INDIVIDUAL DIFFERENCES: PERSONALITY AND ABILITY

Overview

The Nature of Personality

The Big Five Model of Personality

Other Organizationally Relevant Personality Traits

The Nature of Ability

The Management of Ability in Organizations

Summary

Exercises in Understanding and Managing Organizational Behavior

Learning Objectives

After studying this chapter, you should be able to:

- Understand the nature of personality and how it is determined by both nature and nurture.
- Describe the Big Five personality traits and their implications for understanding behavior in organizations.
- Appreciate the ways in which other personality traits, in addition to the Big Five, influence employees' behaviors in organizations.
- Describe the different kinds of abilities that employees use to perform their jobs.
- Appreciate how organizations manage ability through selection, placement, and training.
Opening Case

FORGING INTO CHINA

What does it take to establish a new manufacturing facility in China?

Gary Heiman, CEO of the privately held Standard Textile Co., is no stranger to taking on new opportunities and challenges with a determination and dedication to make them succeed. Around thirty years ago when the small business founded by his grandfather was still selling bed sheets out of an apartment in Chicago, Heiman convinced his father to increase Standard’s wholesale operations and open a new factory in Israel near the Negev desert. Fast forward to 2006 and Standard—a manufacturer and distributor of textiles and apparel to hotels, hospitals, and factories—has over $500 million in annual revenues, operates in 49 countries, and has over 3,000 employees. Standard manufactures and sells an array of products ranging from scrubs, surgical gowns, and high-strength insulated coveralls for heavy industry to bed linens, towels, and decorative bedspreads and pillows. Not only is Standard committed to researching and developing new products to meet its customers’ needs but it is also keeping pace with the global economy.

Around 5 years ago, Heiman was convinced that Standard should open a new manufacturing facility in Asia given the area’s booming economic growth and relatively low-cost labor. True to his openness to new experiences and his conscientious determination to find the ideal location for the facility, Heiman spent a year traveling through Pakistan, India, the Philippines, and neighboring countries, before deciding to open the facility in Linyi, China, a relatively remote noncoastal city of 4 million halfway between Beijing and Shanghai. Heiman committed $23 million to open the Linyi facility and he has overcome numerous challenges in this new venture with persistence, determination, and dedication. When he was struggling to get the facility up and running, Heiman indicates that “Nothing, absolutely nothing, went right.” Problems ranged from a heating system that didn’t work for two weeks, custom machine parts made to order in China that did not fit machines imported from the United States, and polluted water to an over 15% increase in utility charges to run the plant. Unshaken by these challenges, Heiman was convinced that China was the place to be and he was determined to make this new venture a success.

Heiman’s adventurousness and hard work seem to be paying off and bed sheets manufactured in Linyi are now being shipped to the United States and also will soon be sold in China. In addition to relatively low labor costs in Linyi (about 40% less than they would be in Shanghai and more than 80% less than they would be in the United States), Standard’s Chinese employees are proving to be quick learners, becoming highly skilled after just a few weeks of training. For example, new employees with no prior textile-weaving experience, have so excelled at tying nearly imperceptible weavers’ knots when threads snap during high-speed weaving that they do not need to carry scissors with them as weavers normally do to snip off loose threads.
Overview

Each member of an organization has his or her own style and ways of behaving. Effectively working with others requires an understanding and appreciation of how people differ from one another. Gary Heiman, for example, is persistent and determined, qualities that have contributed to his success as CEO of Standard Textile. In order to effectively work with Heiman, it is important that Heiman’s subordinates and colleagues understand what he is like and what is important to him.

In this chapter, we focus on individual differences, the ways in which people differ from each other. Managers need to understand individual differences because they have an impact on the feelings, thoughts, and behaviors of each member of an organization. Individual differences affect, for example, job satisfaction, job performance, job stress, and leadership. Organizational members interact with each other on a daily basis, and only if they understand each other are their interactions likely to result in high levels of satisfaction and performance.

Individual differences may be grouped into two categories: personality differences and differences in ability. We focus on the nature, meaning, and determinants of personality and on the ways that personality and situational factors combine to influence feelings, thoughts, and behavior in organizations. We discuss specific personality traits that are particularly relevant to organizational behavior. We then turn our attention to differences in ability. After describing various types of ability, we discuss the key issue for managers: how ability can be managed to ensure that employees can effectively perform their jobs.

The Nature of Personality

People’s personalities can be described in a variety of ways. Some people seem to be perfectionists; they can be critical, impatient, demanding, and intense. Other kinds of people are more relaxed and easygoing. You may have friends or co-workers who always seem to have something to smile about and are fun to be around. Or perhaps you have friends or coworkers who are shy and quiet; they are hard to get to know and may sometimes seem dull. In each of

Heiman has found that Standard’s Chinese employees are motivated to learn and perform well, though they are not always comfortable taking the initiative, which may be due to China’s history of state-controlled factories. Of course, expansions into China like Standard’s are not without their critics who fear that ultimately jobs will be lost in the United States. And while Standard has not laid off U.S. employees and does not plan on doing so, it is estimated that, over the next five years, the U.S. garment and textile industry will lose around 30% of its 450,000 jobs. While Heiman acknowledges that textile manufacturing based in the United States is likely to decline, he suggests that textile manufacturers need to focus their efforts on R&D while at the same time being in step with the global economy.

Interestingly enough, while Heiman’s investment in establishing a manufacturing facility in Linyi has been both his largest investment and also the one that has caused him the most problems along the way as booming China moves from a state-controlled to a market economy, he is convinced that overcoming all the hurdles along the way was well worth the effort. As he puts it, “I know the potential is simply awesome.”
these examples, we are describing what people are generally like without referring to their specific feelings, thoughts, and behaviors in any given situation. In formulating a general description of someone, we try to pinpoint something that is relatively enduring about the person, something that seems to explain the regularities or patterns we observe in the way the person thinks, feels, and behaves.

**Personality** is the pattern of relatively enduring ways that a person feels, thinks, and behaves. Personality is an important factor in accounting for why employees act the way they do in organizations and why they have favorable or unfavorable attitudes toward their jobs and organizations. Personality has been shown to influence career choice, job satisfaction, stress, leadership, and some aspects of job performance.

**Determinants of Personality: Nature and Nurture**

Why are some employees happy and easygoing and others intense and critical? An answer to this question can be found by examining the determinants of personality: nature and nurture.

Personality is partially determined by **nature**, or biological heritage. The genes that you inherited from your parents influence how your personality has unfolded. Although specific genes for personality have not yet been identified, psychologists have studied identical twins in an attempt to discover the extent to which personality is inherited.

Because identical twins possess identical genes, they have the same genetic determinants of personality. Identical twins who grow up together in the same family have the same permissive or strict parents and similar life experiences. If the twins have similar personalities, it is impossible to identify the source of the similarity because they have not only the same genetic makeup but also similar life experiences.

In contrast, identical twins who are separated at birth and raised in different settings (perhaps because they are adopted by different families) share the same genetic material but often have very different life experiences. Evidence from research on separated identical twins and other studies suggests that approximately 50 percent of the variation we observe in people’s personalities can be attributed to nature—to genetic factors (see Exhibit 2.1).

Thus, about half of the variation we observe in employees’ personalities in organizations reflects the distinctive ways of thinking, feeling, and behaving they inherited from their parents. The other 50 percent reflects the influence of **nurture**, or life experiences.

Personality develops over time, responding to the experiences people have as children and as adults. Factors such as the strictness or permissiveness of a child’s parents, the number of other children in the family, the extent to which parents and teachers demand a lot from a child, success or lack of success at making friends or getting and keeping a job, and even the culture in which a person is raised and lives as an adult are shapers of personality.

Because about half of the variation in people’s personalities is inherited from their parents and, thus, is basically fixed at birth, it comes as no surprise that personality is quite stable over periods of time ranging from 5 to 10 years. This does not mean that personality cannot change; it means that personality is likely to change only over many years. Thus, the impact of any specific work situation or crisis on an employee’s personality is likely to be felt only if the situation continues for many years. An important outcome of this fact is that managers should not expect to change employees’ personalities. In fact, for all practical purposes, managers should view employees’ personalities as relatively fixed in the short run.

**EXHIBIT 2.1**

**Nature and Nurture: The Determinants of Personality**
Personality, nevertheless, is an important individual difference that managers and other organizational members need to take into account in order to understand why people feel, think, and act as they do in organizations. For example, realizing that an employee complains a lot and often gets upset because of his or her personality will help a manager deal with this type of employee, especially if the employee’s job performance is acceptable.

### Personality and the Situation

Because personality accounts for observable regularities in people’s attitudes and behaviors, it would seem reasonable to assert that it would account for such regularities at work. A substantial body of literature in psychology and a growing set of studies in organizational behavior suggest that personality useful for explaining and predicting how employees generally feel, think, and behave on the job. Personality has been shown to influence several work-related attitudes and behaviors, including job satisfaction (Chapter 3), the ability to handle work-related stress (Chapter 8), the choice of a career (Chapter 8), and leadership (Chapter 12). Because of personality, some people, like Gary Heiman in the opening case, are very conscientious about most things they do and, thus, perform at a higher level than do those who are not so conscientious, as we discuss later in this chapter.

However, in addition to personality, the organizational situation also affects work attitudes and behaviors. In some organizations, there are strong situational constraints and pressures (such as job requirements or strict rules and regulations) that force people to behave in a certain way, regardless of their personalities. For example, an employee on an assembly line manufacturing bicycles must put handlebars on each bicycle that passes by. A bike passes by every 75 seconds, and the employee has to be sure that the handlebars are properly attached to each bicycle within that time frame. It doesn’t matter whether the employee is shy or outgoing; regardless of his or her personality, the employee has a specific task to perform day in and day out in the same manner. Because the employee is not free to vary his or her behavior, personality is not useful for understanding or predicting job performance in this situation.

Consider another example. Employees at McDonald’s and other fast-food restaurants follow clearly specified procedures for preparing large quantities of burgers, fries, and shakes and serving them to large numbers of customers. Because each employee knows exactly what the procedures are and how to carry them out (they are spelled out in

When there are strong situational pressures to perform specific behaviors in a certain manner, as is the case on this assembly line, personality may not be a good predictor of on-the-job behavior.
As these two examples show, in organizations in which situational pressures on employees’ behaviors are strong, personality may not be a good predictor of on-the-job behavior. When situational pressures are weak, however, and employees have more choice about how to perform a job, personality plays a more important role, and what a person can put into his or her job performance will sometimes depend on the kind of person he or she is. For instance, a statewide English curriculum requires English teachers to teach Shakespeare’s *Macbeth* to high-school seniors, but the curriculum does not specify exactly how the play is to be taught. A teacher who is outgoing and has a flair for the dramatic may bring the play and its themes to life by dressing up in period costumes and acting out scenes. A teacher who is less outgoing may simply ask students to take turns reading aloud from the play or ask them to write a paper on how Shakespeare reveals a certain theme through the play’s dialogue and action. Both teachers are following the curriculum but, as you can see, their individual personalities affect how they do so.

By now it should be clear to you that both personality and situational factors affect organizational behavior. It is the interaction of personality and situational factors that determines how people think, feel, and behave in general and, specifically, how they do so within an organization (see Exhibit 2.2). Robert Greene, for example, is an executive in an advertising agency who is responsible for coming up with advertising campaigns and presenting them to the agency’s clients. Greene is a creative, achievement-oriented person who has good ideas and has developed the agency’s most successful and lucrative campaigns. But Greene is also shy and quiet and cannot always effectively communicate his ideas to clients. Greene’s personality and the situation combine or interact to determine his overall performance. He performs well when working on his own or with his team to develop advertising campaigns, but in interpersonal situations, such as when he presents his campaigns to clients, he performs poorly. A manager who understands this interaction can capitalize on the personality strengths (creativity and achievement orientation) that propel Greene to develop successful advertising campaigns. The manager can also guard against the possibility of clients having a negative reaction to Greene’s shyness by teaming him up for presentations with a gregarious executive whose strong suit is pitching campaigns to clients. If Greene’s manager did not understand how Greene’s personality and the situation interacted to shape Greene’s performance, the advertising agency might lose clients because of Greene’s inability to relate to them effectively and convince them of the merits of his campaigns.

Effective managers recognize that the various situations and personality types interact to determine feelings, thoughts, attitudes, and behaviors at work. An understanding of employees’ personalities and the situations in which they perform best enables a manager to help employees perform at high levels and feel good about the work they are doing. Furthermore, when employees at all levels in an organization understand how personality and the situation interact, good working relationships and organizational effectiveness are promoted.

As profiled in the following Focus on Diversity, the interactions of personality and situational factors often influence the kinds of positions and organizations people are attracted to and, ultimately, their effectiveness.
Liane Pelletier Transforms Alaska Communications

When a recruiting firm contacted Liane Pelletier to see if she was interested in becoming CEO of Alaska Communications Systems (ACS), Pelletier wavered, but not for long. At the time, Pelletier was a senior vice president at Sprint where she had worked for the past seventeen years. Why was Pelletier attracted to the position at ACS? And why would this Connecticut-born executive who loves to travel consider moving to Alaska, which makes travel a time-consuming endeavor since it can take over 3 hours just to fly from Anchorage to Seattle?

The combination of Pelletier’s love for adventure and new experiences, the opportunity to leverage her industry experience, and the challenge of remaking ACS actually made the decision to head up ACS a relatively easy one for Pelletier. Pelletier has always had an adventurous side—hiking along the Appalachian trail, venturing down the Amazon River, and, now, snowshoeing in Alaska are the kinds of activities she seeks out and enjoys—so moving to Alaska appealed to this aspect of her personality.

As a seasoned manager in the telecommunications industry, the position at ACS represented an exciting opportunity to revamp Alaska’s largest local exchange carrier and the only local provider who has its own local, long distance, wireless, and Internet infrastructure. When Pelletier came to ACS, she discovered that the company was organized around products rather than customers. Different divisions would provide different kinds of services to customers without regard to how these same customers might be using other products provided by other divisions. Pelletier restructured ACS to focus on the customer—how to better serve customers through the multiple products and services that ACS provides. Now, sales and service to customers are integrated across product lines, and employees receive training so that they are knowledgeable about all of ACS’s products. Customer-focused growth and improving wireless service are priorities for ACS and Pelletier’s efforts to transform ACS have paid off in terms of increases in ACS’s earnings and stock price. Clearly, the combination of Pelletier’s love of adventure, her skills and expertise as a seasoned telecommunications executive, and the opportunity to transform ACS to better serve its customers and expand its range of products and services have all contributed to her effectively transforming ACS.

Focus on Diversity

Liane Pelletier’s love for adventure, in combination with her skills and expertise gained from years of experience in the telecommunications industry, have contributed to her effectively transforming Alaska Communications Systems to better serve its customers and expand its range of products.

Personality: A Determinant of the Nature of Organizations

Ben Schneider, a prominent organizational researcher at the University of Maryland, has come up with an interesting view of the way in which personality determines the nature of whole organizations. He calls his schema the attraction-selection-attrition (ASA) framework. Schneider proposes that the “personality” of a whole organization is largely a product of the
The Big Five Model of Personality

When people describe other people, they often say things like “She’s got a lot of personality,” meaning that the person is fun loving, friendly, and outgoing, or “He’s got no personality,” meaning that the person is dull and boring. In fact, there is no such thing as a lot of personality or no personality; everyone has a specific type of personality.

Because personality is an important determinant of how a person thinks, feels, and behaves, it is helpful to distinguish between different types of personality. Researchers have spent considerable time and effort trying to identify personality types. One of the most important ways that researchers have found to describe a personality is in terms of traits. A trait is a specific component of personality that describes the particular tendencies a person has to feel, think, and act in certain ways, such as in a shy or outgoing, critical or accepting, compulsive or easygoing manner. In the opening case, Gary Heiman of Standard Textile was described as being conscientious and open to new experiences; as you will learn, conscientiousness and openness to experience are actually two personality traits.

Researchers have identified many personality traits, and most psychologists agree that the traits that make up a person’s personality can be organized in a hierarchy.31 The Big Five model of personality places five general personality traits at the top of the trait hierarchy: extraversion, neuroticism, agreeableness, conscientiousness, and openness to experience (see Exhibit 2.3).32 Each of the Big Five traits is composed of various specific traits. Extraversion (the tendency to have a positive outlook on life), for example, consists of specific traits such as positive emotions, gregariousness, and warmth. The Big Five and the specific traits lower in the hierarchy are universal. They can be used to describe the personalities of people regardless of their age, gender, race, ethnicity, religion, socioeconomic background, or country of origin.

Each of the general and specific traits represents a continuum along which a certain aspect or dimension of personality can be placed. A person can be high, low, average, or anywhere in between on the continuum for each trait. Exhibit 2.4 shows a profile of a person...
EXTRAVERSION
The tendency to experience positive emotional states and feel good about oneself and the world around one; also called positive affectivity.

NEUROTICISM
The tendency to experience negative emotional states and view oneself and the world around one negatively; also called negative affectivity.

EXHIBIT 2.3
The Hierarchical Organization of Personality


who is low on extraversion, high on neuroticism, about average on agreeableness and conscientiousness, and relatively high on openness to experience. To help you understand what a Big Five personality profile means, we describe the extremes of each trait next. Keep in mind that a person’s standing on the trait could be anywhere along the continuum (as in Exhibit 2.4).

Extraversion
Extraversion, or positive affectivity, is a personality trait that predisposes individuals to experience positive emotional states and feel good about themselves and about the world around them. Extraverts—people high on the extraversion scale—tend to be sociable, affectionate, and friendly. Introverts—people low on the extraversion scale—are less likely to experience positive emotional states and have fewer social interactions with others. At work, extraverts are more likely than introverts to experience positive moods, be satisfied with their jobs, and generally feel good about the organization and those around them. Extraverts also are more likely to enjoy socializing with their coworkers. They may do particularly well in jobs requiring frequent social interaction, such as in sales and customer-relations positions.

Of course, people who are low on extraversion can succeed in a variety of occupations. For example, Steve Case, former chairman and CEO of America Online and AOL Time Warner, is often described as not being high on extraversion.

An example of a personality scale that measures a person’s level of extraversion is provided in Exhibit 2.5.

Neuroticism
In contrast to extraversion, neuroticism—or negative affectivity—reflects people’s tendencies to experience negative emotional states, feel distressed, and generally view themselves and the world around them negatively. Individuals high on neuroticism are more likely than individuals low on neuroticism to experience negative emotions and stress over time and across situations. Individuals who are high on neuroticism are more likely to
Agreeableness

Agreeableness is the trait that captures the distinction between individuals who get along well with others and those who do not. Likability in general and the ability to care for others and to be affectionate characterize individuals who are high on agreeableness. Individuals low on agreeableness are antagonistic, mistrustful, unsympathetic, uncooperative, unsympathetic, and rude. A low measure of agreeableness might be an advantage in jobs that require a person to be somewhat antagonistic, such as a bill collector or a drill sergeant. Agreeable individuals generally are easy to get along with and are team players. Agreeableness can be an asset in jobs that hinge on developing good relationships with other people. An example of a scale that measures agreeableness is provided in Exhibit 2.7.

Conscientiousness

Conscientiousness is the extent to which an individual is careful, scrupulous, and persevering. Individuals high on conscientiousness are organized and have a lot of self-discipline. Individuals low on conscientiousness may lack direction and self-discipline.

Experience negative moods at work, feel stressed, and generally have a negative orientation toward the work situation. Often, the term neurotic is used in the media and popular press to describe a person who has a psychological problem. Neuroticism, however, is a trait that all normal, psychologically healthy individuals possess to a certain degree.

Individuals high on neuroticism are sometimes more critical of themselves and their performance than are people low on neuroticism. That tendency may propel them to improve their performance. As a result, they may be particularly proficient in certain situations, such as ones that require a high degree of quality control, critical thinking, and evaluation. Individuals high on neuroticism may also exert a needed “sobering” influence during group decision making by playing devil’s advocate and pointing out the negative aspects of a proposed decision. Individuals low on neuroticism do not tend to experience negative emotions and are not as critical and pessimistic as their high-neuroticism counterparts. An example of a personality scale that measures neuroticism is provided in Exhibit 2.6.

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Exhibit 2.5

A Measure of Extraversion or Positive Affectivity


Instructions: Listed below is a series of statements a person might use to describe her or his attitudes, opinions, interests, and other characteristics. If a statement is true or largely true, put a “T” in the space next to the item. If the statement is false or largely false, mark an “F” in the space.

1. It is easy for me to become enthusiastic about things I am doing.
2. I often feel happy and satisfied for no particular reason.
3. I live a very interesting life.
4. Every day I do some things that are fun.
5. I usually find ways to liven up my day.
6. Most days I have moments of real fun or joy.
7. I often feel sort of lucky for no special reason.
8. Every day interesting and exciting things happen to me.
9. In my spare time I usually find something interesting to do.
10. For me, life is a great adventure.
11. I always seem to have something pleasant to look forward to.

Scoring: Level of extraversion or positive affectivity is equal to the number of items answered “True.”
CHAPTER 2 • INDIVIDUAL DIFFERENCES: PERSONALITY AND ABILITY

EXHIBIT 2.6
A Measure of Neuroticism or Negative Affectivity


Conscientiousness is important in many organizational situations and has been found to be a good predictor of performance in many jobs in a wide variety of organizations. Roger Salquist, entrepreneur and CEO of the successful Calgene Inc. (now part of Monsanto Corporation), is known for his attention to details. When trying to win U.S. Food and Drug Administration (FDA) approval for his genetically altered tomato, for instance, Salquist made over 25 trips to Washington, DC, and was relentless in his efforts to provide the FDA and other agencies with all the scientific data he could in support of the safety of his tomato. Salquist’s conscientiousness paid off because the FDA agreed that no special labeling or testing would be necessary for genetically engineered foods such as Calgene’s new tomato.

In the opening case, it is also clear that Gary Heiman of Standard Textile is high on conscientiousness. Of course, in order for conscientiousness to result in high performance, employees need to have the capabilities or skills needed to be high performers. For example, a recent study found that when job performance depends on being effective interpersonally, conscientiousness was only positively related to performance among those employees who had high social skills.

An example of a scale that measures conscientiousness is provided in Exhibit 2.7.

Openness to Experience

The last of the Big Five personality traits, openness to experience, captures the extent to which an individual is original, open to a wide variety of stimuli, has broad interests, and is willing to take risks as opposed to being narrow-minded and cautious. Recall Gary Heiman’s openness to experience in the opening case. For jobs that change frequently, require innovation, or involve considerable risk, individuals who are open to experience may have an

Being open to new experiences and willing to take risks has paid off handsomely for billionaire Mark Cuban, the colorful owner of the Dallas Mavericks. Cuban made his first million founding a computer company after college—without ever having taken an information systems class.

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Please answer every statement, even if you are not completely sure of the answer. Read each statement carefully, but don’t spend too much time deciding on the answer.

_____ 1. I often find myself worrying about something.
_____ 2. My feelings are hurt rather easily.
_____ 3. Often I get irritated at little annoyances.
_____ 4. I suffer from nervousness.
_____ 5. My mood often goes up and down.
_____ 6. I sometimes feel “just miserable” for no good reason.
_____ 7. Often I experience strong emotions—anger, anxiety—without really knowing what causes them.
_____ 8. I am easily startled by things that happen unexpectedly.
_____ 9. I sometimes get myself into a state of tension and turmoil as I think of the day’s events.
_____ 10. Minor setbacks sometimes irritate me too much.
_____ 11. I often lose sleep over my worries.
_____ 12. There are days when I’m “on edge” all of the time.
_____ 13. I am too sensitive for my own good.
_____ 14. I sometimes change from happy to sad, or vice versa, without good reason.

Scoring: Level of neuroticism or negative affectivity is equal to the number of items answered “True.”

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Openness to Experience

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advantage. For openness to experience to be translated into creative and innovative behavior in organizations, however, the organization must remove obstacles to innovation. Moreover, jobs and tasks must not be too closely defined so that job holders are able to use their openness to experience to come up with new ideas.

Entrepreneurs, who are often characterized as risk takers, frequently start their own businesses because the large organizations that employed them placed too many restrictions on them and gave them too little reward for innovation and risk taking. Although openness to experience clearly is an advantage for entrepreneurs and those performing jobs that require innovation, organizations also need people to perform jobs that do not allow much opportunity for originality. In addition, organizations are sometimes afraid to take the risks that employees high on openness to experience may thrive on. An example of a personality scale that measures openness to experience is provided in Exhibit 2.7.

Sometimes the combination of high openness to experience and high conscientiousness can be beneficial when employees need to make difficult decisions in uncertain times. This has proven to be the case for Fujio Mitarai, CEO of Canon, Inc., as profiled in the accompanying Global View.

### EXHIBIT 2.7

Measure of Agreeableness, Conscientiousness, and Openness to Experience

Listed below are phrases describing people’s behaviors. Please use the rating scale below to describe how accurately each statement describes you. Describe yourself as you generally are now, not as you wish to be in the future. Describe yourself as you honestly see yourself, in relation to other people you know of the same sex as you are, and roughly your same age.

<table>
<thead>
<tr>
<th>Very inaccurate</th>
<th>Moderately inaccurate</th>
<th>Neither inaccurate nor accurate</th>
<th>Moderately accurate</th>
<th>Very accurate</th>
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</thead>
<tbody>
<tr>
<td>1. Am interested in people.</td>
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<tr>
<td>2. Have a rich vocabulary.</td>
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<td>3. Am always prepared.</td>
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<td>4. Am not really interested in others.*</td>
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<td>5. Leave my belongings around.*</td>
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<td>6. Have difficulty understanding abstract ideas.*</td>
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<td>7. Sympathize with others’ feelings.</td>
<td></td>
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<tr>
<td>8. Pay attention to details.</td>
<td></td>
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<tr>
<td>9. Have a vivid imagination.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10. Insult people.*</td>
<td></td>
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</tr>
<tr>
<td>11. Make a mess of things.*</td>
<td></td>
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<tr>
<td>12. Am not interested in abstract ideas.*</td>
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<tr>
<td>13. Have a soft heart.</td>
<td></td>
<td></td>
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<tr>
<td>14. Get chores done right away.</td>
<td></td>
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<tr>
<td>15. Have excellent ideas.</td>
<td></td>
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<tr>
<td>16. Am not interested in other people’s problems.*</td>
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<td></td>
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<tr>
<td>17. Often forget to put things back in their proper place.*</td>
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<tr>
<td>18. Do not have a good imagination.*</td>
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<tr>
<td>19. Take time out for others.</td>
<td></td>
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<tr>
<td>20. Like order.</td>
<td></td>
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<tr>
<td>21. Am quick to understand things.</td>
<td></td>
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<tr>
<td>22. Feel little concern for others.*</td>
<td></td>
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<td></td>
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<tr>
<td>23. Shirk my duties.*</td>
<td></td>
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<tr>
<td>24. Use difficult words.</td>
<td></td>
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<tr>
<td>25. Feel others’ emotions.</td>
<td></td>
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<tr>
<td>26. Follow a schedule.</td>
<td></td>
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<tr>
<td>27. Spend time reflecting on things.</td>
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<tr>
<td>28. Make people feel at ease.</td>
<td></td>
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<td></td>
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<tr>
<td>29. Am exacting in my work.</td>
<td></td>
<td></td>
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<tr>
<td>30. Am full of ideas.</td>
<td></td>
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</tbody>
</table>

*Items reverse scored: 1=5; 2=4; 4=2; 5=1

**Scoring:**

- **Agreeableness** = Sum of items 1, 4, 7, 10, 13, 16, 19, 22, 25, 28
- **Conscientiousness** = Sum of items 3, 5, 8, 11, 14, 17, 20, 23, 26, 29


**OPENNESS TO EXPERIENCE**

The extent to which a person is original, has broad interests, and is willing to take risks.
Global View

Fujio Mitarai Cuts Costs and Develops New Products at Canon

Fujio Mitarai, Chairman and CEO of Canon, Inc., has turned around Canon’s fortunes and more than tripled its net profits since assuming top management positions at this global camera, printer, fax, and copier maker over a decade ago. Mitarai has made many changes at Canon—changes that reflect his high levels of conscientiousness and openness to experience. Mitarai realized that to revitalize Canon he needed to cut costs and boost profitability. His conscientiousness helped him to take the steps needed to make this happen: shutting down weak businesses and divisions, pushing employees to always be on the lookout for ways to cut costs, and rewarding employees for increasing sales and profitability.\(^\text{41}\)

Whereas Mitarai’s discipline has served Canon well, so has his high level of openness to experience, which has influenced him throughout his life. As a child who only knew the Japanese language and culture, he longed to go overseas. After a few years at Canon in Japan, in 1966 he transferred to the company’s New York office, where he remained for 23 years, building the camera and copier business for Canon in the United States. In 1989, he returned to Japan as managing director prior to assuming the CEO position.\(^\text{42}\)

Mitarai’s openness to both the Japanese and the American ways of managing has led him to become somewhat of a role model for other executives, and he was recently named one of *BusinessWeek’s* “Best Managers.”\(^\text{43}\) For example, consistent with American practices, he believes in merit pay to reward high performers; consistent with Japanese practices, he values loyalty and, thus, is an advocate of lifetime employment. Rather than appoint outsiders to the board of directors to keep top management on track, he prefers the value-added contributions insiders on the board can make. However, he also recognizes the need for the oversight of management that is accomplished by empowering auditors to play a more active role in corporate governance.\(^\text{44}\)

Mitarai’s openness to experience has even changed the way that Canon manufactures its cameras and copiers. In Japan, Mitarai replaced its traditional assembly lines used for production with a “cell” system. Each cell is made up of six workers who assemble products in a small area rather than on a long assembly line. Cell production has proven to be much more efficient than assembly lines in Japan, and Canon is now implementing the new method in its production facilities outside of Japan. Looking to the future, Mitarai
PART 1 • INDIVIDUALS IN ORGANIZATIONS

Conclusions
Research suggests that the Big Five traits are important for understanding work-related attitudes and behaviors and, thus, our understanding of organizational behavior. As we discuss in more detail in Chapter 9, for example, neuroticism or negative affectivity is useful in understanding stress in the workplace. Researchers have found that individuals high on negative affectivity are more likely to indicate that there are significant stressors in the workplace and to experience stress at work. Research has also shown that individuals high on extraversion or positive affectivity are more likely to feel good at work and be satisfied with their jobs. These people are likely to perform well in jobs such as sales and management, which require social interaction.

As you have undoubtedly recognized from our discussion of the Big Five traits, there is no such thing as a good or bad personality profile. Each person is unique and has a different type of personality that may be suited to different kinds of organizational situations. Good managers need to understand and learn to deal with people of all personality types.

You’re the Management Expert

Understanding a New Employee

Marty Feldman owns a music store that caters to all kinds of musicians ranging from beginners to professionals. The store sells many varieties of music for different instruments and takes special orders for hard-to-find music and instruments. Located in the heart of New York City, Feldman prides himself not only on the store’s extensive musical offerings but also on his very knowledgeable staff, many of whom are, themselves, practicing musicians. Feldman recently added a new member to his staff, Paul Carvacchio. Carvacchio is a pianist who plays in a local symphony, gives piano lessons to children and adults, tunes pianos, and works part-time in the store as its specialist pianist. Feldman continues to be impressed with Carvacchio’s knowledge and expertise. Recently, Feldman observed Carvacchio helping a customer who was a first-time piano buyer; Feldman was impressed with how Carvacchio helped the customer identify a piano that would best suit her needs and budget, and the customer recently placed a special order to purchase the piano through the store. Moreover, she signed up for the store’s maintenance and piano-tuning service. However, Feldman continues to be puzzled by Carvacchio’s seeming dissatisfaction with the job. Carvacchio periodically complains about small things and tends to be quite critical when mishaps occur in the store. Feldman recently asked Carvacchio how things were going and if he liked working at the store, and Carvacchio indicated that everything was fine and he had no complaints. Yet Feldman is afraid that Carvacchio didn’t tell him the whole story. As an expert in organizational behavior, Feldman has come to you for help. Why does Carvacchio sometimes act like he is dissatisfied with working at the store when he has indicated he likes his job and he is performing well?
CHAPTER 2 • INDIVIDUAL DIFFERENCES: PERSONALITY AND ABILITY

Other Organizationally Relevant Personality Traits

Several other specific personality traits are relevant to understanding and managing behavior in organizations (see Exhibit 2.8).

Locus of Control

People differ in how much control they believe they have over situations they are in and over what happens to them. Some people think they have relatively little impact on their surroundings and little control over important things that happen in their lives. Others believe that they can have a considerable impact on the world around them and on the path their lives take. The locus-of-control trait captures this difference among individuals.49

“Externals,” or individuals with an external locus of control, tend to believe that outside forces are largely responsible for their fate, and they see little connection between their own actions and what happens to them. “Internals,” or individuals with an internal locus of control, think that their own actions and behaviors have an impact on what happens to them. When people with an internal locus of control perform well, they are likely to attribute their performance to qualities within themselves, such as their own abilities or efforts. When people with an external locus of control perform well, they are likely to attribute their performance to external forces such as luck, the effects of powerful people, or simply the fact that the task was easy. In organizations, internals are more easily motivated than externals. Internals do not need as much direct supervision because they tend to believe their work behaviors influence important outcomes such as how well they perform their jobs and the pay increases, praise, job security, and promotions they receive.

Self-Monitoring

Self-monitoring is the extent to which people try to control the way they present themselves to others.50 High self-monitors want their behavior to be socially acceptable and are attuned to any social cues that signal appropriate or inappropriate behavior. They strive to behave in a situationally appropriate manner. For example, if they are in a meeting and see others making suggestions, they will try to make suggestions as well. They are also good at managing the impressions that others have of them. In contrast, low self-monitors are not particularly sensitive to cues indicating acceptable behavior, nor are they overly concerned about behaving in a situationally appropriate manner. For example, they may act bored in a meeting with the president of an organization or they might voice their concerns in a job...
interview about working long hours. People who are low self-monitors are guided by their own attitudes, beliefs, feelings, and principles and are not too concerned about what others think of their behaviors.

High self-monitors are more likely than low self-monitors to tailor their behavior to fit a given situation. Thus, high self-monitors may perform especially well in jobs such as sales or consulting, which require employees to interact with different types of people on a regular basis. In addition, because high self-monitors can modify their behavior to approximate what individuals or groups expect of them, they are particularly effective when an organization needs someone to communicate with an outside group whose support is being sought, such as when a nonprofit organization tries to secure donations from wealthy individuals.

Low self-monitors are more likely than high self-monitors to say what they think is true or correct and are not overly concerned about how others will react to them. Thus, low self-monitors may be especially adept at providing organizational members with open, honest feedback (particularly when it’s negative) and playing devil’s advocate in decision-making groups. A scale that measures self-monitoring is provided in Exhibit 2.9.

EXHIBIT 2.9
A Measure of Self-Monitoring

Instructions: Please indicate the extent to which each of the following statements is true or false for you personally.

1. I find it hard to imitate the behavior of other people.
2. At parties and social gatherings, I do not attempt to do or say things that others will like.
3. I can only argue for ideas that I already believe.
4. I can make impromptu speeches even on topics about which I have almost no information.
5. I guess I put on a show to impress or entertain others.
6. I would probably make a good actor.
7. In a group of people, I am rarely the center of attention.
8. In different situations and with different people, I often act like very different persons.
9. I am not particularly good at making other people like me.
10. I’m not always the person I appear to be.
11. I would not change my opinions (or the way I do things) in order to please someone or win their favor.
12. I have considered being an entertainer.
13. I have never been good at games like charades or improvisational acting.
14. I have trouble changing my behavior to suit different people and different situations.
15. At a party I let others keep the jokes and stories going.
16. I feel a bit awkward in public and do not show up quite as well as I should.
17. I can look anyone in the eye and tell a lie with a straight face (if for a right end).
18. I may deceive people by being friendly when I really dislike them.

Scoring: Individuals high on self-monitoring tend to indicate that questions 4, 5, 6, 8, 10, 12, 17, and 18 are true and that questions 1, 2, 3, 7, 9, 11, 13, 14, 15, and 16 are false.
Self-Esteem

Self-esteem is the extent to which people have pride in themselves and their capabilities. Individuals with high self-esteem think they are generally capable and worthy people who can deal with most situations. Individuals with low self-esteem question their self-worth, doubt their capabilities, and are apprehensive about their ability to succeed in different endeavors.

Self-esteem has several implications for understanding behavior in organizations. Self-esteem influences people’s choices of activities and jobs. Individuals with high self-esteem are more likely than individuals with low self-esteem to choose challenging careers and jobs. Once they are on the job, individuals with high self-esteem may set higher goals for themselves and be more likely to tackle difficult tasks. High self-esteem also has a positive impact on motivation and job satisfaction. Clearly, Gary Heiman’s high self-esteem has contributed to his success at Standard Textile. It must be kept in mind, however, that people with low self-esteem can be just as capable as those with high self-esteem, in spite of their self-doubts.

Type A and Type B Personalities

In the popular press, you will often hear someone referred to as a “Type A” or read that “Type A personalities” are prone to high blood pressure. Individuals who are Type A have an intense desire to achieve, are extremely competitive, have a sense of urgency, are impatient, and can be hostile. Such individuals have a strong need to get a lot done in a short time period and can be difficult to get along with because they are so driven. They often interrupt other people and sometimes finish their sentences for them because they are so impatient. More relaxed and easygoing individuals are labeled Type B.

Because they are able to accomplish so much, Type A’s would seem to be ideal employees from the organization’s perspective, especially in situations in which a lot of work needs to be done in a short amount of time. However, because they can be difficult to get along with, Type A’s may not be effective in situations that require a lot of interaction with others. Consistent with this observation, one study found that Type A managers were more likely to have conflicts with their subordinates and with coworkers than were Type B managers. Type A employees are not particularly good team players and often work best alone. In addition, Type A’s may get frustrated in long-term situations or projects because they like to see results quickly.

Another important difference between Type A and Type B individuals has received a lot of attention in the popular press. Type A individuals are more likely than Type B’s to have coronary heart disease. In fact, two heart doctors identified this trait after they realized that many of their heart-attack patients were very impatient, sometimes hostile, and always in a hurry and watching the clock. Some research suggests that a tendency toward hostility is particularly responsible for Type A’s heart problems.

Needs for Achievement, Affiliation, and Power

David McClelland has done extensive research on three traits that are present in all people to varying degrees: the need for achievement, the need for affiliation, and the need for power. Individuals with a high need for achievement have a special desire to perform challenging tasks well and to meet one’s own high standards. Individuals with a high need for affiliation have a strong need to get a lot done in a short amount of time. However, because they can be difficult to get along with, Type A’s may not be effective in situations that require a lot of interaction with others. Consistent with this observation, one study found that Type A managers were more likely to have conflicts with their subordinates and with coworkers than were Type B managers. Type A employees are not particularly good team players and often work best alone. In addition, Type A’s may get frustrated in long-term situations or projects because they like to see results quickly.

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It is not surprising, therefore, that a high need for achievement often goes hand in hand with career success. This has been the case for Flight Operations Vice-President Captain Deborah McCoy, who oversees more than 8,700 flight attendants and 5,200 pilots at Continental Airlines. As a teenager, McCoy worked at a grocery store to earn money to take flying lessons. She joined Continental as a pilot in 1978 and has since been promoted many times, leading up to her current high-ranking position.

Individuals with a high need for affiliation are especially concerned about establishing and maintaining good relations with other people. They not only want to be liked by others but they also want everyone to get along with everyone else. As you might expect, they like working in groups, tend to be sensitive to other people's feelings, and avoid taking actions that would result in interpersonal conflict. In organizations, individuals with a high need for affiliation are especially likely to be found in jobs that require a lot of social interaction. Although they make good team players, a manager might not want a group to be composed primarily of individuals with a high need for affiliation because the group might be more concerned about maintaining good interpersonal relations than about actually accomplishing its tasks. Individuals with a high need for affiliation may also be less effective in situations in which they need to evaluate others because it may be hard for them to give negative feedback to a coworker or a subordinate—a task that might disrupt interpersonal relations.

Individuals with a high need for power have a strong desire to exert emotional and behavioral control or influence over others. These individuals are especially likely to be found in managerial jobs and leadership positions, which require one person to exert influence over others. Individuals with a high need for power may actually be more effective as leaders than those with a low need for power. In a study of the effectiveness of former presidents of the United States, for example, Robert House of the University of Pennsylvania and his colleagues found that a president’s need for power was a good predictor of his performance and effectiveness in office. The power-level needs of a president were assessed by analyzing his inaugural speeches for thoughts and ideas indicative of the need for power. From the opening case, it is clear that Gary Heiman has a high need for power, which contributes to his effectiveness as CEO of Standard Textile.

What combination of the needs for achievement, affiliation, and power results in higher managerial motivation and performance? Although it might seem that high levels of all three are important for managerial effectiveness, research by Michael Stahl suggests that managers should have a high need for achievement and power. A high need for affiliation might not necessarily be a good quality in managers because they may try too hard to be liked by their subordinates instead of trying to lead them to higher performance levels. Stahl’s findings on managerial effectiveness primarily apply to lower- and middle-level managers. For top executives and managers, the need for power appears to be the need that dominates all others in determining their success.

How Personality Is Measured

We have been discussing the various traits that make up an individual’s personality without much mention of how to determine an individual’s standing on any of these traits. By far the most common and cost-effective means of assessing the personality traits of adults is through scales developed to measure personality. To complete these scales, individuals answer a series of questions about themselves. Exhibits 2.5, 2.6, 2.7, and 2.9 provide examples of scales that measure the Big Five personality traits and self-monitoring. Personality scales like these are often used for research purposes, for example, to determine how people who vary on these traits respond to different work situations. Although the use of such scales always runs the risk of respondents intentionally distorting their answers to portray themselves in a desirable fashion, research suggests that this is not a significant problem.

The Nature of Ability

When looking at individual differences and the way they affect the attitudes and behaviors of employees, we must look not only at each employee’s personality but also at the abilities, aptitudes, and skills the employee possesses. Those terms are often used interchangeably. In
our discussion, however, we focus on ability, which has been defined as “what a person is capable of doing.” Ability has important implications for understanding and managing organizational behavior. It determines the level of performance an employee can achieve and, because the effectiveness of an organization as a whole depends on the performance levels of all individual employees—from janitors and clerks to upper managers and the CEO—ability is an important determinant of organizational performance. Two basic types of ability affect performance: cognitive or mental ability and physical ability.

Cognitive Ability

Psychologists have identified many types of cognitive ability and grouped them in a hierarchy. The most general dimension of cognitive ability is general intelligence. Below general intelligence are specific types of cognitive ability that reflect competence in different areas of mental functioning (see Exhibit 2.10). Eight types of cognitive ability identified and described by psychologist Jum Nunnally, whose work was based in part on the pioneering work of L. L. and T. G. Thurstone in the 1940s, are described in Exhibit 2.11.

Research suggests that cognitive ability predicts performance on the job, as long as the ability in question is relied on in performing the job. For example, numerical ability is unlikely to predict how well a writer or comedian will perform on the job. To understand the relation between cognitive ability and job performance, one needs to identify the abilities that are required to effectively perform the job. In the previous example, verbal ability is especially likely to be important for a writer or comedian. Thus, this is the cognitive ability most likely to predict success in these jobs. Cognitive ability also is an important contributor to group or team performance.

Physical Ability

People differ not only in cognitive ability but also in physical ability. Two types of physical abilities are motor and physical skills. A motor skill is the ability to physically manipulate objects in an environment. A physical skill is a person’s fitness and strength. E. A. Fleishman has devoted considerable attention to identifying and studying physical ability and has concluded that there are 11 basic motor skills (such as reaction time, manual dexterity, and speed of arm movement) and nine physical skills (such as static strength, which includes the ability to lift weights and stamina).

Where Do Abilities Come from and How Are They Measured?

Like personality, both cognitive ability and physical ability are determined by nature and nurture (see Exhibit 2.12). General intelligence is determined by the genes we inherit from our parents (nature) and by situational factors (nurture). Standardized tests such as the GMAT (General Management Aptitude Test) or the SAT (Scholastic Aptitude Test) are designed to measure certain basic aptitudes and abilities that people are probably born with, but we know that people’s scores on these tests change over time and that situational changes such as repeated training on practice exams can improve performance. Moreover, an individual may be genetically endowed with superior intelligence, but if that person grows up in a severely impoverished environment (characterized by poor nutrition, irregular school attendance, or parents who are drug abusers), his or her scores on standard intelligence tests will probably suffer.
Surgeons like those who separated Ahmed and Mohamed Ibrahim—Egyptian twins conjoined at the head—need both cognitive and physical skills. The delicate, intricate procedure required a year of planning and 26 hours of prior surgery to complete. The twins were separated in 2003.

### EXHIBIT 2.11

**Cognitive Abilities**

<table>
<thead>
<tr>
<th>Ability</th>
<th>Description</th>
<th>Examples of jobs in which the ability is especially important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verbal ability</td>
<td>Ability to understand and use written and spoken language</td>
<td>Comedians, teachers, lawyers, writers</td>
</tr>
<tr>
<td>Numerical ability</td>
<td>Ability to solve arithmetic problems and deal with numbers</td>
<td>Waiters, investment bankers, engineers, accountants</td>
</tr>
<tr>
<td>Reasoning ability</td>
<td>Ability to come up with solutions for problems and understand the principles</td>
<td>Therapists, interior designers, car mechanics, computer software designers</td>
</tr>
<tr>
<td>Deductive ability</td>
<td>Ability to reach appropriate conclusions from an array of observations or</td>
<td>Medical researchers, detectives, scientists, investigative reporters</td>
</tr>
<tr>
<td></td>
<td>evaluate the implications of a series of facts</td>
<td></td>
</tr>
<tr>
<td>Ability to see</td>
<td>The ability to see how two things are related to each other and then apply</td>
<td>Anthropologists, travel agents, consultants, wedding planners</td>
</tr>
<tr>
<td>relationships</td>
<td>this knowledge to other relationships and solutions</td>
<td></td>
</tr>
<tr>
<td>Ability to recall</td>
<td>Ability to recall things ranging from simple associations to complex groups</td>
<td>Translators, salespeople, managers, researchers</td>
</tr>
<tr>
<td></td>
<td>of statements or sentences</td>
<td></td>
</tr>
<tr>
<td>Spatial ability</td>
<td>Ability to determine the location or arrangement of objects in relation to</td>
<td>Air traffic controllers, architects, clothing designers, astronauts</td>
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<tr>
<td></td>
<td>one’s own position and to imagine how an object would appear if its position</td>
<td></td>
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<tr>
<td></td>
<td>in space were altered</td>
<td></td>
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<tr>
<td>Perceptual</td>
<td>Ability to uncover visual patterns and see relationships within and across</td>
<td>Professional photographers, airplane pilots, cruise ship captains, landscape</td>
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<tr>
<td></td>
<td>patterns</td>
<td>designers</td>
</tr>
</tbody>
</table>
Both nature and nurture also determine physical ability. Height, bone structure, limb length, and relative proportions are genetically determined and cannot be changed. Through practice and training such as weight-lifting and aerobic exercise, however, people can enhance some of their physical and motor skills.

Researchers have developed many accurate paper-and-pencil measures of cognitive ability; managers can often rely on the results of these tests as useful indicators of the underlying ability they are measuring. The tests can be used to ensure that prospective employees have the types of ability necessary to perform a job, to place existing employees in different jobs in an organization, to identify individuals who might need additional training, and to evaluate how successful training programs are in raising ability levels (we discuss each of these issues in the next section). Before using any of these tests, however, managers have to make sure that the tests are ethical and do not unfairly discriminate against different kinds of employees. Some tests of cognitive ability have been criticized for being culturally biased. Critics say that they ask questions that, because of differences in the test takers’ ethnic backgrounds, may be relatively easy for members of certain groups to answer and more difficult for members of other groups to answer.

Physical ability can be measured by having a person engage in the activity he or she would have to do on the job. For example, managers who need to see whether a prospective employee is strong enough to deliver, unpack, and set up heavy appliances could ask the individual to lift progressively heavier weights to determine the level of his or her static strength. New York City Sanitation Department evaluates the physical ability of prospective employees by having them pick up trash bags and toss them into garbage trucks.

Although organizations spend considerable time and effort to ensure the people they hire have the abilities they need to be effective in their jobs, sometimes people are not given the opportunity to use their abilities on the job. A recent study of over 600 managers and 700 hourly employees found that two thirds of the managers and employees surveyed thought that their companies used only about 50 percent of their employees’ cognitive abilities.

Even some IT professionals believe that their abilities are not being effectively utilized. A recent study of over 200 IT professionals found that over 40 percent of them were so bored at work that they thought about quitting their current jobs. Hence, in addition to ensuring that employees have the abilities needed to perform at a high level, organizations should also strive to give them the opportunity to use them.

Cognitive and physical abilities can degenerate or become impaired because of disease, drug or alcohol abuse, excessive levels of stress, or fatigue. In many organizations, it is important to accurately assess the ability level of an employee to know what he or she is capable of doing, but it is also necessary to know when and why that ability may become impaired. Organizations have traditionally responded to impairment by testing employees for substance abuse. This has, indeed, been found to reduce illegal drug use.

Drug testing can detect the presence of drugs and alcohol, but it does not tap into impairment due to other factors like excessive fatigue or disease. Another problem with conducting a drug test is that it usually takes at least two to three days to get back the results. In response to those problems, some firms have developed “fitness for duty” performance tests to determine whether employees can safely perform their jobs. Some of these tests involve the use of computer terminals and games that measure accuracy and reaction time against an employee’s baseline score.

Emotional Intelligence: A New Kind of Ability

Psychologists have identified a new kind of ability that is not so much concerned with cognitive or physical capabilities but rather with emotional capabilities. Emotional intelligence is the ability to understand and manage one’s own feelings and emotions and the feelings and
Emotional intelligence also helps promote effective functioning and well-being among employees. People differ in terms of the extent to which they know how they, themselves, are feeling, why they are feeling that way, and their ability to manage those feelings. Similarly, they differ in their ability to understand what other people are feeling and why, and their ability to influence or manage the feelings of others. Emotional intelligence describes these individual differences. An example of a scale that measures emotional intelligence is provided in Exhibit 2.13.

Research on emotional intelligence is in its early stages. However, it is plausible that emotional intelligence may facilitate job performance in a number of ways and a low level of emotional intelligence may actually impair performance. For example, psychologist Martin Seligman found that salespeople at Metropolitan Life who were high on optimism (an aspect of emotional intelligence) sold considerably more insurance policies than salespeople who were less able to manage their feelings and think positively. As another example, a recent study conducted by Kenneth Law and colleagues found that emotional intelligence predicted levels of life satisfaction among students and levels of job performance among employees in Hong Kong and the People’s Republic of China.

EXHIBIT 2.13
A Measure of Emotional Intelligence

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<tr>
<th></th>
<th>1. I have a good sense of why I have certain feelings most of the time.</th>
</tr>
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<tr>
<td>2</td>
<td>2. I always know my friends’ emotions from their behavior.</td>
</tr>
<tr>
<td>3</td>
<td>3. I always set goals for myself and then try my best to achieve them.</td>
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<td>4</td>
<td>4. I am able to control my temper so that I can handle difficulties rationally.</td>
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<td>5</td>
<td>5. I have good understanding of my own emotions.</td>
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<td>6</td>
<td>6. I am a good observer of others’ emotions.</td>
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<td>7</td>
<td>7. I always tell myself I am a competent person.</td>
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<tr>
<td>8</td>
<td>8. I am quite capable of controlling my own emotions.</td>
</tr>
<tr>
<td>9</td>
<td>9. I really understand what I feel.</td>
</tr>
<tr>
<td>10</td>
<td>10. I am sensitive to the feelings and emotions of others.</td>
</tr>
<tr>
<td>11</td>
<td>11. I am a self-motivating person.</td>
</tr>
<tr>
<td>12</td>
<td>12. I can always calm down quickly when I am very angry.</td>
</tr>
<tr>
<td>13</td>
<td>13. I always know whether or not I am happy.</td>
</tr>
<tr>
<td>14</td>
<td>14. I have good understanding of the emotions of people around me.</td>
</tr>
<tr>
<td>15</td>
<td>15. I would always encourage myself to try my best.</td>
</tr>
<tr>
<td>16</td>
<td>16. I have good control of my own emotions.</td>
</tr>
</tbody>
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Scoring: Self-Emotions Appraisal = sum of items 1, 5, 9, 13
Others-Emotions Appraisal = sum of items 2, 6, 10, 14
Use of Emotion = sum of items 3, 7, 11, 15
Regulation of Emotion = sum of items 4, 8, 12, 16

Emotional intelligence led Sir Rocco Forte to create a leading luxury hotel management company in Europe by helping him understand what customers want. Despite his expertise and success, Forte says the real asset of his hotels is its employees.

Recent theorizing and research suggest that emotional intelligence is an especially important ability for leaders and managers, enabling them to understand and relate well to others as well as understand themselves. Emotional intelligence also helps leaders and managers maintain their enthusiasm and confidence and communicate a vision to followers that will energize them to work toward organizational goals. Jing Zhou and Jennifer George, professors at Rice University, have theorized that leaders' emotional intelligence might be especially important for awakening employee creativity. For Sir Rocco Forte, CEO of Forte Hotels, the ability to understand how customers feel and determine what they want is the key to excellent customer service.

Emotional intelligence sometimes plays a subtle but important role in effective workplace behaviors. For example, consider the case of Jane, who was hired by George McCown of McCown Dee Leeuw, a buy-out company in Menlo Park, California, to help determine which companies are good purchase opportunities. Jane was highly intelligent with excellent numerical skills and a top-notch educational background. McCown sent Jane to visit a company he was interested in purchasing. After visiting the company and performing various calculations, Jane advised McCown to buy the company because the numbers looked good. McCown, however, decided to visit the company himself, and he was glad he did. As he puts it, “I could tell in the first two minutes of talking to the CEO that he was experiencing serious burnout. The guy was being overwhelmed by problems. On paper, things looked great. But he knew what was coming down the line. Jane had missed those cues completely.” Evidently, Jane’s low level of emotional intelligence prevented her from understanding how the CEO of the targeted company was feeling and why—cues her boss was able to pick up on. Jane is no longer with McCown Dee Leeuw.

Andrea Jung, CEO and chair of Avon Products, is a firm believer in the importance of emotional intelligence. As she puts it, “Emotional intelligence is in our DNA here at Avon because relationships are critical at every stage of our business.”

Understanding people and relationships clearly has paid off for Christine Poon, Vice Chairman of Johnson & Johnson (J&J) and Worldwide Chairman for J&J’s Medicines and Nutritional. While holding one of the highest-ranking positions in J&J, Poon doesn’t act like a “celebrity manager”; she believes that all employees make a company successful, not just those at the very top. Poon’s high level of emotional intelligence is reflected in her philosophy, management style, and how she interacts with people. Poon has an easygoing demeanor and seems down to earth, yet she is a careful and deliberate decision maker. Equally important to her is fostering a work environment where respect for employees, customers, and the general public is valued. She has the confidence and emotional stamina to take on what
might seem to be insurmountable challenges and conquers them in an easygoing manner. Poon is intelligent and creative and encourages those around her to be equally inquisitive and ask questions.  

Being results oriented and driven to succeed, Poon realizes that her employees drive that success, so she treats them as equal members of her team.

The Management of Ability in Organizations

Although we have mentioned the many types of ability that people possess, only a few abilities are likely to be relevant for the performance of any particular job. Managerial work, for example, requires cognitive ability, not very many physical abilities, and probably some degree of emotional intelligence, whereas being a grocery-store shelf stocker or a car washer requires mainly physical ability. A brain surgeon, for instance, must rely on cognitive and physical abilities when performing highly complicated and delicate operations.

For managers, the key issue regarding ability is to make sure that employees have the abilities they need to perform their jobs effectively. There are three fundamental ways to manage ability in organizations to ensure that this match-up happens: selection, placement, and training.

Selection

Managers can control ability in organizations by selecting individuals who have the abilities they need. This first involves identifying the tasks they want the employees to accomplish and the abilities they need to do them. Once these abilities are identified, managers then have to develop accurate measures of them. The key question at this point is whether a person’s score on an ability measure is actually a good predictor of the task that needs to be performed. If it isn’t, there is no point in using it as a selection device. Furthermore, it would be unethical to do so. An organization that uses an inappropriate measure and rejects capable applicants leaves itself open to potential lawsuits for unfair hiring practices. But if the ability measure does predict task performance, then managers can use it as a selection tool to ensure that the organization has the mix of abilities it needs to accomplish its goals.

Placement

Once individuals are selected and become part of an organization, managers must accurately match each employee to a job that will capitalize on his or her abilities. Again, managers need to identify the ability requirements of the jobs to be filled, and they need accurate measures of these abilities. Once these measures are available, the aim is to place employees in positions that match their abilities. Placement, however, involves more than just assigning new employees to appropriate positions. It also becomes an issue in horizontal moves or promotions within the organization. Obviously, an organization wants to promote only its most able employees to higher-level positions.

Training

Selection and placement relate to the nature aspects of ability. Training relates to the nurture aspects of ability. Training can be an effective means of enhancing employees’ abilities. We often think that the goal of training is to improve employees’ abilities beyond the minimum level required. Frequently, however, organizations use training to bring employees’ skills up to some minimum required level. Extensive research suggests that job-appropriate training is effective in increasing employees’ skills and abilities and, ultimately, their performance.

To gain a competitive advantage, organizations often need to use new and advanced technology to lower costs and increase quality, efficiency, and performance. Companies that use advanced technology often find that their employees’ abilities and skills are deficient in a number of ways. In the factories of the past, most employees could get by with sheer physical strength and stamina, but those days are largely gone. In today’s technical world, higher levels of skill are generally needed. Companies like General Electric, Motorola, The Container Store, and Milliken have found that investments in training more than pay off in terms of high performance. At Oregon-based Umpqua Bank, employees receive training in all banking areas so everyone is qualified to help customers in their banking needs and customers are not
kept waiting. Interestingly enough, in China’s booming economy where skilled employees are in short supply and high demand, companies are finding that providing training and learning opportunities can be an effective means of recruiting and retaining employees.

Training can also be used to increase the emotional intelligence of employees. In order for emotional intelligence training to succeed, however, employees must recognize the importance of emotional intelligence and be motivated to improve their own emotional capabilities. Emotional intelligence training typically begins with an accurate assessment of the employee’s strengths and weaknesses. Someone who is very familiar with the employee’s on-the-job behaviors and is trusted by the employee should provide this assessment. Employees then need to practice handling different situations and reflect on what went well and what didn’t. Throughout the process, the support of a trusted confidant or coach can help them realistically analyze their own feelings and behaviors and the feelings and behaviors of others. As employees begin to develop more effective ways of interacting with others, their emotional intelligence has the potential to increase. Today, emotional intelligence training is becoming more commonplace. Avon and Metropolitan Life are among the many companies that offer emotional intelligence training to their employees.

Summary

The two main types of individual differences are personality differences and ability differences. Understanding the nature, determinants, and consequences of individual differences is essential for managing organizational behavior. Because people differ so much from each other, an appreciation of the nature of individual differences is necessary to understand why people act the way they do in organizations. In this chapter, we made the following major points:

1. Personality is the pattern of relatively enduring ways that a person feels, thinks, and behaves. Personality is determined both by nature (biological heritage) and nurture (situational factors). Organizational outcomes that have been shown to be predicted by personality include job satisfaction, work stress, and leadership effectiveness. Personality is not a useful predictor of organizational outcomes when there are strong situational constraints. Because personality tends to be stable over time, managers should not expect to change personality in the short run. Managers should accept employees’ personalities as they are and develop effective ways to deal with people.

2. Feelings, thoughts, attitudes, and behaviors in an organization are determined by the interaction of personality and situation.

3. The Big Five personality traits are extraversion (or positive affectivity), neuroticism (or negative affectivity), agreeableness, conscientiousness, and openness to experience. Other personality traits particularly relevant to organizational behavior include locus of control, self-monitoring, self-esteem, Type A and Type B personalities, and the needs for achievement, affiliation, and power.

4. In addition to possessing different personalities, employees also differ in their abilities, or what they are capable of doing. The two major types of ability are cognitive ability and physical ability.

5. Types of cognitive ability can be arranged in a hierarchy with general intelligence at the top. Specific types of cognitive ability are verbal ability, numerical ability, reasoning ability, deductive ability, ability to see relationships, ability to remember, spatial ability, and perceptual ability.

6. There are two types of physical ability: motor skills (the ability to manipulate objects) and physical skills (a person’s fitness and strength).

7. Both nature and nurture contribute to determining physical ability and cognitive ability. A third, recently identified, ability is emotional intelligence.

8. In organizations, ability can be managed by selecting individuals who have the abilities needed to accomplish tasks, placing employees in jobs that capitalize on their abilities, and training employees to enhance their ability levels.
Exercises in Understanding and Managing Organizational Behavior

Questions for Review

1. Why is it important to understand that both nature and nurture shape an employee’s personality?
2. What are some situations in which you would not expect employees’ personalities to influence their behavior?
3. What are some situations in which you would expect employees’ personalities to influence their behavior?
4. Is it good for organizations to be composed of individuals with similar personalities? Why or why not?
5. A lawyer needs to score high on which of the Big Five personality traits? Why?
6. What are some jobs or situations in which employees who are high on agreeableness would be especially effective?
7. When might self-monitoring be dysfunctional in an organization?
8. What levels of the needs for achievement, power, and affiliation might be desirable for an elementary school teacher?
9. What types of abilities are especially important for an upper-level manager (such as the president of a division) to possess? Why?
10. What are the three ways in which ability can be managed in organizations?

OB: Increasing Self-Awareness

Characteristics of People and Jobs

Choose a job that you are very familiar with—a job that you currently have, a job that you used to have, or the job of a close family member or friend. Or the job could be one that you have been able to observe closely during your interaction with an organization as a customer, client, or patient. For the job of your choosing, respond to the following items.

1. Describe the job, including all the tasks that the jobholder must perform.
2. Choose two of the Big Five personality traits that you think would have the most impact on the jobholder’s feelings, thoughts, attitudes, and behaviors. Explain why you think these traits might be particularly important for understanding the jobholder’s reactions.
3. Identify three of the organizationally relevant personality traits that you think would affect performance on this job and explain why you think they are likely to be important.
4. Which of the jobholder’s behaviors are primarily determined by the situation and not personality?
5. What cognitive abilities must the jobholder possess?
6. What physical abilities must the jobholder possess?
7. How can selection and placement be used to ensure that prospective jobholders have these abilities?
8. How can an organization train jobholders to raise levels of these abilities?
A Question of Ethics

Emotional intelligence—the ability to understand and manage one’s own and other people’s moods and emotions—can be increased through training. When people are high on emotional intelligence, they are better able to understand and use emotions to influence others. However, people can be influenced in positive and negative ways. As an example of the latter, historical atrocities and cult tragedies have been attributed to the ability of certain individuals to have high levels of influence over others.

Questions

1. What are the ethical implications of emotional intelligence training?
2. What steps can organizations take to ensure that employees’ emotional intelligence is put to good use and not used for personal gain or unethical purposes?

Small Group Break-Out Exercise

Understanding Situational Influences

Form groups of three or four people and appoint one member as the spokesperson who will communicate your conclusions to the rest of the class.

1. Take a few minutes to think about a recent incident in which you behaved in a manner that was inconsistent with your personality and/or abilities.
2. Take turns describing these situations and why you behaved the way you did.
3. As a group, develop a list of the characteristics of situations in which people’s behavior is primarily determined by the context or situation and in which individual differences play a very minor role.
4. Think of reasons why it is important for employees and managers to be aware of situational influences on work behavior.

Topic for Debate

Personality and ability have major implications for how people feel, think, and behave in organizations. Now that you have a good understanding of these individual differences, debate the following issue:

Team A. Organizations should select or hire prospective employees on the basis of their personality traits.

Team B. Organizations should not select or hire prospective employees on the basis of their personality traits.

Experiential Exercise

Individual Differences in Teams

Objective
In organizations like Merck & Co., the pharmaceuticals giant, and Microsoft Corporation, the leading producer of computer software, research scientists or computer programmers often work together in small teams on complex, path-breaking projects to create new drugs or computer software. Team members interact closely, often over long time periods, in order to complete their projects. Individual differences in personality and ability provide teams not only with valued resources needed to complete their projects but also with
potential sources of conflict and problems. Your objective is to understand how individual differences in personality and ability affect people’s behavior in teams.

Procedure
The class divides into groups of three to five people, and each group appoints one member as spokesperson to present the group’s findings to the whole class. Each group discusses how the personalities and abilities of team members may affect team performance and may cause conflict and problems. Using the knowledge of personality and ability gained in this chapter, each group answers the following questions.

1. Do certain personality traits make people good team members? If so, what are they and why are they important? If not, why not?
2. Is it more effective for teams to be composed of members who have different personality types or similar personality types?
3. What kinds of abilities make people good team members?
4. Should team members have similar or different kinds and levels of abilities?

When all the groups are finished discussing these issues, the spokespersons take turns presenting the groups’ findings to the rest of the class, and the instructor lists the findings on the board.

New York Times Cases in the News

“The Math Whiz vs. the Media Moguls in a Battle for Millions,”

Henry C. Yuen is in a protracted legal struggle with Rupert Murdoch, over Mr. Yuen’s management of Gemstar and its troubled accounting.

Amid the flash of the Internet bubble, Henry C. Yuen, the chairman and chief executive of Gemstar-TV Guide International, did things his way.

Despite running a company worth more than $20 billion in early 2000 and being partners with Rupert Murdoch’s News Corporation, he operated out of low-rent offices in Pasadena, Calif. A visitor to the headquarters recalls that using a fax machine required unplugging the telephone because there was only one line. A former Gemstar employee recalled Mr. Yuen driving to lunch four blocks from the office, but then parking two blocks away to avoid paying a valet charge.

But even as Mr. Yuen was pinching pennies, he was manipulating hundreds of millions in revenue to make the company look more profitable, according to prosecutors and investors.

Mr. Yuen was forced out as Gemstar’s chairman and chief executive more than three years ago, after the company acknowledged that revenue had been inflated and the stock price collapsed. News Corporation’s involvement with Mr. Yuen—it owns 41 percent of Gemstar—resulted in 2002 in a $6 billion writedown, the biggest such hit Mr. Murdoch has taken in his storied career.

An investigation into Mr. Yuen’s conduct by the Securities and Exchange Commission, and a tangle of other litigation, show that Mr. Yuen, a mathematician and lawyer who built Gemstar by developing and aggressively defending patents for television viewing, still casts a long shadow over the News Corporation and Mr. Murdoch.

News Corporation, through Gemstar, has pursued Mr. Yuen with unusual vigor, going so far as to file a victim statement asking a court to overturn Mr. Yuen’s plea agreement in a criminal case. In addition to his other legal troubles, including a class-action lawsuit, Mr. Yuen faces an arbitration dispute with Gemstar, in which Mr. Murdoch seeks to force Mr. Yuen to return earnings totaling some $100 million, including $2 million in annual salary he still receives under the severance agreement.

Neither Mr. Murdoch nor Mr. Yuen would comment for this article. But several people who work closely with Mr. Murdoch say Gemstar’s tough stance has been a response to Mr. Yuen’s hardball tactics.

“Rupert doesn’t look back, he doesn’t spend a lot of time thinking about Henry,” Lawrence A Jacobs, group general counsel for the News Corporation, said in an interview. He added, however, “This is one of the few people we’ve ever dealt with who clearly committed fraud.”

Ripples from the Gemstar debacle go beyond financial losses. Gemstar represented the beginnings of a partnership between News Corporation and the media billionaire John C. Malone that has become hotly contentious.
Last month, in a civil action brought by the S.E.C., a federal district judge in Los Angeles ruled that Mr. Yuen had committed accounting fraud while running Gemstar by misrepresenting some $200 million worth of revenue in seven transactions from 1999 to 2002. At a hearing Wednesday, the judge, Mariana R. Pfeifer, will deliberate on the S.E.C.’s request that Mr. Yuen pay more than $60 million in restitution. Mr. Arkin said his client intended to appeal. Separately, a spokesman for the United States attorney in Los Angeles said a criminal inquiry on Mr. Yuen was continuing.

Mr. Arkin, who is 57, has maintained that he was the target of an orchestrated effort by Mr. Murdoch’s allies to commandeer the business he had built.

His lawyer, Stanley S. Arkin, asserted: “To some extent, this company, News Corporation, set out to blow up my guy and they did it. It’s too bad it came to this. I think we have severely diminished our opportunity to benefit from the genius of Henry Yuen and his vision and entrepreneurship.”

Gemstar’s early chapters were far more promising for Mr. Yuen. The son of a Hong Kong lawyer, he moved to the United States when he was 17 to study mathematics at the University of Wisconsin and then at the California, Institute of Technology in Pasadena. At Caltech, he became friends with another doctoral student, Daniel Kwoh, with whom he would found Gemstar in 1989. “He played soccer very well, even though he was kind of smallish—he was very fast, very decisive,” Mr. Kwoh recalled in an interview.

Mr. Yuen went on to gain a law degree from Loyola University. He put his knowledge of math and law together with Mr. Kwoh to invent VCR Plus, a patented system for simplifying the way people program their videocassette recorders. Although relatively few people used VCR Plus, Gemstar was able to persuade both hardware makers and publishers of TV listings, including Mr. Murdoch’s TV Guide, to pay license fees for it.

Mr. Yuen’s next innovation was to buy up companies that had developed interactive programming guides that would help navigate the growing numbers of TV options.

Mr. Yuen could be ruthless. Outside Gemstar, he acquired the nickname “patent terrorist” for his willingness to sue potential partners like Thomson Electronics or Time Warner. Framed copies of the company’s patents decorated the conference room.

Within the company, he was abrupt and secretive as a chief executive, and former colleagues say his only confidant was Elsie M. Leung, Gemstar’s longtime chief financial officer. Three Gemstar employees said Mr. Yuen would suddenly turn to Ms. Leung in meetings with other executives and begin speaking with her in Cantonese. “I would not say of Henry that sweetness and diplomacy were his strong suit,” Mr. Arkin said.

In another of Mr. Yuen’s many legal tangles, he has been in lengthy litigation with his ex-wife, Molly Yuen, the mother of two of his four children. She contended in a 1996 lawsuit that Mr. Yuen forged her signature on divorce documents a decade earlier and that she was not aware of the faked divorce for years. She argued that the divorce was intended to deprive her of a claim on Mr. Yuen’s growing fortune. Mr. Yuen denied the accusations and, although the divorce matter was settled in 2000, the couple remains in litigation over payments Mr. Yuen stopped making to her two years later.

Mr. Kwoh left the company in 1997 after what he described as a dispute over business strategy, which he declined to elaborate on. Although he and Mr. Yuen both live in Pasadena, they have not spoken since, Mr. Kwoh said.

Mr. Malone and Mr. Murdoch had tried separately and together to buy out Mr. Yuen. They both coveted Gemstar’s rich profit margins from licensing; in 1998 the company had a profit of $38.7 million on revenue of $126 million. Indeed, amid the hoopla over convergence at the time, Mr. Yuen thought that his on-screen guide would be the ultimate tollkeeper for the media and told colleagues that Gemstar would someday be bigger than Microsoft.

After his efforts to buy Gemstar failed, Mr. Malone became a big shareholder in TV Guide by merging a company with his own on-screen guide business into it. Then in 1999, Mr. Murdoch proposed to Mr. Yuen that Gemstar acquire TV Guide for $9.2 billion in stock. This time, he agreed, with conditions: Mr. Murdoch would end up the biggest shareholder, but he would get an employment contract putting him firmly in charge for five years.

Mr. Yuen next turned to buying companies to produce so-called electronic-book readers. Mr. Murdoch hailed Mr. Yuen in Business Week magazine as a brilliant strategist.

But cultures and strategies clashed. Mr. Murdoch felt that TV Guide was being neglected in favor of Mr. Yuen’s electronic ventures. He began convening weekly management meetings at TV Guide’s offices in New York that Mr. Yuen would attend by teleconference. According to one person who attended, Mr. Yuen would often put the meeting on hold after only a few minutes, leaving the sound of Muzak coming through the speaker as his contribution.

In private meetings, Mr. Murdoch and Peter Chernin, News Corporation’s president, pressured Mr. Yuen to replace Ms. Leung as chief financial officer. Mr. Yuen refused. Mr. Yuen’s lawyers described this as “a campaign to take over Gemstar and oust Dr. Yuen” in court filings, but News Corporation officials and lawyers deny this. They say they became increasingly concerned that Gemstar, under Mr. Yuen and Ms. Leung’s direction, was overstating the growth prospects for the electronic publishing guides.

The Gemstar board began an internal investigation that led to revenue restatements that would total some $330 million. As the accounting issues became public in 2002, Gemstar’s stock withered and the boardroom turned venomous, Mr. Yuen and Mr. Murdoch met several times—accompanied only by Mr. Arkin on Mr. Yuen’s side or Mr. Chernin with Mr. Murdoch—to negotiate a graceful exit for Mr. Yuen.

Those negotiations led to Mr. Yuen’s and Ms. Leung’s departures in November 2002. But to Mr. Yuen’s surprise, a nearly $30 million severance negotiated with Mr. Murdoch was placed in escrow by Gemstar at the behest of the S.E.C.

Mr. Yuen has admitted that shortly after Gemstar received a broad subpoena from the S.E.C., he deleted information from a hard drive in his Gemstar office, including e-mail and corporate documents. Then, the day before he was scheduled to testify before the S.E.C., Mr. Yuen installed a program that erased other files. A week later, he had the hard drive removed from his office, according to the criminal plea he entered into last year.
Mr. Yuen’s lawyers say this was an error in judgment, not an admission that he had committed fraud. In pleading guilty to the obstruction charge last October, Mr. Yuen had agreed to serve six months of home detention and spend two years on probation. But both the S.E.C. and Gemstar in its victim’s brief, petitioned a federal district judge, John Walter, to reject the deal.

Richard L. Stone, a lawyer for Gemstar with Hogan & Hartson in Los Angeles, argued that as a result of the conduct by Mr. Yuen and others, Gemstar had already paid more than $70 million to settle shareholder lawsuits, plus a $10 million fine to the S.E.C.

In addition to the billions of dollars in market value Gemstar’s shareholders had lost, Mr. Stone said, Gemstar has incurred more than $100 million in legal fees related to investigating and pursuing Mr. Yuen.

In December 2005, Judge Walter rejected the terms of the plea and Mr. Yuen withdrew it.

Last year Mr. Yuen struck a deal with the S.E.C. under which he would have paid some $14 million and avoided trial. But Mr. Yuen insisted that the money come from the frozen $30 million severance. When the judge rejected that request, Mr. Yuen told his lawyer, “I have no other funds.” This was unexpected, given that, among other earnings, Mr. Yuen had sold $59 million of Gemstar stock in the spring of 2002.

The S.E.C.’s case against Mr. Yuen proceeded to trial, where he and Ms. Leung testified that he did not knowingly order or commit any accounting fraud. In her ruling against Mr. Yuen on March 20, Judge Pfaelzer wrote that she “did not find the testimony of either Yuen or Leung to be persuasive or credible.”

All the others implicated in the Gemstar troubles, including Ms. Leung; Gemstar’s auditor, KPMG; and three other former Gemstar executives have agreed to settle the S.E.C. claims against them. KPMG had paid $10 million, and Ms. Leung has agreed to pay $1.35 million.

For Mr. Murdoch’s company, one of the scars from its involvement with Mr. Yuen is a deal it concluded with Mr. Malone shortly after the merger, in September 2000. Mr. Malone traded his 21 percent interest in Gemstar-TV Guide for a roughly 12 percent nonvoting interest in the News Corporation that, combined with 6 percent he already held, made him the conglomerate’s largest shareholder outside the Murdoch family.

Given the coming collapse in Gemstar shares, that proved to be a brilliant move for Mr. Malone. Two years ago, he surprised Mr. Murdoch by converting his stock into voting shares. Last year, Mr. Murdoch put in place a poison pill to stave off his erstwhile friend and partner.

Gemstar now occupies a relatively quiet corner of the News Corporation. Mr. Murdoch’s and Mr. Yuen’s vision for the electronic programming guide as a major money maker has yet to materialize.

Mr. Yuen has spent much of his time since Gemstar at a house in the Pasadena hills and at another house in Laguna Beach, Calif. People close to Mr. Yuen wonder why he did not move on from Gemstar while he had the chance. Had he taken the buyout offers for the company in the late 1990’s he would have walked away with $300 million.

Another former member of Gemstar’s management team, who, like others interviewed for this article asked not to be identified because of the litigation surrounding Mr. Yuen, recalled asking Mr. Yuen shortly after the merger with TV Guide why he had not cashed out.

Mr. Yuen’s response: “Sitting at the beach with all that money is my idea of hell.”

Questions for Discussion
1. Based on the material in the case and the chapter content, how would you describe Henry Yuen’s personality?
2. How might his personality and the situation he was in have contributed to his actions at Gemstar?
3. How would you characterize his abilities?
4. Based on the information in the case, do you think he is high or low on emotional intelligence? Why? Be specific.

The New York Times

Served as King of England, Said the Résumé
By Matt Villano, March 19, 2006, Section 3, p. 9

Q. You need to update your résumé. To what degree is it acceptable to embellish your skills and experience?

A. A résumé is your best shot at persuading prospective employers to meet you in person and learn more about you, but if you veer from the truth, you’re out of line.

“A résumé can be attention-grabbing, startling, interesting, intriguing, provocative, entertaining, wry, amusing or funny,” said Barry A. Liebling, president of Liebling Associates, a management consulting firm in New York. “But all of that means nothing if the content isn’t real.”

Q. How often do people falsify résumés?

A. Evidently, fairly often Nick Fishman, executive vice president of Background Information Services, a pre-employment screening company in Cleveland, said his organization found that 56 percent of résumés contained falsehoods of some kind. “When you consider these numbers,” Mr. Fishman said, “if you’re not the one who’s falsifying something, your neighbor probably is.”

Even high-level employees sometimes engage in false advertising. Last month,
for example, David J. Edmondson, the former chief executive of Radio Shack, the electronics retail chain based in Fort Worth, resigned after acknowledging that he had claimed to have two college degrees but actually had none.

**Q. Why do people lie on their résumés?**

**A.** “Most applicants do it because they are insecure about their experiences and want to seem more qualified,” said Robert S. Feldman, professor of psychology at the University of Massachusetts in Amherst. “When we want to try to be likable, we shade things to put them in the best possible light.” Mr. Feldman said. “Unless people are pretty sure that résumé is going to be checked, it’s tempting to shade reality and make one’s prior experiences more flowery.”

Rachel Weingarten, president of GTK Marketing Group, an entertainment marketing firm in Brooklyn, says one lie begets another. “With a lot of people, when they first put in something that’s untrue, it’s not a grandiose lie, but instead a minor detail,” she said. “Over time, they add to it until they’ve got a completely different experience, and they believe every word.”

**Q. Which facts are commonly misrepresented?**

**A.** You name it, people have made it up. A 2003 survey by the Society of Human Resource Management, a trade association in Alexandria, Va., found that 44 percent of 2.6 million respondents said they had misstated their work experience on their résumés. And a 2004 report by the Federal Bureau of Investigation estimated, based on a sampling, that 500,000 people in the United States had listed false college degrees on their résumés and work applications.

Donna Flagg, a principal of the Krysalis Group, a human resources consulting firm in New York, said grade point averages were often liberally rounded upward, turning a 3.6 into a 4.0. Then there’s the nebulous timeline, which Michelle Roccia, vice president of Human Resources at Authoria, a staffing company in Waltham, Mass., described as stretching the duration of employment to eliminate gaps.

“A candidate might say they worked at a company ‘from 2004–2005,’ but in fact, that person only worked at the company from November 2004 to January 2005, which is hardly a full year,” Ms. Roccia said.

People also tend to exaggerate their skills. Anna Ivey, author of “The Ivey Guide to Law School Admissions” (Harcourt, 2005), says unscrupulous applicants may falsely claim knowledge of a language or a computer program.

“All it takes is one interviewer who happens to speak the language to call your bluff, and that one fudge undermines the credibility of everything else you say about yourself,” Ms. Ivey, who lives in Orlando, Fla., said.

**Q. Is it wrong to omit certain facts or experiences to disguise age?**

**A.** If the information on your résumé is accurate, you are free to leave in or take out whatever you like. George F. Brenila, a partner at the New York law firm Clifton Budd & DeMaria, said it was perfectly acceptable to list a degree that you earned from a particular school without revealing when you received it. Under the Civil Rights Act and the Age Discrimination in Employment Act, “he said, the only age-related question employers are legally allowed to ask is whether an applicant is over 18.”

“Disguising age might look suspicious,” he said, “but it’s perfectly within an employee’s rights under the law.”

**Q. What precautions should you expect employers to take against fraud?**

**A.** The federal Fair Credit Reporting Act allows employers to verify everything on an applicant’s résumé. Many managers run simple background checks on the Internet before the hiring process concludes. On rare occasions, a company will retain a screening company to verify a résumé after an employee has been hired.

Vance, an investigation and security firm in Oakton, Va., requires its new hires to sign documents indicating that everything on their résumé and job application is true. Drew McKay, senior vice president and deputy general counsel, said that a later discovery that an employee had violated this contract was clear grounds for termination.

“Our system is all about the facts,” Mr. McKay said. “If you tell the truth from the beginning, you have nothing to worry about.”

**Questions for Discussion**

1. How is the management of ability in organizations affected when job applicants lie on their résumés?
2. In what ways can lying on resumes hurt job applicants?
3. How does lying on resumes affect employers?
4. Why do some people feel the need to lie on their resumes?