across the U.S. and Chinese cultures.

IMPLICATIONS AND DIRECTION FOR FUTURE RESEARCH

This model carries important practical implications for enhancing international management. First, since developing effective work teams has become such a top priority for U.S. companies, the findings from this study can help the firms develop culturally sensitive strategies for implementing teamwork in their rapidly growing operations in the booming China market and modify them to fit other overseas cultural and organizational environments. This model will allow organizations to draw specific implications and lessons in selecting and training expatriates to become more effective leaders and members of bicultural management and work teams in China and possibly in the predominantly Chinese countries of Hong Kong, Taiwan, and Singapore. Second, empirical verification of this model should help clarify the effects that culture has on the levels of commitment in the workplace as well as the antecedents and outcomes associated with commitment. If the propositions are supported and the results of previous research replicated, practitioners should be able to better determine the degree to which commitment is important in the Chinese workplace. If it turns out that commitment is as important in China as it is in the U.S., then managers will be interested in the results that this study will provide. Finally, the theoretical contribution of this study should provide other researchers a reasonable model upon which to base future research in a variety of cultures and countries. At the same time researchers should also consider the possibility that individualism-collectivism may be more of in individual difference than a cultural one (cf. Wagner, 1995). During a series of interviews in USIE in the PRC, Chinese employees expressed the importance of the opportunities offered by their individual career paths. Based on these interviews one may conclude that individual Chinese may be more individualistic than Hofstede's research indicates. If so, it may bode well for the successful transferability of effective U.S. managerial practices to China. However, it would be naive at this point to conclude that managerial practices could be implemented across national borders with no modification. Conclusions about the magnitude and direction of such modifications can only be reached after research is conducted on individualism-collectivism and other cultural dimensions.

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UNDERSTANDING CEO BACKGROUND AND COGNITION IN THE STRATEGY-MAKING PROCESS: A QUALITATIVE STUDY

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ABSTRACT

This paper presents a framework for characterizing and analyzing the business leadership work of a CEO. The subject of the study is a CEO's own story (or case) and that of the company he led over a long period of time as written by himself without any conditions having been set beforehand. When the material is analyzed, his main task emerges as strategy management, the creation of strategies, their implementation and refinement. The seven other fields of activity are either supportive of strategy management or else involve the maintaining of balance between stakeholders. Methodologically the paper is an inductive case history which has as its scientific ideal understanding rather than explanation. They key is the uncovering of the CEO's subjective logic. This opens the way to the real world of the CEO.

The 1980s have been seen the birth of a new focus of activity in strategic management thought. The human perspective rose with the unstoppability of a juggernaut to prominence by two paths. In their classic "In Search of Excellence" Peters and Waterman presented an eight-point profile of success in large corporations, in which the common denominator for all the elements was the individual. Around the same time Deal and Kennedy (1982) published their book on company cultures, in which the keys were understanding and mastering the shaping and reshaping of the organization person's habits and traditions.

This human wave diversified and flowed into different channels. One object of study was the leader of strategic phenomena, the strategist. While Kotter (1982) depicted the leader as an agenda builder and network person, while Bennis and Nanus (1985) described the super-leader as a social architect, a visionary, a positioner who is not afraid to take risks, Peters (198?) saw the leader as a powerful personality who manages by wandering around and leaves unforgettable traces of his presence behind him like a skunk. A synthesis of the ideal leader thus looks like an assured weaver of networks who envisions, understands the company culture, spares no efforts in building a productive team and is able to work effectively among people in conditions of uncertainty (Nasi 1987).

The great attention paid to the strategist was not just the product of scholars and consultants. It could also be seen in autobiographical works describing the life histories of the business world's major heroes, their business leadership principles, strategic moves and facets of

their personalities, albeit in a very prosaic style. Among bestsellers this field may be mentioned in the tales of Iacocca (Iacocca-Nowak 1984) and Sculley (Sculley-Bryne 1987).

Thus was born a new discipline, strategic leadership, and this had happened by conceptualizing the overlapping area of two earlier disciplines, strategic management and leadership. In the present article strategic leadership is examined from the "inside". The purpose of this paper is to describe, analyze and interpret the world of the strategic leader, both the actual activity and the way of thinking. The point of departure is first and foremost authentic material provided by a strategic leader, which is analyzed to try to find an appropriate frame of reference. This is, then, the tale of a strategic leader and its interpretation.

A FRAMEWORK FOR ASSESSING CONGRUENCE BETWEEN ORGANIZATIONAL CULTURE, ENVIRONMENTAL SCANNING AND GENERIC STRATEGY

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ABSTRACT

This paper extends the Deshpande, Farley and Webster (1993) model of organizational culture types by adding environmental scanning methods and modes of environmental interpretation. Generic strategy, based on the Miles and Snow (1978) typology, are related to the organizational culture types developed by Deshpande et al.

CORPORATE STOCK OWNERSHIP:
A CATALYST FOR WEALTH TRANSFER
OR WEALTH CREATION?

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ABSTRACT

This study measures the performance of corporate stockholders and their toe-hold targets after a five-to-fifty percent common stock investment is held for three years. Abnormal return means indicate that corporate stockholders perform better and toe-hold targets perform worse than firms of similar size, results that suggest that toe-hold targets may gradually transfer resources to corporate stockholders. However, because the net change in firm value associated with the abnormal returns is positive, more wealth is apparently created than is transferred. Because the corporate blockholder abnormal return median approximates zero, continency research is needed before useful predictions are possible.

THE INFLUENCE OF COMMUNICATION COMPETENCE AND LEADERSHIP STYLE ON SATISFACTION WITH SUPERVISOR AND ORGANIZATIONAL COMMITMENT

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ABSTRACT

In today's world of flattened organizations and self-managed teams, managers are dealing with an operating environment very different from what their predecessors faced. Today, managers are often perceived as having much less direct influence over people and events. However, managers are still faced with essentially the same set of expectations and demands from subordinates as well as the organization. As a consequence, being a competent communicator and enacting an appropriate leadership style are probably more critical to a managers' effectiveness than in the past. One facet of managerial effectiveness is the extent to which subordinates are satisfied with their supervisor and expressions of commitment to the organization.

Previous research on participative management has consistently indicated that communication is an important factor in defining the relationship between managers and their subordinates. In this study one of the objectives is to examine the degree to which specific types of communication impact satisfaction with supervision and specific components of organizational commitment. In order to test for effects, the possible influences of verbal and nonverbal communication on satisfaction with supervisor and organizational commitment are examined independently as well as jointly.

Leadership style has also been shown to be an important determinant of the perceived nature of the manager-subordinate relationship. In this study, the separate and joint influence of leadership style and communication competence on satisfaction with supervision and organizational commitment will be examined. In addition, the interaction effects of communication competence and leadership style on the outcome variables will also be tested.

A large number of studies have examined the influence of communication (broadly defined) and leadership on the perceived nature of the manager-subordinate levels. A much smaller number of studies in the management literature have sought to define the influence of specific types of communication competence and leadership styles on subordinates satisfaction with supervision. An even smaller number of studies have sought to explain the role of leadership style and communication competence in predicting organizational commitment. This study seeks to add to our understanding of both aspects of the manager-subordinate relationship.

ACQUISITIONS AND MERGERS:
A CRITICAL ANALYSIS

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ABSTRACT

Diversification by large American firms proceeded at a rapid pace after World War II. In fact, two-thirds of the Fortune 500 firms were diversified by 1970 and similar patterns of diversification existed in both Western Europe and Japan.

This pace of mergers continues unabated. We are in the midst of the greatest wave of mergers in American history reports a Fortune magazine article entitled "Sale of the Century". It states that the annual value of mergers and acquisitions has grown from approximately 200 billion dollars in 1985 to over 650 billion dollars a decade later (Whitford, 1997).

One result of this merger and acquisition activity is growth in the size of business organizations as measured by variables such as the number of assets they control, their market share and increased power over suppliers or buyers. Along with the growth in the size of organizations comes, among direct competitive mergers, a consolidation of markets and reduction in the competitive intensity of the industry as measured by the number of competitors.

Management research on acquisitions and mergers has focused primarily on economic factors such as the relationship between mergers and performance. A more important question is whether these mergers are good for human society.

Seemingly, the only factor keeping this growth process in check is governmental regulations designed to preserve some degree of competition in the marketplace. Apart from this mammoth competitors in each industry, little though has been given to the consequences this will have, if any, on peoples' lives and well being. This paper will develop a theoretical framework upon which objective data can be gathered to examine and answer the question of consequences on continued mergers for human society.

RELIGION AND WORK VALUES:
PROTESTANT AND CATHOLIC WORK ETHICS

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ABSTRACT

The majority of cross-cultural research in the field of management has assumed that national borders are also the borders between cultures. However, cultures cross borders, as in the case of Chinese culture in the People's Republic and Hong Kong. In addition, more than one culture can be contained within national borders, as occurs in Anglophone and Francophone Canada. In addition to current political borders, factors such as race, ethnic origin, language, and past political barriers separate individuals into culturally homogenous groups. Religion, given that it is the core of many individuals' belief systems, is a major factor separating cultural groups. Thus, cross-cultural differences in work-related attitudes should be identifiable across religious, as well as national, boundaries. One obvious test case for determining the extent of work-related differences between religious groups is Northern Ireland, where a Protestant majority and a Catholic minority inhabit the same six counties. A second case is provided by the United States, with massive numbers of both Protestants and Catholics in numerous locations.

While it would be possible to explore religious differences in a number of work-related areas, the meaning of work or the individual work ethic is a fundamental difference with known religious implications. While the Protestant Work Ethic is well known and Confucian Work Dynamism is becoming better known, all religious bodies, including the Catholic Church, deal with the nature of work in the individual's life. In the current paper, propositions are offered, suggesting that the meaning of work will differ between Protestants and Catholics, both in Northern Ireland and the United States. It is suggested that the differences between religions will be greater in Northern Ireland than the United States, due to historically high levels of religious discrimination in the workplace.

TOTAL QUALITY LEADERSHIP:
MANEUVERING BETWEEN
MICRO CONFORMANCE AND MACRO CHANGE

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ABSTRACT

Total Quality Management (TQM) seems paradoxical. TQ organizations utilize Statistical Process Control (SPC) to maximize quality. SPC requires tightened tolerances and strict adherence to precise processes to achieve those tolerances. Simultaneously, and paradoxically it seems, that while operational employees' attentions are focused upon minute detail and conformance, they are expected to turn their minds away to explore possibilities of altering those same processes. This initiative, Continuous Quality Improvement (CQI) demands continuous, incremental improvement in these processes, but how can they reconcile the demand on them to conform, yet change?

Not only does there seem to be a paradox within the micro perspective of internal operations, but it appears there is another between it and the macro perspective of the external environment. While employees' are focusing upon the minute within their work environment, they also are urged to maintain a macro perspective of their external environment. Via their external liaisons, employees must develop a sensitivity to the myriad external factors that can require an organization to suddenly and radically change. In their normal liaisons with customers and suppliers, it is not sufficient to be responsive to changing expectations and potentials. They must be proactively predictive of such changes. Advances in technology, economic fluctuations, shifting labor markets and such are a complex, dynamic system within which organizations must make accurate predictions. How does the Total Quality leader develop employees to be able to work within these paradoxes? Some critics in current TQM literature claim that these paradoxes are real and as such, render TQM unworkable. Others claim that the fault is in the practitioners and not inherent in the theory. Which is true?

This session will explore the critical knowledge and skills of TQ leaders and how they ventured formerly inert employees in traditional organizations into TQ employees by focusing upon the concept of customer - external and internal, and how the external perspective drives the internal, so in fact, there is no paradox at all. The TQ leader achieves success by inculturating the organization and then its employees, using the amended culture constantly to guide and reinforce newly converted and committed employees.

Customers - (Quality Materials + Quality Personnel + Quality Processes)/Costs = Quality Goods/Services

Attendee Interest and Potential Impact of Session

Attendees will be educators and practitioners interested in examining the knowledge and skills of TQ leadership. In the session, participants will be guided through a presentation and discussion of the critical differences between leadership philosophies and practices in traditional, authoritative organizations and those in TQ organizations. Educators and practitioners will become more familiar with critical areas of knowledge and skills required of TQ leaders in converting people into TQ employees who can turn paralyzing paradoxes into pistons of progress.

ALTERNATIVE STRATEGIES FOR DOWNSIZING

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ABSTRACT

Downsizing, specifically employee downsizing, has recently been the darling of Wall Street. Consequently, fewer people and lower costs have become today's broadly accepted management paradigm. In the short run, downsizing only seems to succeed in pleasing Wall Street, but at a great human cost. People have reverted to being considered solely as factors of production. Like other factors, it can be reduced without any consideration for the long term organizational impact. Paradoxically, the gains to the people cutters, in the long run, often fail to match the gains of the employers who tend to maintain a generally stable workforce.

For example, a major study, reported in the October 1997 issue of the Academy of Management Journal, has drawn a disturbing, yet very interesting conclusion. Larger companies which have experienced major personnel downsizing are generally no more profitable than others in their industry. In fact, the firms which have followed the downsizing road to success have found that they are more often less profitable than similar sized companies who have maintained stable employment.

The paper will trace the history of downsizing and analyze the various methodologies by which corporations have implemented this strategy. It will demonstrate both operational and financial adverse consequences of the downsizing process. Further, the analysis will illustrate that the companies who continue to engage in this strategy without considering the long term impact upon their employees will lose their ability to remain innovative and compete effectively in their industry.

We will argue that commonly utilized out placement expenditure are wasteful and not value adding. The company, the employees, the country and general economy will not benefit as much from these existing practices as compared to alternative programs proposed by our study. We will demonstrate, in detail, that irrespective of the intention, purpose or the timing of the planned downsizing, training and development of all employees, those that the company will keep, and those laid-off is the soundest strategy employed by all companies. This strategy, when properly implemented, will benefit the company, the employees, the industry and the economy at all times.

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