



Workplace Emotions and Attitudes

Learning Objectives



AFTER READING THIS CHAPTER, YOU SHOULD BE ABLE TO:

- Define emotions and identify the two dimensions around which emotions are organized.
- Diagram the model of emotions, attitudes, and behaviour.
- Identify the conditions that require and problems with emotional labour.
- Outline the four components of emotional intelligence.
- Summarize the effects of job dissatisfaction in terms of the exit-voice-loyalty-neglect model.
- Compare the effects of affective and continuance commitment on employee behaviour.
- Describe five strategies to increase organizational commitment.
- Contrast transactional and relational psychological contracts.
- Discuss the trend towards employability.



If history is any guide, SaskTel won't be laying off any employees for a long time. The Regina-based telecommunications company hasn't laid off anyone since it was founded in 1908. "[Layoffs] aren't going to happen as long as we can help it," says Byron Pointer, SaskTel's vice-president of human resources and industrial relations.

By avoiding layoffs, SaskTel is building a more loyal work force. "I have lots of friends who looked for greener grass and moved to Alberta, Toronto or Ottawa," explains John Hill, a SaskTel electrical engineer who plans and designs information technology systems. "Most have bounced from company to company. Loyalty just doesn't exist. Here [at SaskTel] you've got loyalty."

Along with job security, employees proudly identify with SaskTel because the company applies humanitarian values (fairness, courtesy, moral integrity), keeps staff informed of company developments, and is a model of corporate social responsibility. For instance, SaskTel works with First Nations communities to improve employment opportunities for First Nations youth, provides donations to over 1,500 community organizations, and demonstrates stewardship of the environment. "If you told your mother you'd turned down a job at SaskTel, she'd shoot you," jokes Jason Durant, who plans and researches new e-business initiatives at SaskTel.

Another driver of employee loyalty is SaskTel's local and international achievements. SaskTel was the first in North America to introduce high-speed DSL Internet access. Its international subsidiary, SaskTel International, developed and installed the fibre-optic communications network in the underground channel connecting England and France. The company also provides unique work opportunities for SaskTel staff in Africa and Australia.

The result of pride and positive attitudes at SaskTel is a top-notch customer service reputation. "It all starts with the people who do the work," says Garry Simmons, president of SaskTel International. "Their adaptability and positive attitude allow us to succeed, and we've heard so many positive comments from our partners in Tanzania and elsewhere about the quality of our people."¹ ■

www.sasktel.com



SaskTel has built a loyal workforce by avoiding layoffs, keeping employees informed, providing exciting job opportunities, and demonstrating corporate social responsibility. *Courtesy SaskTel*



SaskTel and numerous other Canadian firms are paying a lot more attention to employee emotions and attitudes these days. That's because the emotions people experience and their evaluative judgments about various aspects of work make a difference in the organization's performance, customer loyalty, and employee well-being. This chapter presents the most up-to-date information available on the topic of workplace emotions and attitudes. We begin by understanding the meaning and types of emotions. We follow this by a close look at how attitudes are formed, and new thinking about how emotions influence both attitudes and behaviour in the workplace.

Next, we consider the dynamics of emotional labour, including the conditions requiring and ways of supporting emotional labour. This leads into the popular topic of emotional intelligence, which presents the current perspective on the components of emotional intelligence and ways of improving this ability. Job satisfaction, the most widely studied work attitude, is then discussed. We look at job satisfaction among Canadians, the effects of job satisfaction on work behaviour, and new findings regarding the relationship between job satisfaction and employee performance and customer satisfaction. The next section provides an overview of organizational commitment, including the types of commitment, consequences of commitment, and ways to build affective commitment. Organizational commitment is strongly influenced by trust and the psychological contract, so the final section of this chapter looks at the meaning and elements of both concepts.

EMOTIONS IN THE WORKPLACE

The tragic events of September 11, 2001, in the United States are permanently etched in our minds. The four hijacked planes and the collapse of the World Trade Center towers evoked a variety of emotions in people, such as anger, sadness, and fear. Airline employees particularly identified with these shocking events. "We were torn apart," says Lucie Leduc, a flight attendant with Air Transat in Montreal. "We could totally imagine it. . . . There were flight attendants who couldn't fly for a while; some are still not flying."²

Lucie Leduc and her co-workers at Air Transat experienced the strong emotions associated with the events of September 11, 2001. **Emotions** are psychological and physiological episodes experienced toward an object, person, or event that create a state of readiness.³ There are a few key components to this definition. First, emotions are brief events or "episodes." Your anger toward a co-worker, for instance, would typically subside within a few minutes. Second, emotions are directed toward someone or something. We experience joy, fear, anger, and other emotional episodes toward tasks, customers, public speeches we present, a software program we are using, and so on. This contrasts with *moods*, which are less intense emotional states that are not directed toward anything in particular.⁴

A third feature of this definition is that we experience emotions both psychologically and physiologically. Your anger toward a co-worker would be triggered from the psychological processes of perceiving a particular situation (e.g., discovering that the co-worker may have erased several hours of your work from the computer system) and appraising that situation against your values and expectations. The physiological dimension of emotions might consist of higher blood pressure and increased adrenalin. It also consists of facial expressions, such as pursing your lips and furrowing your eyebrows when you discover that the computer work has been erased.

emotions

Psychological and physiological episodes experienced toward an object, person, or event that create a state of readiness.



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Last, emotions create a state of readiness. Emotional episodes are communications to ourselves. They make us aware of events that may affect our survival and well-being. Some emotions (e.g., anger, surprise, fear) are particularly strong “triggers” that demand our attention, interrupt our train of thought, and generate the motivation to act on the environment.⁵

Types of Emotions

People experience numerous emotions in the workplace and other settings. Some scholars have clustered all emotions into six primary categories: anger, fear, joy, love, sadness, and surprise. For example, alarm and anxiety cluster together to form the primary emotional category called fear.⁶ However, emotions are more commonly organized around the two or three dimensions.⁷ The most widely recognized dimensional view of emotions is the Affect Circumplex Model shown in Exhibit 4.1, which organizes emotions on the basis of their pleasantness and activation

(the extent that the emotion produces alertness or engagement). Fear, for example, is an unpleasant experience (i.e. we try to avoid conditions that generate fear) and has high activation (i.e. it motivates us to act). Emotions on the opposite side of the circle have the opposite effect. As we see in Exhibit 4.1, calm is the opposite to fear; it is a pleasant experience that produces very little activation in us.

Emotions, Attitudes, and Behaviour

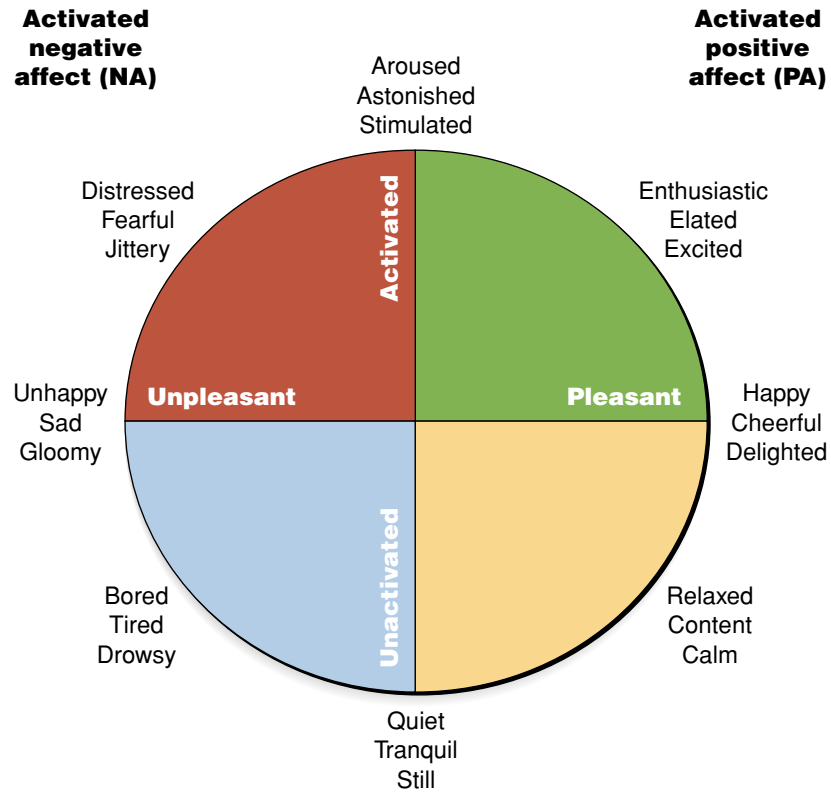
Emotions play an important role in workplace behaviour. To understand the influence of emotions on behaviour, we first need to understand the concept called attitudes. **Attitudes** represent the cluster of beliefs, assessed feelings, and behavioural intentions toward a person, object, or event (called an *attitude object*).⁸ Attitudes are *judgments*, whereas emotions are *experiences*. Attitudes involve logical reasoning, whereas we sense emotions. We also experience most emotions briefly, whereas our attitude toward someone or something is more stable over time. Attitudes include three components: beliefs, feelings, and behavioural intentions.

attitudes

The cluster of beliefs, assessed feelings, and behavioural intentions toward an object.

- **Beliefs**—your established perceptions about the attitude object—what you believe to be true. For example, you might believe that mergers result in layoffs. Or you might believe that mergers ensure survival in an era of globalization. These beliefs develop from past experience and learning.⁹
- **Feelings**—your positive or negative evaluations of the attitude object. Some people think mergers are good; others think they are bad. Your like or dislike of mergers represents your assessed feelings toward the attitude object.
- **Behavioural intentions**—your motivation to engage in a particular behaviour with respect to the attitude object. You might plan to quit rather than stay with the company during the merger. Alternatively, you might intend to e-mail senior executives to tell them this merger was a good decision.

EXHIBIT 4.1
Affect circumplex model



Source: J. Larson, E. Diener, and R. E. Lucas, "Emotion: Models, Measures, and Differences," In R. G. Lord, R. J. Klimoske, & R. Kanfer (Eds.) *Emotions in the Workplace* (San Francisco: Jossey-Bass, 2002), pp. 64–113.

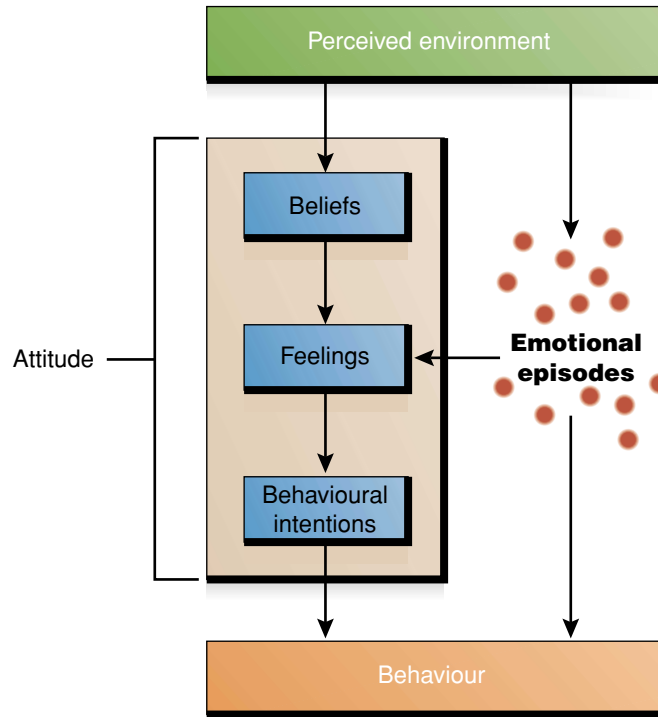
Traditionally, scholars have taken the view that the three components of attitude influence behaviour through a purely rational process. This rational attitude–behaviour model is illustrated on the left side of Exhibit 4.2. The perceived environment influences our beliefs about an attitude object. We then calculate our feelings toward the attitude object based on these beliefs. The resulting evaluative judgments (feelings) lead to behavioural intentions, and behavioural intentions lead to behaviour under certain circumstances.

Let's look at each stage of this rational process more closely. First, we calculate our feelings from our beliefs. This process, known as the *expectancy-value model*, says that feelings are determined by the person's beliefs about the attitude object's expectancy of producing specific outcomes as well as by the value (good or bad) of those outcomes. Let's say that you believe (expectancy) the consequences of mergers are mostly negative (value), such as that they are disruptive, result in layoffs, and usually lose money for the company. Even if you recognize a couple of positive outcomes of mergers, you would likely develop negative feelings toward mergers (i.e. you dislike mergers).

Next, feelings influence your behavioural intentions. People with the same feelings may form different behavioural intentions based on their unique past experience. Suppose your company announced it would merge with a larger company. Employees who think mergers are bad (feelings) may intend to quit whereas others might want to complain about the decision. People choose the behavioural intention they think will work best for them.

EXHIBIT 4.2

Model of emotions, attitudes, and behaviour



Finally, behavioural intentions are better than feelings or beliefs at predicting a person's behaviour.¹⁰ Even so, scholars have reported for many years that behavioural intentions alone are relatively weak predictors of behaviour. The main reason for this weak relationship is that behavioural intentions represent the motivation to act, yet the other three factors in the MARS model—ability, role perceptions, and situational factors—also influence individual behaviour (see Chapter 2). You might intend to write a letter complaining about the announced merger, but a heavy workload and family obligations prevent you from completing this intended task.

Linking emotions to attitudes and behaviour Notice that the rational model—which has dominated attitude research for decades—does not mention emotions in either attitude formation or the prediction of behaviour. This neglect dates back to Plato, Descartes, and other philosophers who urged scholars to separate emotion from reasoning. Today, we know that the rational attitude model is incomplete because it ignores emotions. Indeed, evidence is mounting that emotions play an important role in understanding both attitudes and behaviour.¹¹

So, where do emotions fit in? Neuroscience provides some guidance here. Neuroscientists report that our perceptions of the external world are routed to two parts of the brain—the emotional centre and the rational centre.¹² The expectancy-value attitude model represents the rational brain centre process. The emotional centre also receives the perceptual information, but processes it much faster and with less precision. The incoming information produces emotional episodes that are tagged to the information. Imagine hearing that the organization where you work will soon merge with a larger competitor. Upon hearing this

announcement, you might immediately experience surprise, optimism, anger, excitement, or other emotions. The emotional centre tagged emotions to the announcement, indicating that the situation threatens or supports your survival and well-being.

The right side of Exhibit 4.2 offers a simplified presentation of how emotions get integrated with the rational process and influence behaviour. The emotional centre generates emotions regarding the attitude object based on a “quick and dirty” assessment of perceived environment information (e.g., you are surprised, excited, or angry on hearing the merger announcement). Those emotions are then transmitted to the rational centre, which is more slowly analyzing the information. The emotional markers influence your judgment about the announcement and shape your feelings toward the attitude object. If you experience anxiety and irritation when hearing the merger announcement, then you would likely develop negative feelings toward it.¹³

You can see how emotions affect our workplace attitudes. When performing our jobs or interacting with co-workers, we experience a variety of emotions that shape our longer-term feelings toward the company. The more positive emotions we have, the more we form positive attitudes toward the organization and various things within it. Not surprisingly, some employers try to create lots of positive emotions through various “fun” activities in the workplace, as Connections 4.1 describes. In each case, the idea is to create emotions that result in favourable judgments about the organization.

One last observation about the attitude model in Exhibit 4.2 is the arrow that goes directly from the emotional episodes to behaviour. This indicates that people react behaviourally to their emotions, not just to their judgments (attitudes). When upset, an employee might stomp out of a meeting, bang a fist on the desk, or burst into tears. When overjoyed, an employee might embrace a co-worker or break into a little dance. Even minor emotions cause us to change facial expressions and other subtle behaviours. These actions are not carefully thought out. They are fairly automatic emotional responses that serve as coping mechanisms in that situation.¹⁴

cognitive dissonance

Occurs when people perceive an inconsistency between their beliefs, feelings, and behaviour.

positive affectivity (PA)

The tendency to experience positive emotional states.

negative affectivity (NA)

The tendency to experience negative emotions.

Cognitive dissonance Emotions and attitudes usually lead to behaviour, but behaviour sometimes influences our attitudes through the process of **cognitive dissonance**.¹⁵ Cognitive dissonance occurs when we perceive an inconsistency between our beliefs, feelings, and behaviour. This inconsistency creates an uncomfortable tension (dissonance) that we are motivated to reduce by changing one or more of these elements. Behaviour is usually the most difficult element to change, particularly when it is known to everyone, was done voluntarily, and can't be undone. Thus, we usually change our beliefs and feelings instead, to reduce the inconsistency.

Emotions and personality Our coverage of the dynamics of workplace emotions wouldn't be complete until we mentioned that a person's emotions are also partly determined by their personality, not just their workplace experiences. **Positive affectivity (PA)** is the tendency to experience positive emotional states. It is very similar to extroversion, described in Chapter 3 as a characteristic of people who are outgoing, talkative, sociable, and assertive. In contrast, some people are high on **negative affectivity (NA)**, which is the tendency to experience negative



Creating Positive Emotions to the Workplace

At a recent “winter carnival,” MDS Nordion employees were treated to hot apple cider and chili at the company’s on-site ice rink. The Ottawa-based company, which is the world’s largest supplier of medical isotopes, added to the levity with relay races, a mock sumo wrestling event, and sleigh rides. “There’s always something fun like that going on,” says an MDS Nordion executive.

Fun at work? It sounds like an oxymoron. But in order to attract and keep valuable talent, companies are finding creative ways to generate positive emotions in the workplace. When Vancouver City Hall employees got cranky a while ago, the municipality brought in an improv comedy team to put smiles back on their faces. Research in Motion employees in Waterloo, Ontario, enjoy barbecues, Popsicle days, and the occasional rock concert. At DY4 Systems Inc. in Ottawa, employees sit on plastic chairs that double as curling rocks for their human curling event.

At Kryptonite, CEO Gary Furst dresses up as a Scottish warrior in the movie *Braveheart*, complete with kilt, face-paint, and bagpiper, when he hands out the bonus cheques. Furst and other executives at the Boston-based bicycle lock maker have also dyed their hair green, held game shows, and hired musicians to entertain the troops. “You really need to find innovative, provocative and fun ways to motivate people,” advises Furst. “Work can either be a drag or a lot of fun.”

These fun and games may seem silly, but some corporate leaders are deadly serious about their value. “It’s pretty simple,” explains Nathan Rudyk, president of



MDS Nordion employees have some fun during their annual winter carnival. *Courtesy of MDS Nordion.*

DigIT Interactive Inc. (now part of Quebecor) in Montreal. “If you want to make the most money, you must attract the best people. To get the best people, you must be the most fun.”

Sources: R. Yerema, *Canada’s Top 100 Employers, 2002* (Toronto: MediaCorp Canada, 2002), pp. 172-75, 233-34; M. Shaw, “A Motivating Example,” *Network World Fusion*, May 14, 2001; P. Chisholm, “Redesigning Work,” *Maclean’s*, March 5, 2001, pp. 34-38; J. Elliott, “All Work and No Play can Chase Workers Away,” *Edmonton Journal*, February 28, 2000; A. Daniels, “Humour Specialists Bring Fun to Workplace,” *Vancouver Sun*, January 29, 2000.

www.mds.nordion.com

emotions.¹⁶ Employees with high NA tend to be more distressed and unhappy because they focus on the negative aspects of life.

To what extent do these personality traits influence emotions and behaviour? Some research reports that PA and NA employees differ in their attendance, turnover, and how they react to job satisfaction. NA is also associated with various stages of job burnout (see Chapter 7).¹⁷ However, other evidence suggests that PA and NA have relatively weak effects on work-related attitudes.¹⁸ Overall, it seems that PA and NA influence emotions and attitudes in the workplace, but their effects are not as strong as situational factors.

MANAGING EMOTIONS AT WORK

The Elbow Room Cafe is packed and noisy on this Saturday morning. A customer at the restaurant in Vancouver, B.C., half shouts across the room for more coffee. A passing waiter scoffs: “You want more coffee, get it yourself!” The customer only laughs. Another diner complains loudly that he and his party are running late and need their food. This time, restaurant manager Patrick Savoie speaks up: “If

you're in a hurry, you should have gone to McDonald's." The diner and his companions chuckle.

To the uninitiated, the Elbow Room Café is an emotional basketcase, full of irate guests and the rudest staff west of the Canadian Rockies. But it's all a performance—a place where guests can enjoy good food and play out their emotions about dreadful customer service. "It's almost like coming to a theatre," says Savoie, who spends much of his time inventing new ways to insult the clientele.¹⁹

Whether giving the most insulting service at Elbow Room Café in Vancouver or the friendliest service at SaskTel in Saskatchewan, employees are usually expected to manage their emotions in the workplace. **Emotional labour** refers to the effort, planning, and control needed to express organizationally desired emotions during interpersonal transactions.²⁰ When interacting with co-workers, customers, suppliers, and others, employees are expected to abide by *display rules*. These rules are norms requiring employees to display certain emotions and to withhold others.

emotional labour

The effort, planning, and control needed to express organizationally desired emotions during interpersonal transactions.

Conditions Requiring Emotional Labour

Air Canada employees need to smile more often. That's the advice of Air Canada chief executive Robert Milton in a recent letter urging staff to win back the hearts of passengers. "In everyday life, you make your consumer decisions based on where you receive the best overall value and, in the case of a tie, we all do the same thing—we go to where the people are the nicest," says Milton. Over at The Beer Store's call centre in London, Ontario, staff are also encouraged to "smile" through their voices. "Our thing is, 'let them hear you smile,'" says Patricia Robertson, who is responsible for The Beer Store's call centre.²¹

At Air Canada, The Beer Store, and every other organization in Canada, employees are expected to engage in some level of emotional labour. People experience more emotional labour when their jobs require frequent and long durations of voice or face-to-face contact with clients and others.²² For instance, caregivers at a nursing home must show courtesy, promote positive emotions, and control the emotions of residents while hiding their own fatigue, anger, and other true emotions. Emotional labour is also more challenging when the job requires employees to display a variety of emotions (e.g., anger as well as joy) and intense emotions (e.g., showing delight rather than a weak smile). Bill collectors face these challenges. They must learn to show warmth to anxious first-time debtors and irritation (but not anger) toward debtors who seem indifferent to their financial obligations.²³

Jobs vary to the extent that employees must abide by the display rules. "Smile: we are on stage" is one of the most important rules that employees learn at the Ritz-Carlton in San Francisco.²⁴ The extent that someone must follow display rules also depends on the power and personal relationship of the person receiving the service. You would closely follow display rules when meeting the owner of a client's organization, whereas more latitude might be possible when serving a friend. There are also cross-cultural differences in emotional display norms and values. One survey reported that 83 percent of Japanese believe it is inappropriate to get emotional in a business context, compared with 40 percent of Americans, 34 percent of French, and 29 percent of Italians. In other words, Italians are more likely to accept or tolerate people who display their true emotions at work, whereas this would be considered rude or embarrassing in Japan.²⁵

Emotional Dissonance

emotional dissonance

The conflict between required and true emotions.

Comedian George Burns once said: “The secret to being a good actor is honesty. If you can fake *that*, you’ve got it made.” Burns’ humour highlights the fact that most of us have difficulty hiding our true emotions all the time. Instead, emotions “leak” out as voice intonations, posture, and in other subtle ways.²⁶ The problem is particularly true of anger, which is one of the most difficult emotions to control. This conflict between required and true emotions is called **emotional dissonance**, and it is a significant cause of stress and job burnout (see Chapter 7).²⁷ Emotional dissonance is most common where employees must display emotions that are quite different from their true feelings and where emotional display rules are highly regulated.

Does emotional dissonance always create stress? Not necessarily. A recent Canadian study revealed that stress and burnout levels depend on whether employees manage the emotional labour requirements through surface acting or deep acting.²⁸ George Burns was referring to *surface acting*—thinking through and acting out behaviours that reflect the required emotions even though you hold quite different emotions. An example of surface acting would be smiling at a customer even though you feel irritated by that person. Surface acting is stressful because you have to act out behaviours while holding back your true emotions, which are incompatible with those behaviours.

Deep acting, on the other hand, involves changing your emotions to meet the job requirements. Rather than feeling irritated by a particular customer, you apply strategies that make you less irritated and generally happier to work with this person. For example, you might think that the customer is irritating due to their personal problems and that you might help make their life a little better through good service. Thus, deep acting involves shifting your true emotions so they are more compatible with the required emotions, rather than having a conflict between your required and true emotions. Not only does this reduce stress; it also gives you a sense of accomplishment if your performance is effective.

Supporting Emotional Labour

Many organizations support emotional labour by teaching employees the subtle behaviours that express appropriate emotions. This occurs at some airlines where flight attendants and check-in staff complete videotaped exercises and receive feedback on their emotional labour. The feedback helps them to learn the subtle art of expressing organizationally desired emotions. Earlier, we mentioned that people in Japan traditionally expect a narrow range of emotional displays. But this is changing as companies discover that employee smiles are good for business. GLOBAL Connections 4.2 describes how some Japanese companies are sending their employees to “smile school” where they learn the fine art of displaying pleasant emotions.

Along with training, some corporate leaders believe that the best way to support emotional labour is by hiring employees with competencies for displaying desired emotions. Isadore Sharp, founder and CEO of Toronto-based Four Seasons Hotels and Resorts Inc. says: “You can train [employees] to do any job,” but employees must bring the right attitude with them. Famous Players also hires for attitude. The Canadian theatre chain holds casting calls where “outgoing and bubbly” job applicants are identified as they sing and dance in front of the other



Japanese Employees Learn Service with a Smile

Hiroshi Ieyoshi and three dozen other gas station attendants are gathered for some tough after-hours training. They're learning how to smile. "It's easy to say you should smile at the customers," says Ieyoshi, the earnest 33-year-old pump manager after the 90-minute seminar. "But to be honest, it all depends on how I feel at the moment."

Ieyoshi isn't the only one who has trouble smiling at customers. In Japanese culture, hiding your emotions is considered a virtue. The society values group harmony, and any expression of emotion violates that harmony by focusing on the individual's feelings. Now, companies are throwing out the straight-faced tradition and increasing sales with smiling employees.

Leading the smile revolution is Yoshihiko Kadokawa, president of the Smile Amenity Institute and author of *The Power of a Laughing Face*. The former retail executive discovered that even in this dour society, the friendliest clerks consistently have the highest sales. "I

have found, through my surveys, that sales personnel could beef up sales by as much as 20 percent each day by just smiling more at their customers," says Kadokawa.

McDonald's Corp. puts such a premium on smiling faces in Japan that the company screens out those who are too poker-faced. While applicants describe a pleasant experience, interviewers evaluate whether their faces reflect the pleasure they're discussing. McDonald's wants all of its employees to provide the friendly service at the price stated on the menu: "Smiles, 0 yen."

In spite of the cultural barriers, some Japanese employees have acquired a natural ability to smile as much as Westerners. In the class with gas station attendants, Kutarō Matsunaga stands out. But he has been practising for a long time. "[M]y name means 'happy man,' and I always want to make my customers happy," explains Matsunaga, with a smile.

Sources: S. Kakuchi, "Put on a Happy Face," *Asian Business*, 36 (March 2000), p. 56; V. Reitman, "Learning To Grin—And Bear It," *Los Angeles Times*, February 22, 1999, p. A1.



Students at the Smile Amenity Institute practise smiling (right) with instructor Yoshihiko Kadokawa (left). Copyright © Ohmori Satoru.

candidates.²⁹ Another personal characteristic that is important for managing emotions is emotional intelligence, which we discuss next.

Emotional Intelligence (EI)

Each year, the U.S. Air Force hires about 400 recruiters, and each year up to 100 of them are fired for failing to sign up enough people for the service. Selecting and training 100 new recruiters costs \$3 million, not to mention the hidden costs of their poor performance. So Rich Handley, head of Air Force recruiting, decided to

give 1,200 recruiters a new test that measured how well they manage their emotions and the emotions of others. He discovered that the top recruiters were better at asserting their feelings and thoughts, empathizing with others, feeling happy in life, and being aware of their emotions in a particular situation. The next year, Handley selected new recruiters partly on their results of this emotions test. The result: only eight recruiters got fired or quit a year later.³⁰

emotional intelligence (EI)

The ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others.

To select the best recruiters, the U.S. Air Force considers more than the cognitive intelligence of job applicants; it also looks at their **emotional intelligence (EI)**. EI is the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others.³¹ In other words, EI represents a set of competencies that allow us to perceive, understand, and regulate emotions in ourselves and in others.

Emotional intelligence has quickly become a popular topic among academics and practitioners. Unfortunately, it has also generated a considerable amount of hype, resulting in exaggerations and some confusion about the qualities and consequences of emotional intelligence. Therefore, let's begin by describing the components of EI as presented by psychologists Peter Salovey and John Mayer, who introduced the term over a decade ago. The most recent version of the Salovey–Mayer model, shown in Exhibit 4.3, identifies four components of EI and arranges them into a hierarchy:³²

1. *Perceiving and Expressing Emotions*—This refers to the ability to recognize the meaning of emotions that you and others express, the ability to express emotions accurately, and the ability to detect false emotions. For example, this category would include the ability to tell when you have offended someone, to know when someone is sincerely happy to see you, and to be able to show spe-

EXHIBIT 4.3

Salovey–Mayer model of emotional intelligence

Level 4 (highest)	Managing emotions	<ul style="list-style-type: none"> • Regulate emotions in yourself and others
Level 3	Understanding emotions	<ul style="list-style-type: none"> • Understand combinations of emotions • Understand how an emotion will change to another emotion
Level 2	Assimilating emotions	Use emotions to: <ul style="list-style-type: none"> • prioritize information • make judgments • perceive situations differently
Level 1 (lowest)	Perceiving and expressing emotions	<ul style="list-style-type: none"> • Recognize emotions • Express emotions • Detect false emotions

cific emotions to others. Perceiving and identifying emotions is the most basic level of EI because the other tiers depend on this fundamental ability.

2. *Assimilating Emotions*—This second level of EI involves bringing (assimilating) emotions into our perceptions and judgment. Emotions help us to prioritize information, make judgments more effectively, and perceive a situation differently. For example, by shifting your emotions from excited to relaxed, you can develop different perspectives of problems and opportunities.
3. *Understanding Emotions*—This third level includes the ability to understand combinations of emotions as well as how an emotion will likely make a transition to another emotion. For instance, people with high emotional intelligence would recognize the complex combination of hate and fear, and they would know that fear often changes to relief.
4. *Managing Emotions*—The fourth and highest level of EI refers to the ability to regulate emotions in yourself and others. People with high EI know how to keep calm in situations where others would get angry. They are also able to generate or control emotions in others, such as building excitement among employees at a meeting.



Physicians have above average IQs (about 120 in Canada and the United States), but their average emotional intelligence score hovers around 90—well below the population average of 100.

“We’re taught to look at things analytically, but our biggest difficulties are not analytic,” admits Darryl Heustis, M.D., vice president for medical affairs at the Jerry L. Pettis Memorial VA Medical Center in Loma Linda, California. “Without understanding our emotions and others’ emotions, we’re not going to do as well.” Fortunately, Heustis and others are attending special classes at the Veteran’s Administration where they receive their personal emotional intelligence profile and learn to improve their emotional intelligence.³³ Looking at the four dimensions in the Salovey–Mayer model, why is it important for physicians to have a high emotional intelligence?

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EI has its roots in social intelligence literature that was introduced over 80 years ago, but scholars spent most of the intervening years focused on cognitive intelligence (IQ).³⁴ Now, the U.S. Air Force and others are realizing that EI is an important set of competencies in the performance of most jobs. As we described in Chapter 2, people perform better when their aptitudes—including general intelligence—match the job requirements. Most jobs also involve social interaction, so employees also need emotional intelligence to work effectively in social settings. The evidence indicates fairly strongly that emotional intelligence makes a difference in organizations. Studies have reported that people with high EI scores are better at interpersonal relations, perform better in jobs requiring emotional labour, and are more successful in many aspects of job interviews. Teams whose members have high emotional intelligence initially perform better than teams with low EI.³⁵

Improving emotional intelligence Emotional intelligence is related to several personality traits described in Chapter 3, including extroversion, conscientiousness, agreeableness, and emotional stability, and low neuroticism.³⁶ Still, EI can be learned to some extent. Endpoint Research, a Canadian firm specializing in pharmaceutical and biotechnology clinical trials, has put all 65 of its employees through the EI assessment so they can develop their weak areas. Methodist Hospitals of Dallas has also introduced emotional intelligence training to its management group, with the CEO front-and-centre participating in the program.³⁷

These training programs may help, but people don't develop emotional intelligence just by learning about its dimensions. They require personal coaching, plenty of practice, and frequent feedback. Emotional intelligence also increases with age; it is part of the process called maturity.³⁸ Overall, emotional intelligence offers considerable potential, but we also have a lot to learn about its measurement and effects on people in the workplace.

So far our discussion has laid the foundations of emotions and attitudes, but scholars are also interested in specific attitudes in the workplace. The next two sections of this chapter look at two of the most widely studied attitudes: job satisfaction and organizational commitment.

JOB SATISFACTION

job satisfaction

A person's attitude regarding his or her job and work content.

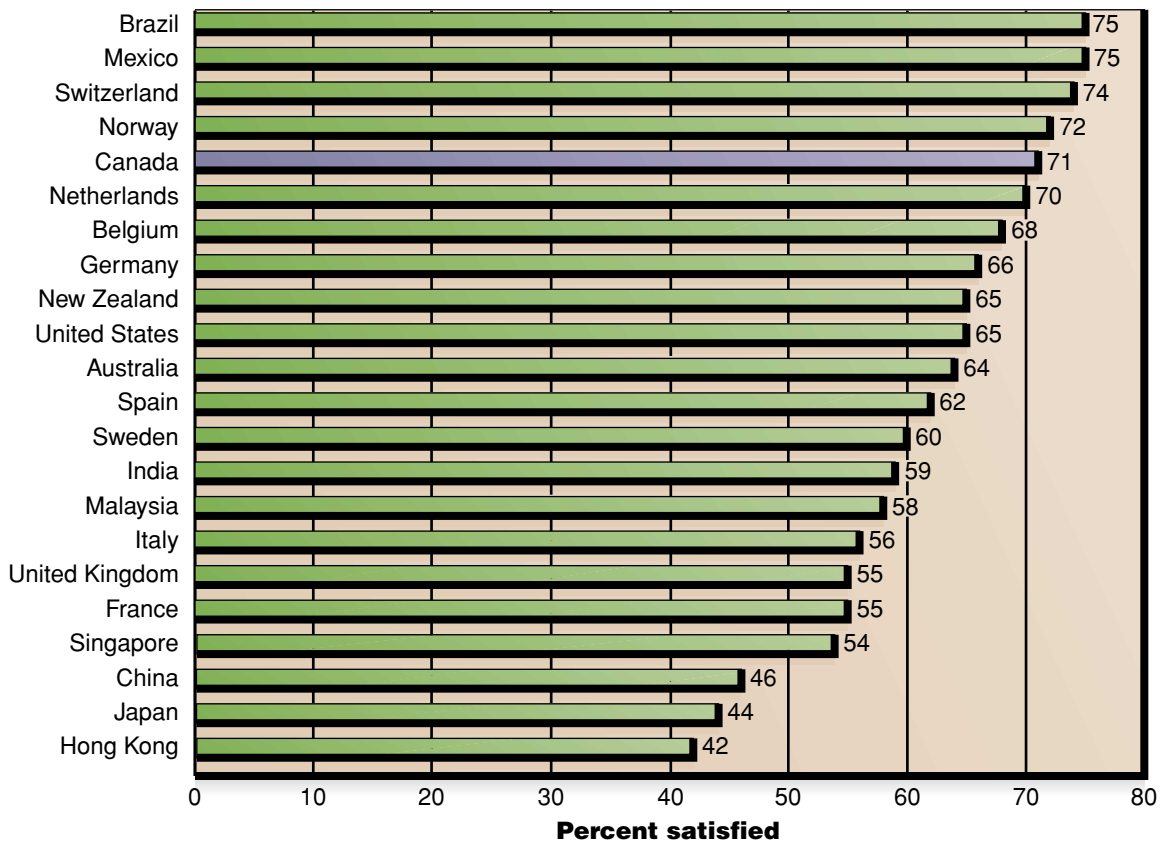
Job satisfaction describes a person's evaluation of his or her job and work context.³⁹ It is an *appraisal* of the perceived job characteristics, work environment, and emotional experiences at work. Satisfied employees have a favourable evaluation of their job, based on their observations and emotional experiences. Job satisfaction is really a collection of attitudes about specific facets of the job.⁴⁰ Employees can be satisfied with some elements of the job while simultaneously dissatisfied with others. You might like your co-workers, but are less satisfied with workload or other aspects of the job. For most of us, job satisfaction is an important part of life. One recent survey reported that over 80 percent of people working in southern Saskatchewan said that how satisfied they are with their job is a somewhat or very important determinant of their satisfaction with life.⁴¹

How Satisfied are Canadians at Work?

Surveys indicate that between 82 and 86 percent of Canadians are moderately or very satisfied overall with their jobs.⁴² The results of one recent survey, shown in

EXHIBIT 4.4

Job satisfaction across cultures



Source: Based on Ipsos-Reid survey of 9,300 employees in 39 countries in middle of Year 2000. See "Ipsos-Reid Global Poll Finds Major Differences in Employee Satisfaction Around the World," Ipsos-Reid News Release, January 8, 2001. A sample of 22 countries across the range are shown here, including all of the top scoring countries.

Exhibit 4.4, indicate that Canadian employees have the fifth highest job satisfaction ratings among 39 countries. Brazilians and Mexicans are the most satisfied, whereas employees in Japan and Hong Kong are the least satisfied. Another survey found that Canadians had the second highest job satisfaction, after Brazilians, among the 10 largest economies in the world.⁴³ Do these surveys mean that we have high job satisfaction? Well, maybe, but probably not as high as these statistics suggest. The problem is that surveys often use a single direct question, such as "How satisfied are you with your job?." Many dissatisfied employees are reluctant to reveal their feelings in a direct question because this is tantamount to admitting that they made a poor job choice and are not enjoying life.

How do we know that overall satisfaction ratings are inflated? One indication is that one-half of Canadians say they would leave if another organization offered a similar job with slightly higher pay! Also, fewer than half of Canadians would recommend their company as the best place to work in the community.⁴⁴ We also need to keep in mind that cultural values make it difficult to compare job satisfaction across countries.⁴⁵ People in China, South Korea, and Japan tend to subdue their emotions in public, so they probably avoid extreme survey ratings such as "very satisfied."

Job Satisfaction and Work Behaviour

Annette Verschuren, president of The Home Depot Canada, pays a lot of attention to job satisfaction. “I can tell you within two seconds of entering a store whether morale is good,” says Verschuren. The main reason for her interest is that job satisfaction is a key driver to corporate success. “With an unhappy workforce you have nothing and you will never be great,” Verschuren warns.⁴⁶

Home Depot Canada, Fours Seasons Hotels and Resorts, Telus Corp, and a flock of other Canadian firms are paying a lot more attention to job satisfaction these days. In some firms, executive bonuses depend partly on employee satisfaction ratings. The reason for this attention is simple: job satisfaction affects many of the individual behaviours introduced in Chapter 2. A useful template to organize and understand the consequences of job dissatisfaction is the **exit-voice-loyalty-neglect (EVLN) model**. As the name suggests, the EVLN model identifies four ways employees respond to dissatisfaction:⁴⁷

exit-voice-loyalty-neglect (EVLN) model

The four ways, as indicated in the name, employees respond to job dissatisfaction.

- *Exit*—Exit refers to leaving the situation, including searching for other employment, actually leaving the organization, or transferring to another work unit. Employee turnover is a well-established outcome of job dissatisfaction, particularly for employees with better job opportunities elsewhere. Recent evidence also suggests that exit is linked to specific “shock events,” such as a conflict episode or an important violation of your expectations.⁴⁸ These shock events produce more than just dissatisfaction; they generate strong emotions that energize employees to think about and search for alternative employment.
- *Voice*—In the original EVLN model, voice is defined as any attempt to change, rather than escape from, the unsatisfying situation. Many researchers have subsequently viewed voice purely as a positive or constructive response, such as directly trying to solve the problem with management or actively helping to improve the situation. However, voice can also be more confrontational, for example, by filing formal grievances.⁴⁹ In extreme cases, some employees might engage in counterproductive behaviours to get attention and force changes in the organization. Thus, voice might be more correctly viewed as either constructive or destructive.
- *Loyalty*—Loyalty has been described in different ways.⁵⁰ The most widely held view is that “loyalists” are employees who respond to dissatisfaction by patiently waiting—some say “suffer in silence”—for the problem to work itself out or get resolved by others.⁵¹
- *Neglect*—Neglect includes reducing work effort, paying less attention to quality, and increasing absenteeism and lateness. It is generally considered a passive activity that has negative consequences for the organization. Research clearly establishes that dissatisfied employees tend to be absent more often;⁵² the relationship between satisfaction and job performance is more complex, as we will discuss below.

Which of the four EVLN alternatives do employees use? It depends on the person and the situation. One factor is the availability of alternative employment. With poor job prospects, employees are less likely to use the exit option. Employees who identify with the organization (organizational commitment, which we discuss later) are also more likely to use voice rather than exit. Personality is another influence on the choice of action. People with high conscientiousness are less likely to engage in neglect and more likely to engage in voice (as are people

high in extroversion and low in neuroticism). Finally, past experience influences our choice of action. Employees who were unsuccessful with voice in the past are more likely to engage in exit or neglect when experiencing job dissatisfaction in the future.⁵³

Job Satisfaction and Performance

One of the oldest beliefs in the business world is that “a happy worker is a productive worker.” Is this statement true? Organizational behaviour scholars have waffled on this question for the past century. In the 1980s, researchers strongly concluded that job satisfaction has a weak or negligible association with task performance.⁵⁴ Now the evidence suggests that the popular saying may be correct after all. Citing problems with the earlier studies, a groundbreaking analysis of previous research recently concluded that there is a *moderate* relationship between job satisfaction and job performance. In other words, happy workers are more productive workers *to some extent*.⁵⁵

The moderate relationship between job satisfaction and performance begs the

next question: Why isn't the relationship stronger? There are many reasons, but let's look at the three most common ones.⁵⁶ One argument is that general attitudes (such as job satisfaction) don't predict specific behaviours very well. As we learned with the EVLN model, job dissatisfaction doesn't always result in lower job effort (neglect). Instead, some employees continue to work productively while they complain (voice), look for another job (exit), or patiently wait for the problem to get fixed (loyalty).

A second explanation is that job performance leads to job satisfaction (rather than vice versa), but only when performance is linked to valued rewards. Higher performers receive more rewards and, consequently, are more satisfied than low-performing employees who receive fewer rewards. The connection between job satisfaction and performance isn't stronger because many organizations do not reward good performance. The third explanation is that job satisfaction might influence employee motivation, but this has little influence on performance in jobs where employees have little control over their job output (such as assembly line work). This point is consistent with recent evidence that the job satisfaction–performance relationship is strongest in complex jobs, where employees have more freedom to perform their work or to slack off.⁵⁷

Job Satisfaction and Customer Satisfaction

Along with the job satisfaction–performance relationship, corporate leaders are making strong state-



Roger Greene (wearing goggles in photo) isn't taking any chances on poor customer service. The CEO and founder of Ipswitch Inc. has taken all 130 employees —plus one guest each—on a four-day cruise in the Bahamas. The cruise is the Lexington, Virginia, software maker's way of thanking employees for steady financial performance. It's also consistent with Greene's larger objective to keep employees happy so they will continue to provide exceptional customer service. Ipswitch employees also get five weeks of paid time off, child and elder care, domestic partner benefits, and a concierge service. “If employees are treated well,” Greene explains, “they will treat the customers well, and then the profits will come.”⁵⁸ Along with job satisfaction, what other work attitude described in this chapter might explain why a trip to the Bahamas increases customer service? @ John Wilcox, *Boston Herald*

www.ipswitch.com

ments that happy employees make happy customers. “We demand more of our employees, but we do our best to assure they are happy,” says an executive at Toronto-based Four Seasons Hotels and Resorts. “Employees who are happy provide better service.” Gordon Bethune, CEO of Continental Airlines, echoes this opinion: “We treat our people well, and in turn, they treat our customers well. Happy employees equal customer satisfaction.”⁵⁹

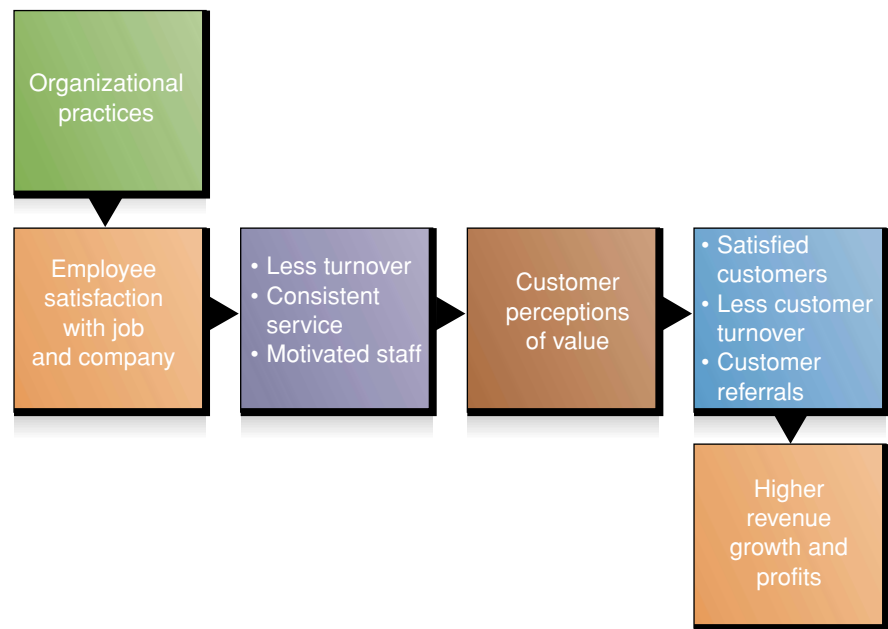
Fortunately, these views are supported by recent studies in marketing and organizational behaviour. Marketing experts, in particular, have developed a model that relates employee satisfaction to customer satisfaction and profitability. As shown in Exhibit 4.5, this “employee-customer-profit chain” model suggests that increasing employee satisfaction and loyalty results in higher customer perceptions of value, which improves the company’s profitability.⁶⁰

There are two main reasons why job satisfaction has a positive effect on customer service.⁶¹ First, job satisfaction affects a person’s general mood. Employees who are in a good mood are more likely to display friendliness and positive emotions, which puts customers in a better mood. Second, satisfied employees are less likely to quit their jobs, and longer-service employees have more experience and better skills to serve clients. Lower turnover also gives customers the same employees to serve them, so there is more consistent service. There is some evidence that customers build their loyalty to specific employees, not to the organization, so keeping employee turnover low tends to build customer loyalty.⁶²

Before leaving this topic, it’s worth mentioning that job satisfaction does more than improve work behaviours and customer satisfaction. Job satisfaction is also an ethical issue that influences the organization’s reputation in the community. People spend a large portion of their time working in organizations, and many societies now expect companies to provide work environments that are safe and enjoyable. Indeed, Canadians and Americans closely monitor ratings of the

EXHIBIT 4.5

The employee-customer-profit chain model



best companies to work for, an indication that employee satisfaction is a virtue worth considerable goodwill to employers. This virtue is apparent when an organization has low job satisfaction. The company tries to hide this fact and, when morale problems become public, corporate leaders are usually quick to improve the situation.

ORGANIZATIONAL COMMITMENT

During the mid-1800s, Samuel Cunard founded Cunard Lines, the greatest steamship line ever to cover the Atlantic ocean. The energetic Nova Scotian was able to make ship transportation dependable and safe, long before it was thought possible, by having the best ships, officers, and crew. He insisted on safety before profits and, by listening to his technical experts, was able to introduce the latest innovations. Above all, Cunard had the quaint notion that if you picked people well, paid them well, and treated them well, they would return the favour with loyalty and pride.⁶³

Nearly 150 years later, Samuel Cunard's assumptions about **organizational commitment** have found strong support in organizational behaviour research. Organizational commitment refers to the employee's emotional attachment to, identification with, and involvement in a particular organization.⁶⁴ Organizational behaviour scholars call this *affective commitment* because it refers to the individual's feelings toward the organization. Affective commitment is called organizational loyalty when the organization is the target of the individual's commitment. However, affective commitment can also refer to loyalty toward co-workers, customers, or a profession.⁶⁵ In this book, we will concentrate mainly on the employee's overall commitment to the organization.

Along with affective commitment, employees have varying levels of **continuance commitment**.⁶⁶ Continuance commitment occurs when employees believe it is in their own personal interest to remain with the organization. In other words, this form of commitment is a calculative bond with the organization, rather than an emotional attachment. For example, you may have met people who do not particularly identify with the organization where they work but feel bound to remain there because it would be too costly to quit. Continuance commitment is this motivation to stay because of the high cost of leaving.⁶⁷

Is organizational loyalty declining? According to some surveys, it is. One poll reported that a decade ago 62 percent of Canadians were loyal to their employers. This has fallen in the three subsequent surveys to the point where only 49 percent are loyal today. On a global comparison, one survey indicates that Canadians rank 16th out of 32 countries in employee loyalty, whereas another poll of 360,000 people in the 10 wealthiest countries placed Canada in fourth spot, behind Brazil, Spain, and Germany.⁶⁸

Consequences of Organizational Commitment

If organizational loyalty is declining, then it would be bad news for employers. Research suggests that a loyal workforce can be a significant competitive advantage. Employees with high levels of affective commitment are less likely to quit their jobs and be absent from work. Organizational commitment also improves customer satisfaction because long-tenure employees have better knowledge of work practices, and clients like to do business with the same employees. Employ-

organizational commitment

The employee's emotional attachment to, identification with, and involvement in a particular organization.

continuance commitment

A bond felt by an employee that motivates him to stay only because leaving would be costly.

ees with high affective commitment also have higher work motivation and organizational citizenship, and somewhat higher job performance.⁶⁹

However, employees can have too much affective commitment. One concern is that organizational loyalty results in low turnover, which limits the organization's opportunity to hire new employees with new knowledge and fresh ideas. Another concern is that loyalty results in conformity, which holds back creativity. There are also cases of dedicated employees who have violated laws to defend the organization.

Consequences of continuance commitment A greater concern than having too much affective commitment is the tendency of some firms to support continuance commitment. Many firms tie employees financially to the organization through low-cost loans and stock options. For instance, when CIBC took over Merrill Lynch's Canadian retail brokerage business, Merrill's top financial advisors received retention bonuses worth up to one year's pay if they stayed long enough with the merged company. Anglo Irish Bank relies on equally large "loyalty bonuses" to reduce turnover of new staff. People who are hired at the Irish bank receive half their bonus after 12 months of employment and the other half six months later. "The hope," says an Anglo Irish Bank executive, "is to keep them a little longer."⁷⁰

These "golden handcuffs" usually do reduce turnover, but they also increase continuance commitment, not affective commitment. Research (much of it in Canada) suggests that employees with high levels of continuance commitment have *lower* performance ratings and are *less* likely to engage in organizational citizenship behaviours! Furthermore, unionized employees with high continuance commitment are more likely to use formal grievances, whereas employees with high affective commitment engage in more constructive problem solving when employee-employer relations sour.⁷¹ Although some level of financial connection may be necessary, employers should not confuse continuance commitment with employee loyalty. Employers still need to win employees' hearts (affective commitment) beyond tying them financially to the organization (continuance commitment).

Building Organizational Commitment

There are almost as many ways to building organizational loyalty as topics in this textbook, but the following list of activities is most prominent in the literature:⁷²

- *Justice and support*—Affective commitment is higher in organizations that fulfil their obligations to employees and abide by humanitarian values, such as fairness, courtesy, forgiveness, and moral integrity.⁷³ These values relate to the concept of organizational justice that we discuss in the next chapter. Similarly, organizations that support employee well-being tend to cultivate higher levels of loyalty in return.⁷⁴
- *Job security*—Layoff threats are one of the greatest blows to employee loyalty, even among those whose jobs are not immediately at risk.⁷⁵ Building commitment doesn't require lifetime employment guarantees, but firms should offer enough job security that employees feel some permanence and mutuality in the employment relationship. SaskTel (described at the beginning of this chapter), Alberta Energy Co., and Magna International have fiercely loyal employees partly because these companies have avoided layoffs throughout their entire history.⁷⁶



When the British Columbia government announced that it would cut one-third of its work force over three years, the news sent shockwaves throughout the province. It also likely had a damaging effect on employee loyalty, even among those who kept their jobs. “People are really worried,” explains B.C. government employee Terry Hughes (shown in photo). “I know no one is trying to be malicious, but it’s just the uncertainty and apprehension.” Government officials say they are trying to be fair about the process, but Russell Katzer would like more information. “People are hearing things through the media and that just creates a whole lot more uncertainty,” says the Victoria court clerk.⁸⁰ What could the B.C. government do to minimize the amount of employee loyalty lost due to these layoffs? *Debra Brash, Victoria Times Colonist*

www.gov.bc.ca

- *Organizational comprehension*—Affective commitment is a person’s identification with the company, so it makes sense that this attitude is strengthened when employees are connected to organizational events and people. Specifically, employees become more loyal when communication processes keep them informed about what is happening in the company (see Chapter 11), and when they have opportunities to interact with co-workers across the organization.⁷⁷
- *Employee involvement*—Employees feel that they are part of the organization when they make decisions that guide the organization’s future.⁷⁸ Through participation, employees begin to see how the organization is a reflection of their decisions. In this way, involvement strengthens the company as part of the employee’s social identity. Employee involvement also builds loyalty because giving this power is a demonstration of the company’s trust in its employees.
- *Trusting employees*—**Trust** occurs when we have positive expectations about another party’s intentions and actions toward us in risky situations.⁷⁹ Trust means putting faith in the other person or group. It is also a reciprocal activity. In order to receive trust, you must demonstrate trust. Trust is important for organizational commitment because it touches the heart of the employment relationship. Employees identify with and feel obliged to work for an organization only when they trust its leaders. We will discuss trust more fully in the context of high performance teams (Chapter 9).

Look closely at some of the recommendations above (job security, humanitarian values, trust) and you will see that one of the key influences on organizational commitment is the employment relationship. In particular, affective commitment is sensitive to fulfilment and violation of the psychological contract, which we look at in the last section of this chapter.

PSYCHOLOGICAL CONTRACTS

trust

Positive expectations about another party’s intentions and actions toward us in risky situations.

Some employees at the Toyota Canada factory in Cambridge, Ontario, are upset that the company is forcing them to work overtime. The automaker’s new models are selling well, so employees must perform up to two hours of overtime almost every day to keep up with demand. Employees may be disciplined if they refuse. The problem, say some workers, is that overtime used to be voluntary at Toyota. Now, government legislation allows more flexibility in the amount of overtime employers can require, so Toyota is relying on the contract that employees signed when they were hired. That contract gives the company the right to impose overtime, which employees claim was never applied, until now.⁸¹

psychological contract

The individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party.

Toyota Canada employees experienced the shock of having their psychological contract violated. This isn't unusual. According to one university study, 24 percent of employees are "chronically" angry at work, mostly because they felt their employer violated basic promises and didn't fulfill the psychological contract.⁸² The **psychological contract** refers to the individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party.⁸³ This is inherently perceptual, so one person's understanding of the psychological contract may differ from another's. In employment relationships, psychological contracts consist of beliefs about what the employee is entitled to receive from the employer and what he or she is obliged to offer the employer in return. For example, Toyota Canada employees believed that their psychological contract included the right to refuse overtime, whereas the employer says its employment forms include the right to impose overtime.⁸⁴

Everyone has a unique psychological contract, but one British study has found some common elements. Specifically, employers expect employees to work contracted hours, perform quality work, deal honestly with clients, guard the organization's reputation, treat property carefully, dress and behave correctly, and engage in some organizational citizenship. The psychological contract for most British employees emphasizes fairness in decisions (e.g., selection, promotion, and layoffs), the application of rules, and allocation of pay and benefits. Employees also expect enough personal time off, consultation on matters affecting them, minimal interference in how they do their job, supportive leadership, reward for long service and good performance, a safe work environment, and as much job security as the organization can reasonably provide.⁸⁵

Types of Psychological Contracts

Psychological contracts vary in many ways. One of the most fundamental differences is the extent to which they are transactional or relational.⁸⁶ As Exhibit 4.6 describes, *transactional contracts* are primarily short-term economic exchanges. Responsibilities are well defined around a fairly narrow set of obligations that do not change over the life of the contract. People hired in temporary positions and as consultants tend to have transactional contracts. To some extent, new employees also form transactional contracts until they develop a sense of continuity with the organization.

Relational contracts, on the other hand, are rather like marriages; they are long-term attachments that encompass a broad array of subjective mutual obligations. Employees with a relational psychological contract are more willing to contribute their time and effort without expecting the organization to pay back this debt in the short term. Relational contracts are also dynamic, meaning that the parties tolerate mutual obligations and expect that those obligations are not necessarily balanced in the short run. Not surprisingly, organizational citizenship behaviours are more likely to prevail under relational than transactional contracts. Permanent employees are more likely to believe they have a relational contract.

Employee attitudes have important effects on relational and transactional psychological contracts. According to a recent Canadian study, employees with high continuance commitment are significantly more likely to view their psychological contract as transactional, whether or not they have high affective commitment.⁸⁷ In contrast, employees with high affective commitment are significantly more likely to view their psychological contract as relational, but only when they have

EXHIBIT 4.6

Types of psychological contracts in employment

Contract characteristics	Transactional contracts	Relational contracts
Focus	Economic	Economic and socioemotional
Time frame	Closed-ended and short-term	Open-ended and indefinite
Stability	Static	Dynamic
Scope	Narrow	Pervasive
Tangibility	Well-defined	More subjective

Source: Based on information in D. M. Rousseau and J. M. Parks, "The Contracts of Individuals and Organizations," *Research in Organizational Behavior*, 15 (1993), pp. 1-43.

low continuance commitment. In other words, continuance commitment creates a more formal contractual relationship in the minds of employees, whereas affective commitment generates a more relational psychological contract.

From Security to Employability

Nearly half a century ago in his best selling book *Organization Man*, William H. Whyte painted a satirical picture of typical American white-collar employees. These dedicated employees worked in secure jobs with steady promotions through the hierarchy. They often devoted their entire lives to the same company, put in regular hours, and rarely thought about moving to another company.⁸⁸ The implicit contract was that if you were loyal to the company and performed your job reasonably well, the company would be loyal to you by providing job security and managing your career development.⁸⁹

Mergers, corporate restructuring, privatization of government-managed organizations, and other forms of marketplace turbulence have replaced this psychological contract in many organizations.⁹⁰ The emerging contract is employability, whereby employees must take responsibility for their own careers by continually developing new competencies for future work opportunities within and beyond the organization. In this "new deal," jobs are temporary events and organizations are no longer perceived as paternalistic institutions that take care of their employees. Rather, organizations are customers, and employees keep their jobs by continuing to offer valuable skills and knowledge to their clients. From this perspective, individuals must anticipate future organizational needs and develop new competencies accordingly.⁹¹

Employability has been hyped in the media and management literature, but to what extent does it exist in reality? Quite a bit, according to one recent study that found that students and recruiters generally agreed on the meaning and relevance



Japan's New Psychological Contract

Ogura Junpei is looking for a job after graduating from Japan's Keio University. But he isn't interested in a career with one of the traditional job-for-life Japanese companies. Instead, Ogura has found more challenging work and better pay at a consulting firm and a foreign investment bank. "I'm not just looking for a job," explains Ogura, "but a place where I find it worthwhile to work."

Japan's well-known psychological contract—lifetime employment, steady advancement, and seniority-based pay increases—is starting to fall apart. One reason is that Japan's long recession has forced Honda, Sony, NEC, and other major corporations to introduce performance-based relationships that weaken job security guarantees. The other reason is that many younger Japanese employees want challenging work and better pay now, not after waiting a decade or more. "I'm suffocating from the rigid seniority system in my office," complains a young electronics engineer with a major Japanese company.

Not every young Japanese employee is abandoning the lifetime employment relationship. "Lifelong employ-

ment is suitable to the Japanese character," explains Kentaro Takahashi, a 23-year-old engineering graduate. "From long ago, people donated their whole lives to the company. So we should give our full support to our new firm."

Still, Takahashi's psychological contract is becoming the exception. One recent survey revealed that 80 percent of Japanese employees in their twenties strongly intend to switch jobs within the next ten years. Further proof was the recent turnout of hundreds of job seekers at one of Japan's first international job fairs, where more than 50 foreign firms were recruiting. "The young urban Japan is already voting for change with their careers," says Kenneth Curtis, strategist and chief economist at Deutsche Bank Group in Tokyo.

Sources: J-I. Lee, "Recent Exodus of Core Human Resources Disturbing Trend for Domestic Companies," *Korea Herald*, May 14, 2001; "Trend of Caring for Employees Waning among Japan's Companies," *Japan Weekly Monitor*, May 7, 2001; M. Zielenziger, "The Fading Salary Man," *National Post*, April 5, 2000, p. C15; M. Mutsuko, "Who Needs Life Employment?" *AsiaWeek*, March 17, 2000; B. McKenna, "Restructuring Fever Sweeps Japan," *Globe and Mail*, May 29, 1999.

of employability in the workplace.⁹² Business students, in particular, seem to hold higher expectations than other student groups about the employee's obligations to remain employable. These results are consistent with a recent poll reporting that 68 percent of Canadians believe job security is a thing of the past, and that only 41 percent think their employer is loyal to them. "The environment is switching from job security to skill security," advises an executive at TD Bank in Toronto.⁹³

Permanence of employability Will the pendulum swing from employability back to job security during times of low unemployment when employees have enough power to push for more job guarantees? Perhaps to some extent, but two factors will likely preserve the psychological contract of employability for the foreseeable future. One factor, as we noted earlier, is increasing turbulence in the business environment. Global competition, deregulation, and information technologies have made it difficult for employers to provide the job security that was possible in more stable conditions. Organizations need employability to remain flexible and adaptive.

The other factor is changing employee expectations. Some scholars suggest that job security has less value to Generation-X and Generation-Y employees than to baby-boomers. Workforce newcomers have mainly experienced a psychological contract based on employability and are comfortable with minimal employment guarantees. "Employees are developing the view that their only job security in the future must be based on their ability and their competence," says Gary L. Howard, a Motorola vice president, "and not on keeping a job at some particular company."⁹⁴ This trend is also apparent in Japan, traditionally a stalwart of company loyalty and lifetime employment. GLOBAL Connections 4.3 describes how some

recent Japanese university graduates prefer challenging work and performance-based pay to lifelong employment.

Psychological contracts are changing, as is the entire field of organizational behaviour, by embracing new knowledge about emotions in the workplace. Emotional brain centres, emotional labour, emotional intelligence, and other topics in this chapter were unheard of a decade ago. Now they are essential reading to improve our grasp of the complex dynamics of employee attitudes and behaviour. You will discover several references to emotion-related concepts throughout this book, including the next chapter on employee motivation.

CHAPTER SUMMARY

Emotions are psychological and physiological episodes experienced toward an object, person, or event which create a state of readiness. Emotions are typically organized into a bipolar circle (circumplex) based on their pleasantness and activation. Emotions differ from attitudes, which refer to the cluster of beliefs, feelings, and behavioural intentions toward a person, object, or event. Beliefs are a person's established perceptions about the attitude object. Feelings are positive or negative evaluations of the attitude object. Behavioural intentions describe the motivation to engage in a particular behaviour toward a target.

Attitudes have traditionally been studied as a rational process of analyzing the value and expectancy of outcomes of the attitude object. Thus, beliefs predict feelings, which predict behavioural intentions, which predict behaviour. But this traditional perspective overlooks the role of emotions, which have an important influence on attitudes and behaviour. Emotions typically form before we think through situations, so they influence this rational attitude formation process. Emotions also affect behaviour directly.

Behaviour sometimes influences our subsequent attitudes through cognitive dissonance. People also have the personality traits of positive or negative affectivity, which affect their emotions and attitudes.

Emotional labour refers to the effort, planning, and control needed to express organizationally desired emotions during interpersonal transactions. This is more common in jobs with frequent and lengthy customer interaction, where the job requires a variety of emotions displayed, and where employees must abide by the display rules. Emotional labour creates problems because true emotions tend to leak out, and conflict between expected and true emotions (emotional dissonance) causes stress and burnout. However, stress from emotional dissonance can be minimized through deep acting rather than surface acting.

Emotional intelligence is the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others. This concept includes four components arranged in a hierarchy: perceiving and expressing emotions, assimilating emotions, understanding emotions, and managing emotions. Emotional intelligence can be learned to some extent, particularly through personal coaching.

Job satisfaction describes a person's evaluation of his or her job and work context. Satisfaction depends on the level of discrepancy between what people expect to receive and what they experience. Although surveys indicate Canadians are highly satisfied with their jobs, these results may be somewhat inflated by the use of single-item questions and cultural differences. The exit-voice-loyalty-neglect model outlines four possible consequences of job dissatisfaction. Job satisfaction has a moderate relationship with job performance and with customer satisfaction. Job satisfaction is also a moral obligation in many societies.

Affective organizational commitment (loyalty) refers to the employee's emotional attachment to, identification with, and involvement in a particular organization. This contrasts with continuance commitment, which is a calculative bond with the organization. Affective commitment improves motivation and organizational citizenship, and somewhat higher job performance, whereas continuance commitment is associated with lower performance and organizational citizenship. Companies build loyalty through justice and support, some level of job security, organizational comprehension, employee involvement, and trust.

The psychological contract refers to the individual's beliefs about the terms and conditions of a reciprocal exchange agreement between that person and another party. Transactional psychological contracts are primarily short-term economic exchanges, whereas relational contracts are long-term attachments that encompass a broad array of subjective

mutual obligations. Employees with high continuance commitment tend to have more transactional contracts, whereas employees with high affective commitment tend to have more of a relational psy-

chological contract. Meanwhile, employees and employers in Canada and other countries have shifted from a psychological contract based on job security and loyalty to one of employability.

KEY TERMS

Attitudes, p. 106	Emotions, p. 104	Organizational (affective) commitment, p. 120
Cognitive dissonance, p. 109	Employability, p. 125	Positive affectivity, p. 109
Continuance commitment, p. 120	Exit-voice-loyalty-neglect (EVLN) model, p. 117	Psychological contract, p. 123
Emotional dissonance, p. 111	Job satisfaction, p. 115	Trust, p. 122
Emotional intelligence, p. 113	Negative affectivity, p. 109	
Emotional labour, p. 110		

DISCUSSION QUESTIONS

1. After a few months on the job, Susan has experienced several emotional episodes ranging from frustration to joy about the work she has been assigned. Use the attitude model to explain how these emotions affect Susan's level of job satisfaction with the work itself.
2. A recent study reported that college instructors are frequently required to engage in emotional labour. Identify the situations in which emotional labour is required for this job. In your opinion, is emotional labour more troublesome for college instructors or for telephone operators working at a 911 emergency service?
3. "Emotional intelligence is more important than cognitive intelligence in influencing an individual's success." Do you agree or disagree with this statement? Support your perspective.
4. Describe a time when you effectively managed someone's emotions. What happened? What was the result?
5. The latest employee satisfaction survey in your organization indicates that employees are unhappy with some aspects of the organization. However, management tends to pay attention to the single-item question asking employees to indicate their overall satisfaction with the job. The results of this item indicate that 86 percent of staff members are very or somewhat satisfied, so management concludes that the other results refer to issues that are probably not important to employees. Explain why management's interpretation of these results may be inaccurate.
6. "Happy employees create happy customers." Discuss.
7. What factors influence an employee's organizational loyalty?
8. "The emerging psychological contract is employability." What is the employee's responsibility in this "new deal"?

CASE STUDY 4.1

THE LANGUAGE INCIDENT

By Beth Gilbert, University of New Brunswick, Saint John.

While studying business administration at a university in Ontario, Susan was fortunate enough to be selected to participate in an exchange program between the Ontario and Quebec provincial governments. Susan had pursued several French courses at university and was grateful for the

opportunity to live and work in a French environment. She looked forward to receiving career-related work experience in a different language and improving her French language skills.

Susan's co-workers in her department were very patient as she struggled to improve her French,

and her interactions with her French-speaking colleagues were positive. Things were going well until Susan had to go to another department in a distant part of the building to get some information. When she approached the clerk in the other department and requested the needed information in French, he looked flustered, turned red in the face, and without saying a word, hurried off to find someone who could speak English.

Susan was annoyed and embarrassed that the clerk had decided to bring in someone who could speak English. Although her French was far from perfect, she had always been able to make herself understood, with some effort on both parts. Susan

wondered why this had happened and what she could do differently in the future to avoid a similar situation occurring again.

Discussion Questions:

1. What happened? Specifically, what emotions might the clerk have been feeling? What emotions do you think Susan was feeling?
2. Why did this happen? Of what value is emotional intelligence in a situation such as this?
3. What could Susan and the clerk have done differently to improve the outcome?

CASE STUDY 4.2

STEVENS COMPUTING SYSTEMS

By James Buchkowsky, Saskatchewan Institute of Applied Science & Technology.

Stevens Computing Systems (SCS) is a software design and network solutions consulting firm. One of its key clients is a wholesale distributor that focuses on a call centre and online ordering business.

While SCS's founder and CEO, Shane Stevens, was on a much needed family vacation, a problem arose. Just as the Stevens family was boarding a tour bus for an afternoon of sightseeing, Shane got a page from head office. After hesitating for a moment, he sent the family on the tour and headed back to the hotel to call in.

Once on the phone, Shane was informed that a problem had occurred with the wholesaler ordering system when one of SCS's best programmers made a mistake while updating some software code. Apparently, recent orders worth several hundred thousand dollars were affected and now there was no way to sort out which ones had been processed. Naturally, the wholesaler's managers were livid and threatened everything from cancelling SCS's contract to legal action.

Shane resisted his initial reaction, which was to assign blame, and instead asked what had been done about the problem. He was told that his most senior manager had not gotten involved in solving the problem directly because he said he lacked the technical knowledge. However, the manager did

suspend the programmer who had made the error and tried to distance SCS as a company from her.

After ending the phone conversation, Shane decided to cut his vacation short, and returned home determined to personally resolve this situation. His first act was to go to the employee's home to tell her he understood nobody's perfect and that she was no longer suspended. Next, Shane organized all the available software designers and programmers to generate solutions for the problem. He then not only met with the wholesaler's managers but also entertained the entire management team at his country club.

In the end, the wholesaler's managers were satisfied with Shane's offer of a full range of computing services at a very attractive rate. This not only retained the existing contract but actually increased the amount of business between the two companies. And yes, the same SCS programmer, who had made the initial error, was once again providing system services to the wholesaler.

Discussion Question

1. Describe how Shane Stevens used each of the four components of emotional intelligence to solve the problems in this case.

RANKING JOBS ON THEIR EMOTIONAL LABOUR

Purpose This exercise is designed to help you understand the jobs in which people tend to experience higher or lower degrees of emotional labour.

Instructions

- *Step 1:* Individually rank the extent to which the jobs listed below require emotional labour. In other words, assign a “1” to the job you believe requires the most effort, planning, and control to express organizationally desired emotions during interpersonal transactions. Assign a “10” to the job you believe requires the least amount of emotional labour. Mark your rankings in column 1.
- *Step 2:* The instructor will form teams of 4 or 5 members and each team will rank the items based on consensus (not simply averaging the individual rankings). These results are placed in column 2.
- *Step 3:* The instructor will provide expert ranking information. This information should be written in column 3. Then, students calculate the differences in columns 4 and 5.
- *Step 4:* The class will compare the results and discuss the features of jobs with high emotional labour.

Occupational Emotional Labour Scoring Sheet					
Occupation	(1) Individual Ranking	(2) Team Ranking	(3) Expert Ranking	(4) Absolute Difference of 1 and 3	(5) Absolute Difference of 2 and 3
Bartender					
Cashier					
Dental hygienist					
Insurance adjuster					
Lawyer					
Librarian					
Postal clerk					
Registered nurse					
Social worker					
Television announcer					
			TOTAL		

(The lower the score, the better)

Your score

Team score

SCHOOL COMMITMENT SCALE

Purpose This exercise is designed to help you understand the concept of organizational commitment and to assess your commitment to the college or university you are attending.

Overview The concept of commitment is as relevant to students enrolled in college or university courses as it is to employees working in various organizations. This self-assessment adapts a popular organizational commitment instrument so it refers to your commitment as a student to the school where you are attending this program.

Instructions Read each of the statements below and circle the response that best fits your personal belief. Then use the scoring key in Appendix B of this book to calculate your results. This self-assessment is completed alone so that students can rate themselves honestly without concerns of social comparison. However, class discussion will focus on the meaning of the different types of organizational commitment and how well this scale applies to the commitment of students toward the college or university they are attending.

School Commitment Scale							
To what extent does each statement describe you? Indicate your level of agreement by marking the appropriate response on the right.	Strongly Agree	Moderately Agree	Slightly Agree	Neutral	Slightly Disagree	Moderately Disagree	Strongly Disagree
	▼	▼	▼	▼	▼	▼	▼
1. I would be very happy to complete the rest of my education at this school.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. One of the difficulties of leaving this school is that there are few alternatives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I really feel as if this school's problems are my own.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Right now, staying enrolled at this school is a matter of necessity as much as desire.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I do not feel a strong sense of belonging to this school.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. It would be very hard for me to leave this school right now even if I wanted to.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I do not feel emotionally attached to this school.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Too much of my life would be disrupted if I decided to move to a different school now.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I do not feel like part of the "family" at this school.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

School Commitment Scale (cont.)

To what extent does each statement describe you? Indicate your level of agreement by marking the appropriate response on the right.

	Strongly Agree ▼	Moderately Agree ▼	Slightly Agree ▼	Neutral ▼	Slightly Disagree ▼	Moderately Disagree ▼	Strongly Disagree ▼
10. I feel that I have too few options to consider leaving this school.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. This school has a great deal of personal meaning for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. If I had not already put so much of myself into this school, I might consider completing my education elsewhere.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Adapted from: J. P. Meyer, N. J. Allen, and C. A. Smith, "Commitment to organizations and occupations: Extension and test of a three-component model," *Journal of Applied Psychology*, 78 (1993), pp. 538–551.

SELF-ASSESSMENT EXERCISE 4.5

THE DISPOSITIONAL MOOD SCALE



Go to the Student CD for an interactive version of this exercise.

Purpose This exercise is designed to help you understand mood states or personality traits of emotions and to assess your own mood or emotion personality.

Instructions This self-assessment consists of several words representing various emotions that you might have experienced. For each word presented, indicate the extent to which you have felt

this way generally across all situations **over the past six months**. You need to be honest with yourself to receive a reasonable estimate of your mood state or personality trait on these scales. The results provide an estimate of your level on two emotional personality scales. This instrument is widely used in research, but it is only an estimate. You should not assume that the results are accurate without a more complete assessment by a trained professional.

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After studying the preceding material, be sure to check out our Online Learning Centre at

www.mcgrawhill.ca/college/mcshane

for more in-depth information and interactivities that correspond to this chapter.