1

Messages from Bosses to Employees: Arrogance and Alienation in Organizations

"Working here is truly an unbelievable experience. They treat you with respect, pay you well, and empower you. They use your ideas to solve problems. They encourage you to be yourself. I love going to work."

Employee of Southwest Airlines, the company ranked number one in *Fortune* magazine's 1998 list of the "100 Best Companies to Work for in America"

You'd think that organizations would work harder to earn their workers' devotion and allegiance; after all, no psychological force helps in the achievement of organizational goals more than employees' identification with the companies for which they work. Employee initiative, risk-taking, and expressions of creativity—as well as increases in pro-organizational effort and decreases in counter-productive, self-serving work behavior—can all be linked to the presence of employees' organizational identification and can result in a more powerful company. Cross-cultural evidence from nations as widely separated as the UK and Japan shows that employee turnover is markedly diminished when identification with the company is strong, resulting in a major financial benefit to organizations.[1] A survey conducted by the American Management Association reveals that more than 50 percent of the organizations responding identified loss of talent as a primary cause of the decline in their companies' ability to compete in the marketplace.[2]

Workers' commitment to remain on the job translates directly into cash for the employer. In a study of 400 small- and medium-sized companies of whom 85 percent said "retaining key personnel" was a top concern, it was reported that the cost for replacing each senior manager was an estimated $50,000. Replacing an experienced worker cost these companies approximately $6,000, and the cost of hiring each new entry-level employee amounted to about $1,500. Whether your company's costs are more or less than these doesn't matter. Simply put, the point is that greater employee commitment means lower rates of turnover, and lower turnover means more profit.[3]

Financial consequences of personnel retention were also revealed in a recent study conducted by Ernst & Young. Analyzing the responses of 275 portfolio managers revealed that nonfinancial matters guided 35 percent of their investment decisions, and that one of the leading influences on these decisions was a company's ability to recruit and retain employees. Additional, anecdotal evidence that demonstrates the effect of good workplace practices on stock prices comes from the reports of financial analysts who acknowledge including the presence of "engaged employees" in their evaluation of companies.[4]

Even more direct evidence of the costs borne by companies populated with disengaged employees comes from a Gallup Organization poll. Finding that nearly one in five workers qualifies as disengaged, leads to the conclusion that "actively disengaged workers, based on their numbers, salaries, and productivity cost anywhere from $292 billion to $355 billion a year."[5] These data leave little doubt about how much company worth is dependent on loyalty and contributory efforts that are contingent upon the employees' organizational identification.

The degree to which companies' worth is dependent upon employees' organizational identification has also become increasingly clear during the last two decades as key determinants of corporate success have migrated away from the realm of tangible assets and technology toward a harder-to-track ability to leverage employees' knowledge and information.

Baruch Lev and Paul Zarown's 20-year study of 6,800 companies shows that the relationship among financial statements, stock dividends, and stock prices is weakening. This means that during this period, variables in the companies' financial statements were increasingly less useful predictors of either future stock dividends or prices.[6] A principle reason for this decline is that traditional accounting information does not accurately index either the value of intellectual capital or organizations' abilities to make use of that capital in innovative ways. These findings are proof that while it would be foolish to argue that any accurate measure of a company's worth can completely neglect tangible assets and technology, it would be equally foolish to overlook the fact that a growing proportion of any company's value rests on its ability to harness employees' creativity, initiative, and commitment—all products of employees' organizational identity.

Further support for this conclusion comes from two professors of business, Theresa Welbourne of Cornell University and Alice Owens of Vanderbilt, who studied conditions associated with the survival of 136 companies in different businesses located throughout the United States. Only 81, or 61 percent, were still operating in 1993, five years after first opening their doors. Personnel policy made the big difference: 91 percent of those with both pay incentives (e.g., stock options or profit sharing) and some marker of general regard for workers, such as training programs, were around to celebrate their fifth anniversary. Only 34 percent of companies lacking these attributes survived that long. Seasoned investment strategists agree with the study's implications. Mary Farrell, a PaineWebber vice president and *Rukeyser Wall Street* television personality, has been quoted as saying, "In my checklist, there's a section on personnel issues," and many corporate observers and analysts are paying increased attention to those issues as well.[7]

The power of employees' organizational identification as a social adhesive with bottom-line consequences is also evident in *Fortune* magazine's annual report of the 100 best companies to work for in America. Comparing the average annual return to stockholders generated by firms that were nominated for the list by their employees with that of firms that were not, shows that investors were better off holding stock in companies that received employees' endorsements. Over a five-year period, these employee-approved companies returned 27.5 percent to investors, compared to only 17.3 percent among those not internally elected to the "Best 100." And over a 10-year period, those nominated returned 23.4 percent to investors, compared to only 14.8 percent among the unendorsed. This means that if an individual were persuaded to invest $1,000 in a firm boasting the emotional attachment of its employees, in eight years that money would have grown to $8,188. But if the same $1,000 were invested in a firm in which employees lacked such ties of allegiance, it would have grown to only $3,976 in the same amount of time.[8]

Organizational identification greatly influences companies' financial outcomes. In the words of a Gallup poll of 55,000 working men and women, corporate success is directly related to the presence of a workforce that can attest, "At work our opinions count; colleagues are committed to quality; we are given daily opportunity to do our best; and there is a perceivable connection between our work and the company's mission."[9]

Above and Beyond Job Descriptions

Organizational identification alters employees' personal job definitions. Those with stronger ties of identification define their jobs more broadly than those with weaker ones. As a result, they become more responsible, conscientious organizational citizens.

Successful organizational functioning depends on employees behaving like active citizens of the work community in ways that go beyond the narrow rigidities of formal job descriptions. In other words, companies *need* their employees to go "above and beyond." It's not surprising that one tactic employees use to hamstring their organizations during labor disputes is to narrowly conform to codified job requirements and insist on not making any effort beyond them.

Organizational citizenship behaviors (OCBs) imply extras.[10] Ambitious work habits are essential for organizational effectiveness, although they are almost never specified in job descriptions, nor normally included by name in performance evaluations. They are omitted because these "extra" work activities are difficult or impossible to monitor or quantify. Helping coworkers when one is not required to do so, being courteous (as opposed to simply not being *discourteous*), and going the extra yard when dealing with customers or vendors—not to mention turning off the lights when they are simply wasting money and energy—are just a few concrete examples of OCBs.

In my conversations with workers, I have discovered that some employees define their jobs as including OCBs while others see OCBs as merely add-ons, lying well outside their official job obligations and, therefore, unnecessary. Work, to the latter group, means doing only what is prescribed, monitored, and rewarded, no more, and less if you can get away with it. But to the former group, the jobs mean much more than that, and these workers, in turn, mean more to their companies.

The reason that some employees behave in ways that go "above and beyond" the bare minimum emerges from data collected by an organizational psychologist, Professor Elizabeth Morrison. Professor Morrison demonstrated that employees' emotional attachments to their organizations were associated with an expansion of their job descriptions.[11] What others saw as undesirable and irrelevant tasks, emotionally attached employees saw as duties that were essential and central to their job. Pro-organizational OCBs were a regular part of these workers' activities because they were perceived as right and necessary, even in the absence of organizational surveillance or sanction. The bonds of organizational identification between employees and their companies gave rise to job redefinitions that supported organizational goals, as well as to work, behavior that was a clear expression of the organizational golden rule:

> *Harming you becomes difficult for me because the two of us are part of* we.

When employees lack these bonds, on the other hand, damage to the company is likely to result. When workers feel that their interests and their organizations' are in clashing opposition, common sense and empirical evidence predict that self-serving work behavior is likely to result should employees find themselves in a position to do what's best for themselves without retribution. Without a counter-balancing sense of organizational identification, the most compelling choice among behaviors at work is the one that gains employees the most personal benefit at the least personal cost. If that choice also happens to help their organizations, then they might grudgingly assent. And if their selfish choice would harm their organizations, employees without emotional attachment are just as likely to go ahead with the action to the detriment of their employer.

Rates of in-company theft and sabotage—a high cost to companies around the world—are a vivid illustration of how employees behave in the absence of any sense of identification with their organizations. It comforts some to believe that these crimes are simply economically motivated efforts to make up for deficient wages, but the facts suggest otherwise. Workers at all income levels steal. What's commonly stolen tends to be petty and of little or no value to the thief. Sabotage, a common organizational crime, has no personal economic value for the employee-saboteur. And, most importantly, the evidence shows that employees tend not to steal from employers who treat them respectfully.[12] In short, workers more easily succumb to the temptation to rob or harm *them* rather than *us*.

Nonstop surveillance, backed by impressive reward and serious punishment, might be capable of deterring employees from making self-serving choices that go against organizational interests. But infallible surveillance is rarely possible and, even it were, worker compliance is a far cry from worker commitment. Behaving well before hidden cameras or curtailing one's anger for the sake of a bonus does not require any heartfelt blending of individual and organizational goals. Without such an internalization of the bond between worker and workplace, the golden rule of organizations—*Harming you becomes difficult for me because the two of us are part of* we—is not operative. The goals belong to *them*, not *us*, and employees' inclinations toward public compliance but private disobedience remain a potential hazard.

Happily, the fact is that organizations possess the power required to build crucial ties of organizational identification. Sadly, it is also true that—despite all the cheery business-section headlines to the contrary—bosses have mainly pursued a path leading to employees' alienation rather than affiliation. As costly as such misconduct is now, it will only become more so. Over the next several years, changes in business and society will serve to drastically increase the price that companies pay for hindering the organizational identification of their workforce.

Identification's Future

The intensity of the tides that have been tugging at organizations for a while is about to increase. According to a worldwide Anderson Consulting survey of 350 executives, an overwhelming 79 percent of those who were asked, "What will your company look like in 2010?" answered that the pressure to change will accelerate.[13] If they are correct, then adaptation is going to grow to unprecedented levels of importance as a competitive business tool. Successful adaptation surely requires having the right technology, information, finances, and market opportunity. But the key to adapting to market shifts is the presence of a workforce with the desire to contribute ideas about what *might be* and a willingness to let go of the familiar comfort of *what is.* Crucial to successful change are employees who will agree to and participate in major changes because their own goals and those of their organizations are more joined than separate.

Doing More with Less

Companies are increasingly required to do much more with fewer staff for a larger customer base than ever before. Periods of protection from competitors' responses to product innovations are shorter today than they were yesterday, and they will be shorter still tomorrow. Companies are able to copy rivals' products and processes with ever-increasing speed and ease. In response to the threat of such market incursions, companies are already seeking to shorten innovation cycles by organizing large sections of their workforces around temporary projects rather than permanent assignments. Personnel rosters not only are smaller, they are also constantly changing in composition so that managers can rearrange skill concentrations spontaneously and urgently. These onrushing events are aggravated by the mounting use of part-timers, of "virtual" workers (who are physically separate from work sites), and of temporary workers (currently some 30 percent of the workforce and, significantly, labeled *disposable* and *throwaway* workers by economists). The increasingly common use of nontraditional job arrangements widens the psychological distance between workers and employers, thereby worsening the prospects for success in future efforts to build the ties that bind employees to their organizations.

Leo Mullins, CEO of Delta Airlines, understood how a workforce's diminished organization identity undermines the potential power of technological innovation. When he became CEO during the summer months of 1997, the airline was a mess. Flight delays, lost luggage, fraying aircraft interiors, poorly served customers, and an angry staff were the carrier's hallmarks. Just a few years earlier, things had been very different. The airline was making money and it had a level of employee commitment that was envied throughout the industry.

Delta's problems began during the recession of the early 1990s. In order to deal with the economy's financial fallout, Ronald Allen, Delta's CEO at the time, probably paid too little heed to employee input and instead handed down his own measures designed to control and cut operating costs. Long before the program achieved its desired goals, however, it had to be terminated because of the devastating effects that it was having on employees' morale—and therefore on the service that they gave their customers. One Delta director, who was part of the effort to replace Mr. Allen with Mr. Mullins, explained why these adverse effects occurred. "You had a rending of the social contract that had existed for years and years within Delta."[14]

Leo Mullins' efforts, because they included rather than excluded the employees' needs and opinions, initiated a turning of the tide. In 1998, Delta earned a record-breaking $1 billion. There was a two-for-one stock split and a $50-million stock buy-back program. Lost luggage problems declined markedly and the airline's on-time arrival record pushed its ranking to number four among airlines, whereas it had previously been near the bottom of the heap. Part of Mullins' remedial effort focused on improving the company's computer systems, including innovations that gave Delta's gate agents more time to deal with customers. As Mullins pointed out, travel crises send airline customers rushing to the gate for help, and "that's where problem-solving expertise and expertise of the professional talent come in."[15]

Equipping employees with the best-tooled computer technology facilitates their expertise only if those employees choose to make that expertise available. Their willingness to contribute whatever knowledge they have acquired—on the spot, when not strictly supervised—depends on their psychological commitment to their employing organization and its goals. The need to develop this commitment within Delta's workforce was one of the main reasons why Leo Mullins spent so much time talking and meeting with Delta employees. Recognizing the costs of neglecting the labor side of the business equation, he explained his efforts by saying, "This is an organization where the trust factor suffered materially. I have been attempting as best I can to restore that, but it takes a long time because a lot of damage has been done."[16]

Going Global

Globalization serves to place an even greater premium on rapid adaptation as a competitive advantage. More and more pressure is being put on more and more companies to meet different and shifting customer demands of a suddenly worldwide scope. Maintaining sales volume and profits while matching product mix, quality, and other attributes to the idiosyncrasies of markets ranging from Brooklyn to Bangkok requires companies to be capable of mass customization—with unimpeded delivery—at the lowest possible prices. Lacking such abilities, companies will watch their customers, who are generally more loyal to self-interest and convenience than to any brand or supplier, flee to the nearest competitor.

Advances in computer technology undoubtedly increase the speed and ease of collecting and organizing information relevant to the challenges of globalization. But knowing what information to collect, whom and where to collect it from, and how to interpret the data's implications for product development and marketing strategies all require the expression of employees' insight and the exercise of their creativity. A readiness to make contributions such as these is characteristic of workers who are emotionally attached to their employers, not those who are disaffected and alienated from their jobs. Consequently, the rise or fall of companies competing in the global arena will be greatly affected by how well they manage to develop their workforce's organizational identification.

Globalization has also loosened the hold that corporate headquarters have on affiliates, granting them greater freedom—but often breaking the bond between employer and employees in the process. In expanding worldwide, many companies have abandoned landmark sites that they believe are too narrowly identified with one nation, a plan that backfires when it cuts off the feelings of identification that workers might have for such traditional sites. In 1995, for example, Pharmacia AB, a Swedish company, acquired Upjohn Cosmetics, a U.S. company based in Kalamazoo, Michigan.[17] The headquarters for the new company that resulted, Pharmacia Upjohn Inc., were placed in London, a location that decision-makers presumably hoped would prove more neutral ground. If so, it was a reasonable ambition, but the move might have ended up being no more than a costly eradication of a corporate symbol to which employees felt attached. Perhaps it is a good example of how bosses' *Field of Dreams* hopes that a new corporate identity and faithful customers will magically emerge once balanced arrangements and neutral sites have been constructed, are destined for disappointment, because they overlook the importance of workers' identification.

Outsourcing

Outsourcing, a growth industry these days, has also made company success more dependent on the thorough development of organization identity. Originally conceived as a cost-cutting tool, outsourcing is increasingly seen as a means for more effectively producing products and for serving internal and external customers. The idea is that by allotting certain tasks to firms outside the company, the firm can focus its personnel resources on a narrower range of tasks, and specialized skills and economies of scale will be developed in place of sprawling efforts to cover all bases.

Peter Drucker, an author and consultant with a half century of well-deserved fame for his insights about business and organizations, has predicted that within the next decade or two, all organizations' support work will be outsourced. He might be right, but before that happens, someone had better solve the problems that are afflicting outsourcing. A 1996 PA Consulting Company survey of companies in France, Germany, Denmark, Hong Kong, Australia, England, and the United States showed that one-third of the responding firms believed that outsourcing's disadvantages were greater than its advantages.[18]

Companies to which work and workers are outsourced face a different version of the common lack of emotional connection between employee and employer. Customers and clients, like some cousins, are "once removed." They are, in fact, part of *another* organization. This requires firms that receive outsourced work to build strong ties to their employees, so that their goal of serving someone else's employees and customers will become their own workers' goals as well.

Employing Generation X

During the next several years, certain existing social trends, if they continue, will add greatly to the difficulties of building ties of organizational identification. One example is the stylishly alienated behavior that's become a trademark of members of "Generation X." Converging evidence from a variety of surveys shows that young employees increasingly treat their employers' interests and their own as if they were incompatible. Their common resolution is to lean away from supporting organizational interests and toward satisfying goals that are more personal. From an individual perspective this might very well be an admirable activity; however, from a corporate perspective, it means that compensating measures are required—not necessarily to reverse the younger employees' personal decisions, but to offset the dysfunctional consequences to organizations. Successfully employing Generation X necessitates having policies of company management that create affiliation, not alienation, more effectively than ever before.

Investigators and observers are nearly unanimous in pointing out that the group of adults currently moving into the labor force in the United States and elsewhere in the industrialized world lacks a pro-organizational orientation. In a Coopers Lybrand study of 1,200 business students, 45 percent identified a "rewarding life outside work" as one of their lives' leading priorities.[19] And 68 percent of nearly 1,800 MBA students at major U.S. universities agreed "the family will always be more important to me than career."[20] In 1995, three-fourths of the respondents to a poll conducted by Penn, Schoen, and Berland supported the idea of giving workers a choice between overtime pay and compensatory time away from the job. They opted for the choice because, in their list of priorities, time often comes ahead of money.[21] The effect of this trend is as evident in the professions as it is in corporate business. For example, a *Law Practice Management Journal* article, titled "The Loyalty Crisis," complained about how young lawyers have less commitment and willingness to work the hours typically expected by law firms, preferring instead to focus on personal matters away from the office.[22]

There is reason to be uneasy about the wisdom and accuracy of branding an entire generation of human beings as being any one way. Generations do tend to share common experiences during their formative years, growing up with *Howdy Doody*, *Star Wars*, or the war in Vietnam, and a unifying batch of TV sitcoms and news programs offering a fairly homogeneous portrayal of world politics and events. But individual members of any generation also have experiences that are unique and idiosyncratic. In suburbia's country clubs, in urban tenements, and in rural malls, people have a diverse array of encounters that effectively distinguish them from the pack. Nonetheless, it is clear that employing organizations face a distinct uphill battle in seeking to earn the allegiance of the young people now at the beginning of their vocational lives. Generation X represents an additional challenge in the new obstacle course of employer-employee relations, joining globalization and outsourcing as changes in business conditions to which competitive organizations must swiftly adapt.

Managing *Us* versus Managing *Them*

Mentally dividing others into in-groups and out-groups clearly creates a psychological basis for the arousal of powerful emotions and motives, but scientists still wonder about the origins of human beings' readiness to separate others into categories of *Us* and *Them*.

Some say that its beginnings lie in animal evolution, wherein an ability to separate others into categories of *Us* and *Them* benefits its owners by seeding both intragroup cooperation and intergroup competition. Others argue that its roots can be found in early childhood experiences, wherein the development of an individual's self-esteem might be influenced by the act of judging the attributes of one's own family group against those of other groups. And a third contingent contends that the origins of the *Us versus Them* inclination can be found in the feelings of reinforcement that are associated with in-group membership: the sense of safety, security, and prestige that comes with belonging produces a powerful preference for others who are either familiar or similar. Regardless of this important debate's outcome, the immediately relevant point is that work behavior is greatly affected by employees' readiness to cleave their work worlds into in-groups and out-groups. From an organization's perspective, the most critical questions to ask are "Where does this division occur?" and "Why?"

If the organization is situated on the in-group side of its workers' mental division, then those employees experience a sense of identification with their employer, clearly revealed by their common reference to the organization in terms of *we*. However, should such a division place the organization on the far side of the boundary—away from self, on the out-group side—then its employees tend to speak of the organization as *they* rather than *we*. When companies are relegated to *they*, there is no feeling of worker-employer oneness, no merging of personal and organizational goals, and no vicarious experience of organizations' ups and downs. And when it comes to making decisions at work, self-interest—instead of the psychological golden rule of organizations—is the most accurate predictor of employees' behavior.

The good news is that companies can influence the boundary's location. In the abstract, the formula for successfully positioning the organization and its employees on the same side of the psychological dividing line is simple. It is a rule of reciprocity that says you get what you give: The beneficiaries of inclusion are inclined to include in return, whereas the victims of exclusion are inclined to exclude in return.

In recent years, many organizations have become aware of the danger of alienating their workers by making them victims of exclusion and have taken loud and well-publicized steps to prevent it. Such innovations as MBOs, SBUs, TQMs, T-Groups, and Theories X, Y, and Z, as well as catchwords like *brainstorming*, *delegation*, *process re-engineering*, *one-minute managing*, *Kanban*, *organization development*, *empowerment*, *participation*, and *culture change* create the sense that modern companies are hornets' nests of progressive and inclusive activity; but the truth is quite different. Deep and genuine change is still slow to come to organizations, despite the common misconception that such inclusion-inducing management practices are by now widespread.

The data concerning organizations' efforts to earn the allegiance of their workers is not encouraging. Recently, the U.S. Labor Department estimated that only 4 percent of U.S. businesses are involved in inclusion-inducing activities, such as genuinely empowering employees or developing a high-performance workplace.[23] Professor Edward Lawler, from the business school of the University of Southern California, reports that in a survey of the companies comprising *Fortune* magazine's *Fortune 1000* that was conducted by the University's Center for Effective Organizations, 68 percent of the firms claimed they used self-managed teams. However, any euphoria aroused by this apparently high percentage must be subdued by additional evidence showing that such teams included a mere 10 percent of the companies' workers.[24]

The reason for such a discrepancy between the reported popularity of inclusion-inducing approaches and their actual dissemination among companies and employees can be found in the results of a study by Boston-based consulting group Rath and Strong. In this research, 80 percent of the managers surveyed asserted that employees should have a voice in facilitating corporate change; yet when asked about *their own* employees, 40 percent of the same managers said they did not believe that the people who worked for them had anything valuable to contribute. Based on the judgments of these bosses about their subordinates, we can imagine how many fewer than 80 percent of them really ask for their subordinates' input when, instead of responding to a survey's questions about hypothetical conditions, they are actually on the job with the power to allow or disallow subordinate input.

Surveys of employees' views about their influence and involvement at work also support the conclusion that organizations' public pronouncements boasting of their inclusion-inducing approaches have exaggerated the frequency and effectiveness of such practices. In 1997, an annual survey of 3,300 employees conducted by Towers Perrin showed an alarming increase in both employees' feelings of disenfranchisement and the number of workers—approximately one-third—who claimed that their bosses ignored their interests when making decisions.[25] Similar findings come from a nationwide poll done by Princeton Research Associates in which nearly two-thirds of U.S. workers reported that their superiors could not be trusted to keep their promises.[26] Even at more senior levels, workers' feelings of personal influence and involvement appear to be eroding. For example, a survey of 196 executives of "40-something" age found that more than half of these senior-ranking workers felt less committed to their employers than they had five years earlier.[27]

The error of overestimating the presence of inclusion-inducing company practices is compounded by a second error: the myth that the executives in charge are regular and sincere users of these tactics. Even in the rare instances where such inclusive approaches have permeated employees' ranks, the programs' value is often nullified by the ulterior motives of their implementers. In companies these days, there is a lot of *faux* fellowship. Organizations' bosses try to appear caring in order to disguise a set of ulterior motives. Michael Hammer—a pioneer, along with James Champy, of the concept of "re-engineering" as a strategy for corporate change—acknowledged the pervasiveness of such fraud when he said: "The biggest lie told by most corporations, and they tell it proudly, is that 'people are our most important assets.' Total fabrication. They treat people like raw material."[28]

In-group members' vicarious experience of each other's plight serves to inhibit exploitative behavior in their dealings with one another. That is the golden rule of organizations' core message. On the other hand, a lack of such mutual allegiance inspires the opposite behavior. When employees conclude that bosses are treating them exploitatively, they feel excluded and exclude in return, shoving the organization icon away from themselves, deeper into out-group territory. The resulting separation squelches the development of employees' organizational identity, and opens up the possibility of treating the company the way its representatives treated them: as raw material, "things" to be exploited. It is the beginning of a downward spiral in which each exclusionary act by one group is paid back in kind by the other group, effectively separating the two further and further.

We would all like to be invited to be included, but we are not invariably blinded by that desire. When invitations are fraudulent, we quickly understand where to place our in-group/out-group boundary. Few of us are repeatedly duped when bosses unfurl the banner of inclusion and say, "Let's march together," only to show, through their later behavior, that they were silently adding, "Just keep your place—10 paces behind." Those in charge lose all credibility when, having declared "We're all in this together," they proceed—without prior warning and despite denials to the contrary—to dismiss 10, 20, or 30 percent of their workforce while granting themselves options with repricing privileges, special gross-ups, health plans with exclusive perks, and salaries plus bonuses that are more than 200 times greater than the average income of their employees. Yet it is important to recognize, however ironically, that these self-serving and duplicitous employers are actually demonstrating their keen understanding of a crucial cause of employees' organizational identity: that employers' motives affect the success of inclusion-inducing approaches. Their hope is that by pretending that their primary motive is attention to workers, they will fool employees into feeling included, embracing the organizations' goals as their own, and striving to achieve them.

Beyond this group of self-serving glad-handers is another batch of corporate authorities who dispense with the *all-for-one* pretense altogether. These bosses simply order the use of inclusion-inducing management technology regardless of the response by employees to the obvious lack of caring that accompanies it. Installed by dictate, company innovations that might actually have successfully unified bosses and workers not only fail to build such ties, but frequently break them. This is the third error made by those who believe that organizations are making extensive use of inclusion-inducing approaches: They overlook the crucial link between the *content* of these approaches and the *process* of their introduction into the workplace. Any sensible assessment of the impact of these innovations on organizations must begin by asking *how* their installation occurred, not simply whether they've appeared.

The manner in which new management methods are introduced determines their significance to the workforce. "You *will* be democratic" is a mildly funny joke, as audiences instantly recognize the inconsistency of the dictatorial command and the stated aim. Less funny, if similar, are organizations that introduce inclusive work programs in exclusionary ways—for example, through autocratic mandate—thus making employees pawns rather than participants in the process of change. What is unfortunately forgotten is that the programs' effectiveness rests on the *how* as well as the *what*. There is no top-down decision, however potentially beneficial, that cannot be undermined by uncommitted employees.

Mistaking *What* for *How*

Bosses who focus exclusively on the *what* of organizational change efforts, forgetting the *how,* are acting as if their employees are totally lazy and instrumental, caring solely about gains and costs, and seeking only ways of realizing the greatest personal financial gain with the least possible effort. Looking at their workforces through this lens, such bosses can easily conclude that improved job performance will be the product of a simple formula:

- *Prescribe* the tasks that authorities have decided must be performed in order to reach desired company goals.
- *Prepare* workers to perform those tasks.
- *Police* their behavior while they are performing them.
- *Pay* them for successful compliance.
- *Punish* them for failure.

If employees are as lazy and instrumental as these bosses presume, then this straight-and-narrow, command-and-control, carrot-and-stick calculus should work well. In fact, it turns out to be a dark and self-fulfilling prophecy. Predominant focus on the *what* by bosses produces alienation among workers, prompting their apathy and antagonism. Witnessing this attitude, then, only reinforces the initial convictions of bosses, who reason that it's precisely such deficient work behavior that makes necessary such an iron grip on their employees' productivity. "Unlike *us*," they think, "all *they* really care about is getting the biggest reward for the least effort." And increasingly—as workers are made to care less and less about an uncaring company—it becomes true. The result, in the minds of both management and workers, is a boundary that divides the in-group of elite bosses from an out-group of lowly employees.

Evidence against the merits of this autocratic ideology comes from both historical and current scientific examples. Nearly a century ago, Frederick Taylor's carrot-and-stick, time-and-motion efforts reinforced management's tendency toward this approach when his methods increased both worker productivity and, as wages were linked to output, workers' wages as well. Yet despite this tangible benefit, workers' discontentment with time and motion approaches grew.

Guided by an engineering model, time and motion efforts reduced tasks into their component parts, permitting "experts" to prescribe the most efficient *motions* for workers to use, in a given period of *time*, in order to get a job done. On paper, the prescriptions promised improvements in efficiency. But humans are a pesky lot. In practice, there is often a costly psychological backlash stemming from workers' feelings of being controlled.

In fact, things became so bad at one point that Taylor was called to testify before a committee of the United States Senate about his methods and workers' responses to them.[29] The employees' pain that offset Taylorism's gain was caused by workers' acute feeling of being *done to* rather than being *part of*. The case for workers' upset is undoubtedly puzzling to bosses who primarily focus on the *what* and disregard the *how.* There is evidently more to life than salary. No matter what the profits, if the rules of the game reduce workers to pawns, they will rankle employees as much today as they did a century ago.

In 1993, a *New York Times* headline alluded to a modern manifestation of that very rankling: "Strikers at American Airlines Say the Objective Is Respect." The article reported: "It is not so much the pay or benefits or sometimes grinding four- and five-city, one-day trips or the interminable, unpaid delays between some flights. It is the little things that striking flight attendants at American Airlines say grate on them and amount to a lack of respect. 'They treat us like we're disposable, a number,' said Helen Neuhoff, a 33-year-old flight attendant." Another attendant said: "I'd rather be on the planes. But I've got to stand up for what I believe. My self-respect is more important than my job."[30]

Nor did the issue go away. Four years later, when troubles at American Airlines brewed again, the theme remained the same. A disgruntled pilot complained, "As long as you treat your employees as merely 'unit costs,' like the Styrofoam coffee cups we throw out after every flight, morale will remain at rock bottom."[31]

Comments made by a disenchanted employee in the automobile industry capture the implication of these quotes—and serve to invalidate the all-too-common view that for employees, it's all about money.

> *We're a cost. That's it. In their [pointing upward] world we're not human beings who have thoughts, a life filled with ordinary joys and worries, feelings. Their focus is on the bottom line and to them we're simply lines on a budget that are labeled 'cost.' And they figure that about ninety-five percent of what gets me going in the morning is caring about how to get the most for the least—when, really, it's not even like one percent of what gets me going. What they believe, it's insulting.*

Boss behavior that is based on a decidedly *what*-oriented image of employees is entirely inconsistent with overwhelming evidence showing that *how* people are treated, rather than the benefits they receive, best predicts their willingness to support organizational goals.[32] A recent study involving 2,800 federal employees demonstrated that their views on the fairness of decision-making procedures were more than twice as powerful an indicator of their evaluations of management as their views about pay.[33] Rewards and punishments certainly affect employees' work, but bosses' fair and respectful treatment of them is by far the most powerful tool to earn their commitment.

Moving Toward *We*: The Three Rs of Work Life

In my many conversations with bosses who defend their *what*-orientation, I've been told that without strict adherence to the ***P**rescribe, **P**repare, **P**olice, **P**ay, and **P**unish* formula, the great majority of workers will not do their jobs. “Ask the average employee to join in a real problem-solving discussion at work,” they say, “and the response is either belligerence or a blank stare.” My response is: Did they begin that way? Did they arrive on day one of their new job completely devoid of any desire to innovate, initiate, achieve, or explore any creative ways of making their work environments more productive and satisfying? If not, then could the belligerent, blank response possibly be a consequence of receiving hundreds—perhaps thousands—of messages from bosses that effectively alienated them, erasing any sense of identification with their organizations and eroding their job commitment?

This is not to say that developing employees’ organizational identification is a panacea for all workplace ills. It is a major contributor to an organization’s success, but not its sole cause. In excess, the very same powerful in-group dynamics that encourage workers to advance their company’s goals can in fact prove harmful. Narrow, intense allegiance to a firm has even been the basis for employees’ criminal efforts to benefit their organization at the expense of others. The conditions that give rise to such overzealous and unconstrained obedience, as well as the steps that can be taken by organizations to avoid them, are discussed in this book’s closing chapters. Nonetheless, these perils are rare in comparison to the great potential that arises from workers’ sense of identifying with their employing organizations.

In every firm, company, and workplace, employees are watching for messages contained in their bosses’ practices and policies in an effort to decide whether they are being viewed as *We* or *They*. Workers use these data, whether overseen or overheard, stated or implied, to answer certain core questions about their relationships to their jobs:

> *Do my bosses only care about the quality of the product I deliver, without any authentic regard for me as its producer?*
>
> *Do my bosses have any genuine concern for my concerns, or am I regarded simply as a machine that must perform to or above the standards they have set?*
>
> *Do my bosses view workers like me as interchangeable, or do they see me as an individual, not simply a number?*
>
> *Am I merely hired, or am I truly a member of the firm?*

Guy Wolff, an employee of an agri-business in the United States' Midwest, captured the essence of these questions when he told me, "They say *take the job personally*; then they go ahead and treat me impersonally." Hundreds of other workers have pointed angrily to the same paradox. The preceding important queries boil down to a single question, which concerns the three **R**s of life at work: **R**ewards, **R**espect, and **R**ecognition:

> *Am I treated fairly, with genuine civility, and with proper recognition of my abilities?*

Unfortunately, employees are regularly led by bosses' messages to answer a resounding "No." In every chapter that follows, practical examples—gleaned from organizations that have successfully grown ties that bind—offer precise prescriptions for bosses at every level to turn that answer to "Yes," and to change a previously alienated worker into an engaged, loyal, and powerful force capable of the achievement of organizational goals and personal satisfaction at once.

Any organization's success relies on employees' organizational identity; and identity is built on bosses' handling of **R**ewards, **R**espect, and **R**ecognition. The next three chapters tell the story of what's going wrong, and how the three Rs can be revived to the benefit of employer and employee alike.

[1] Abrams, D., K. Ando, and S. Hinkle. "Psychological attachments to the group: Cross-cultural differences in organization identification and subjective norms as predictors of workers' turnover intentions." *Personality and Social Psychology Bulletin* 24 (1998): 1027–1039.

[2] Fisher, A. B. "The 100 best companies to work for in America." *Fortune* (January 12, 1998): 69–70.

[3] Carey, P. M. "6 sweet ways to keep your key players." *Your company* (August/September, 1996): 44–47.

[4] Ibid.

[5] "Work Week." *Wall Street Journal* (March 13, 2001): A1.

[6] Stewart, T. A. "Real assets, unreal reporting." *Fortune* (June 6, 1998): 207–208.

[7] Hemlock, D. "I.P.O.'s: When employee-friendly = investor-friendly." *New York Times* (February 25, 1996): F4.

[8] Grant, L. "Happy workers, high returns." *Fortune* (January 12, 1998): 81.

[9] Ibid.

[10] In E. D. Morrison, "Role definitions and organization citizenship behavior: the importance of the employee's perspective." *Academy of Management Journal* 37 (1994): 1543–1567, the five areas of organization citizenship behavior have been defined as being Altruism (helping when it is needed but not required), Conscientiousness (going beyond what is minimally required), Civic virtue (being a responsible participant in the organization's life), Sportsmanship (tolerating the ordinary glitches without undue complaining or grieving), Courtesy (working and playing well with others).

[11] Ibid.

[12] Altheide, D. L., P. A. Adler, P. Adler, and D. A. Altheide. "The social meanings of employee theft." In *Crime at the Top: Deviance in Business and the Professions*, J. M. Johnson and J. D. Douglas (Eds.) (Philadelphia: J.B. Lippencott, 1978): 90–124.

[13] Moran, N. "Change is only the beginning." *The Daily Telegraph* (May 28, 1997): 3.

[14] Taylor, A. III. "Pulling Delta out of its dive." *Fortune* (December 7, 1998): 158.

[15] Ibid.

[16] Ibid.

[17] Markels, A. "Building a new house." *Wall Street Journal* (September 26, 1996): R23.

[18] Moran, N. "Look to corporate federations." *The Daily Telegraph* (May 28, 1997): 2.

[19] "Work Week" *Wall Street Journal* (June 3, 1997): A1.

[20] "What the new generation really wants." *Fortune* (April 14, 1997): 157.

[21] Alston, C. "Comp time's time has come." *Wall Street Journal* (May 15, 1997): A22.

[22] Zinober, J. W. "The loyalty crisis: Today's employee is quite a different breed from yesterday's." *Law Practice Management* 18 (April 1992): 26–32.

[23] Swaboda, F. "Conference tries to define 'High-performance' jobs." *Washington Post* (July 27, 1993): D1, D5.

[24] Dumaine, B. "The trouble with teams." *Fortune* (September 5, 1994): 86–92.

[25] Shellenbarger, S. "Investors seem attached to firms with happy employees." *Wall Street Journal* (March 19, 1997): B1.

[26] Repic, E. "Manager's casebook: Re-engineering and morale." *Engineering Management Journal: EMJ* VII (June, 1995): 4.

[27] Burkins, G. "Work Week." *Wall Street Journal* (May 20, 1997): A1.

[28] Lancaster, H. "Re-engineering authors consider re-engineering." *Wall Street Journal* (January 17, 1995): B1.

[29] Kanigel, R. *The One Best Way* (New York: Viking, 1997).

[30] Kilborn, P. T. "Strikers at American Airlines say the objective is respect." *New York Times* (November 22, 1993): A1, A8.

[31] Gwynne, S. C. "Flying into trouble." *Time* (February 24, 1997): 46–49.

[32] Tyler, T. "The psychology of legitimacy: A relational perspective on voluntary deference to authorities." *Personality and Social Psychology Review* 1 (1997): 323–345.

[33] Tyler, T. R. and E. A. Lind. "A relational model of authority in groups." In *Advances in Experimental Social Psychology*, ed. M. Zanna (New York: Academic Press, 1992) 25:115–191.