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Comprehensive Paper Presented in Partial Fulfillment Of the Requirements for the Degree Master of Science in Management

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by

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Table of Contents

QUESTION 1

Human Resource Development Through Action Intervention

Abstract

The Rocky Mountain Community College (RMCC) is experiencing low employee satisfaction at a time when attracting and retaining the best human capital is crucial. Necessary strategic changes can be identified through action research, which consists of a collaborative problem-solving relationship between researcher and client, aimed at solving problems and generating new knowledge. The purpose of this action research project is to determine why the organization is experiencing these negative effects and to determine an appropriate intervention to improve the current situation. This structured change process is based on the systematic collection of data, using the Pearce and Robinson's Six-Step Model, where the results of the research provide ideas for change.

Human Research Development Through Action Research Intervention

Thompson and Strickland (1998) assert that proficiency in executing strategy is largely dependent on competent personnel, with better than adequate competencies and competitive capabilities. In order for an organization to maintain competitive advantage it must develop the ability to select people with the required skills, knowledge and experiences, and expand on those abilities as needed. Attracting and retaining the best may require changes in human resource management strategies in response to existing internal and external field forces. Necessary strategic changes can be identified through action research, which consists of a collaborative problem-solving relationship between researcher and client, aimed at solving problems and generating new knowledge (Coghlan & Brannick, 2002). Through action research key stakeholders of the Rocky Mountain Community College (RMCC) will be engaged in problem identification, collection of valid data that informs the situation, and subsequent design of an appropriate intervention.

Background of the Organization

RMCC is a post-secondary institute that employs approximately 2,000 individuals and registers a student full-load equivalent of approximately 10,000 students a year. The organization is currently experiencing a period of rapid growth and plans to expand its full-time student load equivalent to approximately 30,000 students by the year 2010. The institution recognizes that the human dimension is a key success factor in achieving overall growth plans and also recognizes the stresses that these growth ambitions will have on the human capital dimension of the organization. These stresses result not only from traditional concerns about whether sufficient numbers of qualified people are available to support these growth plans, but also from the recognition that the availability of capable people must be assessed in the context of changing employee expectations and new capabilities required to support different approaches to delivering educational services.

History of the Competitive Environment

To address these concerns a human resource development strategy was initiated in September, 2001, as a component of the overall growth management strategy. The primary objective of the strategy was aimed at increasing responsiveness to human capital requirements - providing a strategic basis for human resource decision-making, and at providing strategic methods for addressing workforce issues. The plan, which was designed for implementation over a three-year period, is now approaching its final phase. In addition, RMCC is currently experiencing budget cuts, resulting in constraints on the organization’s ability to address all initiatives set out by the human resource development strategy.

Background of the Problem

As part of the strategic planning process, RMCC has implemented an annual employee survey. The intent of the survey is to inform leadership of issues that are critical to attracting and retaining a workforce that will facilitate achievement of RMCC’s goals. For the second consecutive year, survey results indicate that employees lack confidence in RMCC’s leadership and that employees are suffering from low levels of commitment. Feedback from the first survey indicated that organizational scores were significantly below the public sector norm (twenty points) in these areas; feedback from the second annual survey indicates further decline (an additional ten points) over the past year. In addition, leadership is concerned about employee attrition; statistical data indicates that employee turnover has increased by thirty-five per-cent over the past three years.

The Problem

RMCC is experiencing an environment that is characterized by low levels of employee commitment and lack of confidence in RMCC's management team, as evidenced by a recent employee survey. In addition, there is high employee turnover rate at a time when an effective growth management strategy is crucial to the organization's growth. The purpose of this action research project is to determine why the organization is experiencing these negative effects and to determine an appropriate intervention. Working as an external consultant, my role is to lead an action planning process that corresponds to the current environmental conditions.

Literature Review

Trust.

The significance of trust in leadership has long been recognized as an important concept in leadership theory, resulting in a significant body of trust literature. Given the context of the stated problem, review of existing trust literature is limited to an examination of the employee-employer relationship as it relates to employee trust and employee commitment. Associated antecedents and consequences, specific leader attributions and management practices that encourage the development of trust in organizations and employee commitment are also examined.

A working definition of trust is drawn from the work of Rousseau et al (as cited by Dirk & Ferrin, 2002,) "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (p. 2). This conceptual definition is used for analysis without distinguishing between manager and leader as these terms are often used interchangeably in the literature.

The importance of trust in the employee-employer relationship has been stressed by numerous theorists. McCauley and Kuhnert (1992) note the significance of the trust variable by organizational theorists who see the development of mutual trust, confidence, and interactions as the integrative force in organizations; they contend that the trusting relationship is the most effective management tool ever invented, creating the conditions for organizational success. “Trust binds people together, creating a strong, resilient organization” (Rosen, 1996, p.23). Brockner, Siegel, Daly, Tyler and Martin (1997) suggest that perhaps now more than ever managers’ effectiveness depends on their ability to gain employee trust.

Trust in organizational leaders influences a variety of employees’ work attitudes and behaviors. When trust is high employees are generally more supportive and committed to the organization and its leadership (Rosen, 1996; Brockner et al, 1997; Dirk & Ferrin 2002; Korsgaard, Brodt, & Whitener, 2002; Aselage & Eisenberger, 2003; Child & Rodrigues, 2004). Because trust involves beliefs about honesty, integrity, and the extent to which a leader will take advantage of an employee it directly affects the extent to which individuals are willing to believe information received (Dirk & Ferrin). When employees believe that the leader is not honest, does not have integrity, and may take advantage of a follower, level of commitment to organizational goals is negatively impacted (Korsgaard et al, 2002; Child & Rodrigues, 2004.). When employees believe their leader cannot be trusted they will divert their energy, detracting from their work performance (Rosen, 1996); conversely, when trust levels are high employees will feel safer and more positive with managerial decisions and be more compelled to work towards organizational goals (Dirk & Ferrin; Rosen, 1996). In sum, trust literature clearly indicates that trust in leadership is positively related to job satisfaction, organizational commitment, goal commitment and employee retention (Rosen, 1996; Brockner et al, 1997; Dirk & Ferrin; Korsgaard, et al, 2002; Aselage & Eisenberger, 2003; Child & Rodrigues, 2004).

Research conducted by McCauley and Kuhnert (1992) examined the relationship between top management who have an influence over an organization's culture and whose role involves the creation and management of a system conducive to trust. Findings indicate that organizational processes communicate top management's view of its workers and their roles, and that employees reciprocate level of trust communicated by management. Employees monitor the organizational environment in order to assess whether they will trust management or not. If the organizational environment cultivates a high level of management trust in employees, employees will reciprocate with corresponding levels of trust (McCauley & Kuhnert).

Dirk and Ferrin (2002) suggest that individuals observe leaders' actions and draw inferences regarding the nature of their relationship with the leader, and about the character of the leader. McAllister (1995) (as cited by Dirk & Ferrin) suggests that trust can be categorized into two different dimensions: cognitive and affective. Cognitive forms reflect the issues of reliability, integrity, honesty, and fairness of a referent; where as, affective forms reflect a special relationship with the referent that may cause the referent to demonstrate concern for an individual's welfare.

Perceived organizational support.

Perceived organizational support (POS), employee perception concerning the extent to which their supervisor cares about them and values their contributions, is a critical factor in building and sustaining trust (Aselage & Eisenberger, 2003). A contributory factor to POS, according to Aselage and Eisenberger, is the organization's adherence to the employee's psychological contract (perceptions regarding mutual obligations existing between the employee and the organization). The relationship between the organization's obligations to the employee in the psychological contract and POS increases with perceived trustworthiness of the organization; a perceived breach of contract results in diminished levels of trust (Aselage & Eisenberger). Aselage and Eisenberger suggest that employees' obligation to fulfill the psychological contract is dependent on perceived trustworthiness of the organization and its agents.

Trust has frequently been associated with perceived fairness or justice in organizational practices and decisions (McCauley & Kuhnert 1992; Brockner et al, 1997; Dirk & Ferrin, 2002; Parker, Baltes, Young, Huff, Altman, Lacost, et al., 2003; Child & Rodrigues, 2004). Dirk and Ferrin delineate organizational justice according to three parameters: distributive justice (allocation of outcomes), procedural justice (processes leading to decision outcomes), and interactional justice (interpersonal treatment as a result of procedures enacted). They posit that employee trust in the leader is influenced by the level of perceived fairness or justice in the organizational practices or decisions because they are seen as a signal of the nature of the relationship with the leader or character of the leader. The influence of perceived fairness, or justice, in organizational practices and decisions can be extended to system wide variables, such as professional development, job security, and performance appraisal. Employees associate system-wide variables with top management; perceptions of these variables will impact trust in management (McCauley & Kuhnert).

The work of Brockner et al. (1997) provides a theoretical framework that is suggested as being useful in determining the conditions under which trust is most likely to influence employee attitudes and behaviors. When trust concerns are more salient, as a function of unfavorable or unexpected outcomes, existing levels of trust are more likely to impact employee commitment. When outcomes are unfavorable employees are more motivated to assess levels of trust;

procedural fairness is one factor that people refer to in determining trustworthiness. Procedural fairness informs people about the extent to which they can trust the other part in an exchange relationship; as such, it is one facet that people refer to in determining trustworthiness.

Workplace encounters with managers influence employee trust and provide information to the employee as to perceived intent and perceived character of the manager (Korsgaard et al., 2002). Further, manager's conduct and the context in which it occurs provides employees with essential cues from which they strive to make meaning of the episode. This relationship is directly influenced by the extent to which employees perceive organizational policies to be fair. Korsgaard et al. note that employee trust in a manager is particularly vulnerable in relation to negative events, such as disagreement and conflict between manager and employees. They suggest that managers are held less responsible when communication is open and concern for the event is demonstrated. When policies are perceived to be unfair employees are more likely to attribute a negative encounter to the manager, thus further weakening foundations of trust (Korsgaard et al.).

Korsgaard et al. (2002) state that judgments of trustworthiness are likely to arise from inferences based on observation of managerial trustworthy behavior. In doing so they identified five categories of managerial behavior that influence employee trust in their managers: (a) behavioral consistency, (b) acting with integrity, (c) sharing and delegation of control, (d) openness of communication, and (e) demonstration of concern. In addition to employee expectations and perception regarding fair practice, trust is also impacted by employees' perceptions of their manager's ability to make competent decisions (Child & Rodrigues, 2004).

The energy of an organization is determined by the participation and the effort of its people; real commitment is evidenced by people pitching in with both their minds and their hearts (Rosen, 1996). Rosen (1996) describes employee commitment as willingness for workers to contribute an effort beyond that of just “doing their job”. Further, he maintains that commitment is a crucial element of organizational success and employee satisfaction. O’Driscoll and Randall (1999) note that a primary differentiation in the literature on work commitment is made according to commitment to the job (job involvement) and commitment to the organization (affective commitment).

Studies suggest that perceived organizational support (POS) is significantly linked to employee commitment (O’Driscoll & Randall, 1999; Dirk & Ferrin, 2002; Parker et al., 2002; Aselage & Eisenberger, 2003; Stinglhamber & Vandenberghe, 2003). When employees believe that the organization cares about, and values its employees, both job involvement and affective attachment to the organization are enhanced. Aselage and Eisenberger state that both organizational support theory and psychological contract theory assume that employees increase their efforts on behalf of the organization to the extent that the organization is perceived to be willing and able to reciprocate desired resources. Organizational support theory maintains that employees develop a general perception of the extent to which an organization values their contributions and well being and that perceived support works to strengthen affective commitment to the organization. Perceived organizational support is deemed to strengthen affective commitment through three mechanisms: (a) generation of a feeling of obligation to contribute to attainment of organizational goals; (b) fulfilling of esteem, approval and affiliation needs; and (c) generation of feelings of comfort and belonging (Aselage & Eisenberger).

Rhoades and Eisenberger (as cited by Stinglhamber & Vandenberghe, 2003) stated that organizational reward and working conditions, support received from supervisors, and procedural justice are the major antecedents of POS. Stinglhamber and Vandenberghe assigned criteria to these factors: (a) organizational reward and working conditions were assessed according to opportunity for developmental experiences, autonomy in carrying out jobs, visibility to and recognition from upper management, and resources given voluntarily; (b) support received from supervisors was assessed according to employee belief that supervisors care about them and value their contributions; and (c) procedural justice was assessed according to employee perceptions of fairness of formal organizational policies and procedures for distributing resources, such as pay, pay raises, promotions, and minimal organizational politics (perceived attempts to influence others in a way that promotes self-interest at the expense of others or the organization).

Studies indicate both intrinsic and extrinsic rewards are salient predictors of employee commitment (O'Driscoll & Randall, 1999). Intrinsic rewards are those that exist in the job itself (e.g. variety, autonomy, challenge), while extrinsic rewards consist of compensation, benefits, opportunity for advancement, social climate, and working conditions (O'Driscoll & Randall). Both intrinsic and extrinsic rewards show a positive correlation to employee commitment (O'Driscoll & Randall; Stinglhamber & Vandenberghe, 2003). A direct favorable correlation has also been identified between commitment and working conditions (Stinglhamber & Vandenberghe; Dirk & Ferrin, 2002). Working conditions can be assessed according to (a) leadership characteristics (goal emphasis, support, upward influence); (b) work group conditions (cooperation, pride, warmth); and (c) organizational perceptions (innovation, management awareness, and openness of information) (Dirk & Ferrin).

Research conducted by Stinglhamber and Vandenberghe (2003) reveals organizations and supervisors as distinct sources of perceived support and separate targets of employee commitment. Further, employees are more affectively committed when they perceive that their supervisor cares about them and values their contributions (perceived supervisor support).

Brockner et al. (1997) suggest that perceptions of procedural fairness are significantly linked to employee attitudes; when perceptions of fairness are in play levels of commitment are enhanced. Employees view perceived favorable or unfavorable treatment received from the organization as an indication of the extent to which the organization values their contribution and cares about their well-being (Aselage & Eisenberger, 2003).

Research indicates that psychological climate, operationalized as individuals' perceptions of their work environment (Parker et al., 2003), has a significant effect on individuals' commitment (Parker et al.; Aselage & Eisenberger, 2003). Psychological climate can be assessed using the following criteria: (a) job characteristics (autonomy, challenge ,and importance), (b) role characteristics (ambiguity, conflict, and overload) (c) leadership characteristics (goal emphasis, support, and upward influence), (d) work group and social environment characteristics (cooperation, pride, and warmth), and (e) organizational and subsystem attributes (innovation, management, awareness, and openness of information) (Parker et al.).

In sum, a review of the literature provides a direct positive correlation between employee commitment and trust in both senior and direct leaders. Further, when commitment levels are low there is a corresponding relationship to employee intention to quit due tolow levels of satisfaction. Employee commitment can be developed and sustained through the cultivation and implementation of specific leadership behaviors and attitudes.

Method

Action research will be used to address the problem of low employee commitment and trust in management, at a time when employee retention is crucial to the organization. This structured change process is based on the systematic collection of data where the results of the research provide ideas for change. Secondary data collection, personal interviews, and survey questionnaires are used for collection of quantitative and qualitative data that informs the current state. This process is designed to attain a more desirable future state by identifying actions and designing a corresponding implementation plan. Members of the organization will identify the problem and generate solutions. The model used is the Pearce and Robinson's Six-Step Model (Pearce & Robinson, 1989) which incorporates problem recognition; situational diagnosis; member involvement; data gathering; problem confirmation; stakeholder ownership; solution identification by members; construction and implementation of an intervention plan; and evaluation of impact. This collaborative approach to inquiry or investigation will provide stakeholders with the means to take systematic action to resolve specific problems.

Action Research Methodology

As described by French and Bell (1999), action research focuses on research in action; it is participative and collaborative in nature. In this context, action refers to programs and interventions designed to solve problems, improve current conditions, and generate new knowledge (Coghlan & Brannick, 2002). In contrast, traditional research is non-participative and non-collaborative in nature, and is characterized by members of the system often being viewed as objects of the study with the focus being on research about action (Coughlan & Coughlan, 2002).

Coughlan and Coughlan (2002) suggest that action research is both a sequence of events and an approach to problem solving. As a sequence of events, it comprises cycles of gathering data, feeding data back to those concerned, analyzing the data, planning action, taking action, and evaluating progress; this leads to further data gathering and so on. Action research works through a cyclical process of consciously and deliberately planning, taking action, and evaluating the action, which leads to further planning. These characteristics make action research applicable to RMCC's current state, as initial action has recently been taken. From this point, action to date must be evaluated and combined with further analysis of current conditions in designing an intervention aimed at solving the problem and improving current conditions. In addition, action research is a collaborative process that facilitates ownership of both problems and solutions, making it an ideal approach in this situation where ownership is critical in addressing the current state.

Action Research Model

As an internal consultant, I have chosen the Pearce and Robinson Six Step Model (Pearce & Robinson, 1989). This model includes the following steps: (a) recognizing the problem, establishing the driving force for change; (b) diagnosing the situation, through a personal assessment by the researcher of potential problems; (c) identifying the problem, gathering relevant data, confirming problem identification, ensuring stakeholder groups feel represented and recognize ownership; (d) selecting and owning a solution, by gaining group collaboration and commitment to finding a solution to the problem; (e) planning and implementing the change, through an implementation plan that includes deliverables, time tables and parties responsible; and (f) evaluating the change to ascertain success of the intervention.

This model is appropriate to the situation described because those involved in the solution must agree to support the solution, ensuring that affected parties own both the problem and the solutions (Pearce & Robinson, 1989). Stakeholder groups develop a descriptive account of the problem and its context and formulate a joint descriptive account with combined stakeholders. This implies that stakeholders accept that they are part of the problem and share responsibility for its consequences, and commit to identifying and implementing solutions to resolve it. This level of commitment is crucial to the success of this project.

Entering and Contracting

Results of the employee survey and employee turnover rates have been identified as key performance indicators by RMCC's Board of Governors, resulting in existing support for this project at the executive level. As articulated by French and Bell (1999), a widely held belief is that people support what they have helped to create. This belief is highly congruent with the collaborative aspect of action research. Stringer (1996) suggested that maintaining positive working relationships is critical in action research. The researcher must assume a leadership role of support and facilitation rather than direction and control. Further, an assessment of the relationships among stakeholders is imperative. In this situation, it will be essential for me, as the researcher, to gain an understanding of the complex interactions among the stakeholders, and pertinent events and activities. This understanding is crucial in providing a context that enables a diverse group of stakeholders to work collaboratively toward solutions to the problems that confront them.

Schein (1992) suggests that successful intervention involves the commitment of one or more key groups in the organization. To ensure continued support of the leadership, their voices will be incorporated into the process; both executive and management groups will be interviewed and kept informed of sequential developments. Challenges and opportunities, as identified by the management group and employee survey group, will be presented to a focus group that is comprised of a cross-section of the RMCC community. In forming the group, each department will be asked to select a representative from a specific pre-determined employee work group. Employee work groups will be defined to ensure that there is representation at all levels across the organization. The role of this collaborative team will be to validate findings and to provide direction and input.

Stringer (1996) suggested that active participation is the key to feelings of ownership that motivates people to invest their time and energy in working collaboratively toward mutually desired outcomes. Further, in the early stages of the research project it is important for facilitators to establish contact with all stakeholder groups as quickly as possible, informing them of events. This project will respond to these needs and to the need for ownership by engaging focus group participants in describing the current state and prescribing alternative action. As articulated by Coghlan and Brannick (2002), working at building a consensus on a desired future is an effective means of gaining collaboration. Throughout the project the researcher will work to maintain credibility and be sensitive to political issues that impact consensus building.

Data Gathering Methods

Accuracy of the measurement (validity) is imperative to the integrity of this project. Because a large portion of the data collected is qualitative (subjective in nature) and is subject to personal bias (Coghlan & Coghlan, 2002), methodological triangulation will be used in collecting data that examines the phenomena (i.e. document review, personal interview, survey) (Gill & Johnson, 2002). The combination of methods will facilitate a more accurate reflection of the current situation by bringing multiple perspectives into view. This process will allow the formulating of a jointly constructed descriptive account of the current state by stakeholder groups.

Secondary quantitative data will be collected through a document review of recruitment and retention reports, exit survey questionnaires, and employee survey feedback. Qualitative data that defines the current state will be collected through personal interviews and focus group validation. RMCC's executive team will be interviewed to identify and assess current challenges that are impeding growth strategies. A questionnaire will be administered to further describe employee survey findings pertaining to levels of employee commitment and confidence in management. Members of RMCC's management council will be interviewed to further define the current and desired state. New learning will be incorporated into existing findings and presented to the focus group for validation of the current state and subsequent action planning.

Method 1: document review. Document review of recruitment and retention reports, exit survey questionnaires, and employee survey feedback will be used as sources of secondary data. Collectively this information will provide a concrete picture of internal demographic trends, employee retention, key retention factors, employee perceptions of organizational leadership, employee job satisfaction, and employee commitment. This quantitative data will be reviewed in preparation for the management interview process, and will be presented to a collaborative work group in describing the current state of the organization and informing the action planning process.

Method 2: interviews. RMCC's executive team will be interviewed to identify and assess current challenges that are impeding growth strategies. An unstructured interview format will be used, allowing for flexible approach in clarifying the current state and for the incorporation of new learning. Collected information (findings from executive interviews, secondary data, and survey feedback) will be presented to members of RMCC's management council and used in guiding the development of a standard list of questions for the interviewing of members of the council. Questions will be formulated to ensure maximum opportunity for participants to present the perceptions in their own terms (Stringer, 1996).

Method 3: written survey. A written descriptive survey (see appendix A and B), investigating employee perceptions of antecedents of trust and commitment, will be delivered to a cross-sectional segment of RMCC employees. This approach will allow for the gathering of data in a form that is quantitatively analyzable. Using structured questionnaires to gather data in a form that is quantitatively analyzable, survey based research is regarded as easily replicable and hence reliable (Gill & Johnson, 2002). The sample will be representative of the RMCC employee population to ensure that subsequent data assessments are accurate, and to ensure that findings can be generalized to the target population with confidence (Gill & Johnson).

Prior consideration of the relevant theory and literature will be used in determining specific questions to be asked. This diagnostic device will be used to facilitate change through feedback of findings (Gill & Johnson, 2002). Stratified sampling will be used to ensure that stratified characteristics of the population are represented, with sampling determined following a review of the employee database. Sample size will be determined based on an assessment of the heterogeneity of the population, magnitude of acceptable error, and acceptable confidence levels (Gill and Johnson). Survey's will be distributed via mail and returned to the consultant via a self-addressed stamped envelope, ensuring that any concerns regarding confidentiality are addressed.

Based on a review of trust literature, survey design will address the employee's perceptions of the organization according to: (a) perceived organizational support, (b) psychological contract, (c) procedural justice, (d) leadership characteristics, (e) managerial behavior, (f) working conditions, (g) job satisfaction, (g) goal commitment, and (h) organizational commitment. The questionnaire will be designed to ensure that (a) the purpose of the research is explained in a way that will motivate participation while avoiding biasing of participant response; (b) instructions are clear and unambiguous; (c) questions can be easily understood and are free of jargon, esoteric terminology, inappropriate assumptions, and ambiguity; (d) questions reflect sensitivity; (e) questions do not lead to bias; and (f) a logical sequential progression is employed (Gill and Johnson, 2002). Perceptions of respondents will be assessed using an ordinal scale. A pilot will be conducted prior to the main survey, ensuring potential problems in the proforma of the questionnaire are identified and corrected. Added perspective from this survey will be combined with executive team and management council data in describing the current state for the cross- sectional focus group that will be responsible for developing actions to address the current situation.

Summary and Conclusion

In order for an organization to maintain competitive advantage it must develop the ability to select people with the required knowledge and skills, and expand on these abilities as required. Employee trust is a critical component in developing and sustaining employee commitment and is a crucial component in maintaining competitive advantage (McCauley & Kuhnert, 1992; Rosen, 1996; Brockner et al, 1997). When commitment levels are low employees are not engaged at optimal levels; when employees are not engaged there is a greater tendency for them to leave an organization. With an environment characterized by low levels of employee trust in management and low levels of commitment, RMCC's leadership is committed to addressing this problem and correcting the situation. Action research, using the Pearce and Robinson's Six-Step Model provides an effective framework for collaborative problem-solving, action identification, and implementation planning designed to correct this problem (Pearce and Robinson, 1989).

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Appendix A

RMCC recently conducted an employee survey designed for assessment of employee perceptions and attitudes. In response to findings of the survey you are being asked, as part of a selected group representative of the RMCC population, to complete this survey. Feedback from the survey will be used to construct a picture of specific employee perception and attitudes for the purpose of informing a project team that will be designing and implementing actions in response to employee concerns. All feedback from the survey is anonymous. To ensure anonymity you are asked to return the completed survey using the addressed and stamped envelope provided.

Thank you for taking the time to complete this survey. With your help we can work toward building a healthier and stronger RMCC.

Appendix B

1. I have a strong sense of loyalty to my leader.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

2. If I shared my problems with my leader, I know that he/she would respond constructively and carefully.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

3. I believe my leader has high integrity.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

4. ***My leader is not always honest and truthful.***

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

5. Senior leadership of the organization is not always honest and truthful.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

6. I trust my supervisor.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

7. I trust senior leadership.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

8. I believe senior leadership of this organization has high integrity.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

9. I feel quite confident that the organization will always treat me fairly.

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

10. My performance rating for this year represents a fair and accurate picture of my job performance

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

11. My supervisor is willing to support the people he/she supervises

1	**2**	**3**	**4**	**5**
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

Appendix B

12. I can be sure of keeping my job as long as I do good work.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

13. My supervisor treats employees in a fair and equitable manner.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

14. My supervisor values my contributions.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

15. My supervisor cares about my well being.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

16. Organizational leaders value my contributions.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

17. Organizational leaders care about my well being.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

18. I can usually trust my supervisor to do what is good for me.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

14. Senior leadership can be trusted to make decisions that are good for me..

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

15. My supervisor treats people politely.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

16. Human resource policies are fair.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

17. Human resource policies are implemented in an equitable manner.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

Appendix B

18. I frequently participate in the decision making of new practices and/ or policies.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

19. I receive meaningful feedback on the quality of my work.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

20. Communication in my department is open and honest.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

21. My supervisor gives a great deal of consideration to employee's views when making decisions.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

22. I have the opportunity for independent thought and action.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

23. I have an opportunity in my work to maximize use of my skills and talents.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

24. My job provides me with the opportunity to do challenging work.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

25. The work I do gives me a feeling of personal accomplishment.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

26. Organizational goals provide me with the opportunity to do meaningful work.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

27. I willingly contribute to attainment of departmental goals.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

28. I really feel I belong in this company.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

Appendix B

29. I am proud to belong to this company.

1	2	3	4	5
strongly disagree	**disagree**	**undecided**	**agree**	**strongly agree**

QUESTION 2

What are the characteristics of an organizational culture that demonstrates high levels of organizational citizenship? What are the benefits for employees and employers when levels of organizational citizenship are high? What factors are critical in developing this type of culture and what role does leadership play? What role does perceived organizational support and psychological contract play in sustaining this culture? What are the challenges and organizational issues that leadership faces in developing and sustaining this culture?

Abstract

Research conducted in the areas of organizational citizenship behavior (OCB), perceived organizational support (POS), and psychological contract theory (PCT) has indicated that these constructs are interdependent with respect to their impact on organizational effectiveness. When employees are treated unfavorably POS is diminished, more so when there is a perceived psychological contract breach. When POS is low employees are more likely to perceive a breach in the psychological contract. Further, when POS is low, or when employees perceive a breach in the psychological contract, OCB declines. Because an organization is only as effective as its employees, organizational citizenship behavior is critical in maximizing organizational effectiveness; conversely, a decline in OCB results in a decline in organizational effectiveness. Those employees engaged in OCBs are likely to experience significant benefits.

Impact of Perceived Organizational Support and Employee Psychological Contracts on Organizational Citizenship Behavior

Research conducted in the areas of organizational citizenship behavior (OCB), perceived organizational support (POS), and psychological contract theory (PCT) has indicated that these constructs are interdependent with respect to their impact on organizational effectiveness. Leaders who understand and respond to the importance of developing high levels of POS and who adhere to employees' psychological contracts are positioned to develop and sustain a culture that demonstrates high levels of OCB (Coyle-Shapiro, 2002; Robinson, 1996; Rousseau, 2004). An organization is only as effective as its employees; therefore, organizational citizenship behavior is critical in maximizing organizational effectiveness and in providing organizations with the distinct competitive advantage required to be successful in today's market place (Rousseau, 2004). An increasingly dynamic business environment results in challenges for leadership in developing and sustaining a culture that promotes citizenship behavior (Robinson, 1996; Rousseau, 2004; Lester, Turnley, Bloodgood & Bolino, 2001); however, there are specific enabling measures and practices that can be adopted by any organization and their leadership that will aid in attaining this goal.

Organizational Citizenship Behavior

Some employees exhibit the ability to sustain performance that goes above and beyond the call of duty. This behavior was coined by Organ (1988) as "organizational citizenship behavior" (OCB). A working definition of OCB is "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in aggregate promotes the effective functioning of the organization" (Organ, p. 4). OCB results in behaviors that are neither explicitly required or contractually rewarded (Farh, Podsakoff, & Organ, 1990; Organ, 1988;

Organ, Podsakoff & MacKenzie, 2005; Podsakoff, MacKenzie, Paine, & Bauchrach, 2000). OCB is rooted in the study of prosocial behavior, which is characterized by acts that are spontaneous, occur without prospection of compensation and are directed toward the benefit of others. Further, OCB is characterized by discretionary behaviors that extend beyond minimal obligation (Organ et al., 2005).

Discretionary implies that a specific behavior in a specific context is not a job requirement (i.e. is not clearly and explicitly stated as a term of employment or contractural obligation and is not a measure of individual performance) (Organ et al., 2005). Terms of employment or contractural obligations generally imply that an individual must demonstrate minimal standards of job knowledge, competence and effort to meet obligations of the job. Discretionary behavior involves an element of personal choice (i.e. a person will not be negatively impacted if they choose not to engage in the behavior). An individual may benefit long-term through performance that includes high levels of organizational citizenship behavior; however, the important distinction is that rewards are not contractually guaranteed by formal policies and procedures. These discretionary behaviors in aggregate promote organizational effectiveness (Organ et al., 2005).

In summary, OCB is characterized by behaviors that in aggregate enhance organizational effectiveness and efficiency. They are behaviors employers would like to see employees do more frequently but are unable to enforce, and for which they are unable to offer any specifically linked reward. Since these behaviors are not required by the job, there are no formal sanctions for failing to engage in them; therefore, organizational citizenship can be viewed as a behavioral indicator of workers' responses to their employment relationships (Farh, et al., 1990; Organ, 1988; Podsakoff, et al., 2000).

Dimensions of Organizational Citizenship Behavior

In a summary of the literature, Podsakoff et al. (2000) presented seven dimensions of OCB:

1. Helping behaviors: Employees that engage in helping behavior are quick to voluntarily help others with work related problems or to assist in the prevention of the occurrence of work-related problems.
2. Sportsmanship: This entails the ability to resist complaining when inconvenienced by others, to maintain a positive attitude in the face of adversity, to resist being offended or defensive when others do not agree with personal views or ideas, and the ability to sacrifice personal interest for the benefit of the work group.
3. Organizational loyalty: Employees demonstrating organizational loyalty actively promote the organization to outsiders, expend efforts to protect the organization, and work to defend it against external threats. Employees are able to sustain their commitment at all times; this includes an ability to sustain commitment under adverse conditions.
4. Organizational compliance: This refers to the ability to internalize and accept the organization's rules, regulations and procedures, which results in a consistent level of adherence to them. This behavior is maintained even when no one observes or monitors behavior.
5. Individual initiative: This can be described as the ability to engage in task-related behaviors at a level that so greatly exceeds minimal or generally acceptable requirements that it takes on the flavor of a voluntary effort. Such behaviors include voluntary acts of demonstrating creativity and innovation that are designed to improve

organizational effectiveness, engaging in persistent high levels of enthusiasm and effort, assuming additional roles and responsibilities, and encouraging this level of initiative and behavior in others.

6. Civic virtue: A macro-level interest and commitment to the organization are characteristics of civic virtue. Employees display a willingness to participate actively in the governance of the organization, and in monitoring the external and internal environments for threats and opportunities.
7. Self-development: This pertains to the voluntary behaviors that employees display with respect to enhancement of their professional knowledge, skills, and abilities.

Organizational and Employee Benefits

It is impossible for organizations to forecast, through stated job descriptions, the entire continuum of employee behaviors required for role performance and maximization of organizational effectiveness; therefore, organizational citizenship behaviors are vital for providing optimal performance at both the employee and organizational level (Organ, 1988). When OCB is characteristic of a significant segment of the employee population, and exists over a period of time it results in a collective support mechanism that enhances the performance and effectiveness of the organization (Organ). More specifically, citizenship behaviors have proven to influence organizational effectiveness by (a) improving performance quantity, (b) improving performance quality, (c) improving operating efficiency, (d) enhancing customer satisfaction, (e) improving financial efficiency, and (f) attracting and retaining high level employees (Podsakoff et al., 2000). Research indicates that OCB is directly related to POS and inversely related to breach of the psychological contract. For this reason, in order for organizations to be optimally effective, it is important that employees perceive that they are supported by the organization and that they perceive that terms of the psychological contract are honored.

Employees that engage in high levels of OCB benefit in several ways. Likely benefits are an enhanced sense of pride in self and the organization (Brockner, Siegel, Daly, Tyler & Martin, 1997), enhanced levels of satisfaction (Brockner et al.; O'Driscoll & Randall, 1999; Farh et al.,1990; Lester et al., 2001; McKauley & Kuhnert, 2001; Robinson, 1996), a sense of belonging and emotional attachment to the organization (McKauley & Kuhnert), enhanced levels of self-esteem (Conway & Briner, 2002), higher levels of enthusiasm (Conway & Briner), lower levels of anxiety (Conway & Briner), enhanced performance (Coyle-Shapiro, 2002; Lester et al., 2001; Robinson, 1996), positive work evaluations (Coyle-Shapiro) enhanced financial rewards (Coyle-Shapiro; McKauley & Kuhnert), enhanced job security (McKauley & Kuhnert), and opportunities for promotion or advancement (McKauley & Kuhnert).

Organizational Support Theory

Organizational support theory (OST) maintains that employees hold a general belief regarding the extent to which an organization cares about them as individuals and values their contribution (Aselage & Eisenberger, 2003; Farh et al., 1990; Organ, 1988; Podsakoff et al, 2000). Further, it assumes that employees increase their efforts on behalf of the organization to the extent that the organization is perceived to be willing and able to reciprocate desired resources. Perceived organizational support (POS) is based on the favorableness of the employees' experiences within the organization (Rhoades & Eisenberger, 2002). Organizational reward, working conditions, support received from supervisors, and procedural justice are the major antecedents of POS; each of these antecedents significantly impacts citizenship behaviors (Brockner, et al. 1997; Rhoades & Eisenberger; Stinglhamber & Vandenberghe, 2003). The development of POS is a result of the natural tendency of employees to personify their organizations by ascribing humanlike characteristics to it (Stinglhamber & Vandendberghe). Based on this personification, employees perceive treatment received as an indicator that the organization favors or disfavors them (Stinglhamber & Vandendberghe).

It is important to note that research indicates that organizational experiences contribute more to POS when employees perceive them to be the result of voluntary action instead of resulting from external requirements (i.e., union contract agreements, government health and safety regulation) (Rhoades & Eisenberger, 2002). In addition, because supervisors act as representatives of the organization, employees identify treatment by their supervisors as indicative of organizational support; therefore, treatment received from supervisors who are strongly identified with the organization have the greatest influence on POS (Rhoades & Eisenberger). Research also indicates that fairness of formal organizational politics and procedures for distributing resources (procedural justice) contribute to POS (Rhoades & Eisenberger).

Psychological Contract Theory

At the foundation of the employee-organization relationship is a psychological contract which is comprised of beliefs about reciprocal obligations between the two parties (Rousseau, 1998, 2004; Schein, 1980). Psychological contract theory (PCT) maintains that employees form global beliefs about the type of resources they are obligated to provide to the organization and about the resources that the organization is obligated to provide to them (Aselage & Eisenberger, 2003; Rousseau, 1998; Rousseau, 2004; Robinson, 1996; Schein, 1980). Perceived employer promises signal the future intent of the employer and their willingness to invest in the employer-employee relationship.

The psychological contract originates when individuals infer promises that give rise to beliefs in the existence of reciprocal obligations. These obligations constitute the building blocks of the psychological contract (Rousseau & Tijoriwala, 1998). The notion of a psychological contract implies that a set of unwritten expectations operates at all times, between members of an organization, and between each member and the organization, and that these expectations are mutually understood (Schein, 1980). PCT specifies that individual beliefs comprising the contract involved sets reciprocal obligations – not expectations alone – to which both parties are believed to have committed themselves (Rousseau, 1998).

Rousseau (2004) characterized the dynamics of the psychological contract according to six defining features:

1. Voluntary choice: People are motivated to fulfill their commitment to the contract because commitments are made voluntarily and voluntary commitments tend to be kept.
2. Belief in mutual agreement: An individual's psychological contract is dependent on their understanding of commitments (real or imaginary). Individual's respond to their understanding of the contract as if the understanding is mutual.
3. Incompleteness: It is impossible for either the employee or the employer to define all the terms of the psychological contract. As a result, the psychological contract is incomplete and needs to be fleshed out over time, as the needs of the organization and the needs of the employee change.
4. Multiple contract makers: The formation of the psychological contract is shaped by many sources of information (e.g., top management, human resources representatives, immediate supervisor, corporate literature).

5. Managing losses when the contract fails: If the employer fails to fulfill anticipated commitments of the psychological contract, loss of inducement may result in negative employee behavior.
6. The contract as a model of the employment relationship: The psychological contract acts as an enduring mental model of the employment relationship. This model provides a stable understanding for expectations, and guides employee and employer actions, in spite of the fact that information about each party's intentions or expectations may not be complete.

The psychological contract and associated obligations are developed by the employee according to (a) how individuals perceive communication from others – during the recruitment phase or during conversation with other employees – regarding their view of employer-employee obligations; (b) how employees derive social clues regarding contract obligation, through observation of the behavior and treatment of coworkers and supervisors by the organization; and (c) interpretation of structural signals provided by the organization, such as organizational literature, performance review systems, compensation systems, and benefits (Rousseau, 1995, 2004).

Failure of the organization to adhere to the terms of the psychological contract is deemed a psychological contract breach. Perceived breach of the psychological contract results in a sense of discrepancy between what is promised and what is fulfilled. Perceived discrepancy leads to unmet expectations, a loss of trust, a decrease in perceived obligations to one's employer, and a change in employee behaviors, including a decline in OCB (Aselage & Eisenberger, 2003; Coyle-Shapiro, 2002; Robinson, 1996; Robinson & Morrison 2000; Robinson & Rousseau, 1994; Rousseau, 1998, 2004; Schein, 1980). Erosion of trust results in a destabilization of the foundation of the relationship between the two parties. More specifically, when an employee perceives inconsistency between action and words of the employer trust is eroded and confidence in future actions declines (Rousseu, 1995; Robinson). Conversely, fulfillment of the psychological contract encourages employees to fulfill their contractual obligations by engaging in more positive attitudes and behaviors and works to strengthen the employee-employer relationship (Aselage & Eisenberger).

Social Exchange in the Employee - Employer Relationship

Social Exchange as a Framework for Interpretation of Organizational Citizenship Behavior

Social exchange theory provides (a) a perspective for understanding employee motivation in relation to achievement of organizational goals, (b) a perspective for understanding the employee - employer relationship, and (c) a framework for predicting the probability of employees engaging in organizational citizenship behavior (Aselage & Eisenberger, 2003; Coyle-Shapiro, 2002; Rhoades & Eisenberger, 2002).

Social exchange theory maintains that individuals enter into relationships with others for the purpose of maximizing individual benefits. This relationship is characterized by voluntary actions of individuals who are motivated by the returns they are expecting to incur from others in the relationship (Blau, 1964). More specifically, exchange relationships are based on the exchange that occurs when an individual supplies rewarding services to another and thereby obligates a second party; the second party responds by supplying benefits to the first. Since there is no way to assure an appropriate return for a benefit delivered, social exchange requires trusting others to discharge their obligations (Blau). Because trust is required, the initial problem for each party in the exchange relationship is to prove themselves as trustworthy (Blau). By discharging their obligations individuals demonstrate their trustworthiness. An increase in trust results in a gradual expansion of mutual exchange that is accompanied by further growth of trust (Blau).

Social exchange theorists have described the employment relationship as being characterized by an exchange of loyalty and effort, on behalf of the employee, in return for organizational inducements (Blau, 1964; Rhoades & Eisenberger, 2002). Employee perceptions of employer inducements predict the probability that employees will engage in organizational citizenship behaviors (Coyle-Shapiro, 2002).

Inducements are categorized as impersonal (e.g., information and money) or as socioemotional (e.g., caring and respect), with exchange occurring according to the extent to which one partner possesses and is willing to supply resources desired by the other (Blau, 1964). For example, in the workplace, the supervisor provides a subordinate with respect, support and monetary rewards; in exchange the subordinate engages in citizenship behaviors. When increasingly valued resources are reciprocated over time the exchange relationship is strengthened accordingly (Blau).

Social Exchange Theory as a Framework for Interpretation of Organizational Support Theory and Psychological Contract Theory

Organizational support theory (OST) and psychological contract theory (PCT) incorporate the exchange of socioemotional resources in the development of the exchange relationship between the employee and their employer (Aselage & Eisenberger, 2003). These theories maintain that the norm of reciprocity predicts employee behavior towards the organization (Aselage & Eisenberger). OST claims that when POS meets the socioemotional needs of the employee and provides the employee with the resources required to meet performance requirements the employee responds with an increase in felt obligations to the employer and a higher level of affective commitment to the organization (Aselage & Eisenberger). Further, employees utilize obligations specified in the psychological contract in determining obligations to the organization and subsequent performance requirements (Aselage & Eisenberger). Organizational failure to meet its obligations results in a reduction in an employee's perceived obligations; conversely, favorable treatment results in an increase in perceived obligations (Aselage & Eisenberger). Both OST and PCT assume that an employee's efforts on behalf of the organization are directly proportional to the extent that the organization is perceived to be willing and able to reciprocate desired resources (Aselage & Eisenberger). The employee's endorsement of the reciprocity norm is directly proportional to their perceptions of their obligations to meet the employer's needs and on their perceptions of the employer's obligations to meet their needs.

Trust and the Social Exchange Relationship

The establishment of exchange relationships involves the making of commitments on behalf of each party (Blau, 1964). Trust is an essential component of this relationship because each party must trust that the other will reciprocate (Blau). Trust, as defined by Robinson (1996, p. 576), refers to "one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interests". As such, trust lies at the heart of relationships and contracts, influencing each party's behavior toward the other (Blau; Coyle-Shapiro, 2002; Robinson).

When individuals meet their obligations they prove themselves trustworthy of further credit and strengthen the exchange relationship. Research findings have illustrated the power of employee trust in the employer in strengthening the exchange relationship and OCB; when trust levels are high employees believe employer trust obligations will be met and subsequently engage in organizational citizenship behavior (Coyle-Shapiro, 2002; Robinson, 1996).

Developing and Sustaining a Culture That Promotes Organizational Citizenship Behaviors

Fostering Organizational Citizenship Behaviors

Organizations have four basic alternative means of fostering citizenship behaviors (Organ et al, 2005):

1. Using one approach, the organization may work to control entry into and exit from the organization, cultivating a workforce characterized by individuals that have a predisposition toward citizenship behavior. This implies that the employer would look to recruit a workforce that exhibits the dispositional characteristics associated with OCB; thereby, being likely to demonstrate an enhanced ability to engage these behaviors. This approach may prove problematic because the organization may be somewhat limited in recruiting to behavioral characteristics that are specifically linked to OCB; it is likely that task functions will dominate selection and termination decisions.
2. An alternative approach is to cultivate an environment that nurtures and supports development of citizenship behaviors by providing support to the employee and by adhering to the terms of the psychological contract. This environment nurtures and supports the development of OCB behavior by providing relevant training and through the modeling of desired behaviors.
3. The organization may work to cultivate a work environment that provides enhanced opportunities for OCB by ensuring that (a) the structure of the tasks employees perform is conducive to OCB (e.g., provide them with ample opportunity to interact

with and to assist others), (b) working conditions are conducive to OCB (e.g., allows for the flexibility required for spontaneous action and choice), and (c) policies and procedures that govern behavior support OCB (e.g. there is opportunity for open honest communication).

4. Finally, because a combination of ability and opportunity determine whether an employee can successfully engage in a behavior, an employer may choose a combine each of these approaches in successfully cultivating high levels of OCB (Organ et al.).

Avoiding Perceptions of Contract Breach

Subjective nature of perceived contract breach. As discussed, the psychological contract is comprised of beliefs about reciprocal obligations between the two parties (Rousseau, 1998, 2004; Schein, 1980). These beliefs are perceived and not explicitly stated, as in the case of a formal contract or regulations (e.g., union contract agreements, government health and safety regulation) (Rhoades & Eisenberger, 2002). These beliefs may diverge from what is explicitly written or stated and may diverge from the beliefs of other principals or third parties (Rousseau & Tijoriwala, 1998). Because the psychological contract is based on perceptions, discrepancies in understanding between the shared parties frequently occurs (Robinson, 1996; Rousseau). When an organization's behavior is perceived to be less favorable than expected by the employee there is a discrepancy in understanding which results in a perceived contract breach by the employee. Because psychological contract breach is a subjective experience, perceived breach can and does occur in absence of actual breach (Robinson, 1996; Rousseau). For example, a recruiter may specifically state that an employee can expect yearly increases in salary and this does occur. In other cases, the recruiter may make a vague statement, such as yearly increases are common; if the employee interprets this as a promise and does not receive an increase, on their employment anniversary date, they are likely to perceive that a breach in contract has occurred. In most cases of perceived breach it is impossible to determine whether or not an actual breach occurred (Robinson & Morrison, 2000). Whether or not an employee's belief that a breach has occurred is valid or invalid is of no consequence; it is the employee's belief that they were deceived and that a breach occurred that may result in negative changes in employee attitudes and behaviors (Robinson; Rousseau).

Causes of perceived psychological contract breach. Reneging and incongruence are the two root causes of perceived psychological contract breach; either may lead to the perception of a contract breach because each creates discrepancy between an employee's understanding of what was promised and the employee's perception of what he or she has actually experienced (Morrison & Robinson, 1997). Discrepancies in perceptions may result in actions by organizational agents who inadvertently fail to meet employee expectations.

Reneging occurs when the representative of the organization is aware that an obligation exists and knowingly chooses to ignore the obligation (Morrison & Robinson, 1997). This may occur due to (a) a change in circumstances that results in the inability of the organization to meet the obligation, (b) a disinclination on the part of the agent of the organization to meet the obligation, or (c) an intentional false promise on the part of the agent of the organization (Morrison & Robinson).

The second root cause, incongruence, is the result of a lack of common understanding as to whether an obligation actually exists, or it is due to a lack of specific details regarding the obligation (Morrison & Robinson, 1997). Incongruence can result (a) when obligations are established initially, (b) as the psychological contract evolves over time according to changing employee and employer needs, or (c) when the contract becomes altered as the initial understanding of the parties involved becomes distorted over time (Morrison & Robinson). The three primary factors contributing to incongruence of employment obligations are: (a) divergent schemata, (b) complexity and ambiguity of perceived obligations, and (c) inadequate communication (Morrison & Robinson).

Influence of schemata on perceived contract breach. Schemata are cognitive frameworks that represent knowledge about a given concept. Each employee holds schemata about what a typical employment relationship entails (Morrison & Robinson, 1997). An employee's schemata may differ from those held by the organizational agents that are responsible for fulfilling the employee's psychological contract (Morrison & Robinson). Divergent cognitive schemata result in the employer and employee having different beliefs regarding what constitutes a typical employment relationship. Variations in beliefs may result in assumptions and interpretations being made regarding mutual obligations that are not shared by each party (Morrison & Robinson). Further, divergent schemata can result in varying interpretations of actions and subsequent assumptions (Morrison & Robinson; Robinson & Morrison, 2000).

Influence of the construal process on perceived contract breach. The probability that a perceived contract breach will result from incongruence is increased when promises encompassing the psychological contract are ambiguous and complex (Morrison & Robinson, 2000). Individuals have a tendency to engage in the construal process when interpreting ambiguous information; this involves the filling in of missing information by relying on contextual cues or prior information (Griffin & Ross, as cited by Robinson & Morrison, 2000). The construal process results in varying perceptions of the same stimulus and the subsequent construction of different understandings and meaning of messages (Morrison & Robinson, 1997;

Robinson & Morrison). Implicit promises or indirect statements on behalf of organizational agents are particularly vulnerable to incongruent perceptions, as a result of the construal process; conversely, explicit promises are less likely to be misconstrued and are therefore less likely to lead to perceptions of psychological breach (Robinson & Morrison).

Lack of adequate communication results in the construal process and, as such, is another contributing factor to perception of contract breach (Morrison & Robinson, 1997). A lack of communication results in a lack of clarity about obligations; lack of clarity results in the potential for discrepancies between employee and employer understandings of obligations; this leads to the construal process. This may occur at any, or each, phase of the employee - employer relationship (i.e. recruitment, orientation, employment) (Morrison & Robinson).

Influence of employee vigilance on perceived contract breach. Perception of a contract breach by the employee is greatly influenced by employee vigilance (Morrison and Robinson, 1997; Robinson & Morrison, 2000). Vigilance is defined as the extent to which an employee monitors the success of the organization in meeting the terms of the psychological contract (Morrison and Robinson). A discrepancy between an employee's expectation and an employee's experience results in an increase in employee vigilance. Increased employee vigilance results in an increased probability of detection of a breach (Robinson & Morrison). Further, when employees are highly vigilant they are more likely to perceive a contract transgression, even when objective evidence is unclear or lacking. When employees are uncertain that a psychological contract will be kept, or when trust levels are low, they are more likely to vigilantly monitor employer actions (Morrison & Robinson). In addition, organizational changes (e.g., restructuring of personnel, workforce downsizing, mergers, reductions in pay) may cause employees to be more vigilant as a means of self preservation (Robinson & Morrison).

Trust as a mitigating factor. As discussed, trust is an essential ingredient for any stable social relationship; as such, trust plays a significant role in the subjective experience of psychological contract breach (Robinson, 1996). Level of employee trust in the organization and its agents may influence (a) the employee's perception that a breach occurred, (b) their interpretation of the perceived breach, and (c) their reaction to the perceived breach (Robinson).

When trust levels are high employees are less likely to perceive a breach. Further, when an actual breach does occur it is more likely to be interpreted in neutral or relatively positive terms (i.e., employee perceptions are that the action was an unintentional event, a misunderstanding, a temporary lapse, or beyond control of the employer) (Robinson, 1996). Each perceived breach results in a possible decline in prior trust levels; when trust levels decline vigilance increases and further perceptions of a breach are more likely to occur. When trust is low and vigilance is increased employee interpretations become increasingly negative (i.e., employee perceptions may be that a breach was a deliberate dishonest intentional betrayal by the employer (Robinson). In short, individuals tend to see what they look for. When trust levels are high employees are not looking as hard to identify discrepancies between employer promises and actions. When trust levels are low more perceived discrepancies occur and there is a subsequent decline of existing levels of trust. This relationship clearly illustrates the importance for the organization to establish high levels of trust early in the relationship and to work to sustain levels throughout.

Responses to perceived contract breach. It is important to note that perceived contract breach does not always lead to an intense emotional reaction. Intensity of employee reaction depends on how the employee interprets and attaches meaning to the perceived breach (Aselage & Eisenberger, 2003; Morrison & Robinson, 1997; Robinson & Morrison, 2000; Rousseau, 1995). The interpretation process moderates the relationship between the perceived breach and feelings of violation. Employees are more likely to respond with an intense emotional response when feelings of violation are high (Aselage & Eisenberger; Morrison & Robinson; Robinson & Morrison). Further, employees will experience more intense feelings of violation following a perceived breach when they attribute it to reneging, rather than to incongruence (Morrison & Robinson; Robinson & Morrison). Reneging results in blaming behaviors; where as, incongruence allows for mitigation of blame (Morrison & Robinson; Robinson & Morrison).

Employees' perceptions of how they were treated immediately following a violation can be another mitigating factor (Morrison & Robinson, 1997; Robinson & Morrison, 2000). More specifically employees' negative emotional responses can be mitigated depending on if they believe they were treated with interactional fairness (i.e., consistent applications of rules, regulations and policies) and fair interpersonal treatment (i.e., employees need to be treated with honesty, with mutual respect, with consideration, and require adequate information) (Morrison & Robinson). Conversely, perceived unfair treatment communicates to employees that that they are not valued or respected; this results in a negative emotional response (Morrison & Robinson; Robinson & Morrison).

Optimizing Perceived Organizational Support and Adherence to the Psychological Contract

PCT and OST are mutually interdependent. When employees are treated unfavorably POS is diminished, more so when there is a perceived contract breach (Aselage & Eisenberger, 2003; Rhoades & Eisenberger 2002). Failure to fulfill the psychological contract communicates a low valuation of employee contributions and lack of concern for employee welfare. The greater the perceived obligation, the greater the degree to which the failure to meet the obligation is perceived as a violation, and the greater the decline in POS and citizenship behaviors (Robinson

1996). Conversely, when employees perceive support levels to be high they engage in attitudes and behaviors that enable realization of organizational goals and maximize organizational effectiveness (Robinson).

As mentioned, it is important to note that POS is more greatly enhanced when employees perceive that they have received a benefit in the absence of a prior promise (Aselage & Eisenberger, 2003). Favorable treatment in the absence of obligations, rather than enforced by external constraints (e.g., union contracts, government health and safety regulations), is perceived to be voluntary and generous; this communicates a high level of respect for the employees and a high level of value for their contributions. Where as, favorable treatment in response to obligations is perceived to be less discretionary, and is perceived to be a less significant indicator of respect and value for the employee. Conversely, when employees perceive a breach in contract, particularly if employer behavior is a non-discretionally required behavior, there is a subsequent decline in OCB.

Issues and Challenges

Once people have been recruited, selected, trained, and allocated to a job the organization must focus on cultivating the conditions necessary to sustain a high level of performance over an extended period of time. As noted, exceptional performance at individual level accrues to overall organizational effectiveness. In addition to performance needs, the organization must also focus on cultivating conditions that will meet employees' personal need for organizational membership (Schein, 1980). These conditions can be met by cultivating a climate that encourages OCB and its seven dimensions. As discussed, OCB is directly related to (a) perception of organization support by the employee, and (b) employee perceptions that the organization is adhering to the terms of the psychological contract; therefore, in developing and sustaining a culture conducive to citizenship behaviors it is important to consider these factors:

1. Because prior trust moderates the impact of psychological contract breach and subsequently impacts employee OCB, organizations are well advised to actively establish and maintain trusting relationships with their employees as a potential method of inoculation from the negative effects of potential contractual transgression (Robinson, 1996; Robinson & Morrison, 2000). Further, if employers can earn the trust of their employees early on employees will be less likely to perceive a contract breach and more likely to retain initial trust despite possible changes or breaches (perceived or actual) in the employment agreement.
2. The psychological contract begins to form during recruitment and develops over time (Rousseau, 1995). Effective communication during the recruitment phase reduces incongruence between promised obligations – between the employee and the employer – and the potential for perceived breach (Morrison & Robinson, 1997). This suggests that effective communication during the recruitment phase will help to reduce incongruence. Following the hiring process, a formal orientation program has proven to be an effective method for improving communication, and reducing the gap between employees' perceptions of the employment agreement and those of the employer (Morrison & Robinson).
3. Perceived breach is often the result of misinterpretation and misunderstanding of information that is exchanged between the employee and the employer; therefore, perceptions of a breach can be reduced by enhancing communication. Employers who focus on frequent, clear, and precise communication - between organizational agents and potential and new employees - are less likely to experience incongruent

perceptions and subsequent employee perception of a contract breach (Morrison & Robinson, 1997; Robinson & Morrison, 2000).

4. Managers, both immediate and those higher up, play a central role in shaping the psychological contract. Manager’s perceptions of their own psychological contract influence how they respond to the psychological contract that they hold with the employee; consequently, how employers select, train, and motivate managers has considerable impact on the psychological contracts that workers experience (Robinson & Morrison).
5. The probability that a perceived contract breach will result from actual reneging on the part of the employer can be reduced by close attention being made to what the employer promises (Robinson & Morrison, 2000). Any promises must be deliverable and be delivered upon or a breach of contract will have occurred. This is particularly important during periods of organizational decline where promises made in good faith are at risk due to changing economic conditions (Robinson & Morrison).
6. As discussed, employee feelings of violation, and associated negative emotions and behaviors are less intense when employees feel that they have been treated fairly, and with honesty and respect (Robinson & Morrison, 2002). Further, any reduction in intensity of felt violation works to offset lowered trust levels and decline in OCB (Robinson & Morrison). Organizational agents can act proactively to a perceived breach of contract by acknowledging reneging when it occurs and by offering adequate and honest explanations for the situation (Robinson & Morrison).
7. Organizational socialization is a factor that affects the degree of similarity between employee - employer schemata regarding the employment relationship (Morrison &

Robinson, 1997). A primary purpose of socialization is to indoctrinate new employees with the beliefs and assumptions that are deemed appropriate by the organization (Robinson & Morrison, 2000). Hence, in organizations where this process is fairly formalized or structured there is a greater probability that new employees will form a set of beliefs and assumptions (i.e., schemata) that are similar to those held by agents of the organization (Robinson & Morrison), resulting in a decline in the potential differing perceptions of psychological contract breach.

8. As noted, when employee level of trust in the employer is low there is a greater probability that the employee will expect reneging on employer promises. Subsequently, employees are more likely to engage in active monitoring of employer actions in an attempt to detect and potentially prevent reneging. When employees have had a previous experience of a psychological breach, whether actual or perceived, they are more likely to be less trusting of their current employer and therefore more vigilant (Morrison & Robinson, 1997).
9. Employees who are well treated are more likely to become affectively committed to the organization (Meyer & Allen 1997), and are more likely to display citizenship behaviors (Aselage and Eisenberger, 2003; Coyle-Shapiro, 2002; Rhoades & Eisenberger, 2002). In contrast, when individuals feel they are being mistreated by the employer they reciprocate by performing only required duties and by minimizing citizenship behaviors. This implies that employees should be treated with integrity, dignity, mutual respect, and consistently high levels of procedural fairness.

Summary

Organization’s that are characterized by high levels of OCB are positioned to successfully attain organizational goals, because they benefit from the contributions of employees who, by engaging in OCBs, consistently perform at levels beyond those required by the employment agreement. These employees display attitudes and behaviors (e.g. helping behaviors, sportsmanship, organizational compliance, individual initiative, civic virtue, self-development) that result in exemplary performance. Employees that engage in OCB behavior experience both financial and psychological benefits. Prevalence of citizenship behaviors in an organization results in enhanced organizational performance as a result of the cumulative effect of individual optimal performances.

The norm of reciprocity predicts employee behavior towards the organization. When perceived organizational support is low, or when an employee perceives that there has been a breach in the psychological contract OCB declines. Organizational citizenship behaviors can be developed and sustained through leadership that communicates and demonstrates support for its employees, and through leadership that responds to the needs of the psychological contract. Citizenship behaviors can also be cultivated by recruiting to desirable behavioral characteristics, developing desirable behaviors through training and modeling, and fostering a work environment that supports desirable behaviors. A culture that promotes organizational citizenship behavior can be further developed and sustained by taking specific actions to avoid the perception of a contract breach.

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QUESTION 3

Examine the relationship between effective leadership and emotional intelligence. Discuss the relationship between emotionally intelligent leadership and charismatic leadership? What role does emotional intelligence play in transformational leadership? What are the organizational benefits associated with emotionally intelligent leadership?

Abstract

In order for organizations to gain and maintain competitive advantage, it is imperative that today's leaders understand the need for strategic change and that they are adept at leading it. This type of leadership demands that the leader develop a relationship with followers that inspires them to work collectively to achieve a clearly articulated vision. Theories of emotionally intelligent leadership, charismatic leadership, and transformational leadership suggest that these types of leaders are positioned to realize these outcomes. While there are differences between these leadership models there is also considerable overlap. Transformational and charismatic leadership is accomplished buy using emotions intelligently. It is through the intelligent use of emotions that leaders are successful in leading change that transforms organizations, ensuring their viability in today's competitive markets.

Emotional Intelligence and Leadership

Today's organizations are faced with a new constant; the constant is on-going change. A competitive marketplace has forced organizations to radically reinvent themselves (Conger, 1999). In order for organizations to gain and maintain competitive advantage they must be adept at responding to changing environments. For organizational success, it is imperative that today's leaders understand the need for strategic change and that they are adept at leading it.

A review of the literature indicates that effective leaders possess a high degree of emotional intelligence which enables them to resonate with people and move followers in the direction required for organizational success (Barling, Slater, & Kelloway, 2000; Deluga, 1998; Duckett & Macfarlane, 2003; Gardner & Stough, 2002; George, 2000; Goleman , D, Boyatzis, R. McKee, A., 2002; Palmer, Walls, & Burgess, 2001; Sivanathan & Fekken, 2002; Sosik & Megerian, 1999). Organizations that are characterized by emotionally intelligent leaders benefit by ensuring their viability in today's competitive markets through their capacity to respond to the needs for change in today's organizational environments (Conge; George). Several theorists indicate that emotional intelligence is inextricably linked to charismatic and transformational leadership behaviors (Barling et al.; George; Palmer et al). Examining the relationship between these constructs provides an intriguing perspective of the attributes and behaviors essential to emotionally intelligent leadership and its benefits.

Defining Related Constructs

Effective Leadership

It is leaders that set the rules, create the culture and determine the values and principles that guide an organization (Rosen, 1996). For organizations to respond to the challenge of continuous improvement they need to tap the energy, creativity, and commitment of their people, and inspire their best at all levels of the organization (Rosen). To do this, leaders must articulate a vision that inspires, mobilizes, creates a common purpose, coordinates people's efforts and enables them to act (Kouzes & Posner, 2002; Napolitano & Henderson, 1998; Rosen,). Effective leaders foster leader-follower partnerships that create a collaborative environment that is conducive to achieving these results (Kouzes & Posner; Rosen). They understand that productive relationships are founded on trust and they actively engage in behaviors that build the level of trust required to bind people together in creating a resilient organization (Kouzes & Posner; Napolitano & Henderson; Rosen).

Further, exemplary leaders understand that leadership is not a title but a relationship (Kouzes & Posner, 2002). They are aware that the cultivation of healthy adult relationships is critical for organizational success in our fast-paced, complex, highly technical world because people need to work together and share a common vision to produce high-quality work (Rosen, 1996). They realize that their relationships are crucial because they are the glue that holds the organization together, connecting its strategy, structure, systems and technology (Rosen).

Emotional Intelligence

Salovey and Mayer (1990) defined emotional intelligence as "the subset of social intelligence that involves the ability to monitor one's own and other's feelings and emotions, to discriminate among them, and to use this information to guide one's thinking and actions" (p.189). This construct comprises an aptitude for appraising, expressing, and regulating emotions in self and others, and in using emotions in adaptive ways (Salovey & Mayer). Emotional intelligence taps into the extent to which an individual's cognitive abilities are informed by emotions and the extent to which emotions are cognitively managed (George, 2000). In other words, emotional intelligence is evidenced by an ability to accurately perceive reality in order to assess and regulate emotional responses and to adapt and respond to the emotional needs of others.

Key to emotional intelligence is the ability to use emotions in a functional way (George, 2000). Individuals vary with respect to the extent to which they are aware of the emotions they experience and the extent to which they can verbally and non-verbally express these emotions to others (Salovey & Mayer, 1990). Appraisal and accurate expression of emotions are not only essential for self-management of emotions, they are critical in managing the emotions of others and in communicating needs to others, and ultimately, in attaining goals and objectives (George). Being adept at accurately appraising emotions is also critical for the facilitation of emotional input in forming judgments and in making decisions (George).

A Framework for Assessing Emotional Intelligence

Expanding on the work of Salovey and Mayer (1990) Goleman et al. (2002) translated the concept of emotional intelligence into two dimensions: personal and social competence. He posited that emotional intelligence can be described through a framework that consists of four domains:

1. Self-awareness: Self-awareness is comprised of the ability to (a) read one's own emotions and to recognize their impact, (b) to know one's strengths and weaknesses, and (c) to have a sound sense of personal worth.

2. Self-management: Self-management is described as (a) keeping disruptive emotions and impulses under control; (b) displaying honesty, integrity and trustworthiness; (c) demonstrating flexibility in adapting to change or overcoming obstacles, and striving to improve performance to meet inner standards of excellence; (d) being ready to act and seize opportunities; and (e) seeing the positive side of events.

3. Social awareness: Social awareness is demonstrated by the ability to (a) sense the emotions of others, understand the perspective of others , and take an active interest in the concerns of other; (b) read the current situation, decision networks, and politics at the organizational level; and (c) recognize and meet the needs of others.

4. Relationship management: Relationship management refers to the ability to effectively handle interpersonal relationships through self-disclosure, assertiveness, active listening, persuasion, conflict management, and working collaboratively (Goleman, et al., 2002).

Charismatic Leadership vs. Transformational Leadership

There is a great deal of confusion about the meaning of charismatic leadership (Conger, 1999; Yukl, 1999). This confusion is the result of considerable ambiguity regarding the essential behaviors associated with charismatic and transformational leadership (Beyer, 1999; Conger; Pawar & Eastmen, 1997; Yukl). These two constructs are in fact often treated as equivalent. (Beyer; Conger; Pawar & Eastmen; Yukl). The assumption of equivalence has been challenged by leadership scholars (Bass, 1985; Pawar & Eastmen; Yukl) who view transformational and charismatic leadership as distinct but partially overlapping.

Charismatic Leadership

Weber's original charismatic leadership theory described how followers attributed extraordinary qualities to a leader; he reasoned this behavior resulted in charismatic leadership (Beyer, 1999; Yukl, 1999). This theory has been modified and extended by describing charismatic leadership in terms of the amount of influence a leader has over followers and the existing type of follower-leader relationship. While core behaviors vary from theory to theory, most theorists suggest that attributions are jointly determined by characteristics of the leader, characteristics of subordinates, and the situation (Conger & Kanungo, 1998; Erhart & Klein, 2001; Yukl). Further, there is general agreement that followers identify strongly with the leader (Conger & Kanungo; Erhart & Klein; Yukl). Erhart & Klein suggested that charismatic leadership is best conceptualized not as something a leader does, but rather as a relationship between a leader and his followers.

Charismatic Leadership Models

Following a review of the literature, Yukl (1999) summarized two widely accepted models of charismatic leadership that describe charismatic leadership with respect to leader influence over followers and the type of leader-follower relationship that develops. Key behaviors in the Conger & Kanungo theory include articulating an innovative strategic vision, showing sensitivity to followers' needs, displaying unconventional behavior, taking personal risks, and identifying constraints, threats and opportunities (Yukl). The key behaviors in the House and Shamir theories include articulating an appealing vision, emphasizing ideological aspects of the work, communicating high performance expectations, expressing confidence in subordinates, modeling self-confidence and exemplary behavior, and emphasizing collective identity (Yukl).

Integrating the models. Although these models vary to some extent there is consensus in the literature on specific behaviors that constitute charismatic leadership: (a) articulation of a future vision, (b) building credibility and commitment to the vision, and (c) creating emotional challenges and providing encouragement (Conger, 1999). In other words, charismatic leaders communicate a vision that projects a set of values and beliefs that resonate with followers and inspires followers to move beyond personal self-interests in favor of pursuing the organizational goal. For the purpose of this paper, those behaviors identified by Conger as being common in the literature as descriptive of charismatic leadership will be adopted in examining the relationship between emotionally intelligent leadership and charismatic leadership.

Transformational Leadership

Although the literature provides varying descriptions of transformational leadership there is general agreement, by theorists (Avolio, Waldman, & Yamnmarino, 1991; Bass & Avolio, 1992; Bass & Avolio, 1994; Northouse, 2001; Seltzer, & Bass, 1990; Yammarino & Dubinsky, 1994; Yukl, 1998; Yukl, 1999), on the dimensions that describe transformational leadership. Transformational leadership is characterized as being dependent on the ability of the leader to transform and motivate followers by (a) making them more aware of the importance of task outcomes, (b) inducing them to transcend their higher order needs, and (c) activating their higher order needs. There are four types of transformational behaviors that are characteristic of transformational leaders: (a) individualized influence or charisma, (b) individualized consideration, (c) intellectual stimulation, and (d) inspirational motivation (Bass, 1985).

Effective Leadership and Emotional Intelligence

Goleman (1998) suggested that all effective leaders are alike in one crucial way; they all possess a high degree of emotional intelligence. Goleman et al. (2002) argued that the fundamental role of leadership is to create resonance with people and that is why being intelligent about emotions is so important for leadership success. Emotional intelligence competencies are the building blocks of leadership that create resonance (Goleman et al., 2002). Goleman reasoned that emotionally intelligent leadership means understanding your own and other people's emotional makeup well enough to move people in the direction required to accomplish organizational goals.

Goloeman's (1998) assertion that the fundamental role of leadership is to create resonance with followers is supported by other theorists. As noted, effective leadership has been described as leadership that forms a partnership with followers and mobilizes their efforts into a united force aimed at achieving a common goal (Kouzes & Posner, 2002; Napolitano & Henderon, 1998; Rosen, 1996). It is by engaging in emotionally intelligent leadership that the leader achieves these outcomes.

Kouzes and Posner (2002) posited that effective leaders create a relationship with followers that models the way, inspires a shared vision, challenges the process, enables others to act and encourages the heart. These outcomes are aligned with those associated with emotionally intelligent leadership. Leaders who are emotionally competent possess the following competencies and related attributes, as described by Goleman et al. (2002).

Self-awareness

Self-aware leaders are attuned to their own emotions and understand how their emotions affect their actions (Goleman et al, 2002) They have a clear understanding of personal strengths and limitations, and of personal values, goals and motives. They can often intuit the best course of action and can see the big picture in a complex situation. They are confident in their capabilities and have a healthy sense of self-worth. People with strong self-awareness are neither overly critical nor unrealistically hopeful. They are honest with themselves and with others (Goleman et al).

Self-awareness is critical to developing an understanding of the emotions of others (Goleman et al., 2002). When a leader is not aware of his/her emotions it is not likely that they will be aware of the emotions of others (Goleman et al.).

Self-management

Self-management facilitates the focused drive that leaders require to achieve their goals. It enables the leader to keep disruptive emotions and impulses under control and channel them in effective ways (Goleman et al., 2002). These leaders remain upbeat and optimistic, even in the face of adverse conditions, and radiate positive feelings that resonate with followers. They demonstrate adaptability in response to changing situations and in overcoming obstacles. By effectively managing emotions, leaders cultivate an environment of trust, support, and fairness. Self-management also models an authentic openness to others about one's feelings, beliefs and actions; this translates into a belief that the leader has integrity and can be trusted. Such leaders communicate to followers that they are genuine because they are not making a pretense to be other than they are. They demonstrate a drive to improve performance to meet inner standards of excellence and take initiative in identifying and seizing opportunities. Their actions model the way for others (Goleman et al.).

Social Awareness

The emotionally intelligent leader utilizes social awareness in actualizing the leader's primary role - creating resonance (Goleman et al., 2002). By being attuned to the emotional state of others the leader is positioned to take an active interest in the concerns of others and to respond appropriately. This attunement also provides information regarding the establishment of shared values and priorities that guide followers' behaviors. It allows the leader to grasp the feelings and perspectives of others, which provides a foundation for assessing and interpreting organizational climate and meeting client and follower needs. It enables the leader to express their message in a way that moves others. Resonance flows from a leader that expresses feelings with conviction because their emotions are authentic and values based (Goleman et al.).

Relationship Management

Self-awareness, self-management and social awareness culminate in the ability to manage relationships effectively (Goleman et al., 2002). Managing relationships is demonstrated by the ability to manage the emotions of others successfully. Authenticity (acting from one's own genuine feelings) is fundamental to handling relationships well. When leaders are attuned to their own vision and values, controlled in their emotional response, are attuned to the feelings and emotions of others their relationship management skills enable them to interact in a way that creates resonance. Relationship management skills include persuasion, conflict management, building rapport, networking, working collaboratively, and developing others. Leadership that is characterized by effective relationship management is evidence that the leader’s emotional intelligence is at work (Goleman et al.)

Emotionally Intelligent Leadership and Charismatic Leadership

Similarities

As stated, charismatic leaders achieve desired outcomes by (a) clearly articulating a future vision, (b) building credibility and commitment to the vision, and (c) creating emotional challenges and providing encouragement (Conger, 1999)**.** Being skilled in the domains of emotional intelligence assists the leader in (a) articulating the vision in a way that will resonate with followers, for example, charismatic leaders increase the intrinsic value of follower effort by presenting the effort as a reflection of important values and shared beliefs (Shamir, as cited by Sosik & Dworakivsky,1998); (b) engaging in behavior that is consistent and predictable, thereby enhancing credibility and impression of commitment to the vision and; (c) being aware of the needs of followers’ and responding to those needs in a way that both challenges and encourages followers, for example, in forming strong emotional bonds with followers a charismatic leader monitors his or her own emotions and other’s emotion, discriminates among them, and uses the information to guide thinking and action (Wasielewski, as cited by Sosik & Dworakivsky, 1998).

Charismatic leadership research, as cited by Crant and Bateman (2000), has identified a number of personality based and behavioral predictors of perceived charismatic leadership.

Personality based predictors include: (a) pro-social assertiveness, (b) self-confidence, (c) social sensitivity, (d) sensitivity to follower's needs, (e) creativity and innovation, and (f) a propensity for risk seeking. Behavioral predictors include: (a) impression management by engaging in behaviors designed to create impressions of leader competence, (b) acting as a behavior role model, and (c) setting high expectations for follower performance.

Four of the six personality variables and three of the four behavioral variables that are predictors of charismatic leadership logically fit under the four domains of Goleman's et al. (2002) emotional intelligence model (i.e., self-management, self-awareness, social awareness, relationship-management). For example, (a) pro-social assertiveness reflects relationship management, (b) self-confidence is an integral component of self- awareness, (c) and social sensitivity and sensitivity to followers' needs are aligned with social awareness. Role-modeling and creating an impression of competence is accomplished through engaging the skills associated with each of the four domains. It is through these personality and behavioral variables that charismatic leadership is actualized, and like emotionally intelligent leadership, creates a strong employee commitment to organizational goals by connecting them intellectually and emotionally to the personal goals of employees.

In summary, charismatic leaders are skilled in the appraisal of emotion, expression, and regulation of emotion in themselves and others (Sosik & Dworakivsky, 1998). These skills elicit strong emotional attachment, additional effort and high level of performance from followers, and are consistent with findings of research on emotional intelligence (Sosik & Dworakivsky). Further, to the extent that a leader is self aware, they are better equipped to manage emotions and engage in regulation of expressive behavior that is designed to enhance impression of credibility and commitment to the vision and to respond to followers' needs in a way that both challenges and encourages (Sosik & Dworakivsky).

Differences

Charismatic leadership differs from emotionally intelligent leadership in that charismatic leadership theory suggests that charismatic leaders engage in impression management (Crant & Bateman, 2000; Conger, 1999; Gardner & Avolio, 1998;Yukl, 1999). While impression can be achieved through emotionally intelligent leadership, there is a distinct difference. Impression management is described as a means for creating meaning and identity in the minds of followers (Crant & Bateman; Conger; Gardner & Avolio). Impression management strategies can result in manipulative behaviors, such as, attempting to appear trustworthy, credible and morally worthy (Gardner & Avolio). Other manipulative behaviors include behaviors that increase follower perception of leader expertise and dependence on the leader, such as, misinterpreting events or inciting incidents to create the appearance of crisis, exaggerating the leader's achievements, taking unwarranted credit for achievements, covering up mistakes and failures, and limiting member access to information (Yukl). These behaviors are inconsistent with emotionally intelligent leadership which characterizes leaders as displaying honesty, openness, integrity, and trustworthiness (Goleman et al., 2001). In other words, the emotionally intelligent leader is open, honest, trustworthy and acts with integrity, while the charismatic leader may also possess these traits it is possible that they only appear to, as a result of effective impression management.

Another notable difference between these theories is based on the relationship between the follower and the leader. Charismatic leadership is characterized by followers' desire to be like the leader and to gain the leader's acceptance and approval (Yukl, 1999). In extreme cases, the followers' identity becomes service to the leader (Yukl). This behavior creates loyal and obedient followers but may inhibit forthright feedback (Yukl). This relationship is in sharp contrast to that associated with emotionally intelligent leadership which is aimed at managing relationships in a way that facilitates open and honest communication, develops followers by providing feedback and coaching, and empowers them (Goleman et al, 2002). Further, strong identification with the leader can result in polarization within an organization (Yukl). In contrast, emotionally intelligent leadership fosters a community of cooperation and collaboration (Goleman et al). Finally, the conception of a charismatic leader as someone that is extraordinary seems incompatible with shared leadership and empowerment (Yukl), which are direct benefits of emotionally intelligent leadership (Goleman et al.).

In summary, while there is considerable overlap in the theories of emotionally intelligent leadership and charismatic leadership the theories are distinct. Emotional intelligence is a necessary component of charismatic leadership, but a leader can be emotionally intelligent without being charismatic. Further, charismatic leaders may employ only a partial set of the skills associated with emotional intelligence which results in outcomes that are contrary to those associated with emotionally intelligent leadership.

Role Played by Emotional Intelligence in Transformational Leadership

There is wide consensus among theorists that emotional intelligence is evident in leaders that engage in transformational behaviors (Barling, et al,,;2000; Deluga, 1998; Duckett & Macfarlane, 2003; Gardner & Stough, 2002; George (2000); Palmer et al., 2001; Sivanathan & Fekken, 2002; Sosik & Megerian, 1999). Bass’s (1985) framework for describing transformational leadership can be applied in examining the role that emotional intelligence plays in transformational leadership.

Importance for Idealized Influence

Idealized influence (also referred to as charisma) results in a strong emotional attachment to - and identification with - the leader (Bass, 1985). It involves the forming of a strong emotional attachment with followers by (a) gaining their respect, trust, and confidence; (b) building referent power and influence; and (c) by communicating a strong sense of mission to them (Bass; Yammarino & Dubinsky, 1994). Research indicates that there is strong correlation between emotional intelligence and the behaviors and attributes that characterize idealized influence (Barling et al., 2000; Duckett & Macfarlane, 2003; George, 2000; Gardner & Stough, 2002; Palmer, et al., 2001; Sosik & Megerian, 1999).

In order to cultivate a strong emotional attachment with followers the leader must be aware of their emotions. They must have a clear understanding of what they are feeling, what their emotions communicate to followers, and the impact of their emotions on followers (Goleman, 1998). These skills require a sense of confidence in capabilities, a sense of self-worth, an accurate perception of personal strengths and limitations, and an understanding of personal values, goals and motives as characterized by the self-awareness aspects of emotional intelligence (Goleman et al., 2002). This assertion is supported by research that indicates that emotionally intelligent leaders experience high levels of self-confidence, self-efficacy and provide orientation for followers (Sosik & Megerian, 1999). Further, leaders who are aware of emotions, manage their emotions, display self-control and delay gratification (self-awareness) enhance followers' trust and respect, and are positioned to serve as role-models (Barling et al. 2000; Palmer et al., 2001). Further, emotionally intelligent leaders display conviction, emphasize the importance of commitment, generate pride, loyalty, and confidence (Palmer, et al.). These outcomes are central to the construct of idealized influence (Palmer, et al.).

Importance for Individualized Consideration

Transformational leaders see their followers as individuals and respond accordingly

(Bass, 1985). They communicate interest in them, as individuals, by listening to them and sharing their individual concerns, while simultaneously working to build their self-confidence (Bass; Yammarino & Dubinsky, 1994). A key assumption of individualized consideration is that each employee has unique concerns that will change over time. The transformational leader is adept at assessing and evaluating the changing needs of followers, and is adept at elevating needs as required in developing the follower for optimal performance (Bass; Yammarino & Dubinsky).

Research pertaining to emotional intelligence suggests that emotional intelligence may be central to transformational leadership that is characterized by individualized consideration. (Barling et al, 2000; Gardner & Stough, 2002; George, 2000; Palmer et al., 2001). Because emotionally intelligent leaders understand the importance for creating resonance, they consciously engage in behaviors that communicate a sense of interest in followers as individuals. By listening to the perceptions and concerns of followers, the emotionally intelligent leader becomes aware of their needs and can respond accordingly (Goleman et al.). Because emotionally intelligent leaders are adept at understanding the emotions of others and at managing relationships they are likely to manifest individualized consideration (Barling et al.). This assertion is supported by research that indicates that emotionally intelligent leaders provide personal attention to followers, treat each employee individually, and work to develop followers through delegation, coaching, and advising (Goleman et al. 2002; Duckett & Macfarlane, 2003; George; Palmer et al., 2001).

Importance for Intellectual Stimulation

An intellectually stimulating leader is adept at inspiring followers to think about old situations in new and unique ways, and to use reasoning and evidence, as opposed to unsupported opinion, in decision-making and problem-solving (Bass, 1985; Yammarino &

Dubinsky, 1994) The leader not only stimulates the thinking of followers but also models openness by being responsive to the ideas and opinions of followers (Bass; Yammarino & Dubinsky). Transformational leaders effectively utilize emotional information in stimulating others to identify new ways of doing things, encouraging the expression of new ideas, and in advocating the proactive intervention for problem-solving (Duckett & Macfarlane, 2003; Gardner & Stough, 2002;).

Importance for Inspirational Motivation

The inspirational leader communicates a clear and compelling vision of the desired state; they gain follower support and inspire sustained commitment to the vision (Bass, 1985; Yammarino & Dubinsky, 1994). The vision is communicated with fluency and confidence, and leaves followers with an increased sense of purpose, optimism and enthusiasm (Bass, Yammarino & Dubinsky).

Accurate monitoring, management, and expression of one's own emotions and the emotions of others is vital to successfully communicating needs to others, and in motivating and inspiring followers to work toward common goals (George, 2000; Palmer, et al., 2000); this is the central aspect of the motivational mechanism of transformational leadership (Sosik & Megerian, 1999). This assertion is supported by research (Barling et al., 2000; Duckett & Macfarlane, 2003; Gardner & Stough, 2002; George, 2000; Palmer et al. 2001; Sosik & Megerian, 1999) that posits the following relationships between emotional intelligence and the inspirational motivation component of transformational leadership: (a) emotions are utilized in processing information related to the existing environment (i.e. challenges, opportunities, threats, issues); (b) emotions are managed to ensure optimism, which translates into an ability to transcend the current state in developing a compelling vision that contrasts with existing conditions; and (c) emotions of followers are accurately appraised and knowledge of emotions is used to interpret why followers are feeling as they do, and to influence followers' emotions so that they are receptive to and supportive of the leader's goals for the organization and proposed strategies for achieving them.

Benefits Associated with Emotionally Intelligent Leadership

Emotional intelligence plays an important role in leadership effectiveness (Barling, et al.., 2000; Deluga, 1998; Duckett & Macfarlane, 2003; Dulewicz & Higgs; 2003; Gardner & Stough, 2002; George, 2000; Palmer, et al., 2001, Douglas, Ferris, Anmeter & Buckley, 2003; Sivanathan & Fekken, 2002; Sosik & Megerian, 1999; Shipper, Kincaid, Rotondo, & Hoffman, 2003). As evidenced by its role in transformational leadership, emotionally intelligent leaders initiate, manage and lead in new directions. Further they cultivate responsive and healthy work environments that sustain organizational success. These outcomes are realized through the cumulative effect of numerous organizational benefits that are the result of emotionally intelligent leadership. These benefits and their associated attributes are discussed below.

Actualization of Business Strategy

Emotionally intelligent leaders articulate a compelling vision, and are adept at creating the resonance required to mobilize follower's efforts and guide behavior in pursuit of the vision (George, 2000; Goleman et al., 2002;). They do this by articulating a purpose that rings true for themselves and they attune it to values shared by the people they lead; thereby, offering a sense of common purpose - that goes beyond the day to day tasks - and offers meaning in life and invigorating challenges for followers (Goleman et al; Sosik & Megerian, 1999).

A Collective Organizational Force Aimed at a Common Goal

The ability to sense how others feel and to understand their perspective enables the leader to articulate a vision that is inspirational for followers (George, 2000; Goleman et al., 2002) Their adeptness at appraising the feelings of followers allows them to use this information to influence their subordinate's emotions so that they are receptive and supportive of organizational goals (George). Responding to follower's needs results in an environment that generates and maintains follower motivation because these leaders are able to appreciate how followers feel, and are knowledgeable about how to influence emotions (George, 2000). For example, these leaders are likely to have a realistic perception of the degree to which followers' expectations can be raised (Barling et al., 2000), which guides them in communicating expectations and in sustaining morale and motivation. Further, emotionally intelligent leaders are adept at anticipating potential follower reactions to various circumstances, events and changes, and are skilled in effectively managing follower reactions (George).

Finally, effective leaders must be skilled at assessing alignment between emotions that followers are outwardly expressing and the "real feelings" behind the expression (i.e. people often deliberately control their expressed emotion while they are internally experiencing different emotions) (George, 2000). Leaders with high levels of emotional intelligence are likely to be more adept at deciphering when expressed emotions are genuine, understand why they may be faked, and influence followers to experience genuine excitement, enthusiasm, confidence and optimism rather than fake their feeling (George).

High Performance Employees

Because these leaders are attuned to the feelings, needs and emotions of others they are adept at providing encouragement and meaning, and in coaching, developing and mentoring others; this translates into enhanced employee self-confidence, competence, and performance (Gardner & Stough, 2002; Goleman et al., 2002). Emotional self-awareness creates leaders that are authentic and it enables them to give advice that is genuine and that is in the follower's best interest, rather than advice that results in the employee feeling manipulated or attacked (Goleman et al.). Because followers feel that their interests are being served they are motivated to uphold high standards of performance and assume accountability (Goleman et al).

Satisfied Stakeholders

Emotionally intelligent leaders are adept at cultivating and maintaining extensive internal and external relationship networks (Dulewicz & Higgins, 2003; Goleman et al., 2002; Shipper et al., 2003). They create connections by focusing on stakeholder, client and followers' desires and needs (Goleman, et al.). By focusing on people and their needs they create emotional bonds that develop and sustain resonance, even in the face of adverse conditions (Goleman, et al.).

A Cooperative and Collaborative Working Environment

As models of respect, helpfulness, and cooperation, emotionally intelligent leaders cultivate environments that foster cooperation and collaboration and are characterized by high levels of trust (Goleman et al, 2002.). They model norms that support commitment, involvement, active pursuit of the vision and healthy productive work relationships. Emotionally intelligent leaders manage conflict constructively and redirect energy toward shared ideals (Goleman et al.). They draw others into enthusiastic commitment to the collective effort and build spirit and identity (Goleman et al.). Further, under the guidance of an emotionally intelligent leader, followers feel more emotionally connected; this results in their experiencing a mutual comfort level that enables the sharing of ideas, collective learning, collaborative decision-making, task accomplishment, and enhances the meaningfulness of their work (Goleman et al., 2002).

An Adaptable, Viable and Healthy Organization

Emotionally intelligent leaders act as effective catalysts for change (Dulewicz & Higgins, 2003; George, 2000; Goleman et al., 2002; Pratti et al., 2003)

Emotionally. They are skilled at recognizing the need for change and at utilizing their emotional intelligence in overcoming barriers (George, Goleman et al.). They are better equipped to solve problems and to address issues and opportunities facing the organization (George, 2000; Barling et al., 2000). Leaders with this conceptualization are able to improve decision making via knowledge and management of emotions; they are able to determine whether an emotion is linked to opportunities or problems and to use knowledge of emotions to inform the process of decision-making (Barling et al.).

They understand that to sustain a healthy organization they must take time to reflect on what they feel, think and sense about their organizations and they draw on the collective wisdom of their followers to identify the gaps between the way things are and the way they could be; subsequently using this information to lead change (Goleman et al., 2002). They understand that follower attunement is a critical component of leading change successfully and that attunement begins with involving people in identifying organizational gaps or needs, and that it is sustained by involving people in the development and implementation of strategies designed to bridge the gap (Goleman et al.). They understand that followers must be personally and powerfully motivated to engage the change; therefore, they listen to what people have to say and use relationship management to build consensus and ensure that people are engaged in the change process in a way that builds their commitment (Goleman, et al.).

An Emotionally Intelligent Organization

Because leaders have an enormous impact on the emotions of the organization, their modeling of emotional intelligence contributes to creating an organization that is emotionally intelligent (Dulewicz & Higgs, 2003; Goleman et al., 2002; Prati, et al., 2003). Emotionally intelligent organizations are characterized by emotionally intelligent leaders that involve people in discovering the truth about themselves and the realities of the organization (Goleman et al.). They assist people in identifying organizational threats and strengths, and in creating a vision of what could be (Goleman et al.). They build resonance and ensure that it can be sustained by embedding it in systems and processes that regulate relations and work in the organization (Goleman et al.).

Emotionally intelligent organizations are characterized by people that are emotionally self-aware and who manage emotions effectively. They are socially adept and utilize relationship management skills in contributing to a collaborative, cooperative, efficient and productive work environment. Further, they use their emotional intelligence in contributing to an environment that fosters high quality decision-making, effective strategic planning, and beneficial organizational outcomes, as a result of a membership that encourages open-minded idea generation, and conceptualization based on multiple points of view (Palmer et al., 2001).

In summary, organizations benefit by emotionally intelligent leaders who create resonance with followers, who create norms that foster healthy and effective working relationships, who mobilize a collective energy aimed at achieving common goals, and who successfully sustain organizational viability. Success is attained because the organization's people care about what they do, and how they work together (Goleman et al., 2002). Perhaps the benefits of emotionally intelligent leadership can best be understood by considering the impact on an organization in which interpersonal ineptitude is evident. "Interpersonal ineptitude lowers everyone's performance. It wastes time, creates acrimony, corrodes motivation and commitment; it builds hostility and apathy" (Goleman, as cited by Kouzes & Posner, 2002, p. 284).

Summary

As noted, effective leaders are skilled at articulating a vision that inspires, creating a common purpose, and freeing individual creativity and commitment in realizing organizational goals. Theory suggests that emotionally intelligent leaders, charismatic leaders, and transformational leaders possess attributes that serve them in realizing these outcomes. Further, research suggests that leading with emotional intelligence is a critical factor for both charismatic leadership and transformational leadership.

It is through the use of emotional intelligence that the leader is adept at creating a relationship with followers that is founded on trust and results in the resonance required to mobilize a collaborative effort in response to changing environments. Emotionally intelligent leaders accomplish this by understanding their own emotions (i.e., self-awareness) and by managing them in a way that serves their interests (i.e., self-management). They are able to identify their personal feelings and emotional states and express those feelings to others (i.e., self-awareness). They are skilled at tuning into the emotional state of others, at taking an active interest in the concerns of others, and in responding appropriately (i.e., social awareness). They are able to express their feeling to others and are able to articulate a compelling vision that motivates followers and resonates with their individual needs (i.e., social awareness). They are successful at developing and sustaining a collective force aimed at attaining the vision by activating follower’s higher order needs (i.e. social awareness and relationship management). They are skilled at delegating, coaching, mentoring, and advising followers as methods for assisting follower’s to achieve their potential (i.e., relationship management).

Being aware of emotions, possessing an understanding of their underlying causes and consequences, appreciating that they change over time, and being able to induce emotions in others are key elements of emotional intelligence and central to the constructs of effective leadership, transformational and charismatic leadership (George, 2000). It is through the intelligent use of emotions that leaders are successful in leading change that transforms organizations, ensuring their viability in today's competitive markets.

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QUESTION 4

What are the characteristics and attributes of a learning organization? What benefits are realized by a learning organization? Compare and contrast organizational learning with the learning organization. How can learning attributes be crafted in developing a learning organization? What strategies are employed in developing a learning organization? What is the relationship between organizational learning and strategic renewal?

Abstract

An organization's learning capability is essential to attaining and sustaining competitive advantage. The construct of a learning organization implies that an organization is a living organism with an open and active learning environment that inspires, facilitates, and empowers the learning of its members in enhancing its capacity for change, improvement, and competitive advantage. Learning organizations engage institutionalized systems for the dissemination of what has been learned, and for knowledge utilization. Systems and processes are designed to encourage learning at individual, group and organizational levels; they are designed to ensure the sharing of learning and the embedding of learning into organizational memory. Organizational learning plays a fundamental role in adaptive strategic renewal.

Learning in Organizations

Organizations must learn and change, in response to acquired learning, in order to respond effectively to a changing marketplace (Senge, 1990). An organization's learning capability is essential to attaining and sustaining a competitive advantage (Yang, Watkins & Marsick, 2004). By nature, continuous learning occurs as a result of problems or challenges that are embedded in an individual's actual work (Watkins & Marsick, 1993). The benefits of a learning organization can be realized, in every organization, bringing the construct into conscious awareness through questioning, reflecting, soliciting of feedback from others, and by embedding learning into the organization through the implementation of responsive systems, procedures and processes (Nadler, Shaw & Walton, 1995; Rosen, 1995; Senge, 1990; Senge, Kleinger, Roberts, Ross & Smith, 1994)

Characteristics and Attributes of a Learning Organization

The Learning Organization Defined

Senge (1990) defined the learning organizations as being "organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people continually learn how to learn together" (p.3). Further, learning organizations possess not only an adaptive capacity but a generative one (the ability to create alternative futures) (Senge, 1990). Watkins and Marsick's (1993) definition of the learning organization is "one that learns continuously and transforms itself" (p8). They suggested that learning takes place at individual, team and organizational levels, and that it results in changes in knowledge, beliefs and behaviors. These changes enhance the capacity of the organization for innovation and growth through embedded systems that capture and share learning.

Ortenblad (2002), in developing a typology of the idea of a learning organization, suggested the following as four widely accepted basic perspectives on the nature of learning organizations: (a) learning is the application of knowledge at different levels, (b) individual learning occurs in the workplace, (c) the organization facilitates learning of its employees, and (d) the learning organization is a flexible entity.

Differentiating Between Organizational Learning and Learning Organizations

Although the terms “organizational learning” and “the learning organization” are often used interchangeably, a literature review performed by Yang et al. (2004) revealed that there is a difference between the two constructs. The construct of the learning organization normally refers to organizations that display or have worked to instill specific continuous learning and adaptive characteristics. Further, characteristics of a learning organization are reflected at various levels of the organization (e.g., individual, team, group, structures, and systems). In contrast, organizational learning represents the collective learning experiences used to acquire knowledge and to develop skills (Yang et al.). Organizational learning refers to the learning process of an organization in a collective way, depicting a type of learning that has occurred (He-Chuan, 2003). Conversely, a learning organization describes the type of organization and depicts an organization that is learning or in the process of learning (He-Chuan). The construct of a learning organization implies that the organization is a living organism with an open and active learning environment that inspires, facilitates, and empowers the learning of its members in enhancing its capacity for change, adaptability, improvement, and competitive advantage (He-Chuan; Yang et al.).

Simon, as cited by Crossan, Djurfeldt, Lane and White (1994), asserted that organizational learning takes place inside the heads of individuals with the organization learning in two distinct ways: (a) through the learning of its members, or (b) by ingesting new members that possess knowledge not previously held by the organization. Subsequently, the mechanism for learning resides within the individual. This view translates into a concept of organizational learning as being the sum of the knowledge of its individual members. However, although people are the basic learning unit, it is imperative to understand that in a learning organization a collective process exists that links individuals to each other and to their organization (Crossan, Lane, White, & Rush, 1994). More specifically, an important part of learning is internal learning which occurs through the transmission of information from one member of the organization, or from one group of members of the organization to another. Organizational learning is evident in that as members come and go organizations' memories preserve specific behaviors and values over time.

The Nature of Learning in a Learning Organization

Learning in a learning organization begins at the individual level. It is produced through the individual actions of employees. Individual learning, while critical to the organization, must be transferred from the individual to the organization before learning can be considered to be organizational. Learning is enabled through group action, inter-group action and organizational features, such as policies, practices, rules, and organizational memory (Crossan, 2003). In a learning organization one continually improves existing routines and evaluates what one does; knowledge produced is stored in organizational memory (Nevis, DiBella, & Gould, 1995; Ortenblad, 2004), and learning allows for the development of competencies and incremental transformational change (Nevis et al.; Senge, 1990).

The learning organization is one that is continuously learning and in doing so continues to transform itself (Watkins & Marsick, 1993). In learning organizations learning is strategically planned, is integrated with and runs parallel to work, and is accompanied by changes in knowledge, beliefs and behaviors (Watkins & Marsick). It is these changes that enhance capacity for innovation and growth, and provide the foundation for organizational transformation (Watkins & Marsick). What is learned impacts the organization as a whole and becomes embedded in the way the organization conducts business (Watkins & Marsick).

Levels of learning in a learning organization. As mentioned, theorists have distinguished three primary dimensions of organizational learning: individual, group, and organizational (Argryis & Schon, 1982; Crossan, Djurfeldt et al., 1994; Crossan, Lane, et al., 1994; Crossan & Berdrow, 2003; Watkins & Marsick, 1993, 1996). The same types of attention and considerations apply to learning at each distinct level (i.e., the process is the same for all three levels) (Crossan, Djurefldt, et al.)

The learning cycle. Organizational level of learning is characterized by stores of knowledge and learning via structures, systems, procedure, routines, and strategies (Crossan & Berdrow, 2003). Crossan & Berdrow proposed a framework (4I framework) for assessing learning in these contexts. The “4I framework” of organizational learning establishes a clear connection between strategy and learning (Dusya & Crossan, 2004). When learning occurs at the individual, group, and organizational levels, each level informs the others (Crossan & Berdrow; Dusya & Crossan). These learning levels are linked by four social and psychological processes: intuiting, interpreting, integrating, and institutionalizing (Crossan & Berdrow; Dyusa & Crossan).

Intuiting, the first step in the learning process, is a subconscious process that occurs at the individual level. Interpreting, the second step, involves the sharing of conscious elements of individual learning at the group level. Integrating, the third step, allows for the assimilation of learning at the group level and integration into the organization as a whole. Institutionalization, the final step, results in the embedding of learning into the organization's systems, structures, routines and practices (Crossan, Lane, et al., 1994). These processes are fluid and continual in the learning organization (Crossan, Lane, et al.). An organization can be considered to learn but is not a learning organization without interpretation, integration, and institutionalization of learning

The 4 I framework (a) recognizes the tension between the assimilation of new learning (exploration) and the application of what has been learned (exploitation), (b) examines levels of learning and their relationships, (c) identifies processes that link the levels, (d) links these processes to strategic development, and (e) recognizes the relationship between cognition and action. Learning occurs when employees perceive patterns or problems and develop insights about possibilities for change. Employee insights become more concrete through the interpretive process, which involves the sharing of the insight with others. Through conversation, areas of difference and agreement are identified and the group works to develop a shared understanding of differences; integration of perspectives then begins to ensue. Finally, individual and communal learning becomes institutionalized by embedding the learning into the organization (Crossan, Lane, et al., 1994)

Learning flow. Learning stocks, residing at the individual, group and organizational level, comprise the inputs and outputs of learning (Dyusa & Crossan, 2004). Leaning flows through the four processes in two ways:

1. Feed forward: This mechanism allows for the flow of information from individual to group, and from group to the organization through the (a) intuiting - interpreting, (b) interpreting-integrating, and (c) integrating – institutionalizing processes. The feed

forward mechanism results in innovation and renewal (Dyusa & Crossan, 2004).

2. Feedback: This mechanism allows for the flow of information from the organization to the individual, and to the group through the (a) institutionalizing - integrating, (b) integrating - interpreting, and (c) the interpreting - intuiting phases of the learning process. The feedback mechanism results in the reinforcement of what the organization already knows and ensures that repositories of knowledge, such as culture, structure, systems, procedure and strategy, are available for the guiding of individual and group learning (Dyusa & Crossan).

Characteristic of Systems and Processes in a Learning Organization

Learning organizations put systems in place that both promote learning outcomes and learning processes (Watkins & Marsick, 1993). These systems are intended to facilitate continuous improvement by ensuring (a) identification of the current state, (b) identification of the desired state, and (c) discernment of the changes required for attaining the desired state. Learning organizations also build systems for assessing current capacities and for assessing barriers to change and learning. In addition, they work to enhance the change abilities of employees by creating supportive information infrastructures for the dissemination of learning (i.e. change is a cyclical process of creating the change or innovation, disseminating information regarding the change, implementing the change, and then institutionalizing it though procedure or policies). Finally, consideration is given to developing systems that facilitate information collection, incorporate rewards and recognition for learning and improvement, and ensure comprehensive sharing of what is learned (Watkins & Marsick).

Inquiry and dialogue. Learning organizations are characterized by people who are working together, interacting, meeting, and talking (Senge, 1990; Watkins & Marsick, 1993, 1996). Such organizations are managed by leaders who are comfortable taking calculated risks and encourage this behavior in subordinates (Watkins & Marsick). Employees understand that they have the right to challenge others above and below them, and that they have a responsibility to share their ideas (Watkins & Marsick).

Structure. Structurally, organizations become flatter, and less hierarchical and autocratic (Senge, 1990; Watkins & Marsick, 1993). People learn more quickly when they feel a genuine sense of responsibility for their actions (Senge); for that reason, in learning organizations decision making moves down the organizational hierarchy designing units, when possible, to the level of local decision-makers. Senge (1990) has described localness of decision-making as a means for unleashing people's commitment by making a conscientious decision to give them the freedom to act, to try out their own ideas, and to be responsible for the results. In summary, decision- making is decentralized and employees are empowered at all levels of the organization to make decisions regarding work responsibilities (Senge; Watkins & Marsick).

Learning organizations are characterized by functional unit teams and cross-functional teams that are assigned to specific project outcomes, and that are charged with the ability to set goals, develop working patterns, and to implement decisions (Watkins & Marsick, 1993). Information flows easily in learning organizations – among people, across boundaries, and through systems for sharing information and processing data – with information being shared, collected and acted on by managers (Senge, 1990; Watkins & Marsick). Learning is a social activity that involves the learning of individuals working together to achieve common goals (Watkins & Marsick).

Support system. Structures and rewards are designed to encourage initiative to improve products and services (Watkins & Marsick, 1993). Mechanisms are in place to support the reporting of information that can be used to create or improve business strategies. As a result, employees take responsibility and initiative for the product or service they create, and identify and solve problems. In a learning organization individual learning is continuous, developmental, and strategically tied to organizational needs. Organizational learning builds overtime on previously attained skill development (Watkins & Marsick).

Role of the manager. In learning organizations the role of the manager shifts from that of primary decision maker to the role of (a) a facilitator, (b) a catalyst for change, and (c) a coach for decision making (Senge, 1990). As stated, decision making is delegated to those closest to the issue. The role of the manager is to assist subordinates with the decision-making process by providing the context for decision making, through dialogue regarding consequences and implications, and by providing a perspective of the larger system (Watkins & Marsick, 1993). Where difficulties arise – as a result of interpersonal problems, differences in perspective, variations in expectations, or conflicting agendas – the manager's role is to assist employees in understanding, stating, exploring, negotiating outcomes, or using differences constructively in achieving optimal business outcomes. Managers also work to align the views of subordinates with those of the department and the organization (Watkins & Marsick).

Environmental Characteristics and Attributes of the Learning Organization

Watkins and Marsick (1993, 1996), expand on the characteristics and attributes of a learning organization by providing the following framework ("the seven C's of a learning organization") that describes the environmental characteristics of the learning organization.

Continuous learning. Learning activities in traditional organizations tend to be time-bound, selectively available, involuntary, and exhibit a tendency to address the needs of those mandating training, rather than those in need of receiving training (Watkins & Marsick, 1993, 1996). In general terms, learning is most effective when it is relevant and immediately useful; workplace learning is most effective when it evolves directly out of workplace experiences. This suggests that learning in organizations is most effective when it is informal and has a high probability of being group facilitated, rather than being delivered by a training unit. Therefore, learning organizations are designed to make learning readily available, readily accessible, and actively encouraged. Training is related to real work issues and problems. Employees have the opportunity to assess their developmental needs and can access support to respond accordingly. Reward systems are designed to provide incentives for learning new skills. In a learning organization, in addition to classroom learning, learning frequently occurs outside of the classroom (i.e., mentors, coaches, job rotations, and challenging job assignments). People are encouraged to learn from their mistakes and to share the learning that has occurred as a result of those mistakes (Watkins & Marsick).

Collaborative learning. Collaborative learning occurs when employees participate cooperatively with others in completing tasks (Watkins & Marsick, 1993, 1996). People collaborate when they feel supported by the organization, when they feel that they have the opportunity to learn from others and together, and when they feel valued. A collaborative environment is one where diversity is celebrated; where people learn from one another as mentors, coaches, and peers; where conflict is handled constructively; and where value is communicated to employees through policies that provide the flexibility required to address organizational needs (Watkins & Marsick).

Connected structures. The frequent occurrence of downsizing and restructuring in traditional organizations has proven to result in a disruption of employees' sense of connection with their organization. In addition, such organizations are structured as bureaucracies that frequently produce alienation, as a result of roles and hierarchical levels that are designed to ensure distance between people and functions (Watkins & Marsick, 1993, 1996). In contrast, a learning organization cultivates a sense of connection. Employees sense that they are working toward long-term goals rather than immediate profits. Further, employees are not only intrinsically connected to the organizational community but are also intrinsically connected to the community that extends beyond the organization (e.g., suppliers, customers, society at large) (Watkins & Marsick).

In a learning organization each part of the organization learns from the other; this necessitates and reflects a structure that encourages a high level of interdependence (Watkins & Marsick, 1993, 1996). The opportunity for partnering with internal and external customers is evident. Employee ownership is encouraged, wherever possible, through the utilization of embedded systems, such as gain-sharing, stock options and other incentive programs. The employer exhibits a sense of caring for the overall well-being of their employees through programs that demonstrate their commitment (e.g. family-friendly benefit policies, employee assistance programs, and long-term mutual commitments). Corporate social responsibility efforts are directed at overall long-term improvement of the corporation's social environment (Watkins & Marsick).

Collective learning. Collective learning occurs through the bringing together of individual and team learning; the result is shared aggregated learning (Watkins & Marsick, 1993, 1996). As discussed, this type of learning encourages inquiry across boundaries and encourages the dialogue necessary for understanding differing perspectives. It encourages the challenging of ideas and assumptions, and the development of a common understanding. This environment is characterized by employees who talk frequently about their work, who share new ways of doing things, who willingly exchange information, and who easily debate ideas. Managers understand that they have a responsibility to ensure that everyone understands the goals and strategies of the organization. Employees feel supported in challenging the status quo (Watkins & Marsick).

Creativity. Watkins and Marsick (1993, 1996) refer to creativity as being thinking that occurs in new ways. Creativity propels the organization beyond its perceptions of limitations and results in an alternative future. Creativity can be measured according to three criteria: fluency (detail and refinement of an idea), uniqueness (originality of the concept), and frequency (the quantity of creative ideas). Creativity in organizations is characterized by (a) employees who continually strive to learn what customers will need in the future; (b) by employees who have a healthy sense of play about their work; (c) by employees who sense that innovation is encouraged, even when results are not immediately forthcoming; (d) by employees who are rewarded for innovation and appropriate risk taking; and (e) by employees who are supported in their creative efforts (Watkins & Marsick).

Capture and codification. As discussed, learning organizations ensure that policies and procedures are in place for effectively capturing innovations, ideas, and changes (Watkins & Marsick, 1993, 1996). This is accomplished through the design and implementation of systems that are accessible and easy to use (e.g., employee suggestion systems, quality circles, employee problem-solving groups). Policies are designed to ensure that learning takes place and to reflect a spirit of professional responsibility. The organization supports learning financially and logistically. Further, policy making is not a unilateral act on the part of senior management; it is participative and encourages feedback from all levels across the organization (Watkins & Marsick).

Organizations that exhibit these attributes encourage developmental planning as part of an annual goal-setting process (Watkins & Marsick, 1993, 1996). They have systems in place for identification of critical competencies and communicate them to employees as a component of employee career planning. Employees are encouraged to reflect on their learning, to alter plans accordingly, and to capture their learning through accessible systems or processes (Watkins & Marsick).

Capacity building. The goal of a learning organization is to increase the overall capacity of the organization to respond to its environment through appropriate change (Watkins & Marsick, 1993, 1996). To ensure responsiveness, these organizations create systems that build the overall capacity of the organization to grow and learn continuously. This is accomplished by supporting the upgrading of employee skills, by enhancing employee's understanding of change, by encouraging creative problem solving, by engaging in group development, and by seeking employee feedback (Watkins & Marsick).

Organizational and Member Benefits

Organizational Benefits

In a global environment, where technology continuously speeds up both the rate at which tasks are accomplished and the speed at which competitive situations change, the only sustainable source of competitive advantage is an organization's ability to learn faster than its competitor (Rossen,1996; Senge, 1990). The rate at which an organization learns is determined by the knowledge, insights, and skills of their workforce. To sustain market position organizations require people that have the capacity to adapt and grow in their work, who become better problem solvers, who can think more creatively, who work faster, and who contribute to organizational flexibility. A learning organization develops these attributes among their workforce (Rosen; Senge).

The learning organization emphasizes systematic problem solving, experimenting with new ideas, learning from their experience and the experience of others, and the transferring of knowledge rapidly throughout the organization (Certo, 2000). As such, the learning organization is positioned to make its own perpetual diagnosis and to self-manage transformation in response to environmental changes (Schein, 1992). When learning-efficient organizations engage something new, they can comprehend what works well, what doesn’t, and why (Nadler, Shaw & Walton, 1995). These organizations can examine their overall strategy in relation to what has been learned and incorporate new learning into standard practice (Nadler et al.; Rosen, 1996; Senge, 1990). They are able to respond quickly to changing environments. They benefit from a proactive approach to developing the organization, work teams, and individual contributors in a way that results in greater efficiency, desired cultural norms, and renewed commitment (Nadler et al.; Rosen; Senge).

Organizational learning results in an increase in the size of a company’s organizational memory; this creates an enormous intelligence that has the flexibility and the capacity to respond advantageously to changes in the market place (Rosen, 1996; Rowden, 2001). Learning organizations develop individuals skilled at change (Senge, 1990). Change and learning are inextricably linked. People in learning organizations anticipate change and respond accordingly (Senge). Organizational learning enables companies to solve their own problems, expand their capacities to create new ideas, and to determine their own future (Rosen). It increases the capacity of the organization to grow, to learn, and to achieve its purpose (Rowden). Ultimately the payoff for the learning organization is more effective action over time (Nadler et al., 1995; Senge).

Member Benefitsn

Organizations are the product of how its members think and interact (Senge et al., 1994). Once individuals start to become conscious of how they think and interact, and begin developing capacities to think and interact differently, organizations begin to change for the better. Those changes ripple out around the workforce and reinforce a growing sense of capability and confidence. Learning in organizations occurs when people reflect on the consequences of their actions and thereby gain insight (Nadler et al., 1996; Senge et al.). Effective reflection adds not only to the knowledge base at an organizational level but also at the individual level, and results in a better understanding of the relationship between actions and outcomes (Nadler et al.; Senge et al.)

Leaning organizations cultivate an environment that is open and safe, encouraging people to try new ideas, and to expand their knowledge and skills (Rosen, 1996). They support life long learning and provide employees with training and experience in a variety of areas (Nadler et al., 1996; Senge, 1990). Structures and systems are in place to support the learning process (Nadler et al.; Senge). The outcome is enhanced self-esteem and self-confidence as individuals become equipped with the skills and ideas required to contend with new organizational realities (Nadler et al, 1995). The end result is employees that are not only more valuable to their current employer, but who are also increasingly valuable to alternative employers (Nadler et al.).

In a learning organization: (a) people feel they are doing something that matters; (b) individuals are stretching, growing, or enhancing their capacity to create; (c) employees are invited to learn what is going on at every level of the organization, so they can understand how their actions influence others; (d) people treat each other as colleagues, resulting in mutual respect and trust; (e) people feel free to try experiments, take risks, and openly assess the results (Senge et al., 1994). The organization benefits from enhanced levels of employee commitment, motivation, and performance (Nadler et al, 1995; Rosen, 1996; Senge et al.). The employee benefits from enhanced levels of self-worth, enhanced levels of self- confidence, and enhanced levels of self-esteem (Nadler, et al.; Rosen; Senge et el.). People in learning organizations are positioned to look forward to creating, instead of reacting to a changing environment (Senge et al). Ultimately, inside a true learning organization there is a feeling of hope, enthusiasm, and possibility (Rosen). The result is reduced levels of stress, and enhanced levels of motivation and satisfaction (Rosen; Senge et al).

Developing a Learning Organization by Crafting Learning Attributes

Moving Toward Continuous Learning

Watkins and Marsick (1993) have described bureaucratic organizations as being characterized by closed systems that are designed specifically for production and not designed for learning. Further, in these types of organizations learning potential is threatened because (a) choices about the values and purposes of activities are independent from requirements regarding the performance of those activities, (b) learning is focused on narrow specific tasks that are routines, and (c) due to insufficient feedback individuals are not cognizant of how their individual contributions affect the overall task or goal (Watkins & Marsick).

Watkins and Marsick (1993) have suggested that a movement toward continuous learning involves the following: (a) determining what continuous learning means for your organization, given the history of the business, the type of business, and the nature of its employees; (b) a conscious method for linking learning with business initiatives and organizational changes; (c) developing support from executive, middle mangers, and line managers; (d) ensuring a long range implementation plan; (e) developing simple tools and models, based on the principles of experiential learning that are clearly understood and easily used throughout the organization; and (f) defining how learning should be delivered to raise consciousness about the new initiative in a way that models the principles of continuous learning. In addition, the creation of a learning environment extends beyond the design of learning; it involves the redesign of the work, the work environment, technology, reward systems, the organizational structure, and the organizational policies (Watkins & Marsick).

Cultivating a Continual Learning Capacity

The learning organization engages in long-term learning that builds competitive advantage over time. As such, building a learning organization requires sustained management attention, commitment, and effort (Goh, 1998). All organizations can learn; the role of leaders in the organization is to provide conditions conducive to cultivating a continual learning capacity (Goh). These conditions are ensured through appropriate strategic action and interventions.

Following a review of the literature Goh (1998) identified the following core strategic building blocks and two foundational blocks as being integral in staging the development of learning organization. This framework is presented as a concise summary of previously discussed attributes of a learning organization, and as a strategic guide for developing a learning organization.

*Core strategic building blocks.*The following comprise Goh's (1998) core strategic building blocks:

1. Clarity of mission and vision: The vision, mission, strategies and espoused values of the organization are clearly stated and widely supported. When desired outcomes are clearly understood and supported employees are more likely to take initiative, and to ensure that actions are aligned with organizational goals.

2. Shared leadership and involvement: Learning organizations engage leadership practices which empower employees that encourage experiential learning and risk taking, and that models strong commitment to the organization. Level or rank is not considered as important as the ability of the individual to contribute to the organization's performance. Systems are in place to ensure an opportunity for feedback in problem and opportunity identification.

3. Experimentation: A culture of experiential learning is rewarded and supported at all organizational levels. Employees are encouraged to question the status quo in developing improved methods and solutions. Systems exist for the rewarding of learning and innovation.

4. Transfer of knowledge: The organization engages infrastructures designed to transfer knowledge within and from outside the organization.

5. Teamwork and cooperation: An emphasis on teamwork and group problem-solving exists and provides the foundation for innovation, development and operations. By working in teams (functional and cross-functional), employees bring their collective skills and knowledge to the forefront when addressing problems and developing solutions (Goh, 1998).

Foundational blocks. Building a learning organization requires implementation of the strategic building blocks, as described above, while ensuring adequate support through structures, systems, and skill development (Goh, 1998). This is ensured through the following foundational blocks.

1. Support through systems and processes: Goh (1998) suggested that the most effective structure for the learning organization is one that is organic, flat, decentralized, and

exhibits a minimum of formalized procedures. Systems and processes must be designed to encourage learning, to share learning, to embed learning, and to reward learning (Goh).

2. Skill development: Strategic building blocks must be supported by employees who possess the skills and competencies required to perform the roles and complete the tasks described in the strategic building blocks (Goh, 1998). In the learning organization employee skills and competencies are continually honed through training and skill development programs. (Goh).

Taking action. A move toward developing a learning organization can be facilitated by using the strategic development framework, as discussed. Application of the framework should be preceded by an assessment of the current state in relation to each of the building blocks and foundational components (Goh, 1998). Following assessment, the organization can design interventions that appropriately address the gap between the current state and the desired state. Following implementation of interventions, the organization should track and measure improvements in service, innovation, quality and other tangible outcomes. Finally, learning capacity should be tracked and measured on an on going basis (Goh).

Organizational Learning and Strategic Renewal

Strategic Renewal

Strategic renewal is an iterant process of belief, action, and learning, intended to align strategy of the organization with changing environmental circumstances (Floyd & Lane, 2000). It is evolutionary in nature, aimed at promoting, accommodating, and utilizing new knowledge and innovative behavior for the purpose of implementing change in an organizations core competencies and / or a change in its product market domain (Floyd & Lane). The intent is to renew and recycle organizational components while maintaining the integrity of the overall structure (Leavy, 1997). Strategic renewal requires organizations to explore and learn new ways while, at the same time, exploiting what currently exists (Crossan, Lane. Roderick, White, 1999).

Many of the explanations of renewal, based on learning theory, centre on the distinction made between lower and higher orders of learning in organizations (Leavy, 1997). Strategy theorists perceive lower order learning as adaptive, employing gradual change. In contrast, they perceive strategic renewal as higher order learning that is generative nature (Leavy; Senge et al, 1994). De Guess, as cited by Leavy, suggested that the key to non-disruptive renewal lies in discovering how to institutionalize learning in organizational settings. Senge et al. expand on this view, suggesting that the key to non-disruptive renewal is a function of the organization's ability to shape its higher order learning through the generation of "creative tension". This is based on the belief that there are two catalysts for change in human affairs: fear and aspiration. Aspirational energy is proactive and generates a "creative tension" that results in the leverage required for change (Leavy; Senge et al.).

The process of organization renewal has historically been characterized by long phases of evolutionary change that are interspersed with short sharp bursts of more revolutionary and disruptive transformations (Leavy, 1997). Current research indicates that successful organizational renewal rarely occurs in the absence of some type of crisis that acts as a catalyst for change. In non-crisis situations most organizations do not have the leverage required to breakthrough existing patterns of inertia. Theory of organizational learning suggests that the disruptive effects of crisis renewal can be mitigated through, or is mitigated in learning organizations (Leavy).

Relationship Between Organizational Learning and Strategic Renewal

Current research indicates that the learning organizations are well equipped to inform the strategic renewal process (Crossan et al., 1999). In fact, organizational learning has been defined as an effective means of achieving strategic renewal of an organization. As discussed, organizational learning involves a tension between assimilating new learning (exploration) and using what has been learned (exploitation); this type of learning is fundamental in initiating non-disruptive strategic renewal. Recognizing and managing the tension between exploration and exploitation are two of the critical challenges of renewal (Crossan et al.).

Successful strategic renewal overcomes the inertial forces embodied in an organizations established strategy and closes the gap between its existing core competencies and the evolving basis of competitive advantage (Floyd & Lane, 2000). Organizational learning provides the leverage to overcome inertia. As stated, organizational learning involves the interpretation, integration and institutionalizing of learning. Institutionalizing learning is necessary to reap the ongoing benefits of what has already been learned (Crossan et al., 1999). Institutionalization of learning provides the link between knowledge and action. (Crossan, et al, 1999). Required action is facilitated through strategic renewal. It is organization learning that enables and informs the strategic renewal process (Crossan et al.).

Summary

As the world becomes more interconnected and business becomes more complex and dynamic, it is imperative that organization's become more "learningful" if they wish to attain and sustain competitive advantage (He-Chuan, 2003; Senge, 1990). "Failure to improve practice within an organization will result in eventual decline and dissolution" (Crossan, Lane et al., 1994, p. 5). The organizations that will be positioned to excel in the future are those that discover how to tap people's commitment and capacity to learn at all levels of the organization (He-Chuan; Senge). Learning organizations consciously develop this capacity (He-Chuan; Senge).

Learning organizations engage in open and active learning systems that facilitate and empower the learning of its members for the purpose of enhancing its capacity for change, improvement, and competitive advantage (Argyris & Schon, 1982). Learning organizations continuously learn and transform themselves (Watkins & Marsick, 1993). They do this by engaging the following characteristics and attributes, as summarized by Rowden (2001):

1. Constant readiness: The organization exists in a constant state of readiness for change by being attuned to the environment and by continually questioning ongoing ways of doing business.

2. Continuous planning: The learning organization develops plans that are open and flexible, and that are shared throughout the organization. These plans replace rigid, fixed plans of the traditional organization providing for ongoing revision in response to a changing environment.

3. Improvised implementation: The learning organization improvises change as appropriate through the empowerment of employees at all levels across the organization. It encourages active experimentation which leads to continual learning and change. It recognizes incremental successes and institutionalizes success throughout the organization, which translates into reinforcement of success and accomplishments, and the ongoing modification of formal structures, rewards, procedures and systems.

4. Action learning: Learning is integrated into the culture of the organization by providing the opportunity for reflection on current outcomes. This reflection provides the

opportunity to examine and question original assumptions and to search for system solutions to problems (Rowden).

Learning organizations benefit from continuous, integrated, and institutionalized organizational learning that results in strategic renewal, and that sustains, nurtures and grows the organization, positioning them with a distinct competitive advantage (Rowden, 2001). Employees benefit from reduced stress, enhanced self-esteem, enhanced levels of motivation and satisfaction, and development of knew knowledge and skills in an environment that is proactive, rather than reactive, and that is characterized by feelings of hope enthusiasm and possibility (Rosen, 1996). In turn, the organization benefits through enhanced performance and a generative capacity to create an alternative future (Rosen; Senge, 1990).

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