

3.18: Individual and Cultural Factors in Employee Performance

Exploring Managerial Careers

Building Back Trust on the Back End

One institution that has been around for generations is banking. However, many individuals have lost faith in the banking system, and who's to blame them? Big banks have let the general consumer down with security breaches and countless stories of scandals. One glaring example is Wells Fargo & Co., who are still recovering their brand from their admission of creating nearly two million accounts for customers without their permission. But this problem is not new. The approach to bolstering this trust factor is, however, taking on a new perspective with some quick adaptation and managerial foresight.

One CEO, Cathie Mahon, chief executive officer of the National Federation of Community Development Credit Unions, is not taking the disparities between credit unions and big banks lying down. Credit unions have always operated differently from big banks, and one key factor is that they are nonprofit while their big-bank counterparts are for-profit enterprises. This also can mean that they offer higher interest rates on deposits due to their size. Mahon has begun a keen undertaking to educate and empower low-income residents about financial resources. Her most recent endeavor is to provide a platform called CU Impact that keeps customers more informed about their balances, creates more trustworthy auto-pay features, more information delivered at ATMs as well. The improvements to the back-end reliability within the credit union system sustain the small, community feel of the credit union, while providing powerful, trustworthy systems that restore faith in their business. Her willingness to embrace technology and embrace differences of customers, employees, and the company structure overall made her the key to success for the future of their business.

Sources: Cohen, Arianne, "The CEO Who's Leveling the Playing Field Between Credit Unions and Big Banks," *Bloomberg Businessweek*, July 9, 2018, <https://www.bloomberg.com/news/articles/2018-07-09/the-ceo-who-s-leveling-the-playing-field-between-credit-unions-and-big-banks>; Koren, James Rufus, "It's been a year since the Wells Fargo scandal broke—and new problems are still surfacing," *Los Angeles Times*, September 8, 2017, www.latimes.com/business/la-fi-wells-fargo-one-year-20170908-story.html.

How do managers and organizations appropriately select individuals for particular jobs?

As we can see in the example of Cathie Mahon, our unique personal characteristics can have a dramatic influence on both individual behavior and the behavior of those around us. To succeed in any managerial position, it is necessary to have the appropriate skills and abilities for the situation. Moreover, when selecting subordinates, managers have similar concerns. In short, individual differences can play a major role in how well someone performs on the job. They can even influence whether someone gets the job in the first place. Because of this, we begin this section with a look at individual differences in the workplace.

Several factors can be identified that influence employee behavior and performance. One early model of job performance argued simply that performance was largely a function of *ability* and *motivation*.¹ Using this simple model as a guide, we can divide our discussion of individual factors in performance into two categories: those that influence our *capacity to respond* and those that influence our *will or desire to respond*. The first category includes such factors as mental and physical abilities, personality traits, perceptual capabilities, and stress-tolerance levels. The second category includes those variables dealing with employee motivation. Both of these sets of factors are discussed in this part of the book as a prelude to more complex analyses of overall organizational performance.

Specifically, we begin our analysis in this chapter with a look at individual differences, including employee abilities and skills, personality variables, and work values. We will also examine the nature of culture and cultural diversity as it affects behavior in organizations both at home and abroad. Later we look at perception and job attitudes, and we review basic learning and reinforcement techniques. The basic theories of employee motivation are then introduced, including the concept of employee needs. More complex cognitive models of motivation will be examined, and finally, we review contemporary approaches to performance appraisals and reward systems in organizations. All told, this coverage aims to introduce the reader to the more salient aspects of individual behavior as they relate to organizational behavior and effectiveness.

Exercise 3.18.1

1. What are the various abilities and skills that should be considered when hiring employees?
2. How should the personality differences and work values be taken into account when selecting employees?
3. What is the role of cultural diversity in selecting employees?

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