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Reviewed by William H. Macey, Valtera Corporation, Rolling Meadows, IL.

As a concept, the Psychological Contract (PC) is attractive if for no other reason than it seemingly captures the essence of what we know through personal experience—that there is an implicit understanding between employee and employer that governs the relationship between both parties, that the understanding evolves over time, and that the parties to that understanding are not perfectly aligned. Of course, there is a little more to it than just that, and this book is directed toward a broad audience of scholars and practitioners who have an interest in the deeper intricacies of the concept. The balance of the presentation is decidedly directed toward the social scientist looking for detailed background information. However, practitioners will find the book quite readable and one that provides much of the background information (e.g., in social-exchange theory) necessary to appreciate the broader framework in which PC research can be appreciated.

The authors carefully choose their words in describing the three goals for their book. First, they make clear that their purpose is to provide a “comprehensive review of psychological contract research and theory.” Their second objective is to “critically evaluate” the state of the art and to provide recommendations as to a possible agenda for further development of the field. Finally, they intend to “consider” how the psychological contract as a concept can be practically applied. There is a subtle gradation in the ambition of those goals that reflects in many respects the contribution of the volume as well.

Comprising 10 chapters, the volume is a comprehensive treatment of (a) the definition of the PC and a description of how the meaning of the concept has evolved; (b) the promises made or perceived that constitute the “deal”; (c) contractual breach and violation; (d) methodological issues in conducting research on the topic; and (e) a framework for capitalizing on what we know of how the PC can be “managed” to the benefit of both organizations and employees. Of course, there are the obligatory, introductory, and last words. An appendix containing representative survey instruments used in various research efforts closes the volume. Those considering conducting research in the area will find the book to be particularly useful, as will the reader who is interested in understanding the relationship between psychological contract content(s) and other relevant measures.
The flow of the book is carefully organized and requires reading in sequence to get full value; the chapters are not truly discrete elements. The authors choose their words precisely to transition from the conceptual groundwork necessary to understand what the PC is and its implications to how methodological limitations have created a lack of precision impacting both theory and our understanding of the practical implications of the PC. Perhaps the real “value added” of the book is in how the authors go about offering alternative methodologies and concepts for understanding both the PC and its implications.

Carefully threaded through the chapters is the notion that the PC is based upon an exchange of what has been promised on both sides. Then, the PC is presented as an unfolding of an understanding through time based on the interpretation of individual events. Following a historical perspective in Chapter 2, the authors present three foundational chapters, discussing first the definition of the PC (Chapter 3), then the content of the PC (Chapter 4), and subsequently the causes and consequences of breach/fulfillment (Chapter 5). Chapter 6 includes a detailed discussion of methodological flaws of the typical cross-sectional survey approach and also provides a valuable discussion of diary-based methods that are particularly useful for understanding the event-driven process that defines the PC. Chapter 7 integrates the conceptual challenges presented in Chapters 3 through 5 and clarifies the emphasis on exchange-driven processes that form the core of the authors’ position on how the PC should be conceptualized. By Chapter 8, the authors have carefully bridged from critical review to suggestions for alternative research paradigms. As a final step in this process, the authors take two process-oriented approaches (Gergen and Gergen’s “self-narratives” and Weick’s “sensemaking”) and explain how those approaches can be used to understand the rich narratives that are gathered using diary-based approaches to data collection. In all, I found it to be a well-developed proposition.

In contrast to the depth of the previous chapters, Chapter 9, which addresses the practical implications of the psychological contract, seems somewhat light relative to the possibilities. Admittedly, this criticism is somewhat unfair because the authors do not claim to have an objective as ambitious as that of their critical review and appraisal of the theory and research represented in the rest of the book. However, the criticism seems appropriate because the authors simply do not pursue the right metaphor. In this reviewer’s opinion, the typical HR manager is more likely to think in terms of the lifecycle of the employer–employee relationship than think of the psychological contract. This is in large part driven by the transactional nature of the work that must get done on a day-to-day basis. So, the HR manager will have a significant interest in the onboarding and exit processes. From the relational perspective, it is difficult to imagine a
more salient concept than that of the PC for understanding the employee–employer relationship. Specifically, the onboarding period presents unique opportunity for understanding how and when promises are made, whereas the exit process creates a similarly unique opportunity for investigating and hopefully understanding PC breach. Equipped with that information, the HR manager is in a better position to understand what can be managed and where breakdowns occur. There is a clear opportunity for bridging the interests of the practitioner and the scholar in this context that I wish had been explored, particularly given the significant movement toward outsourcing of the recruitment, onboarding, and other HR functions. This is not to say that the book is not valuable to practitioners—it most definitely is. From a stylistic perspective, the authors follow their path in a methodical manner. Throughout, the authors position themselves by telling you where you are, where you have been, and where you are going. As a result, there is a degree of repetition in the delivery. However, I did not find this bothersome and in fact found the overall presentation to be very crisp.

In sum, this book should have particular appeal to two audiences. The first and primary group would be those scholars with a direct or even a tangential interest in the employer–employee relationship. The second would include those seeking to learn more about process-oriented approaches to understanding organizational behavior and, in particular, the employment relationship lifecycle. This is not to say that others might not find a great deal of value as well. The bottom line is that this is a book written in a precise style with the intent to find precision in a concept that has defied such analysis. It is a worthy synthesis of the research and thinking in the field, and I recommend it.

Reviewed by David W. Bracken, Senior Consultant, Kenexa Corporation, Lincoln, NE.

This book has apparently been out for over a year and had not appeared on my radar screen until John Fleenor asked me to review it. When I received it in the mail and perused the table of contents, I was pleasantly surprised to see many familiar names and an equal number of unfamiliar ones. But my overall reaction was a sense of dismay, a feeling that the topic of leadership has been beaten to a timely death and really wondering if we need another rehash of it. Well, guess what, we do and now we have in this compendium of chapters a nice jumping-off point for another generation of research and practice.
In reflecting on my initial reaction to this book, it was largely due to my frustration with the evolution of the study of leadership, ranging from lack of clarity of the construct to poor science to unsupportable positions (bordering on pop culture) and so on. Starting with the introduction to this book by the editors (and continuing on through most of it), I learned that, not only am I not alone in my sense of despair, but I would be more alone if I were not frustrated. And that is the premise of this book, that is, to bring some order to the study and evolution of leadership. An overview of the eight major “schools” of leadership in this introduction is a nice start.

Unfortunately, once past the introduction, it does not get off to a good start with a chapter called “What is Leadership?” that gives us another leadership model, and an extremely complex (and academic) one at that. As is often the case, it is presented as a springboard for future research with none of its own to support it. This is not a bad thing, of course, in its own right, but seems terribly out of place in the context of what this book espouses to accomplish and what the rest of the book largely delivers.

The rest of this first section of the book (called “The Complexity, Science and Assessment of Leadership”) gets us back on track somewhat, albeit with a nod largely to scientist/practitioners and academics, with a focus first on methods of research in studying leadership (including the use of research tools such as structural-equation modeling and moderated regression) and then a chapter on leadership-assessment methods that will be a little more accessible for the practitioner. But both of these chapters should be required reading for both students of this field as well as seasoned researcher as guidelines and reminders of how we have gotten ourselves into this mess through lack of rigor in what we measure, how we measure it, and, perhaps most egregiously, the conclusions we come to without foundation.

The next set of chapters is called “The Major Schools of Leadership,” which walks us through overviews of trait/attribute approaches, information processing theories (from leader and subordinate views that seem to get less attention compared to other conceptualizations), situational/contingency models, and transformational (charismatic) leadership models. Taken as a whole, this section provides a strong historical perspective on the evolution of the various theories of leadership that students in particular should find extremely useful. It certainly highlights the “eye of the beholder” theme that runs throughout this text in various contexts.

“Leadership Success and Its Development” contains just two chapters, the first by McCauley, who has been shown to be very gifted in bringing rhyme and (more importantly) reason to her subjects, including this one on “Successful and Unsuccessful Leadership.” Researchers, writers, and the consumers of their products would all do well to read this chapter that nicely organizes the many traps we all fall into in our quest to understand
the “causes” of success and failure in our leaders, beginning with just defining what successful leadership is. Then we must decide exactly what we are going to measure, why we are going to measure it (our hypotheses, or themes, as she calls them), recognize the effects of context, and so on. An all-too-brief treatment of implications for organizational practices should be expanded in some future effort.

The following chapter, “Leadership Development” caused me to sigh when I saw that it presents another model, but fortunately not another model of leadership performance but instead a model to guide leadership development processes that integrates organizational and individual factors. I wonder how successful two of industrial and organizational (I-O) psychology’s premiere thought leaders (London and Maurer) will be in their attempt to bring rigor and science to this topic that has supreme implications for practitioners in leadership development.

The last major section, “Emerging Issues in Leadership—Culture, Gender and Ethics,” consists of one chapter on each of those topics. If this book can be characterized as primarily an awareness-raising exercise, this section is a fitting capstone. I find that the topic of culture as applied to leadership is still woefully misunderstood (at best), probably more accurately ignored in the American-centric view of organizations. The treatment here by Den Hartog and Dickson provides a broad overview that should serve as a good starting point for study and reflection, including topics such as societal influences on organizational leadership, leadership in developing countries, and how organizational culture is set by its leaders, who in turn of course reflect their society’s culture.

I found the chapter on gender influences and associated research to be even-handed and enlightening, though I have to confess a desire to see pieces such as this include at least one male author (vs. just the two female authors here). The chapter on ethics is a delightful, thought-provoking read that I hope will be carried forward to a point where there is more insight into the implications for leadership development (if not selection).

“Conclusions” is a chapter by Bennis—“The Crucibles of Authentic Leadership.” In this context, “crucibles” are the events (e.g., crises, tragedies) that shape leaders, from Noah to Rudy Giuliani and beyond. This theme of situational happenstance runs through many chapters in this book (see the topic of “moral luck” in the Ethics chapter), and Bennis carries it forward into many historical and political settings. Whereas there is not direct tie (nor reference) to anything that came earlier in this book (hence “conclusions” is more a signpost than any kind of summary), it is another perspective on why all this matters.

I started off noting that I had wondered what I had gotten myself into when I volunteered to review it. Now I wish I had seen it earlier. I find
myself sending quotes from it to my colleagues that are relevant not only to client engagements but to our own internal work on identifying the leaders we will need for the future. I am also sure that I will return to it often to guide future research efforts or, more importantly, to guide others in their thinking. This is not a topic that is going away, and part of our job as professionals in this field is to have a keen and critical eye toward research on leadership effectiveness and what is useful, what is good practice, and when someone makes statements or conclusions that are not justified by the data. In the introduction, the editors state that their audiences should include students, academics, consultants, and practitioners. Although few chapters will appeal to all of those groups, each will find something worthwhile here. In fact, I will be surprised if something in here does not challenge your thinking on a topic by 90 degrees.


Reviewed by Veronica S. Harvey, Senior Vice President, Aon Consulting, Talent Solutions Consulting Group, Houston, TX.

The Handbook covers both classic and emerging topics in the field of selection psychology. The editor’s stated purpose for the Handbook is to serve as (a) an update and extension to the International Handbook of Selection and Assessment published in 1997, and (b) to focus on topics of burgeoning interest such as globalization, use of technology, person–organization fit, and applicant reactions to the selection process. The 2005 Handbook retains an international perspective with authors including preeminent researchers from eight countries. However, the list of 36 distinguished authors is dominated by academicians, with only about 5 from the corporate and consulting domains.

This Handbook is quite comprehensive and includes 23 chapters divided into five parts: Part I: Preparing for Selection; Part II: Developments in the Use of Different Kinds of Predictors; Part III: Decisions and Their Context; Part IV: Criterion Measures; and Part V: Emerging Trends and Assessment for Change.

The Handbook is prefaced by a thought-provoking chapter on the relationships between practice and research in personnel selection. The author outlines a case for specialization of function as the inevitable future of the rapidly growing field of selection psychology. He presents a compelling argument for the need to study the process of the science–practice interface and presents a four-quadrant model for research with axes of practical relevance and methodological rigor.
Part I: “Preparing for Selection,” includes four chapters focused on job analysis, recruitment research, selection system design, and ethical considerations.

(1) Chapter 2 provides a comprehensive overview of job analysis. Of particular interest was the focus on differentiating job analyses from competency modeling and their review of future-oriented techniques. However, it was disappointing that job analyses procedures to support person–organization fit were not addressed.

(2) Chapter 3 summarizes the historical research on the “3 Rs of recruitment:” (a) RJP, (b) recruitment sources, and (c) recruiter characteristics. The author concludes that given the projected labor shortages, we have a long way to go before we can translate recruitment practice to science.

(3) Chapter 4 discusses design of the selection system that includes attention to context including stakeholders and factors beyond prediction of performance. The author cautions the reader to think beyond simplistic, linear models, and single-minded focus on validation. It was a surprising twist that the author suggested validating later versus sooner.

(4) Chapter 5 focuses on the ethical dilemmas psychologists face in personnel selection. The authors conclude that general ethical principles are remarkably similar across nations and cultures. However, they caution that translation of principles into specific behaviors is not always easy and that ethical rules and guidelines are beneficial. It was refreshing to see a focus on something other than legal regulations.

Part II: “Developments in the Use of Different Kinds of Predictors,” includes six chapters addressing interviews, cognitive ability testing, personality, emotional factors, situational judgment tests, and assessment centers.

(1) Chapter 6 reviews the literature on the interview process, most of which is focused on two areas: (a) “core” components related to information processing such as interviewer expectations and decision making, and (b) “context” factors such as interview structure. The author concludes that future research would benefit from greater focus on the interplay between these two areas.

(2) Chapter 7 includes an exceptionally comprehensive review of existing research that supports the utility of cognitive ability (CA) testing in selection. Topics addressed include prevalence, acceptability, applicant reactions, evidence supporting CA use, causal mechanisms, group differences, and new directions.
Chapter 8 summarizes the 65-year history of personality testing and the current models of personality used in selection. The authors also review the relationships between personality testing and job performance, training, occupational choice, job satisfaction, leadership, and occupational health. Their summary of implications for practice will be particularly valuable for the practitioner.

Chapter 9 is a unique chapter on emotional factors as selection criteria, which, as stated by the author, is a neglected area. Although thought provoking, it was surprising (and disappointing) that the chapter did not address the burgeoning “positive” psychology movement and attempt to integrate the findings from this field.

Chapter 10 summarizes what is known and not known about situational judgment tests (SJT). The authors include research on criterion-related validity, issues on construct validity, and present an agenda for future research. They conclude that a more theoretical approach is needed to further our understanding of SJTs.

Chapter 11 addresses recent developments in assessment centers, particularly those that have emerged in the past 5 years. Topics include use of assessment centers for nonmanagerial jobs, in cross-cultural settings, new job analysis methods, assessment of new dimensions, types of exercises, use of technology, integration with organizational strategy, and use for development purposes.

Part III: “Decisions and their Context,” includes three chapters centered on decision making from the organizational and applicant perspective and fairness in selection.

Chapter 12 focuses on the challenges in the selection decision-making process from an organizational perspective. The authors address alternative types of decision-making strategies and present a typology. In addition, they review stages of decision making and judgmental versus statistical processes. Of particular interest is the multilevel model they present that includes the (a) decision maker (micro), (b) organizational factors (meso), and (c) structural and societal factors (macro).

Chapter 13 focuses on the blossoming literature on applicant reactions to selection procedures. The authors make it clear that their intent is not to provide an all-inclusive review; however, they do provide a broad overview of emerging themes on how applicants perceive the selection process and the ramifications of these views. The authors are on target with their plea for more rigorous research on this topic, which they believe will be one of the most influential in our field.
Chapter 14 focuses on the topic of ethnic bias and fairness, highlighting the factors of stereotypes, language bias, and speed-accuracy tradeoffs, which have been examined as potential causes of mean score differences. The authors present a review of the literature (largely from North America and Europe) on bias in cognitive ability tests, work samples, personality inventories, and interviews, and conclude that there is no evidence for predictor bias. On a bit of a discouraging note, they further state that fairness, when defined as equal representation, “cannot be achieved at present.”

Part IV: “Criterion Measures,” includes three chapters on assessing job performance including typical versus maximum performance and contextual performance.

(1) In Chapter 15, the authors stated objectives are to delineate the distinction between typical and maximum performance. Further, they attempt to demonstrate how this difference is important for practitioners and researchers. In conclusion, the authors note that our understanding of the practical implications for using different selection methods to predict typical versus maximum job performance is severely lacking.

(2) Chapter 16 summarizes findings to date on the proliferation of job performance measures including (a) different methods, (b) different sources of ratings, (c) content of measures, and (d) emerging issues in the assessment of team performance and in international contexts.

(3) The central theme of Chapter 17 is contextual performance, those activities that support the organizational, social, and psychological environment in which technical work is performed. The authors outline the significance of contextual performance and its antecedents including situational, attitudinal, dispositional, and motivational performance. The chapter concludes with implications for practice.

Part V: “Emerging Trends and Assessment for Change,” includes six chapters addressing a potpourri of “hot” topics including technology-based testing, person–environment fit, leadership, expat and team selection, and multilevel selection.

(1) Chapter 18 includes a broad review of the literature on computer- and Internet-based testing. The authors place special focus on practical issues that have emerged and address the topics of equivalence across modes of administration, use of the Internet, user and applicant reactions, and novel forms of tests and items. However, the author’s
conclusion that technologies are simply adding more costs to testing seems questionable to this practitioner.

(2) The stated goal of Chapter 19 is to explore the potential utility of person–environment fit in selection. The authors’ review of the literature addresses levels of fit, effects of fit, and implications for selection. The authors conclude that including fit measures in selection processes is useful in prediction of future job attitudes.

(3) Chapter 20 focuses on the selection of leaders for complex, global roles and includes a review of the associated literature. The authors conclude that there are some selection criteria that apply universally to global leaders. However, they caution that the specific behaviors exhibited in demonstrating a skill set may vary by culture.

(4) Chapter 21 includes a discussion of the specific abilities that may be crucial for expat selection, the factors international employees confront, steps in developing an expat selection process, and literature on predictors of expat selection. The authors also propose a process approach for designing and expat-selection process.

(5) The purpose of Chapter 22 is to provide an overview of how to select for team-based work. Topics addressed include organizational, team, and role characteristics associated with optimal functioning; issues in selecting for teams; the importance of using team criteria; implications for practice; and the impact of organizational systems.

(6) The Handbook concludes with Chapter 23 on multilevel selection. The author contends that rather than focusing only on the individual level of analyses, we may become more multilevel in both theory and method, operating with the expectation that improved hiring procedures will contribute to group and organizational level effectiveness.

Overall, the Handbook is well written and would make a useful addition to the library of virtually anyone involved in the field of selection, both practitioner and researcher. However, the chapters do range considerably with regard to their reading ease and helpful summaries of key findings. Reviewing the individual chapters is an efficient method for getting up to speed on the increasingly specialized discipline of selection.

Although perhaps daunting to read “straight through,” the Handbook would be an excellent reference for graduate students preparing for comprehensive exams. Chapters vary significantly with regard to the ease in which conclusions can be translated to practical application. Whereas some chapters included a concise “implications for practice” section, The Handbook would have been better if all had included this section. For researchers, the volume is ripe with meaningful questions in need of empirical answers.

Reviewed by Andrew Garman, Program Director, Department of Health Systems Management, Rush University, Chicago, IL.

In the graduate course that I teach, I describe organizational culture as falling on a continuum somewhere between science and religion. Like a science, it often develops from experiences of what seems to predetermine success; like a religion, it is also born of superstition, ritual, and a vague sense (faith?) that these patterns of conduct should certainly lead to payoff at some undefined future point in the journey. It turns out the analogy works surprisingly well in the applied side also: In cultural change efforts we often talk about whether someone has “gotten the religion;” if they have not we challenge them with scientific evidence that the old culture would not take us where we want to go.

Although culture may contain elements of private science and collective religion, the gulf between the two is wide enough that most authors end up allying themselves to one or the other side. Most choose religion: it is easier to articulate, harder to challenge, and at the end of the day pretty much any experience can be called a religious experience. A few authors do choose the path of science, placing themselves on firmer albeit more arid ground, which is easier to traverse but also to attack.

Cameron and Quinn’s book is one of the few I am aware of that makes a real effort to bridge hard science with soft practice. The core of the book is their competing values framework, a model that that defines organizations and the leaders running them according to four styles, the four quadrants of a table bounded by the extremes of two axes: flexibility and discretion versus stability and control; and internal focus/integration versus external focus/differentiation.

The book begins with a chapter on changing organizational culture. Here the authors successfully dissuade one of my primary concerns with many organizational culture texts I have read: too much focus on the organization, not enough on the accountability of the individual actors comprising that organization. The authors place an appropriately heavy stress on the concept that organizational culture change requires a commitment to individual personal change; without it, the change will fail because accountability will continue to rest with the “someone else” who can and will in the end be blamed for the failure.

This chapter is followed by a brief description of the organizational culture assessment instrument (OCAI), the tool the authors use in their organizational change work. The OCAI tool itself is provided, along with scoring instructions. The next chapter describes the competing values framework.
Here I was particularly intrigued by the authors’ descriptions of the interplay between organizational culture and organizational life cycle. In short, each of the four organizational culture “types” in the framework maps most appropriately to a given cycle in the organization’s development; as the organization enters a new phase, the culture needs to change to support that new phase. I was struck by the sheer elegance of their description; perhaps the points have been made before but never to my knowledge with such an economy of words and dimensions.

From there the book goes into several chapters describing methods of assessing teams and individuals and helping them ready themselves for change. These chapters provide a number of well-narrated examples of familiar organizational development interventions that can be used to experientially illustrate key points regarding the change process.

The book concludes with close to 100 pages of appendices (consider that the whole book is only 242 pages long), covering the history and validation of the OCAI and the management skills assessment instrument (MSAI), as well as additional suggestions for individual and organizational interventions specific to each of the four quadrants.

As I have alluded to already, I think the book does a marvelous job balancing enough science to clearly establish its credibility, with enough narrative to let the tools and approaches truly come to life. It is robust enough to pass itself off as a textbook but enjoyable enough to serve as welcome business-trip reading.

Let me balance my praise a bit by noting that the book is not without its quirks. The tone of the authors’ writing occasionally slips uncomfortably into overconfidence. (To describe any social sciences survey as having “matched precisely” to an underlying model is clearly suspect.) I was also less enamored with the self-assessment component of their interventions. Self-assessment is an inherently flawed process (cf. Wilson & Dunn, 2004); in my own experience it is better to assume that self-assessment will be inaccurate and skip right to the other-assessment step. Indeed, self-assessment may itself create a barrier to change, as well documented by Kluger and DeNisi (1996). Finally, although the book’s title is “Diagnosing and changing,” indeed the book’s content is very heavily weighted toward the former. The sections the authors provide on organizational change are uniformly very well done but quite short in comparison. I was left with the sense that these authors had many other organizational change tricks up their sleeve; I would have welcomed the opportunity to learn more about them.

These criticisms did little to dampen my appreciation for what in the end is a terrifically well-executed book. If you are looking for a robust approach to measuring and changing organizational culture, Cameron and Quinn’s text is the best I have run across in a fair amount of searching.
Clearly, these are scientists who know their way around a real-live organizational change process. I recommend this book enthusiastically to anyone interested in using scientifically based methods for influencing real organizational change.

REFERENCES


Reviewed by Victoria Buenger, Clinical Associate Professor of Management, Department of Management, Texas A&M University, College Station, TX.

Management and industrial psychology graduate students across the country will heave a sigh of relief when they find Miner’s Organizational Behavior 1. In this volume, the first of three written by Miner and published by M.E. Sharpe in quick succession, Miner reviews and analyzes the major theories of motivation and leadership that any serious management scholar should know about and understand. The second in the series, Organizational Behavior 2, Essential Theories of Process and Structure, takes a decidedly macro approach to organization behavior, tackling topics grouped around areas such as systems theory, theories of bureaucracy, institutional theory, and decision making. The final volume, Organizational Behavior 3, Historical Origins, Theoretical Foundations, and the Future, overlaps some with the other two volumes while it attempts to assess the “importance, validity, and practical usefulness of 73 core theories in OB” (available at http://www.mesharpe.com/mall/resultsa.asp?Title=Organizational±Behavior±3%3A±Historical±Origins%2C±Theoretical±Foundations%2C±and±the±Future).

Miner has done the field a great service pulling all this material together. He devotes nine chapters to the luminaries of motivation theory (Lewin, McClelland, Herzberg, Hackman, Lawler, Oldham, Vroom, Porter, Hammer, Luthans, Kreitner, Adams, Locke, Latham, Mitchell, and Green) and eight to the seminal leadership theorists (Vroom, Yetton, Jago, Fiedler, Graen, Lord, Kerr, Miner, House, and Bass). Miner takes a systematic approach, discussing the background of each theorist or set of
theorists and placing each theoretic contribution in context, highlighting precursor ideas and subsequent theoretical developments. He also examines how subsequent research based on each theory proceeded and whether practical applications of the theory have emerged. In essence, each chapter is a historiographical essay that begins with the roots of an idea and charts the development and impact of that school of thought. As an added bonus, Miner has built boxed summaries at the beginning of each chapter as a quick reference to help readers keep the different theories straight.

Despite the familiarity of the theories and theorists, I learned something from all the chapters save the ones I was most familiar with. I found the first chapter, expounding upon Lewin’s work on personality theory, both interesting and illuminating. The explanations of how Vroom, Porter, and Lawler expanded on expectancy theory were exceptionally well explained, particularly with regard to the philosophical and logical questions the theory raised in the research community. When examining his own work on the role motivation theory of leadership, Miner did a splendid job of remaining objective while articulating the nuances of the topic. The chapter remains in balance with the others, even though Miner obviously had much more familiarity with that material than any other.

A quick glance through Organizational Behavior 1 may leave young scholars scratching their head and wondering what their senior colleagues have been doing for the past 25 years. Miner’s exploration of crucial theories yields no motivation theories that originated after the 1970s, and only two of the one’s on exploration of crucial theories had their origins after 1970 leadership (the information process theory and transformational theory). We cannot blame the paucity of modern theories of motivation and leadership on Miner’s lack of familiarity with current literature. He references over 1,000 different citations in the book (more than 50 per chapter), and according to his preface, references published since 2000 account for more than 30% of the notes.

How, then, can we explain the seeming poverty of new concepts in the field? Perhaps the old theories really do explain the world best, although I doubt Miner would necessarily agree. Not too many of the theories have both exceptional validity and exceptional usefulness, in his estimation. Maybe the way we have trained organizational scholars over the last 30 years leads them away from theorizing and toward theory testing. Miner himself would probably applaud this development because it would mean that supported theories would carry the weight of scientific authority. A third explanation is that there are more theories, including newer ones, but they have not reached the stature of those selected and are, therefore, not included. (Miner does point out that 19 theories not selected for inclusion in this book are discussed in Organizational Behavior: Foundations, Theories, and Analyses, which he published in 2002.) Hopefully, the answer is
not that we, as a discipline, have lost our creativity and our ability to conceptualize the world in innovative ways or that we have said and thought it all already.

Another observation that comes from having the literature collected for us in one place is that it makes the field looks decidedly undiverse. Perhaps, seeing it laid before us like that, we can as a discipline and profession ask why no women appear among the seminal theorist? Nor, based on my familiarity with the scholars, are minorities well represented.

Miner has made a significant effort to make this more than a lengthy literature review (although even if it were only that, he has made a significant contribution to students who now have a resource that brings together a very broad swathe of material in one easy-to-access reference). He begins by developing the connection between organization behavior and science, and by extension between theory and hypothesis testing. He argues that we can best judge the value of the theories by collecting data to validate them and then by replicating results across studies. By approaching leadership and motivation this way, we can be assured that our research is systemic and cumulative so we can understand and predict observed phenomena more reliably.

Despite the set up, Miner does not really succeed in evaluating the theories based on their scientific credibility. Most chapters do not even raise the question of whether supporting research studies have their basis in solid “science,” and thus the reader is left to draw those conclusions themselves. One notable exception is the chapter on expectancy theory, when Miner does a commendable job reviewing the basic research on pay. He uses five solid examples of experiments conducted by Adams and his colleagues in the early 1960s that really show the scientific basis for drawing conclusions about the theory in question.

*Organizational Behavior 1: Essential Theories of Motivation and Leadership* fills a variety of gaps that organizational scholars will appreciate. Teaching professionals could adopt this volume in graduate classes in OB and industrial psychology. Certainly, young scholars will enjoy the up-to-date information, organized succinctly, as they prepare for qualifying exams. Researchers starting new projects on either motivation or leadership will be able to place their own research streams within the historic flow of ideas. With the arrival of two additional volumes covering other OB topics, we should certainly give Miner credit for helping us get our bearings so that we can continue to make headway in the field.

It might seem that an analysis of idiosyncrasy would be as orderly as a taxonomic study of anarchy. Yet Rousseau’s new book, *I-Deals: Idiosyncratic Deals Employees Bargain for Themselves*, is crisply organized, scholarly, and coherently argued. Whatever one’s initial interest in psychological contracts or idiosyncratic work arrangements (a.k.a. I-deals), Rousseau does a masterful job weaving together her thesis. Hundreds of footnotes throughout the book touch on most aspects of OB/organizational theory through about the year 2003, and naturally her references on I-deals/contracts are even more current. Although its purview is purposefully well defined, and at times monotonously so, this book would be a good choice for a first-year graduate seminar in organizational behavior.

After initially and repeatedly gushing over the polymath virtues of her new husband, Rousseau gets down to business and stays on message. Formally defined, according to Rousseau, “Idiosyncratic deals are voluntary, personalized arrangements of a nonstandardized nature that individual employees negotiate with their employers regarding terms that benefit them both.” That is maybe not the entire ball of wax, but the rest, one might say, is commentary.

There are only so many ways one can give the same definition of an I-deal, thus the book’s initial chapter drags a bit. The remaining chapters delve into different facets of the art of the I-deal. The chapters on coworkers and managing one’s teammate persona (Chapters 3, 7, and 9) are more successful than others. After all, I-deals are specifically about performance inequality and that highlights, as one *Wall Street Journal* columnist recently put it, “the office’s ugly realities: petty skirmishes, injured egos, rewards for bad behavior, and the fragility of any meritocracy.” Obviously a first question to be faced is how I-deals differ from—pick a term—cronyism, “shady deals,” favoritism, and so on. Rousseau’s fundamental answer seems to be that I-deals will be accepted if they are made within an organizational culture that accepts this type of negotiation as a reflection of relative contribution. Possibly so, although this supposition is more hypothetical than factual. Speaking of culture, one would wish for expansion of the chapter on transnational I-deals. This chapter’s delicate description of prerogatives to deal is engaging and vivid; clearly this facet of I-deals reflects a passion that Rousseau brought back with her from a sabbatical in Singapore.

The book’s chapters on traditional OB and HRM topics are less convincing. Rousseau does her best in Chapter 4 to differentiate and tease apart the subtleties of I-deals compared to other phenomena of organizational behavior. Although one could see her point, this chapter leaves one with a déjà vu feeling—we have seen this nimble conceptual word smithing in the study of individual differences for decades. In fact a truly compelling research study might address whether there is an affective hierarchy of
phenomena such as LMX, I-deals, equity theory, and so on regarding individual and work group outcomes. In Chapter 8 (“Organizational Perspectives on I-deals”), apparently the best rationale Rousseau can offer for why organizations should institutionalize I-deals is that “When HR practices are aligned with an effective business strategy, employers are better able to create and keep commitments to their workers”—this is Rousseau quoting herself, without data. There are lesser authorities, but surely there must be data somewhere.

One is pleasantly surprised in reading this book to find that Rousseau writes in the style of the great sociologist Erving Goffman. Themes are introduced and observed as they play out within each chapter. This observational sociology approach is exactly right for a treatise on I-deals. In the hands of a writer less skilled than Rousseau, this book would simply sink like a rock. Yet in any particular chapter one might have wished for a complementary behavioral science perspective. For example, what are the economic consequences for the employee who uses an I-deal approach? What about for an entire team of I-dealers? What are the individual differences related to successful management of I-dealers? Finally, most of the case examples in this book are drawn from university academic departments; a majority of the remaining examples refer to professionals in consulting and so on. Although academics are employees too, it seems after a while that the I-deal model reaches its greatest expression among college-educated professional employees—do I-deals “matter” among construction workers, nurses, and call center associates?

The core purpose of this book is to restore “justice,” in the Rawls sense of the term, to the workplace. A more-just workplace would do away with “informational asymmetry” betwixt labor and management. Yet it is important to clarify that not receiving an I-deal is probably not a sign of capital-D discrimination, just as getting an I-deal is not a sign of “justice.” One summarizes from Rousseau’s discourse that I-deals are rational management responses to the economics of attracting and retaining valued personnel. She does not put it in those terms as this is a sociology of I-deals, not an economic study of them. But this book should inspire anyone interested in negotiations, from any discipline, to action.


Reviewed by Donald Fischer, Professor, Psychology Department, Missouri State University, Springfield, MO.

Thomas tells us her goal in writing this book is to open the reader to different avenues of thinking about important areas of organizational life by looking at the workplace through the lens of a diversity scholar. She
says the text explores topics that cut across I-O, HR, OD, and HRD fields, examining these from an interdisciplinary perspective that focuses upon issues related to racial/ethnic, gender, and sexuality demographics. Promotion materials say the diversity-conscious business leader, researcher, or instructor is the target audience, adding that the book is designed to prepare students to work effectively in diverse workplace environments. I will offer my views regarding her goal and target audience at the end of this review.

The book’s chapters are organized around the individual’s experiences and relationships with organizations, following a chronological progression of sorts. She begins by examining recruitment and selection activities, followed by early socialization, training, and career development activities, continuing with group processes, conflict, and leadership activities. She concludes with a set of chapters that examine diversity orientations from macroorganizational and microindividual perspectives and the ways these can interact. In each chapter Thomas summarizes pertinent theory and empirical research, supplementing these with much didactic material (e.g., cases, learning points, and examples of practice) designed to illustrate and expand upon each topic by tying it to “real life” phenomena. On balance I was impressed by both the quality and quantity of the application aids contained in the many “Diversity in Practice” and “Diversity Cases” boxes that are sprinkled throughout the text. I think these contemporary examples and personal experiences make it easier for readers to understand and appreciate the effects of diversity.

In the first chapter Thomas describes the prevalence of diversity in the workforce and marketplace and emphasizes the importance of effective diversity management for organizations that want to be competitive both now and in the future. She describes how diversity impacts virtually every area in the study of work and organizational effectiveness and begins a survey of these areas in Chapter 2 by examining diversity effects in recruitment and organizational attraction. Thomas uses Kanter’s (1997) homosocial reproduction theory and Schneider’s (1987) attraction–selection–attrition theory to illustrate how organizations tend to value homogeneity and how this can negatively affect long-term effectiveness. Strategic diversity recruitment and organizational impression management strategies are presented as ways of combating these dysfunctional tendencies. The next chapter focuses upon selection and the regulatory environment in which these activities are conducted. I thought this was one of the drier chapters, although she does a fair job of summarizing the more important legal theories, case law, and agency guidelines related to EEO/AA policy and practice. Several recently litigated cases are discussed, including the perplexing 2003 University of Michigan case in which the U.S. Supreme Court issued a split decision upholding the subjective, holistic procedure
used by the law school while striking down the objective formula used for undergraduate admissions.

Chapter 4 reviews the socialization of newcomers and the role of training in this process. Several theoretical models are presented as ways of thinking about how demographic diversity affects socialization, including Van Maanen and Schein’s (1979) people-processing model, uncertainty-reduction theory, social-cognitive theory, and sense-making theory. Ferdman and Brody’s (1996) taxonomy is used to describe different types of diversity training programs that can effectively address some of the problems that women, people of color, and other nontraditional newcomers experience. Several best practice and worst practice examples do a nice job of fleshing out and illustrating the different types of programs. The next chapter examines career development and barriers that nontraditional employees face in forming and maintaining developmental relationships at work. Organizational and individual strategies to facilitate networking and mentoring relationships for nontraditional employees are described, along with several successful examples of affinity groups, core groups, and mentoring circles.

The next few chapters examine how diversity can influence ongoing social and interpersonal experiences at work and, in my view, contain some of the most challenging and resistant obstacles to effective diversity management. Chapter 6 looks at the influence of diversity on group dynamics and outcomes, drawing heavily from social psychological theory and literature. Thomas uses social identity theory, ingroup/outgroup bias, attribution theory, relational demography, legacy effects, stereotyping, stereotype threat, self-fulfilling prophecy theory, and cultural differences to model dysfunction in diverse groups and lay the groundwork for potential intervention strategies. To be effective, Thomas suggests that these strategies must ultimately lead to the creation of a work culture that is cooperative and rid of bias due to group membership—a recurring theme in future chapters. Social and interpersonal processes continue to be the focus in the next chapter, which examines how diversity affects conflict and perceptions of justice and privilege. Using the “often contentious concept of privilege” as an overarching theme, Thomas describes various types of diversity conflict and their antecedents, followed by some recommendations for reducing intergroup conflict that draw heavily from the classic social psychological literature. The chapter concludes with a description of McDaniel and Walls’ (1997) “strength in weak ties” hypothesis, which suggests that some diversity conflict can be a good thing. I think Thomas does an excellent job of defining privilege in this chapter and helping her readers understand the many ways that privilege is manifest in organizations, impairing relations and creating conflict. The last chapter in this set examines the leadership-diversity dynamic from two perspectives: barriers to inclusive leadership
and the glass ceiling; and the antecedents, competencies, and behaviors of “multicultural leadership.” It is an axiom that leadership does much to create and change organizational culture, and Thomas argues that multicultural values (and competencies) are leadership essentials for effective diversity management. When reading the chapters in this set I found myself wondering on several occasions why Thomas did not include recent work being done in the area of implicit social cognition by Greenwald, Banaji, and others (Greenwald, Banaji, Rudman, Farnham, Nosek, & Mellot, 2002), especially that being done with the Implicit Attitude Test (IAT) procedure. I think some of the Web-based IAT demonstrations (available at https://implicit.harvard.edu/implicit/index.jsp) could have been used in a “Diversity Leaning Point” box to further illustrate the challenges that traditional insiders and leaders face in developing a conscious awareness of some important barriers and obstacles to effective diversity management.

The last chapters build upon the fully integrated, multicultural ideals that were introduced in the preceding chapters. Chapter 10 examines diversity orientations from a macroorganizational perspective through the lenses of Sue’s (1995) multicultural organizational development model, Cox’s (1991) acculturation model, and Thomas and Ely’s (1996) diversity paradigms. Thomas concludes this chapter by identifying several broad lessons for effective diversity management common to these three approaches that focus upon core values (e.g., eschew assimilation and conformity; embrace integration and engagement-via-identity). Chapter 11 examines how individual identities can facilitate or hinder diversity efforts and effective diversity management. Drawing heavily from Helms’ (1990) racial identity development model, Thomas explores the implications of identity interactions among individuals and presents an interactive model of individual-organizational racial identity that has implications for both individual and organizational wellbeing. The final chapter offers some recurring themes that can help the reader be a more effective member of a diverse workforce.

I think Thomas achieves much of her stated goal for writing this book. Reading it has opened me to different avenues of thinking about how diversity affects important areas of organizational life and exposed me to some of the unique experiences of minorities. I think Thomas does a good job of introducing her readers to pertinent theory and then showing how the theory applies in everyday life at work. In this regard, I agree that an appropriate audience includes diversity-conscious business leaders, researchers, instructors, and their students. The book is well edited (I only found a couple of misprints) and the writing style is very readable. This brings me to a final thought: For what specific courses should
instructors consider using this text? A visit to several Web sites at the University of Georgia where Thomas is a member of the faculty revealed one likely candidate—a graduate seminar on cultural diversity in organizations. However, I think a recent volume edited by Stockdale and Crosby (2004), one to which Thomas is a contributor, offers some stiff competition to this text for a graduate course like this (for a Personnel Psychology review of the edited volume, see Outtz, 2004). On the other hand, I think this text might be combined with others (e.g., Gutman, 2000) in a more basic graduate level course that looks broadly at EEO, AA, and diversity management issues. Finally, I think that this book is written at a level that is well suited for students in upper-division undergraduate courses. In particular, the public institution where I teach has a general education requirement that all students complete an upper-division capstone course that examines a public affairs issue from a multidisciplinary perspective. In accord with her goal, Thomas has got me thinking about looking for a colleague in another program to join me in developing a capstone course that examines diversity in the workplace (and perhaps other places as well).

REFERENCES


This book is worthwhile, even though it does not fulfill its main purpose. Thomas, who studied with Lawrence and Lorsch at Harvard, sets out to provide prescriptions for managing diversity. Like most attempts to provide unsolicited and anecdotally substantiated advice, these left me highly skeptical. In the process, however, he does a wonderful job of defining the problems around diversity, elaborating on important concepts, and discussing the historical problems surrounding our attempts to deal with the tensions arising from our similarities and differences.

The book is structured in four sections and an appendix. The preface and first section define basic terms and set up the rest of the book. Part II, entitled “Context” consists of five chapters and gives interesting and thorough descriptions of the historical and philosophical issues that have given rise to the interest in diversity. This section also provides further discussions of the central terms and concepts used by the author. Part III tries to describe the “craft” of strategic diversity management, about which the author has been consulting for a couple of decades. Part IV discusses action steps that readers can take to become “diversity leaders.” The main component of the appendix is a sort of quiz on the concepts in the book, which can allegedly be used for coaching.

Thomas’s writing style is very engaging and clear in the first two sections of the book. His descriptions and analysis of the recent historical and philosophical bases for our interest in diversity and diversity management are quite revealing. He does not shy away from the controversies around diversity management, which I found admirable and potentially very helpful. I do think the interest in individual differences (one name for an important part of what I think the author would define as diversity) goes back well before the civil rights movement, and I think the book might have fruitfully ventured into this a little further. Still, I am tempted to include this section as required reading in my graduate selection seminar.

The third section gets muddled in places. For example, here is a direct quote: “[Strategic diversity management] requires the ability to think and act in certain ways, and that is what ensures that it is doable.” There are several places where such vagueness occurs, and they are often intermingled with broad claims about the efficacy of the author’s methods. There are also several places where key psychological concepts are introduced (my favorite is “diversity maturity”) without a very solid definition or any empirical support.
I would add that there is a substantial scholarly literature dealing with issues related to diversity management (especially around teams, emotions, minority influence, conformity, and intergroup relations) that could have been incorporated more explicitly into this section of the book. It seems that the author’s answers to this, although they may be valuable, are not the only or necessarily the most efficacious answers.

The appendix suffers from similar lack of clarity. In particular, the “common perception response items” constitute a poorly constructed psychological indicator. It reminded me of the questionnaires in the back of magazines intended to measure your “housekeeping IQ” and other such notions. The author tries to excuse the questionnaire by characterizing it as strictly for developmental purposes. It seems to me that, if you were trying to develop people, then you would want consistency and reliability in your baseline indicators. This “test” probably does not meet these requirements.

Overall, I was left with a feeling that the first part of the book does a very nice job of setting up the problem, but the solutions offered in the second half are spotty.

Reviewed by Alan Clardy, Associate Professor, Psychology, Towson University, Towson, MD.

The plot is now familiar: Fundamental changes in the economy have shifted the source of competitive advantage from the tangible, hard assets a business owns to soft, intangible assets like knowledge, skill, and intellectual property. Firms that innovate have better chances of survival, and innovation depends on developing and deploying intangible assets effectively. In this volume, California-Berkeley Business Professor David Teece uses this plot as the foundation for both dissecting the relationships between innovation and intangible assets, and deriving practical lessons for managing innovation applicable to both private sector strategists as well as public sector policy makers. To these ends, he is generally successful.

The first two chapters establish the foundation for his analysis. Changing economic conditions, sparked by globalization, have created a new winner-take-all competitive climate, where first-mover advantage (being first into a market) can often mean the difference between success and failure. In such environments, a firm’s ability to innovate is critical; firms that are entrepreneurial, empowered, and achievement-oriented should do better at developing and deploying high-value, nontradable assets. In short,
“the dynamism of a competitive private enterprise system flows from the creation and use of industrial know-how. Such a know-how becomes the essence of a firm’s knowledge assets. The creation and use of know-how is what innovation is all about.”

Innovations are only as valuable as the time over which they can be capitalized; if innovations are quickly copied or stolen, innovations lose value. In this context, Teece introduces a recurring theme to his analysis: the defensibility of innovation. For example, the ease with which knowledge assets can be codified or made formal and explicit affects how easily an innovation can be protected from imitation or replication. The knowledge associated with an innovation is often highly tacit, that is, difficult if not impossible to articulate and codify, and this tacit knowledge is typically embodied in organizational routines.

Chapter 2 extends these introductory remarks into a list of six factors that affect innovation: (a) the degree of industry competition, (b) organizational size (hierarchical organizations are often inimical to innovation), (c) the scope of product market activities (the more products, the better), (d) the degree of internal integration (highly integrated organizations encourage information flow), (e) organizational culture and values, and (f) the degree of external linkages (like alliances). In the next chapter, he uses the last five criteria to assess the likely innovativeness of four organizational prototypes: the multi-product, divisional, corporate bureaucracy; virtual corporations; the conglomerate; and the “Silicon Valley” type of high-flexibility firm. It is the latter, with its strong culture of change, low hierarchy, and high autonomy that presents the profile most conducive for innovation. But innovation must be understood in the context of two interacting factors: the type of innovation (autonomous/stand alone or systematic) and the nature of innovation and production capabilities (do they exist in-house, are they available on the market, or must they be created?). The resulting $2 \times 3$ framework identifies different types of innovation environments and which organizational prototype will likely do best in each.

In Chapter 4, the author explains why smaller firms seem better able to develop and introduce radical, “competency-destroying innovations.” Larger firms are beset by decision-making biases and dysfunctions “associated with their size, asset base, business practices, and organizational structure.” For example, in large organizations, decision-making processes often are formal, multilayered, and slow in approving innovations. Likewise, there is an interest in maximizing use of the firm’s existing assets, encouraging incremental and competency-enhancing innovations.

Asking why some companies that innovate new products with great commercial potential are nonetheless unable to capitalize on that innovation, he looks at the entry strategies for innovators in the next chapter.
“The most fundamental reason why innovators with good marketable ideas failed to enter or open up markets successfully is that they are operating in an environment where new technology is difficult to protect.” The protective environment depends on two factors: the legal system of patents, copyrights, and trade secrets (often not very strong); and the inherent nature of the product/process (how easily it can be imitated). In short, competitive conditions create an “appropriability regime” defined along a continuum from weak (little legal protection and/or easily imitated products) to strong (the exception rather than the rule). When innovators operate in weak regimes, their chances for success diminish. In addition, entry strategies also depend on the industry or product life cycle. For example, in early stages, product designs are fluid and nonstandardized, but “once a dominant design emerges, competition migrates to price and away from design fundamentals.”

Innovators can supposedly use alliances or partnerships to avoid heavy start-up costs in R&D or production. Yet, alliances and partnerships are not without risks from nonperformance or technology transfer. The problem is how to integrate or coordinate the partners. Contracts are not fully satisfactory solutions. A second possibility is equity participation. He provides a flow chart for evaluating integration options, claiming that the probabilities for successful commercialization of innovations can be analyzed in advance using his guidelines.

The author considers these same issues in terms of the potential partners who own complementary assets (Chapter 6). The costs of replicating codifiable knowledge, in the form of blueprints or software, are relatively low, whereas the costs of acquiring tacit knowledge, often embedded in production routines and social relationships that cannot be easily articulated, can be quite high.

Innovation and outsourcing are taken up in Chapter 7. Even though the conventional wisdom urges the use of virtual corporations or subcontracting, Teece claims that virtual companies are prone to failure because as economic incentives and/or risk taking increases, parties are driven increasingly by their self-interests, making coordination and integration through marketplace mechanisms more difficult. The better advice is to select the form of organization that best matches the type of innovation pursued (reprising earlier distinctions between autonomous and systemic innovations). His discussion of licensing options (Chapter 8 and illustrated by a case study in the appendix), although informed, is probably of interest primarily to strategists and counsel.

In the final chapter, the author switches his focus to the public policy arena, particularly antitrust analysis. The traditional guidelines for antitrust analysis are not always appropriate, particularly in conditions of high levels of innovation (such as high-technology industries).
innovations in technology are often punctuated by major competency-destroying innovations, meaning that market dominance is likely to be temporary (as seen in his analysis of frequent changes in the computer industry). Indeed, three different forms of market dominance may be identified: true monopoly (based on predatory, exclusionary conduct, or governmentally conferred privileges), a Ricardian scarcity of resources, assets, or outputs, or Schumpeterian entrepreneurial innovations. The latter two conditions result from less insidious, more understandable market dynamics. In an antitrust legislation, these three different kinds of rents are not distinguished but should be. This is especially true for high-technology industries, where traditional indicators of monopoly power do not apply and market dominance is likely to be temporary.

In summary, Teece provides a far-ranging investigation into the factors (both organizational and legal-economic) that affect innovation as well as guidelines for business planners and recommendations for public policy. His analysis links profitably to the resource-based, competency view of strategy. He often provides new insights on standard topics, like how the global, knowledge-based economy is creating new evolutionary pressures on organizations (Chapter 1) or his analysis of risk and decision making (Chapter 4). I have only two issues. First, the breadth of his discussion is paced by a style that tends to be abstract and dry. Second, I kept trying, unsuccessfully, to square his discussion of monopoly in high technology with Microsoft’s recent travails in that regard. A discussion on that matter, using his framework, would have been helpful. Even so, this volume provides a buffet of ideas and perspectives that would be valuable to any advanced student, scholar, or practitioner interested in innovation.


Reviewed by John A. Lust, Professor of Management and Chair, MQM Department, Illinois State University, Normal, IL.

*Investing in Your Company’s Human Capital* is another volume by Phillips that focuses broadly on the costing side of HRM. This reviewer examined an earlier volume by Phillips (Lust, 1997). It was very good, and if anything Phillips has gotten even better in this current book.

The premise underlying *Investing in Your Company’s Human Capital* is that HR-related programs inherently carry with them a cost to the organization. Phillips attempts to analyze the various costs that may be involved, to suggest alternate strategies for managing those costs, and to evaluate HR and senior management roles in the process. Indeed this last
goal may be among the most important contribution the volume makes (but more on that later).

The book is divided into four sections. The first section has five chapters each of which deal with a different strategy for human capital investment. The strategies range from what he terms “let others do it” (that is, maintain little in-house investment and raid other firms for qualified employees) to “invest with the rest” (or match the dollar amounts spent by other competitor firms) to “invest until it hurts” (whereby the company makes extreme investment in HR-related programs often with no feel for the ultimate outcome). To the author’s credit he makes a strong case for “investing as long as there is a payoff” for the program. This chapter and approach advocates using return on investment (ROI) as the basis for decisions and serves as the jumping-off point for the remainder for the volume.

The second section of the work evaluates each of the above strategies based on “logic and intuition” (which initially scared me to death but that is actually a pretty good chapter), based on a number of research studies (both academic and corporate), and based on a number of studies analyzing return on investment. This latter chapter is quite good in that the author describes a procedure that can be employed in analyses of this type and then discusses substantive results. The author is to be commended for the approach he takes in this section in that he brings together a broad range of literature and provides the reader with a good sense of the usefulness of the various possible strategies based on a range of criteria. I wish more writers would use analysis, which is this thorough, in volumes that are aimed at practitioners.

The last two sections of the book focus on the measurement piece of the equation and on the potential roles that various groups can play in the process. The third section of the book is very good, which should come as no surprise given the author’s prior works that were mentioned earlier in this review. Note that this section expands on Phillips’s earlier books by including discussion of measures for areas of current concern such as work–life balance.

The fourth section is also quite good in that Phillips outlines potential roles and pitfalls for HR and senior managers. His overarching message in the work is that HR must take a more “business-like” approach and focus on ROI-type measures and costing of programs. This message is certainly not new (see for example Ulrich, 1997), but Phillips adds to the discussion in that he outlines a number of potential programs that HR might use with both managers and more senior executives. This section alone makes a worthwhile contribution to the literature in the area.

In addition to the above mentioned exemplar sections, the following also stand out. He has included a number of tables that are quite good.
Tables 1–2, and the section describing it, review the various costs associated with employee turnover. The material is among the best descriptions that I have seen on this topic and presents a very thorough examination of potential costs that may occur. Similarly, Tables 3–1 and its surrounding discussion section present an excellent analysis of benchmark data that can be employed to analyze human capital expenditures. Tables 8–5 also has an excellent description of measures, which can be employed to evaluate specific HR-related programs. In all, this material reviews 36 different potential measures that can be applied to 31 HR programs. Finally, Appendix A is quite good. This appendix has a self-test, which can be taken by managers and executives, that will give one a sense of the degree to which HR programs in the firm are results based. The survey alone is quite good but Phillips also includes an analysis of potential responses that readers should find very useful.

All told, Phillips has done an excellent job with the work. I do have a few minor points that were troubling however. Early in the volume he is somewhat redundant. For example, Tables 1–2 that was mentioned above has a very thorough description of turnover costs. He repeats some of these costs again in Tables 2–3. Although redundancy is not necessarily a bad thing, in this case it confused the reader. I was attempting to see if the categories were different in some way across the two tables. They in fact did not differ, and the table in Chapter 2 just has less detail than the table in Chapter 1 although covering the same material. The author could easily have referenced the earlier, more complete table rather than repeating the material.

There were also several sections of the book where I wish the author had expanded the discussion, however. For example, in Chapter 3 there is an excellent section on improving the benchmarking process. Given the importance of the topic to the overall work, the author could easily expand this section. As another example, in Chapter 9 the author describes measurement options that can be used with human capital programs. Although this generally is a very good chapter, there are some places where a more detailed discussion would help. For example, he has a section on measurement of employee attitudes. It would have clarified this discussion if the author had shown examples of the types of questions that might be employed in surveys of this type. Alternately, he could have described some of the current, validated surveys that exist or mention sources for finding the same.

Do not let the reader be put off by these comments. Overall, this is an excellent work and Phillips is to be applauded for the quality of the contribution. In the introduction, the author says that the work is designed for five audiences: senior managers, HR managers, HR staff members, other managers in the organization, and consultants and researchers working in
the area. All of these groups should find something of value in *Investing in your Company’s Human Capital*. HR folks in particular will find a number of useful tools here that will allow for improved process and decision making. Managers too should find the work helpful in evaluating their potential roles. The work makes an important contribution to what Phillips refers to as the HR “movement toward accountability.” Thus, I highly recommend it.

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Reviewed by Gary B. Brumback, Palm Coast, FL.

LeRoy, with a reputation of being the “national watchdog of corporate welfare,” directs Good Jobs First, a national resource center he founded in 1998 to promote corporate and government accountability in economic development and “smart” growth of communities and their working families. He is also the winner of the 1998 Public Interest Pioneer Award.

Just when I think I have thoroughly plumbed the underside of big business, along comes another book like LeRoy’s digging up new and widespread sludge. It actually trivializes scandals ala Enron and even adds a new dimension of civic irresponsibility and rapacity that is not covered in the revealing books by authors who claim corporations are ruling and ruining the world (e.g., Korten, 2001). LeRoy thinks the practices he has documented suggest that corporations “don’t care about our long term prosperity” and “feel little loyalty.” I concur. When his findings and assessments are added to those I have read about the last few years, corporate America clearly comes across to me by and large as being un-American and unpatriotic, serving its own interests at the expense of our democratic society. And as corporations become ever more global they will act as if they owe no allegiance to any country and are accountable only to themselves.

I am not reading my own views (I am sure some will see them as antibig business biases) into his book. His documentation of countless examples and corroborating statistics clearly speaks for itself. His book has to be the most authoritative source on the subject. There are nearly 500 footnotes for just nine chapters, and every kind of source imaginable is represented.
(e.g., books, professional articles, court papers, media reports, etc.), and he tracks the subject in almost every state of the union.

The subject tracked is the practice of corporations fleecing state and local governments, and thus taxpayers too, out of many billions of dollars in subsidies annually. The scandal this practice represents is not, to paraphrase an iconoclastic news reporter (Kinsley, 1997), that it is illegal but that it is legal.

The scam works like this. In deciding where to put or relocate a facility such as a plant, a corporation will first thoroughly research where the best site would be solely in terms of its own business interests. The corporation may even hire a professional site location consultant to do the research (LeRoy fully describes the growth and practice of this ethically stunted profession). The scam is now in its formative stage. Once the corporation chooses a site the choice is kept a secret, and this is where the scam goes into high gear. Subsidies, LeRoy concludes based on considerable evidence, “rarely make a difference” in the choice, which is instead “driven by business basics” (e.g., access to material resources, proximity to suppliers, customers, quality schools, and transportation services). Yet, acting as if subsidies will make all of the difference in the world, the corporation starts pitting states and municipalities against themselves in a bidding war to ante up any one or more of many different subsidies (e.g., property tax abatements)—all paid for, of course, by taxpayers. This puts “hapless public officials” LeRoy says in a “prisoner’s dilemma” because they are unwilling to reject the corporation unanimously and really cannot anyway because they are all unknown to each other.

LeRoy tells how General Motors once put 30 states into play over the location of the first Saturn plant. But he does not single out GM or the auto industry. I inventoried the industries where he describes instances of scamming, and I do not see any significant industries missing. GM actually is overshadowed by the overflow of other cases LeRoy cites. In his first chapter, for example, he highlights 14 different and illustrative kinds of scams, giving each a provocative title like “job blackmail, or how to get paid to do what you had planned to do anyway,” “create a bogus competitor,” “how to collect subsidies while downsizing,” and “pay poverty wages; stick taxpayers with hidden costs.” He then goes on throughout several more chapters to give overflowing evidence of other instances of job scamming.

The people living in the preselected site usually get hit a double whammy. First, their bankrolled government has needlessly pays beaucoup bucks in subsidies, bucks that could have been used to shore up woefully underfunded and neglected public services. Then, promised new jobs not only fail to materialize but existing jobs vanish in front of everyone’s eyes. Massachusetts is a sad “textbook chapter” LeRoy says in the
“great American jobs scam.” The defense contractor, Raytheon, then the state’s biggest single private employer, had threatened to leave the Bay State unless it got numerous tax cuts and other concessions. With the help of lobbyists and claims that thousands of jobs would be saved, Raytheon bamboozled the state into surrendering. Not long afterwards, Raytheon reduced its headcount in the state by 21%!

There are two arguments that if valid would undermine LeRoy’s conclusions and thus need to be addressed. One reflects the sentiment of CEOs who believe their corporations are entitled to tax breaks or to being tax exempt altogether and thus are constantly opposing taxes and searching for tax loopholes. This is a preposterous argument. Corporations are not taxed enough! A corporation moving into or out of a locale makes a hugely adverse and enduring impact on local schools, infrastructure, and natural resources (and the effects of this impact largely explain why 14 kinds of infrastructure separately and together have regularly gotten, according to LeRoy, mostly poor to failing grades from the American Society of Civil Engineers). The locale’s residents, already coping with dashed hopes and lost jobs, should not have to foot the bill for the corporation’s externalized costs.

The second argument is that corporations perhaps have not really pre-selected their choices and are simply negotiating the best deal possible. This argument, too, I think, is easily refuted. Who would believe, for instance, that GM was genuinely interested in all 30 sites? I throw that out as just one consideration. LeRoy goes much further as I have already indicated. He provides substantial evidence such as analyses of tax statistics and interviews with veteran site consultants (one of whom, for example, called the subsidies merely “icing on the cake”) to support his point that tax breaks are “the least important factor” in site selection.

In the last chapter, LeRoy lays out a 12-point reform program for enacting new legislation, minimizing subsidies, and simplifying rules and also describes what some localities are already doing to redress the damage from scams and to prevent future ones. For example, he mentions a lawsuit by a group of Ohio and Michigan residents and several businesses against the city of Toledo and DaimlerChrysler over tax rebates the city gave the company to build a new Jeep plant in 1988. As I am writing this review, I read in the news that the case is now being heard by the U.S. Supreme Court (Carty, 2006).

My only criticism of his views is that I think he is too sympathetic of “hapless public officials” and “government being demeaned and degraded.” That may be true in some cases, but I have always said it often takes two in a scam, one the shyster and the other an opportunist willing to gamble. Moreover, government politicians and administrative officials behind the subsidies are obviously not the real victims. The real victims
of these scams are the general taxpaying public. That is why the city of Toledo is one of the two defendants in the current case before the highest court.

LeRoy’s book could be a blockbuster, or perhaps I should say “scam buster.” Not many like it come along very often that have the potential to make such a large and positive impact on public life as well as to help restrain or turn back the abusive power of corporations in general. Corporations need to be tamed, and as LeRoy’s book gets more coverage, it could become quite a catalyst for reform. It is also an enjoyable book to read. His style is very readable, and he knows how to be humorous about what otherwise could be boring documentation. I unreservedly endorse the book.

REFERENCES

BOOKS AND MATERIALS RECEIVED*


*The publications listed are either already scheduled for review and/or are included as a new listing. Readers interested in reviewing for *Personnel Psychology* are invited to write our Book Review Editor, Dr. John W. Fleenor, Center for Creative Leadership, One Leadership Place, Greensboro, NC 27410—or e-mail him at fleenorj@leaders.ccl.org—providing information about background and areas of interest.


