RESEARCH BRIEFS

Eye of the Beholder: Does Culture Shape Perceptions of Workplace Bullying?

Research Brief by Stuart D. Sidle, Associate Professor, Department of Psychology, University of New Haven

Would someone considered to be a belligerent bully by workers in one division of a global company be viewed the same way by employees in other geographic locations of the same company? Perhaps part of the answer to this question in today's global economy is that it depends on the national culture of the employees in particular locations. And since executives are increasingly managing diverse, global teams it is more important than ever to understand the cross-cultural differences that may impact workplace dynamics.

Although recent cross-cultural studies have produced findings that help leaders manage in this complex environment, much remains to be done. For instance, while the negative consequences of workplace bullying on employees have been clearly documented, most of this research has been conducted in Western cultures. Virtually no studies have examined workplace bullying across Eastern cultures—raising the question of whether research based in Western cultures will generalize to other parts of the globe.

New research by Jennifer Loh (University of New England, Australia), Simon Lloyd D. Restubog (University of South Wales), and Thomas J. Zagenczyk (Clemson University) sheds light on whether exposure to bullying has the same impact on workers across cultures. Specifically, Loh and her colleagues compared Australian and Singaporean employees to see if there were differences between these cultures in how workplace bullies impacted victims' attitudes toward their jobs and relationships with their co-workers.

Incidentally, this research is timely in light of the introduction of the Singapore-Australia Free Trade Agreement (SAFTA) in 2003. Not only has this agreement created increased trade opportunities between these nations, but it has also sparked a greater need for cross-cultural understanding between business leaders in both countries.

Loh and her colleagues also thought that these two cultures would be useful to compare given their clear differences around the acceptance of formal, hierarchical power differences (what cross-cultural research pioneer Geert Hofstede calls "power distance"). High power distance cultures such as Germany, China, and Singapore tend to accept status differences between bosses and subordinates as the norm. For example, employees in these cultures tend to be reluctant to question the demands of an authority figure. Conversely, low power distance cultures such as the United States, the Netherlands, and Australia tend to expect more egalitarian relationships between supervisors and subordinates. For example, workers in these cultures are more likely to be on a first-name basis with supervisors and are more likely to question the supervisory authority, especially when they believe they are being treated unfairly.

Consequently, Loh and her colleagues expected that employees in Singapore, a high power distance culture, would be more tolerant of bullying supervisors than employees in Australia, a low power distance culture. Their data came from a mail survey of over 300 Australian and Singaporean employees (a survey with an impressive 58% response rate). All respondents were post-graduate business students in their respective countries. The survey questionnaire assessed employees' experiences with workplace bullying, their level of job satisfaction, and feelings toward their co-workers (e.g., whether they feel like a member of the group or an outsider).

Overall, Loh and her colleagues found that regardless of culture, workplace bullying lowered employees' feelings of job satisfaction. In essence, bullying may signal to employees that they are not appreciated, respected, or valued. And in turn, workers do not want to be committed to a team or to a manager who bullies them. To make matters worse, individuals who are bullied tend to be perceived by their fellow workers as either outsiders or lower status individuals—reactions that further isolate bullying victims. Consequently, bullied employees feel that they lack meaningful relationships in the workplace and their morale suffers. In fact, Loh and her colleagues found that, regardless of culture, employees who experienced the wrath of a workplace bully felt alienated from their co-workers.

While both Australian and Singaporean employees were similar in terms of experiencing a negative reaction to workplace bullying, Loh and her colleagues also found compelling differences across the two cultures. Essentially, Australian employees rated their job satisfaction much lower than their Singaporean counterparts when bullying was involved. Moreover, Australian employees reported more intense feelings of alienation from their co-workers following bullying incidents than did Singaporean employees.

In a nutshell, this study suggests that while bullying may be a universally unpleasant experience for employees, the degree of distress it causes seems to be influenced by national culture. Loh and her colleagues explain that the differences in the intensity of the consequences probably relates to the differences in each culture's level of power distance. Essentially, those in higher power distance cultures have a higher tolerance for this type of behavior because they may see some expressions of power especially from supervisors as standard behavior (e.g., delivering corrective feedback in public in a stern manner). In contrast, employees in low power distance cultures may tend to perceive these same behaviors as extraordinarily harsh. Loh and her colleagues suggested that another reason for the difference in the impact of bullies across cultures stems from the fact that job satisfaction and work-group identification are outcomes that tend to be more strongly embraced by employees with a Western or individualistic orientation. Conversely, Singaporeans and employees in other Eastern cultures are more likely to have a collectivistic attitude toward work and are more focused on organizational and team outcomes rather than on their individual experiences and personal treatment by supervisors.

Indeed, this study serves as a reminder to leaders in global organizations of the importance of viewing their workforce through a cross-cultural lens to create an environment where all employees around the world feel satisfied and committed to the firm. That said, Loh and her colleagues believe more research on bullying is needed, both across cultures and in multicultural work settings. After all, managers and employees alike are increasingly spending time collaborating in diverse, global work environments—where key differences in values, perceptions, and belief systems nonetheless exist.

Source: Loh, J., Restubog, S. L. D., & Zagenczyk, T. J. (2010). Consequences of workplace bullying on employee identification and satisfaction among Australians and Singaporeans. *Journal of Cross-Cultural Psychology*, *41*(2), 236–252.

Counterproductive Work Behavior: Can It Sometimes Be Good to Be Bad?

Research Brief by Stuart D. Sidle, Associate Professor, Department of Psychology, University of New Haven

Have you ever noticed co-workers or direct reports routinely taking long breaks that run way beyond what is permissible? Have you seen members of your organization deliberately violating policies and procedures? If you answered "yes" to either of these questions, there's good reason to look deeper at why this is happening. Because—believe it or not—such counterproductive work behaviors may actually serve to benefit workers and their organizations in some surprising ways.

The costly consequences of employees' counterproductive work behaviors (willful actions that have the potential to harm an organization and/or its employees, such as sabotage or intentionally arriving late) have been well documented. Moreover, scholars have developed several theories that can help managers better understand and ultimately control the conditions that often spark counterproductive work behaviors. For example, worker perceptions of injustice are linked to a higher incidence of counterproductive work behaviors, which, in turn, can lead to a variety of costly production and performance problems. Not surprisingly, however, researchers have generally ignored the question of whether there are any potential benefits of counterproductive behaviors.

New research by Mindy Krischer (University of Houston), Lisa Penney (University of Houston), and Emily Hunter (Baylor University) sheds light on how some forms of counterproductive work behavior may serve to benefit employees and organizations. Krischer and her colleagues focused on two types of counterproductive work behavior—withdrawal (e.g., taking excessive breaks, arriving late, or leaving early) and production deviance (e.g., intentionally doing tasks incorrectly or working slowly). Specifically, they investigated whether engaging in these two types of counterproductive behavior helps employees cope with the emotional exhaustion (feelings of being overextended and generally worn down) that often results from experiencing unjust situations at work.

Indeed, one well-established source of workplace stress is the lack of organizational justice. Working in an environment that lacks organizational justice can be so stressful that it leads to emotional exhaustion. Two forms of organizational justice are distributive and procedural justice. *Distributive justice* refers to the perceived fairness of reward allocations such as pay raises, bonuses, promotions, and office assignments. *Procedural justice* refers to the perceived fairness of the processes by which decisions are made, such as how leaders go about choosing who lands the plum job, who completes the performance evaluation, or who gets the corner office.

To investigate the notion that counterproductive work behaviors serve as coping mechanisms, Krischer and her colleagues analyzed survey results from 295 employees across a variety of jobs and locations in the United States. The survey assessed participants' perception of justice in the workplace, how frequently they engaged in counterproductive work behaviors, and their level of emotional exhaustion.

The results are compelling. First, Krischer and her colleagues replicated the finding from previous studies that employees who experience an unjust work environment tend to experience more emotional exhaustion. More important, their research also suggested that employees who engage in counterproductive withdrawal behaviors (e.g., taking long breaks) or production deviance (e.g., purposely doing things wrong) do so to effectively cope with the emotional strain of working in an unjust environment.

Essentially, Krischer and her colleagues found that, when faced with organizational injustice, employees who engaged in withdrawal behaviors were less likely to experience emotional exhaustion than those who did not. Krischer and her colleagues make the case that in an unjust work environment withdrawal behaviors help employees escape an unpleasant situation and allow them to replenish their depleted emotional resources. Consequently, these employees end up suffering less emotional exhaustion than those who don't engage in withdrawal behaviors when faced with decisions, procedures, or reward allocations they feel are unjust.

Likewise, engaging in production deviance also seems to help employees cope with their unjust work environments. In fact, employees who engaged in production deviance had less emotional exhaustion when faced with distributive injustice (e.g., unfair allocation of bonuses) than those who did not. Krischer and her colleagues explain that engaging in production deviance following an unfair distribution of rewards allows the worker to regain control and "even the score."

On the other hand, production deviance is not that helpful to workers looking for ways to cope with procedural injustice. This may be due to the fact that a sense of procedural justice often occurs from multiple events over time and that it is not as simple to even the score through production deviance. Moreover, engaging in production deviance (e.g., performing slowly on purpose) requires conscious effort on an employee's part. Consequently, the energy it takes to maintain this type of behavior over time could actually lead to increases in emotional exhaustion.

Overall, this study can help managers understand why some workers engage in counterproductive work behaviors. And by understanding the motivations that drive these behaviors, savvy managers can figure out more acceptable alternatives for employees to rely on when coping with the stress of perceived injustice at work. For example, Krischer and her colleagues suggest creating grievance procedures to provide employees with a sense of control, instituting exercise programs to help employees work off stress, and offering additional break times to help employees reenergize.

Krischer and her colleagues argue that the implications of these findings raise an interesting paradox. Although counterproductive work behaviors such as withdrawal and production deviance are usually considered harmful to organizations, they also help employees cope. And if one upside of these behaviors is that they reduce workers' feelings of distributive injustice, then there may be organizational benefits as well. Indeed, research shows that improvement in perceptions of distributive justice offers associated benefits to organizations such as higher levels of citizenship behavior, job satisfaction, and organization commitment.

Consequently, trying to eliminate counterproductive behaviors from the workplace without providing opportunities to help employees cope with their feelings of injustice may cause additional headaches for organizations. Instead, managers would be wise to view any increase in counterproductive work behaviors as a potential red flag—a warning that employees may be trying to cope with perceived injustice by shielding themselves from becoming emotionally exhausted on the job.

Source: Krischer, M. M., Penney, L. M., & Hunter, E. M. (2010). Can counterproductive work behaviors be productive? CWB as emotion-focused coping. *Journal of Occupational Health Psychology*, *15*(2), 154–166.

Sarbanes-Oxley: Does the Cost Knock Your Socks Off?

Research Brief by John A. Martin, Associate Professor of Management, United States Air Force Academy, and James G. Combs, Jim Moran Professor of Management, Jim Moran Institute for Global Entrepreneurship, Florida State University

The big one was Enron. Caught hiding more than a billion dollars of debt, bribing foreign governments, and manipulating energy markets, Enron wiped out $11 billion in shareholder equity in less than a year and brought down its accounting firm, Arthur Andersen, in the process. Then there were reports of inflated earnings at Kmart, Qwest, Global Crossing, Halliburton, Bristol-Myers Squibb, WorldCom, and Tyco. No wonder congressional discussions of corporate governance reform were well under way in early 2002 when the Rigas family got caught taking $3 billion in personal loans from Adelphia Communications.

The result of all of these shenanigans was the introduction of the Sarbanes-Oxley Act (SOX) in 2002. Perhaps the most far-reaching corporate governance regulation since the Securities and Exchange Acts, SOX's stated purpose is "to protect investors by improving the accuracy and reliability of corporate disclosures." SOX attempts this noble goal by requiring the board's audit committee to do additional internal monitoring, forcing disclosure about internal accounting control practices, mandating that boards have a majority of outside directors, and making CEOs and CFOs personally certify accounting disclosures. Proponents felt these steps would simultaneously increase investor confidence in the stock market while reducing accounting misconduct.

Yet in 2010, critical questions about SOX remain largely unanswered. Most important, what are the benefits and costs of SOX, and are they worth it? Estimating benefits is tricky because most are spread across the entire market. For instance, increased disclosure should boost investor confidence, which in turn should make it cheaper for companies to raise money by selling stock. There are also benefits for the small group of firms that might have suffered an accounting scandal had it not been for SOX—but these are very difficult to quantify.

The costs, on the other hand, seem to stand out more clearly. One survey pegged SOX-related audit fees at $4.4 million on average. Another survey estimated $8.5 million for large firms and $1.25 million for small firms. For large firms, this works out to be around 0.1% of sales overall, and even more for smaller firms. The problem, however, is that these estimates include only the direct costs of SOX—usually just the fees paid to auditors.

What about indirect costs? SOX requires managers to use different auditing and consulting firms, and to change their auditor every five years. This means that any knowledge benefits from having the same firm deliver auditing and consulting services, or from having the same auditor year after year are likely to be lost. By having CEOs and CFOs personally certify results, SOX may dampen management's appetite for risk. Consequently, shareholders might miss out on profitable investments. Finally, there are the opportunity costs of having top managers' attention focused on SOX compliance instead of strategy.

A recent study by Anwer Ahmed and Mary Lea McAnally (both from Texas A&M) and Stephanie Rasmussen and Connie Weaver (both from the University of Texas–Arlington) attempts to quantify these indirect costs. Previous research has focused on what happens to stock prices after a SOX-related event (e.g., when the U.S. Senate voted to strengthen criminal penalties). But these studies get at only *expected* and not *actual* SOX costs—and their results are mixed. To get at actual costs, Ahmed and colleagues gathered data on over 1,400 firms and compared their cash flow starting two years prior to SOX's 2003 implementation year (2001 and 2002) with four subsequent years (2004–2007). By looking at the few years after implementation, they could see whether SOX's implementation costs were largely one-time or ongoing. Finally, Ahmed and colleagues looked at whether some firms got hit harder than others. Specifically, they looked at factors that might influence the cost of SOX, including firm size, growth opportunities, complexity, governance quality, and internal control weaknesses.

Ahmed and colleagues found that cash flows declined an average of 1.3% of assets and 1.8% of sales in the years after SOX—about $13 million annually for median-sized firms. This suggests that the indirect costs of SOX are actually higher than the more obvious direct costs. Moreover, these costs continued over the four-year post-SOX period included in the study. In short, these are not one-time implementation costs. Ahmed and colleagues also found four factors impacting the costs of SOX. First, while absolute SOX costs rise with firm size (i.e., $6, $7, and $39 million annually for small, medium, and large firms, respectively), in percentage terms the costs are much greater for small firms. SOX eats 3% of cash flows for small firms, but only 0.7% for medium and 0.5% for large firms. Second, diversified firms suffer more, perhaps because coordinating SOX across many divisions takes a lot of managerial time and attention. Third, growth opportunities appear to reduce the pain of SOX because managers working in growth markets can pass its costs along to customers. Finally, a bright spot in the study's findings was that firms forced by SOX to report an internal control weakness actually improved their cash flow. Identifying and correcting internal auditing procedures apparently makes operations more efficient, raising the benefits of SOX for those firms where managers didn't know they had a problem.

This study offers several interesting avenues of future inquiry for scholars. First, research is needed to help us better understand how the financial and managerial costs of SOX impact strategic choices. For example, are managers investing less in R&D, putting off big capital investments, or delaying acquisitions because they are focused on SOX compliance? If so, scholars might be able to help managers design organizational structures to effectively implement SOX while minimizing its impact on decision making. Likewise, more research is needed to address the question of whether being forced to have a board composed mostly of independent directors impacts board effectiveness. Greater board independence should improve managerial oversight, but managers and affiliated "partners" can be important resources for boards. Are boards simply going without these resources? If so, are they finding other ways to access them? These are important questions that management scholars are well-poised to answer.

So overall, is SOX worth the costs? Ahmed and colleagues suggest that the answer is no. Their study brings us one step closer to uncovering all the costs of SOX. That said, the benefits of SOX are still difficult to estimate. Yet we do know from experience that accounting scandals are very costly. The S&P 500 stock index fell 23% in 2002 when the scandals broke. In the end, we may never know if SOX is worth it. But executives must live with SOX, at least for now. So in the meantime, a better understanding of its costs helps firms manage the impact of SOX.

Source: Ahmed, A. S., McAnally, M. L., Rasmussen, S., & Weaver, C. D. (2010). How costly is the Sarbanes-Oxley Act? Evidence on the effects of the act on corporate profitability. *Journal of Corporate Finance*, *16*, 352–369. .

Late in the Game: How Does a Short Time Horizon Impact CEO Decision Making?

Research Brief by John A. Martin, Associate Professor of Management, United States Air Force Academy, and Kevin J. Davis, Associate Professor of Management, United States Air Force Academy

We are familiar with the stories by now—CEOs who appeared to deliver results only to be brought down late in their careers by scandals and mismanagement. Take Bernie Ebbers of now-defunct WorldCom, once the world's largest telecommunications firm. Ebbers left the company bankrupt after being convicted of overseeing $11 billion in fraudulent accounting. Or consider Al "Chainsaw" Dunlap, formerly of Sunbeam. Known for aggressive cost-cutting measures, Dunlap's tactics backfired when Sunbeam's net income was overstated by $60 million on his watch.

When they ran into trouble, these seasoned executives were both approaching the end of their tenures. This raises the larger question of whether CEOs are influenced by their decision horizons. In other words, as CEOs approach the end of their tenure in a company do they become more focused on realizing personal benefits at the expense of shareholders? The conventional wisdom is that CEOs tend to shy away from risk and emphasize short-term returns, while shareholders tend to seek risks that deliver high returns over the long haul. If this is true, then the solution sounds easy enough—just give CEOs financial incentives to seek riskier projects with the long-term payoffs shareholders want.

Reality, however, is more complex. In the last 20 years, CEO tenures have shrunk from an average of eight years to just four. Consequently, CEOs often feel the need to demonstrate superior firm performance—and fast. Since their shelf life is limited, if they want to land another high-paying job, CEOs had better demonstrate their capabilities quickly. For this reason, as CEOs get late in their tenures, they may feel the need to make investments that have quick payoffs. Although these decisions might lead to big CEO paydays and short-term accolades from investment analysts, they might prove to be bad deals for shareholders over the long term.

The possible connection between CEO tenure and investment decisions is the subject of a new study by Murah Antia, Christos Pantzalis (both from the University of South Florida), and Jung Chul Park (Louisiana Tech University). They looked at how CEO decision horizons affect firms' overall stock market value and investment decisions, and also examined a possible correlation between CEO decision horizons and accounting manipulation. To figure out a CEO's decision horizons, Antia and colleagues looked at the CEO's age and number of years in her position relative to her industry peers. Looking at data from several hundred firms between 1996 and 2003, they first examined the relationship between the CEO's decision horizon and the firm's stock market value.

The researchers found distinctly higher stock market valuations among firms where CEO decision horizons were long. And what about CEOs with short decision horizons? Antia and colleagues looked at firms with few growth prospects and plenty of cash on hand. In this context, CEOs with short decision horizons might be motivated to invest "excess" cash in short-term, fast-payback projects instead of projects with potential long-term benefits. Indeed, this is exactly what they found: CEOs with shorter decision horizons were more likely to overinvest excess cash on hand. The bottom line is that short-term CEOs tried to maximize short-term gains.

Finally, Antia and colleagues examined whether, in cases where information given to investors was manipulated, CEO decision horizons played a role. It goes without saying that investors want accurate information about a firm's prospects so they can make informed investments. Previous studies have found that firms tend to make corrections to their financial statements prior to CEO turnover (e.g., revising claims about revenue). So might not such corrections be more likely to occur when CEOs have short decision horizons? The researchers found that short CEO decision horizons were indeed linked to a higher probability of financial statement corrections. And these corrections often result in lower stock prices that hurt investors.

Overall, the length of CEO decision horizons appears to play an important role in some of the decisions they make. An obvious question for future research is how CEO compensation packages might be used to help ensure that CEOs maintain long-term decision horizons. Indeed, Antia, Pantzalis, and Park found that the value of CEOs' stock options drops as their decision horizons become shorter. Because stock options are supposed to motivate CEOs to make long-term decisions, it seems clear that alternative incentives need to be investigated (e.g., restricted stock grants or options that mature long after the CEO leaves office). Other unanswered questions revolve around whether firms' strategies change as CEO decision horizons become short. For instance, do acquisitions become bigger while long-term R&D investments decline?

Likewise, we know little about board member decision horizons. Do board members have similar decision horizon issues as CEOs? Perhaps board members prefer short-term financial results in order to maximize the value of their own stock options. If so, board members' incentive structures should be carefully scrutinized, taking into account their decision horizons. If board member decision horizons are linked to the same outcomes as the CEO's, shareholders and compensation committees will need to carefully evaluate the usefulness of stock options for board members, especially late in their tenures.

In the meantime, Antia, Pantzalis, and Park have demonstrated that CEOs are influenced by their decision horizons. Specifically, short-term CEO decision horizons may result in lower stock market value, short-term investment strategies, and incomplete information available to investors. The challenge is to find ways to motivate CEOs nearing the end of their tenures to make the right decisions leading to superior long-term performance. Otherwise, today's high-flying firms might be the subjects of tomorrow's unfortunate headlines.

Source: Antia, M., Pantzalis, C., & Park, J. C. (2010). CEO decision horizon and firm performance: An empirical investigation. *Journal of Corporate Finance, 16,* 288–301.

Performance Orientation or Learning Orientation: Which Helps Salespeople Better Adapt to Organizational Change?

Research Brief by Jean-Francois Coget, Assistant Professor of Management, Orfalea College of Business, California Polytechnic State University

Frank is in charge of 400 sales representatives at a large pharmaceutical company. He has been asked to introduce a new suite of sales technology tools to replace the old passive client database. While the new software system has the potential to automate a number of tasks, it requires significant training. How will Frank's salespeople adapt to this change? Will their performance increase immediately? Will they all benefit equally from the change? Up to this point, the answers to such questions have been murky.

Fortunately, however, Michael Ahearne (University of Houston), Son Lam (University of Georgia), John Mathieu (University of Connecticut), and Willy Bolander (University of Houston) have conducted a study that helps shed light on issues associated with salespeople's adaptation to change. During a 12-month period, Ahearne and his colleagues recorded the performance of 400 sales representatives at a major U.S. pharmaceutical company during the introduction of a new customer relationship management system. Their study measured salespeople's performance based on what percentage of their sales quota they met. What they found is fascinating.

Back to sales manager Frank—after introducing the new software, he observed that instead of increasing, the performance of most of his salespeople actually dropped! Yet based on their results, Ahearne and his colleagues would tell Frank not to panic—such a drop is to be expected. The Lewin-Schein theory of change predicts that when people begin adapting to change, they need to unfreeze their habits and learn new ones. This learning effort takes energy away from the job, which results in diminished performance. Indeed, this is exactly what Ahearne and his colleagues observed: Over the first five to seven months, sales performance typically drops.

But Frank also notices that some salespeople's performance drops less than others. While puzzled about the reasons, Frank is thankful for these high performers and looks forward to seeing their results as they begin to master the new software. Beginning in the fifth to seventh months, the drop in performance slows and then reverses into an upward trend. This is also to be expected. The Lewin-Schein theory predicts that the next two stages of change after unfreezing are moving— hopefully upwards—and then refreezing.

That said, Frank is in for yet another surprise. He has been anxiously monitoring the performance of his most promising salespeople: the ones who had the lowest drop in performance. He is disappointed to observe that their performance recovers only modestly from its lowest point. What is even more surprising is that the lowest performers in the first part of the change effort seem to be recovering much faster! A year after the introduction of the new software, the trend is confirmed—salespeople whose performance dropped the most initially later recover and perform at the highest level. At the same time, those whose performance dropped the least initially are the ones who recover at the most modest level. What is happening here? How can this be explained?

Ahearne and his colleagues have an answer for Frank—these results have to do with the goal orientation of his salespeople. To simplify, people tend to have one of two goal orientations: a performance orientation or a learning orientation. People with a performance orientation are motivated to achieve a positive evaluation of their current performance by others, whereas people with a learning orientation are motivated to improve their abilities.

This study shows that salespeople with a learning orientation are more likely to embrace the change fully and will invest more of their time to master the new software suite. Consequently, while they will experience a bigger initial drop in their performance, the payoff will be larger down the road as they learn and their performance stabilizes at a higher level. Performance-oriented salespeople, on the other hand, experience the opposite pattern. Worried that they might miss their sales objectives, they will invest less time in learning the new software suite. This will result in a lower initial performance drop. Yet this ultimately shortsighted strategy will come back to bite them in terms of their longer term performance. Specifically, their performance will recover at lower levels compared to learning-oriented salespeople. In effect, the organizational change is less effective at helping performance-oriented people improve over the longer term.

What is the moral of the story? First, the study confirms the Lewin-Schein theory of change. When people adapt to organizational change, they go through three phases: unfreezing, moving, and refreezing. During these three stages, performance is expected to follow an S-curve, initially dropping, reaching a low point, recovering, and then ideally stabilizing at a higher point. Knowing this can help managers and salespeople avoid panicking and wrongly assuming the change is counterproductive.

Second, the study shows that learning-oriented people are better at adapting to change than performance-oriented people. Consequently, they should be cut some slack when their performance initially drops lower—they are learning! Likewise, the study suggests that it is preferable to hire salespeople with a learning orientation rather than a performance orientation. However, since this may not always be feasible, Ahearne and his colleagues recommend that during a change effort, performance metrics (and compensation) be adjusted to include change implementation behaviors in addition to sales. This could help motivate performance-oriented salespeople to engage in deeper learning. And thanks to Ahearne and his colleagues, Frank the sales manager knows better what to do the next time he has to implement an organizational change.

Source: Ahearne, M., Lam, S. K., Mathieu, J. E., & Bolander, W. (2010). Why are some salespeople better at adapting to organizational change? *Journal of Marketing*, *74*(May), 65–79