Executive Ethics

Ethical Dilemmas and Challenges for the C-Suite

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CHAPTER 16

JOB DESIGN AND AFFECT
Ethical Implications for the C-Suite

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"Because the design of work materially affects the total well-being of workers, work content and job satisfaction are paramount moral concerns" (Shaw, 2008, p. 263).

OVERVIEW

This chapter extends the traditional scope of ethics in the workplace to include how job design and job characteristics can help shape how employees’ feel. We present an overview of job design theory, job characteristics theory, and affective events theory; we then integrate these literatures in a model that illustrates the ethical implications of how executives in the C-Suite can influence employee’s moods. Throughout the chapter we include relevant examples and cases to illustrate the concepts discussed.

Strong emotions can have either positive or negative effects on employee performance and it is essential that C-Suite executives learn how to influ-
ence group members' emotional states (Humphrey, Pollack, & Hawver, 2008). Most importantly, it is crucial that C-Suite executives realize that employees who are treated well, have well designed jobs, and feel good are more productive. In fact, Batstone (2003) asserts that treating workers as partners in the business can impact the long term success of a business. Not only is enabling employee's to have more positive affect good for the employee, it is good for the business.

ETHICS IN THE WORKPLACE

Rarely does a day pass when a new organizational ethics scandal is not covered by the media. Accounting fraud (i.e., Enron, WorldCom, and Arthur Andersen) is widely publicized. Multiple case studies have been written about these events, such as Sims and Brinkmann's (2003) description of questionable ethical practices at Enron. Product recalls are also widely publicized, for example, children's toys and other Chinese imports have been recalled because of lead-based paint and poisonous dog food. Other widely reported ethical transgressions include investment companies deceiving and lying to customers (e.g., Salomon Smith Barney, Merrill-Lynch), bribes, favorable treatment, overcharging (i.e., Halliburton, The Nature Conservancy, U.S. Congress), and corporate corruption or misuse of resources (e.g., Tyco, Adelphia, The United Nations).

David Batstone (2003), in his insightful and timely book Saving the Corporate Soul & (Who Knows) Maybe Your Own, highlights some key issues facing corporations and notes the keen interest that the public takes in corporate irresponsibility related news. The examples above, and what the media traditionally covers, are very public and gross ethical violations such as lying, stealing, cheating, and fraud.

However, if we consider a definition of the term ethics, we can see that a broader picture emerges regarding what ethical corporate behavior entails. Generally, "Ethics refers to the rules or principles that define right and wrong" (Sims, 1994, p. 5). More specifically, the term ethics usually conjures thoughts of how individuals should live their lives and thereby what actions or decisions are right, fair, caring, good, or responsible. Given this definition, it is easy to make the connection that structuring job designs in such a way that improves employee's emotions can, and should, be an ethical consideration for the C-Suite. The assertion that enabling employee's to have more positive affect fits well with prevalent theories of ethical philosophy such as a utilitarian view (Shaw, 2008, Barry, 1979; Fritzschke & Becker, 1984), theories of rights (for a review see Weiss, Suckow, & Cropaanzano, 2007; Cavanaugh et al., 1981; Fritzschke & Becker, 1984), and a justice per-
THE ETHICS OF JOB DESIGN

Since the 1970s executives and managers have increasingly focused on ways to enable employees to be more motivated. This is the basis of job design theory: the assertion that how a job is designed can impact worker productivity, job satisfaction, performance, and behavior (Saavedra & Kwun 2000; Gallagher & Einhorn, 1976). Specifically, employees are often provided extrinsic incentives such as wages, occupational security, benefits and/or intrinsic incentives such as building self-worth, developing one's skills, or achievement recognition. The manner in which employees are treated, how their job is designed, and their level of interactions with superiors can serve to either control or empower (Zuboff, 1988). Here we find the ethical crux of the issue. Executives in the C-Suite have the power to enact changes in job design. The question then becomes, whether the C-Suite creates a setting where job design is used to control, restrict, and constrain employees, or whether job design is used to empower, enable, and encourage. Technically, the choice of job design is not an objective one. It is a decision over which the executives in the C-Suite have quite a bit of subjective room to structure employees' job design.

Traditionally, since workers (payroll) are viewed as capital expenses, there has been resistance to improving job design, but given the changing scope of the work environment, this view from the C-Suite is changing. In fact, Lane (2005: 1) sees a fundamental shift within the C-suite emerging and describes that “Some observers feel that ethics may be the most important business leadership issue of this decade, calling for a dynamic relationship among the entire executive C-Suite. Some say that in the company of the future, the whole senior management team will have a direct reporting line to the new supremo of the C-Suite, the chief ethics officer.”

Relatively few job design-related ethics scandals have been widely publicized. However, companies as well known as U-Haul, Taco Bell, Farmers Insurance, and General Dynamics have all been accused of such things as misclassifying hours to avoid paying overtime, exaggerating job advertisements, or misrepresenting job descriptions (Shaw, 2008, p. 208; Conlin, 2002; Sandberg, 2003). When employers misrepresent facts, lie, exaggerate job descriptions, or structure jobs in ambiguous, inefficient or haphazard ways, this detracts from an employee’s ability to function. Increasingly, though slowly, the ethical treatment of employees is gaining attention from the C-Suite. Fortunately, more companies are taking into account how employees are treated. This is both due to a realization of the internal ben-
efits, as well as external pressure from both individual and institutional investors who consider ethical factors when contemplating stock purchases. Starbucks, for instance, includes the following statement in their company mission statement: "Provide a great work environment and treat each other with respect and dignity." Additionally, how employees are treated is considered in Fortune Magazine's ranking of the Best Companies to Work For (Lashinsky, 2007). Increasingly, whether companies adhere to socially responsible practices (Socially Responsible Investing) is a criteria on which investors base decisions. Though there is some debate as to which C-Suite executive will eventually be responsible for implementing changes, it is clear that changes are needed and are being made (Pulley, 2006).

Parker, Wall and Cordery (2001) note that this change in philosophy towards job design is necessary and is to be expected. They examine the roots of job design theory and conclude that the majority extant theories may not be applicable because "The work context and the composition of the workforce have changed dramatically since that time (Parker et al., 2001, p. 417)." Some of the many changes which differentiate today's work context from earlier times include the increased number of employees who have contact with customers (Batt, 1999), emerging complexity in competing across industries and borders (Davis, 1995), burgeoning technological advances (Van der Spiegel, 1995), higher proportions of women and minorities in the workforce (Howard, 1995), and a necessity for employees, especially the growing service-worker population to engage in some level of emotional labor (Ashforth & Humphrey, 1995).

JOB CHARACTERISTICS MODEL

The Job Characteristics Model (JCM), introduced by Hackman and Oldham (1980), addresses the relationship between a set of core job characteristics and critical psychological states and how that relationship influences work related outcomes. The findings of research related to the JCM are especially relevant to C-Suite executives. Research indicates that the JCM provides insight into how to influence positively employees' psychological reactions (intrinsic work motivation, growth satisfaction, and general job satisfaction) as well as important performance related outcomes (e.g., absenteeism, productivity, and work effectiveness). We provide a summary of relevant research below.

Over the past thirty years, research on the Job Characteristics Model (JCM) has been extensive. Research conducted on the model during the 1980's culminated in three separate meta-analytic studies, each of which showed strong support for the model.
The model includes the five core job characteristics: 1) skill variety, 2) task identity, 3) task significance, 4) autonomy, and 5) feedback. The JCM also examines three critical psychological states: 1) experienced meaningfulness of the work, 2) experienced responsibility for outcomes of the work, and 3) knowledge of the results of work activities (Hackman & Oldham, 1980). The relationships between the work related outcomes depend on a person's knowledge and skill, need for growth, and context satisfaction.

Support for the contingent relationship between a person's knowledge and skill, need for growth, context satisfaction and work related outcomes was found, with the strongest relationship for job satisfaction (Spector, 1985). Research also found that employees with a higher need for growth had a stronger relationship with the work related outcomes than did employees without a high need for growth. Additional research found similar results to Spector (1985), but added that employees with a low need for growth had situational characteristics that were more influential in determining job satisfaction (Loher, Noe, Moeller, & Fitzgerald, 1985). A third study combined meta-analytic techniques and a comprehensive review of the model (Fried & Ferris, 1987). Overall support for the model was found, including the multidimensionality of job characteristics as well as a strong relationship between the five critical psychological states and intrinsic motivation. The study also found that, again, a person's need for growth had a strong influence.

Recent research on the JCM continues using the five job characteristics as a foundation. A significant relationship was found between the characteristics and absenteeism from work (Rentisch & Steel, 1998). Data indicate that the job characteristics predicted, for up to six years, the frequency with which people would be absent from work. An additional study that spanned several years found support for the relationship between job characteristics and job performance (Griffin, 1991). Recently, a meta-analysis analyzed the importance of the critical psychological states and determined that the inclusion of the states was crucial (Behson, Eddy, & Lorenzet, 2000). Interestingly, the study found that autonomy had the strongest relationship to the work related outcomes. Piccolo and Colquitt (2006) combined the five core job characteristics with transformational leadership and found that the combination was related positively to task performance. Support was also found for Hackman and Oldham's (1980) assertion that "individuals whose actions were powered by self-generating, internal rewards would prove to be more effective employees" (Behson et al., 2000, p. 335).

Not all research pertaining to the Job Characteristics Model has been supportive. The negative findings primarily examined the contingencies of a person's knowledge and skill, need for growth, and context satisfaction (Miner, 2005). Overall, however, the amount of positive research supporting the model is much greater in comparison to the research that has re-
sulted in negative findings. Executives in the C-Suite clearly have the power to influence how the job is structured in a way that can, indeed, make a difference.

**EMOTIONS IN THE WORKPLACE**

It should not be difficult for the C-Suite to enact improvements that will make significant differences in job design, and thereby employee affect. Unfortunately, in the past, management scholars recommended that executives follow Weber’s advice to keep emotions out of the work place, and to practice “administrative rationality” (Ashforth and Humphrey, 1995). This lack of attention to employee affect in the workplace characterized the middle and late 1900s and has carried over into the 21st century.

The increase in attention that emotions in the workplace have received is reflected in the number of practitioner-oriented books addressing the subject. *Toxic Emotions at Work* (Frost, 2003) and *Primal Leadership* (Goleman et al., 2002) are illustrative of a trend towards acknowledging the importance of emotions in the workplace. In addition, extant academic research does examine how executives and managers can influence employee’s moods. Research on topics such as transformational leadership (Bass & Avolio, 1994), and emotional contagion (e.g., Hatfield, Cacioppa, & Rapson, 1994; Barsade, 2002) indicate that leaders, specifically, can influence follower and group affective tone (Sy, Cote, & Saavedra, 2005; Epitropaki, 2006). However, little extant research addresses how executives in the C-Suite can influence employees affect through job design. Considering that encouraging positive affect in the workplace can increase job satisfaction and productivity, it is imperative that all methods by which affect can be improved be explored.

**AFFECTIVE EVENTS THEORY**

Further evidence that C-Suite executives can impact employee moods and emotions is offered by Weiss and Cropanzano (1996), who developed Affective Events Theory (AET). An individual’s moods and emotions are described, by the authors, as, consequences of events in the workplace (Weiss & Cropanzano, 1996). Unlike traditional models, the Affective Events Model incorporates time, since moods and emotions tend to fluctuate over time. Discrete affective events, both random and systematic, that occur in the workplace, over time, can cause a person to deviate, positively or negatively, from their usual emotional state. These fluctuations, then, determine the employee’s attitudes towards work. Behaviors at work are caused by
both positive and negative emotions spurred by these discrete work events. Negative behaviors include anger, sadness, and general counter-productive work behaviors while positive behaviors can include happiness, pleasure, and general discretionary behaviors that are beneficial to the organization. Over time these moods and emotions can make a big difference in people's attitudes (Ashkanasy, Hartel, & Daus, 2002).

The work environment is also a part of the Affective Events model. Similar to the Job Characteristics Model (Hackman & Oldham, 1980), the work environment includes characteristics of the job as one of the components. While both the JCM and AET attempt to predict the outcomes of job satisfaction and performance, AET is different from the JCM (Hackman & Oldham, 1980) in that it includes role stressors as elements of the work environment. Personal dispositions are also included in the model and contribute to the development of an individual's emotional state (Ashkanasy et al., 2002; Weiss & Cropanzano, 1996).

Though relatively new, Affective Events Theory has become a well-researched theoretical model. Overall, data support the AET in that an employee's affective state influences the way that employee feels and behaves at work (Fisher, 2000; Mignonac & Herrbach, 2004; Weiss, Nicholas, & Daus, 1999). Specifically, both the disposition and mood of a worker are significantly related to job satisfaction (Weiss et al., 1999).

Support for the model was also found at the group level. Using AET as a framework, research found a positive relationship between the team mood and team performance (Pirola-Merlo, Hartel, Mann, & Hirst, 2002). Wegge et al. (2006) also found overall support for the model in Great Britain, extending the model's applicability cross-culturally. Additionally, a strong relationship between the characteristics of a job and negative emotions was illustrated (Wegge, Dick, Fisher, West, & Dawson, 2006). Moreover, longitudinal data indicate that an individual's feelings of being treated ethically, combined with reduced negative emotions, was positively related to their job satisfaction (Judge, Scott, & Illies, 2006).

**AN INTEGRATIVE MODEL**

Although Weiss and Cropanzano (1996) argued in a general way that environmental factors and job characteristics influence affective states, the focus of their model was on classifying affective states. Consequently, almost all of the research on AET has focused on emotional reactions rather than on job characteristics. In the same way, JCM researchers argued that job characteristics influence psychological reactions. Thus both AET and JCM include as part of their overall theoretical model environmental influences on psychological reactions (Humphrey & Ashforth, 2004; Humphrey,
Although the JCM includes a detailed list of critical psychological states, it was developed (Hackman & Oldham, 1980) long before the recent research demonstrated the importance of studying moods and discrete emotions. Humphrey and Ashforth (2004) and Humphrey (2005) developed the integrative model in Figure 16.1 to combine the best features of JCM and AET.¹

The Humphrey and Ashforth Integrative Model of Job Characteristics and Affective Events Theory begins by adding a sixth core job characteristic, emotional labor requirements, to the five specified by the Hackman and Oldham (1980) model. Researchers in the field of emotional labor have argued that jobs can be classified in terms of the amount of emotional

![Diagram of the Humphrey and Ashforth Integrative Model of Job Characteristics and Affective Events Theory](image)

**Figure 16.1** The Humphrey and Ashforth Integrative Model of Job Characteristics and Affective Events.

¹ References to the original sources are included in the figure.
labor they require (Ashforth & Humphrey, 1993; Brotheridge & Grandey, 2002; Brotheridge & Lee, 2003; Humphrey, Pollack, & Hawver, 2007; Morris & Feldman, 1996; Rafaeli & Sutton, 1987). These researchers recognize that many jobs require employees to display emotions appropriate to their role, such as service with a smile (Pugh, 2001).

Under the category of critical psychological states, the integrative model adds the moods and specific emotions that employees feel at work (according to AET, the six basic emotions are happiness, surprise, fear, sadness, anger, and disgust). It is hypothesized that these moods and emotions will have independent influences on key job outcomes (such as job satisfaction and performance) independent of the other critical psychological states. In addition, these specific emotional displays are hypothesized to have strong influences on coworkers and customers (Humphrey, 1985, was perhaps the first to model how job characteristics influence emotional displays that in turn influence coworker attributions). To highlight the importance of these effects on coworkers and customers, the integrative model includes a new category under outcomes for coworker and customer reactions to emotional displays.

Under the moderator category, the integrative model adds positive and negative affectivity, a personality variable frequently studied by AET researchers, and emotional intelligence (for a review off the research on emotional intelligence, see Ashkansy & Daus, 2005). Saavedra and Kwun (2000) are among the few researchers who have specifically related the JCM to affective states, so this line of research needs considerably more research.

While the possibilities of this proposed integration for researchers are abundant, the benefits extend specifically to executives in the C-Suite. This model offers C-Suite executives a framework through which they would be able to design jobs, monitor and manage their employees' emotional reactions to job characteristics and workplace events, and gauge their job performance, satisfaction, and related behaviors.

**CREATING POSITIVE MOODS IMPROVES PRODUCTIVITY**

Improving employee productivity is one of the core responsibilities of C-Suite executives. The previous sections of this chapter have examined how the JCM and Affective Events Model can provide a framework by which employee moods in the workplace can be improved with ethical treatment. This section explores the relationship between positive moods and employee productivity. Improved productivity is good for business from an income statement perspective. Increased productivity results in decreased expense per employee and therefore higher revenues. The question of how produc-
tivity is improved, by creating positive moods among employees is, explored in this section.

Wright, Cropanzano, and Meyer (2004) conducted two studies that identified several facets of job design and treatment of employees that C-Suite executives could actively employ. A strong relationship was found between negative moods and job performance. Thus, simple redesigns of the negative elements in the work environment (e.g., noise, temperature, and illumination) “result in positive changes to one’s mood state and increased subsequent performance” (Wright, Cropanzano, & Meyer, 2004, p. 379). However, simple redesigns do require that managers have the ability to recognize environmental situations that need improving. Once these situations are recognized, managers have a variety of relatively simple job redesign options available to them. Further support is provided by Jordan, Lawrence, and Troth (2006), who found that negative moods reduced team performance even when controlling for cohesion, task conflict, and workload sharing.

Creating positive moods in employees has also been shown to have a positive impact on relationships with customers (Ashkanasy & Daus, 2002). Ashkanasy and Daus (2002) found that improved customer sales and retention, as well as other benefits, can result from creating positive moods at work. The other benefits include a matching effect: “people ‘catch’ or are ‘infected’ by emotion from others” (Ashkanasy & Daus, 2002, p. 79). This ‘infection’ of mood involves both customers and coworkers. Having the ability to accurately gauge the emotional climate of the organization enables managers to take the necessary steps to either foster the climate or change it for the better. Improving the affective treatment of employees and redesigning jobs allows managers to take these steps.

Research shows that improving moods results in increased productivity. Moods, both positive and negative, influence job satisfaction, and thus have a strong relationship with job performance (Judge, Thoresen, Bono, & Patton, 2001). Improved job satisfaction not only increases productivity, it also has strong relationships with many other organizational outcomes related to individual and organizational productivity. Organizational citizenship behaviors, actions of employees that positively go above and beyond their normal work activities, occur more frequently when job performance increases (Podsakoff, MacKenzie, Beth Paine, & Bachrach, 2000). Additionally, customer satisfaction increases (Koys, 2001), absenteeism decreases (Blau, 1986; Hackett & Guion, 1985; Scott & Taylor, 1985; Smith, 1977; Steel & Rentsch, 1995), turnover decreases (Blau & Boal, 1987; Carsten & Spector, 1987; Schneider & Bowen, 1985), and workplace deviance decreases (Spencer & Steers, 1981).
Increasing employee productivity has always been, and will always be, among the top concerns of C-Suite executives. The ability to influence the moods of employees and improve job satisfaction has been shown to have a tangible benefit for the organization. As noted above, increasing job performance has several other positive outcomes that benefit an organization. Some of the outcomes, such as reduced absenteeism and lower turnover are easily quantifiable. The organizational value of increasing organizational citizenship behaviors has also been shown to improve productivity (Murphy, Athanasou, & King, 2002; Podsakoff, Ahearne, & MacKenzie, 1997; Sun, Aryee, & Law, 2007).

Decreasing workplace deviance is also mentioned as a benefit of improved productivity. It follows then, that negative moods, and decreased performance, increases workplace deviance. C-Suite executives that set negative moods in the workplace can suffer dire consequences. A good example of not taking the opportunity to set positive moods is found in the Salomon Brothers case, written by Sims (2002). The firm’s CEO John Gut Freund set a mood of anger within many employees by purposely allowing one specific division to earn record-breaking bonuses. This anger caused more deviant behavior to occur from employees who did not get the bonus by conducting business fraudulently. This eventually led to the firm’s downfall and Gut Freund’s exit as CEO.

CONCLUSION

Drawing on the research of job design theory, job characteristics theory, and affective events theory, this chapter introduces an integrative model by which C-Suite executives can more effectively improve employee moods resulting in improved employee productivity. From an ethical perspective, influencing employee moods by recognizing the emotional labor employees perform, and how that labor affects their moods, is at the core of the integrative framework we propose. Research shows that improving employee moods by treating them ethically results in higher job satisfaction, and improved reactions by coworkers and customers. This, in turn, results in higher productivity. Productivity takes the form of more effective individual job performance, increased organizational citizenship behavior, lower absenteeism, lower turnover, and decreased workplace deviance— all of which are areas for which C-Suite executives are responsible. In summary, we reiterate that structuring job designs in such a way that improves employee’s emotions can, and should, be an ethical consideration for all C-Suite executives.
NOTE

1. The model illustrating the first five job characteristics and their effects on psychological states and outcomes is based on Hackman and Oldham (1980) and the illustration of their model in Robbins and Judge (2007). The bottom row dealing with AET shows our extension of Hackman and Oldham’s model.

REFERENCES


