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Using Functional Field Models to Understand How Leaders Drive Their Organizations Toward Dysfunction

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Individuals in formal roles of leadership, such as CEOs of companies or the Presidents and Prime Ministers of nations, play a disproportionate role in shaping the effectiveness of their organizations (R. Hogan & Kaiser, 2005). In the domain of organizations, Collins (2001) found that CEOs who were highly competitive, hard-working, ambitious, but also (and crucially!) humble and modest were disproportionately at the helm of companies that transitioned from relatively average to industry leaders. But history is littered with the ruins of organizations headed by leaders that have steered the organization toward destruction, in large part creating dysfunctional cultures and processes. In many instances, this resulting dysfunction results 'merely' in losses such as jobs, profits, or progress toward organization goals; in others, it results more directly in the loss of lives. For instance, experts have implicated the culture at Boeing as playing a major role in the breakdown of quality control chains which likely would have prevented two crashes of their 737-MAX planes which killed 346 total passengers (Gelles, 2020; Gelles, Kitroeff, Nicas, & Ruiz, 2019). Similarly, the government culture within the Soviet Union has been implicated as playing an important role in causing the Chernobyl nuclear disaster (Alexievich, 2006). The culture of China's Communist party has been implicated as playing a similar role in China's initial failure to contain the COVID-19 outbreak within Wuhan (Hernández, 2020; Khan, 2020; Wong, Barnes, & Kanno-Youngs, 2020), shifts in the priorities and operations of the federal government in response to President Trump's leadership has been implicated as increasing the number of COVID-19-related deaths within the United States (Gibney, Harutyunyan, & Hillinger, 2020; Shear, Weiland, Lipton, Haberman, & Sanger, 2020; Yong, 2020). In all these cases the leaders are understood as playing an important role in creating a climate where organization members felt motivated to act in ways that increased the likelihood of negative outcomes.

Within an organization, the execution of nearly every organizational process is mediated by the actions of organization members. And *every* organizational process can *potentially* be intervened upon by members; similar to the understanding that every lock can be picked, and every website or system can be

hacked, even a well-functioning and fully-automated process can potentially be disrupted by an organization member 'putting a wrench in the works.' Consequently, understanding dysfunctional organizational processes is aided by understanding how members within the organization make decisions – that is, identifying the reasons a member prefers actions that are expected to increase organization dysfunction over others. Leaders shape the level of dysfunction within their organization by shaping the degree to which members see reasons to perform actions which can be expected to help versus hurt the organization. When things go right, leaders guide members to believe there are better reasons to perform actions that should improve the health of the organization than to do otherwise. But all too frequently, leaders create conditions where members feel there are better reasons to act in ways that should increase dysfunction.

Here, I will discuss how *functional field models* – or simply *field models* – can be used to model and understand these processes. A central assumption of field models is that people always act in the manner they have appraised most positively at the time of action (Wood, in press; Wood, Spain, Monroe, & Harms, in press). Forms of this assumption are quite common in models of behavior and psychological processes (Bentham, 1948; Gintis, 2007; James, 1890; Newell & Simon, 1972; Skinner, 1981; Thorndike, 1913; Tolman, 1932; Vroom, 1964). What field models supply is a means of formally and graphically representing a person's *reasons* for preferring different actions in the form of path models (Kenny, 1979; Wright, 1934) – specifically, as *pathways the person believes as linking their possible actions to valued outcomes*. As I will detail, a person's reasons to perform different actions are highly contingent on how their organization is structured, which in turn is highly affected by their organization's leadership. By providing a means of representing these pathways visually, field models are useful for making the situations in which members are tempted toward dysfunction-promoting actions more concrete and tangible. This in turn can be useful for detailing conditions where organization members will be tempted to perform such actions, and how leaders play a role in creating these conditions.

There are many ways in which a leader's actions can tempt members toward actions that should harm the organization. In this chapter, I will focus on one in particular: how a leader's decision to set

highly ambitious performance targets for organization members – often referred to as *stretch goals* – can tempt members toward actions that should increase organizational dysfunction. These situations are of interest because the setting of highly ambitious goals is regularly regarded as a sort of best practice – and perhaps almost necessary for elevating organizations to the top of their industries (Collins & Porras, 1994; Kerr & Landauer, 2004). However, researchers have also made clear that setting stretch goals can result in negative organizational outcomes if not instituted under the right conditions (Sherman & Kerr, 1995; Sitkin, See, Miller, Lawless, & Carton, 2011). I will describe how functional fields can be used to illustrate when setting stretch goals should help versus hinder the health of the organization.

A more general theme of this chapter is that leaders often adopt policies and practices to promote organization outcomes, but then are *surprised* by how badly these efforts backfire. But often these efforts should be understood as *predictably* increasing dysfunction – that is: the leaders need not be so surprised! Field models can be used to indicate when conditions are such that setting a stretch goal should move the organization toward a treacherous path. Often, when an organization's leaders create lofty performance standards, members will respond by attempting to actively dissemble processes the organization needs to objectively track member performance, which has larger negative consequences for the organization.

Using Functional Fields to Represent Effective Organizational Processes

An organization can be understood as operating effectively when its core functions – those that are most important to the success of the organization – are executed *reliably* and *efficiently*. First, we can regard an organization's function to be *reliable* if a request for this function to be performed is very likely to be successfully executed. For instance, if we approach the United States Postal Service (USPS) to mail a package, the USPS aims to do so by the date indicated, unhindered by neither "snow nor rain nor heat nor gloom of night" (Varano, 2015). Second, the function is *efficient* for the organization to perform if doing so does not cost too many organizational resources. Every function an organization performs should be regarded as consuming some amount of organizational resources. These can include the member's time and attention when completing the task (which then become unavailable for work on other tasks) and the use or consumption of other organization assets or resources, such as company vehicles,

computers, electricity, or money. Returning to the USPS: creating a more efficient mail delivery process allows the profit margins for delivering a person's mail at a given price to be higher, and makes the organization more attractive to customers and investors. If an organization fails to perform their core functions reliably and efficiently, the organization's health will suffer, often to the point of failure.

The way in which some course of action *i* the person is considering (such as *'Plan A'* or *'Plan B'*) within a given situation can be deemed *reliable* and *efficient* is indicated in Figure 1 and Table 1, which provides a field model of how an person understands the expected effects of performing this action in this situation. Note that throughout the chapter, specific forces within a person's field model are notated within the text as $[X \rightarrow Y]_p$, to indicate how the person *p* believes that the level of feature X affects the level of feature Y independently of other 'indirect' pathways that might connect feature X to Y within the model. The strength of the force is given over the arrow; because all variables have been scaled to have maximum possible ranges from 0 to 1 or from -1 to 1, they can be interpreted roughly as correlations (Cohen, 1992; Funder & Ozer, 2019) such that effects are 'very weak' if they have values near 0, and 'very strong' or 'very reliable' if they have values near 1. Note that square brackets are used to indicate *beliefs* (or *perceptions*) and in all subsequent examples, features are always subscripted to indicate which person or party the feature 'belongs to'. For instance, WB_p versus WB_{Org} indicates the well-being of the *person* versus the well-being of their *organization*, respectively, and $\left[MetGoal_p\right]_L$ indicates the leader's belief about whether the person *p* met a particular goal.

In this chapter, field models will mostly be described at an abstract level. It is sufficient for the purposes of this chapter to understand that when deciding which action i to perform in a given situation, the person should perform the action with the highest *ultimate appraisal*, i.e., the highest level of feature U_p. Field models are intended to serve as an approximation of the person's beliefs about how the actions they are considering performing will affect different outcomes, and how these different outcomes will in turn affect one another and a person's ultimate appraisal of the resulting situation. For instance, using the values given in Figure 2b, $\left[Did(i)_p \xrightarrow{1.00} Met(Goal)_p\right]_p$ indicates the person's belief that doing action *i*

has a 100% chance of meeting the person's goal, $\left[Met(Goal)_p \overset{.9}{\rightarrow} WB_{Org}\right]_p$ indicates the person's belief that meeting the goal would be extremely beneficial to the organization, and $\left[WB_p \overset{.5}{\rightarrow} U_p\right]_p$ indicates that *p* tends to give a considerably higher ultimate appraisal to actions that improve the well-being of the organization. When a set of beliefs combine to form a complete pathway linking a particular action to the person's ultimate appraisal, then this forms a *reason* to perform or to not perform the action. For instance, in this example, the three beliefs just described combine to form a complete pathway from action to reward: $\left[Did(i)_p \overset{1}{\rightarrow} Met(Goal)_p \overset{.9}{\rightarrow} WB_{Org} \overset{.5}{\rightarrow} U_p\right]_p$. By multiplying the paths, we can estimate the strength and direction of the reason – in this example, $1 \times .9 \times .5 = .45$ is the estimate of the total effect of performing this action on the ultimate appraisal through this pathway, and indicates a strong *reason* to perform the action *i* under consideration. As detailed by Wood (in press), these field representations of reasons to perform an action can be translated into the type of verbal descriptions used in conversation, and vice versa. For instance, in this example we might say "the person appraises action *i* positively because she believes it is virtually certain to meet the goal she was given, which she understands will in turn be very helpful to the organization that she cares about."

A field model will generally detail multiple pathways linking the performance of an action to the action's ultimate appraisal, corresponding to the multiple reasons a person will see for performing or not performing the action (Hammond, Keeney, & Raiffa, 2002; Hastie & Dawes, 2010). The standard techniques for estimating total effects within path models (Kenny, 1979; Wright, 1934) are then used to estimate a person's ultimate appraisal of a given action (see also Wood, in press; Wood, Lowman, Harms, & Spain, 2019; Wood, Spain, & Harms, in press; Wood, Spain, Monroe, et al., in press).

Figure 1 and Table 1 detail how the model that will be used in the current chapter can be used to represent many psychological processes which can factor into reasons to perform or not perform the action. The degree to which the person believes that an action will *reliably* achieve the goal can be indexed by the level of the $\left[Did(i)_p \rightarrow Met(Goal)_p\right]_p$ path in the model given in Figure 1. Having

reliable means to achieve organizational goals is in turn very highly valued by organizations, and it is not difficult to understand why: if the leader has done a half-decent job in creating goals, then the person's act completing them should have a non-trivial positive effects on the health of the organization. Within the field model given in Figure 1 and described in Table 1, the degree to which the person believes that accomplishing the goal will be beneficial to the organization concerns the level of the $\left[Met(Goal)_p \rightarrow WB_{Org}\right]_p$ force, which in economic terms can be thought of as the 'gross' organization benefit for meeting the goal.

The person's perception of the *efficiency* of an action concerns the action's *expected performance costs* if performed, and here is modeled separately as the efficiency to the *organization* and to the *person*. The force $\left[Did(i)_p \rightarrow WB_{Org}\right]_p$ concerns the perceived efficiency *to the organization*; this can be thought of as concerning the total organizational resources lost – in the form of things such as money, supplies/assets, and time that the organization member could have allocated elsewhere – by performing this course of action. As shown in Table 1, within these models, the level of this force is always negative – all actions cost *some* resources to perform – but for an *efficient* action, it will be less negative (i.e., closer to zero). In contrast, the force $\left[Did(i)_p \rightarrow WB_p\right]_p$ concerns the perceived efficiency of the organization to the *person*, which concerns costs born by the person. This may come in the form of the amount of time, energy, money, or other resources the person expects to expend by performing the action. People will naturally be highly concerned with how many of their own resources must be expended to perform an action; when the level of this force is highly negative (i.e., when the efficiency of the action is low), the person may experience performing the action as *demanding, taxing,* or *grueling* (Kurzban, 2016).

Within the model of this decision given in Figure 1, the total expected organizational benefit of performing action *i* (or the 'net benefit', in economic terms) can be indexed as a function of its expected payoff, which concerns the level of the $\left[Did(i)_p \rightarrow MetGoal_p \rightarrow WB_{Org}\right]_p$ pathway, minus its expected

costs, which concerns the level of the $\left[Did(i)_p \rightarrow WB_{Org}\right]_p$ path. The expected costs and benefits of performing goal-related actions are important to model separately because these provide some adaptive 'brakes' on goal pursuit: if some course of action an person is considering is expected to result in more costs to the organization than benefits, the organization should prefer the person try find a more efficient way to meet the goal (e.g., stop working on 'Plan A' and search for a possible better 'Plan B'), or perhaps even stop trying to meet that goal entirely and shift attention to other goals.

The Leader's Role in Creating Effective Organization Processes

As noted above, a person should only decide to initiate some course of action – in this case: to try to meet the goal set by their leader – if their *ultimate appraisal* of this action (the level of feature U_p) is more positive than their ultimate appraisal of doing something else. In Figure 2A, I provide a model of how a person might understand the relationships between goals assigned by their organization's leader, their own well-being and the company's well-being, and their ultimate appraisal of the situation. In this diagram, the person's beliefs are intended to be illustrate an organization which is *sufficiently functional* to motivate the person to try to meet the leader's goals, and might be imagined to characterize a fairly typical organization. In contrast, Figure 2B illustrates a structure of forces that together should result in an *extremely functional* organization. This is one in which organization members see ways to very efficiently and reliably accomplish the leader's goals, see that doing so will be very beneficial both to the organization and to themselves, and where they are highly motivated to perform actions with these effects. This can be thought of as approximating some of the differences between how people experience working in 'good' versus 'great' organizations (Collins, 2001).

As shown in the table at the bottom of Figure 2, the person should appraise actions that help the organization much more positively when in an extremely functional organization (2B) than a sufficiently functional one (2A). (Note that in diagrams, more positive activation is indicated by deeper blue, such that the person is expected to select the action visually depicted as resulting in the 'deepest blue' activation of the ultimate appraisal node, U_p.) I will briefly describe how organization members may

perceive the consequences of pursuing the leader's goals different in a *sufficiently functional* organization versus an *extremely functional* one, and how leaders play a role in shaping these beliefs.

The person has efficient and reliable means of completing worthwhile organization goals. First, in a sufficiently functional organization such as shown in Figure 2A, we may expect a fair amount of *inefficiency* and *unreliability* in the actions people perform to meet the leader's goals, as reflected in the levels of the $\left[Did(i)_p \rightarrow WB_p\right]_p$ and $\left[Did(i)_p \rightarrow Met(Goal)_p\right]_p$ paths, respectively. These levels may be tolerable in that the net effect of their actions on the organization's well-being may still be positive – the organization may gain more from the person meeting their goals than it loses in operating costs for the person to do so – but the inefficiencies make the profit margins to the organization small. In contrast, in a more optimally functioning organization such as shown in Figure 2B, members have actions available which accomplish organizational tasks very efficiently and reliably, making the expected 'net payoff' of their actions much larger.

The leader plays an important role in shaping the efficiency and reliability of members' efforts to meet organization goals. This is in part by directing organizational resources to support their members' work (Mintzberg, 1993). For instance, if a manager requests a report from their employee, the employee's work will be impeded if the report must be prepared on a slow computer with out-of-date software that crashes repeatedly. The manager can increase the reliability and efficiency of the employee's efforts by providing them with better computers, software, and support staff. If the leader fails to provide members with these types of support, members may find working on the leader's goals so onerous or taxing that it is hard to motivate themselves to start.

Organization members are rewarded for success, and punished for failure. Since people almost invariably have a high concern for their own personal well-being – i.e., the level of $\left[WB_p \rightarrow U_p\right]_p$ is generally highly positive – it is valuable to link their well-being to the degree they have met the leader's goals. One way leaders can create a pathway linking goal completion to the person's well-being is by rewarding the person for completing the goal.

Crucially, as shown in Figures 2A and 2B, the leader is unable to *directly* reward the person's task completion; rather the leader has to first *detect* that the task has been completed. This is simply a specific instantiation of the much more general point that no person (or any other system) can respond *directly* to a particular state of the world, but rather can respond only to their *perception* or *detection* of that state (Brunswik, 1952; Funder, 1995; Lewin, 1943; Lovett & Anderson, 2005; Reis, 2008; Wood, in press). There is consequently *always* room for misperception, and for a resulting imperfect relationship between an objective outcome and our preferred response to it – such as actually accomplishing the goal set by the leader and being recognized for it.

In the extremely functional organization shown in Figure 2B, the person should understand that completing the goal translates almost perfectly to the leader's *belief* of whether the person met the goal, i.e., the level of $\left[MetGoal_p \rightarrow \left[MetGoal_p\right]_L\right]_p$ is as close to 1 as possible. In this situation, there should be virtually no cases where completion of a goal is unrecognized by the leader, and conversely, where the person's failure to complete the goal fails to be detected. Further, the leader's understanding of the person's performance then has effects on the person's well-being – the level of $\left[\left[MetGoal_p\right]_L \rightarrow WB_p\right]_p$ is high – which can come in the form of the leader responding to this understanding by issuing 'carrots', like receiving a promotion or a raise for meeting the goal, or 'sticks', like being fired for failing to meet the goal.

In contrast, in a more typical organization shown in Figure 2A, the degree to which the person completes the leader's goals does *not* translate perfectly into the leader's sense of their performance. Although the signal of the person's performance might *tend* to be detected, the leader's understanding that the person met or failed to meet the goal may also be systematically affected by other aspects of the person's actions, as indicated by the positive $\left[Did(i)_p \rightarrow [MetGoal_P]_L\right]_p$ path in Figure 2A. For instance, people will regularly believe that their leaders will trust them for simply *saying* that they met their goals, whether or not they actually did. In less optimally functional organizations, such claims may be trusted by the leader because they are hard to verify or falsify, or because the leader tends to trust the

person's performance claims. Higher levels of this force indicate that the person understands that strategies for exaggerating success and 'cover-your-ass' (CYA) strategies for masking failure can have some success in shaping the leader's beliefs, which in turn have real effects on outcomes like promotions, raises, or retention that impact their well-being. As I will elaborate later, when such strategies are viable, this generally does not bode well for the organization.

The organization's well-being impacts the person's well-being. Another way in which leaders can create a pathway linking a person's execution of their leader's goals to the person's own well-being is by linking both to the health of the organization. People should be more motivated to achieve the goals assigned to them by the leader if two conditions are met: (1) if they understand that doing so clearly benefits the organization (i.e., if $\left[Met(Goal)_p \rightarrow WB_{Org}\right]_p$ is positive), and if (2) helping the organization in turn affects the person's own well-being (i.e., if $\left[WB_{Org} \rightarrow WB_p\right]_p$ is positive). Concerning the first condition, if the person understands their assignments as having a trivial effect on the organization's well-being – i.e., if $\left[Met(Goal)_p \rightarrow WB_{Org}\right]_p$ is near zero, as in Figure 2A – they may regard the leader's goal as being 'pointless', or as 'ineffectual busywork' (see Table 1). Conversely, if they perceive the level of this force is high, the person has a greater sense that what they are doing 'matters' or 'makes a difference' to the organization. Leaders play an obvious role in making sure the goals they set do in fact contribute to the organization's success, and that this is clearly communicated to organization members.

Concerning the second condition: if the person can do things that will clearly help the organization, but helping the organization doesn't seem to benefit *them* in any discernable way, then the person may become indifferent to performing these actions. There are various ways that the person can come to understand that their well-being is yoked to that of their organization – i.e., that the $\left[WB_{Org} \rightarrow WB_p\right]_p$ path can be made more positive. For instance, if the person understands that meeting their goal would have a non-trivial impact on keeping the organization from failing, and if the organization's failure means that the person will be out of a job, then the person should become more

motivated to promote the well-being of the organization. This path may be further increased if the organization helps the person satisfy other needs – for instance, if most of the person's friends are also members of the organization, the organization's failure will result in greater disruption to the person's social network, and to the well-being of people he or she cares about.

Other mechanisms, such as providing the person with stock options, can increase the person's sense that their own well-being is intertwined with that of the organization.[1] Sherman and Kerr (1995) further suggest that leaders provide organization members with a greater percentage of the profits they personally generate for an organization by meeting ambitious goals. And conversely, other factors can decrease the person's sense of how the organization's well-being will affect their own. For instance, in the same way that believing one has romantic alternatives tends to decrease investment in one's present romantic relationship (Rusbult & Buunk, 1993), if the person believes they are highly sought-after by other companies, they may understand that they are able to safely 'jump ship' if the organization's fortunes begin to sink.

The person believes the organization is worth making sacrifices for. Finally, a person can become more motivated to do actions that help the organization by more directly valuing the organization's well-being, even apart from one's own outcomes – which concerns the level of the force $\left[WB_{Org} \rightarrow U_p\right]_p$. In some classic economic models, the level of this force is simply assumed to be zero, and the level of the force $\left[WB_p \rightarrow U_p\right]_p$ is assumed to be 1 (Alexander, 1987; Camerer, 2002). People with this value system – such as the person in Figure 2A – are sometimes called *self-regarding* or *selfish* (Bowles & Gintis, 2011; Gintis, 2009), and can be regarded as approaching every decision by asking 'what's in it for me?' and selecting the action they believe will maximally benefit their own narrow interests. However, upon leaving the realm of classic theoretical economics and inspecting the real world, it becomes clear that people often do try to promote the well-being of parties outside of themselves even when doing so does not benefit them directly – i.e., that most people have *other-regarding preferences* (Bowles & Gintis, 2011; Delton & Robertson, 2016; Henrich et al., 2005, 2006). Individuals are more

likely to make personal sacrifices for an organization when they believe in the mission of the organization (Evans & Davis, 2014) – such as by believing that the organization helps to make the community or the world a better place. This can be seen in actions ranging from individuals making large anonymous donations to charitable organizations, to the most selfless actions of soldiers to protect their country.

Again, leaders play an important part in this process. A leader can rally organization members to become more inspired and motivated by the organization's goals – perhaps by illustrating how others benefit from the organization's services, or how the organization improves the surrounding community. This is an important component of how particularly transformational, charismatic, or inspirational leaders are able to encourage better performance from members of their organizations (Ehrhart & Klein, 2001). The leader can also encourage members to build stronger relationships between one another, such that the success of the organization becomes more directly yoked not just to a member's own financial outcomes, but to those of other people the organization member cares about.

How Leaders Steer their Organization Toward Dysfunction

Above, I have described some of the things a leader may do to help their organization transition from "good to great" (Collins, 2001). But for the remainder of the chapter, I will shift to discussing how a leader's efforts to steer their organizations in this direction can inadvertently steer their organization toward dysfunction. There are plenty of ways leaders can do this, but I will focus on one: leaders often set extremely ambitious performance targets for their members – often referred to as *stretch goals* (Gary, Yang, Yetton, & Sterman, 2017; Sitkin et al., 2011). The setting of stretch goals is often understood to be a sort of best leadership practice (e.g., Collins & Porras, 1994; Kerr & Landauer, 2004), in part by reflecting on examples of famous executives – like Jack Welch of General Electric, or Steve Jobs of Apple, or President Kennedy in the context of the 1960's race to the moon – who regularly set ambitious performance goals for their employees and frequently had these goals met. However, even proponents of stretch goals have generally been clear that such goals need to be carefully structured to work, and that the failure to do so can make the setting of stretch goals to backfire (Sherman & Kerr, 1995). Stretch goals may be particularly likely to increase organizational dysfunction when members understand that the

failure to meet them will result in punishment (Kerr & Landauer, 2004), as communicated by messages like 'failure is not an option'. Additionally, stretch goals may be less to succeed when the leaders themselves have little idea of how they can be accomplished, and do little to support members in their efforts to do so (Ordóñez & Welsh, 2015; Schweitzer, Ordóñez, & Douma, 2004; Welsh & Ordóñez, 2014), which may be communicated by directives like 'I don't care *how* you do it, just *do* it!'

Using Field Models to Represent how Stretch Goals Can Go Wrong

I will continue by describing how functional fields can be used to both define stretch goals, and to identify conditions in which they may be likely to increase organization dysfunction. Within this hypothetical situation, a leader has tasked a person within the organization with selling a very ambitious number of widgets – far above the number that the person has sold in the past. (This 'widgets sold' goal can of course be substituted with any specific goal of your choice – cars/magazines sold; articles published; an organization process executed at a higher level of performance, reliability, or efficiency; etc.) The person now is deciding how to respond to this stretch goal, and is considering two options. Option A, represented in Figure 3A, is to try as hard as possible to reach the leader's stretch goal. Option B, represented in Figure 3B, is to invest efforts instead in just getting the leader to *believe* that the stretch goal was met. These are described further below.

Option A: Try hard to meet the stretch goal. Within Figure 3A, the leader's directive is indicated as being a *stretch goal*, in that the person believes that even if they put a large amount of effort and resources into reaching the goal, $\left[Try(Goal)_p \xrightarrow{-.4} WB_p\right]_p$), there may only be a fairly small chance of success, $\left[Try(Goal)_p \xrightarrow{.3} Met(Goal)_p\right]_p$. These follow from Kerr's description of a stretch goal as "a goal that, by definition, you don't know how to reach," and that when an organization member receives such a goal from their leader "the first reaction always is 'You've got to be kidding'" (Sherman & Kerr, 1995).[2]

The field model in Figure 3A indicates some of the conditions that ultimately make this an ill-structured stretch goal: first, meeting this goal would indeed be extremely beneficial to the organization,

$\left[Met(Goal)_p \overset{.8}{\rightarrow} WB_{Org}\right]_p$, but the person has little sense that he or she will feel any of these benefits, $\left[WB_{Org} \overset{.1}{\rightarrow} WB_p\right]_p$. This is important because the person here is modeled as not directly valuing the organization's well-being, $\left[WB_{Org} \overset{0}{\rightarrow} U_p\right]_p$, and instead is solely concerned with maximizing his or her own well-being, $\left[WB_p \overset{1}{\rightarrow} U_p\right]_p$ (the aforementioned self-regarding 'what's in it for me?' value system). The person believes that if they try as hard as they can, their actual performance will be faithfully communicated and understood by the leader, $\left[Met(Goal)_p \overset{1}{\rightarrow} \left[Met(Goal)_p\right]_L\right]_p$, and that 'heads will roll' if the leader comes to understand that the goal wasn't met – i.e., the person's own well-being is strongly intertwined with the leader's sense that the goal was met, $\left[\left[Met(Goal)_p\right]_L \overset{.6}{\rightarrow} WB_p\right]_p$. As indicated in the Table given at the bottom of Figure 3, if this is the way that the person construes the situation, the person may not appraise trying hard to reach the leader's goal positively, U_P = -.12.

Option B: Just make the leader *believe* the goal was met. The same person within this situation could come to understand that rather than working as hard as possible to meet this stretch goal, there is an interesting Option 'B' that could be enacted. Specifically, the person may realize that what *ultimately* controls his or her personal outcomes in this situation is almost entirely whether the leader *believes* the stretch goal was met. In the ordinary circumstances detailed in Figure 3A, the person expects their performance level will be accurately understood by their leader. However, the person may realize that there are opportunities to fudge the numbers – perhaps by editing organization records, or perhaps by simply giving a false report of the number sold in a report to the leader, which the person may know the leader is unlikely to verify. This is detailed in Figure 3B, where the person may understand that there is a very good chance that this deception will work, $\left[Deceive(L)_p \overset{.8}{\rightarrow} \left[MetGoal_p\right]_L\right]_p$, and only a small chance the actual signal of the person's actual performance will be detected, $\left[Met(Goal)_p \overset{.2}{\rightarrow} \left[Met(Goal)_p\right]_L\right]_p$. As an example, I once heard of a department which pushed its

faculty to have more first author publications. One faculty member, who I will call 'Dr. Aaron Aardvark', decided that rather than penning more first author manuscripts and taking his changes in the peer-review process, he would simply list the authors on all papers he was involved in alphabetical order. This gambit resulted in all of Dr. Aardvark's contributions appearing as first author publications to the administration, helping him to achieve tenure. (Apparently no one reviewing the tenure package checked.)

As detailed at the bottom of Figure 3, if models 3A and 3B approximate how the person perceives the situation, and if these are the two principal options the person is considering, the person should appraise attempting to deceive the leader more positively than actually trying to meet the leader's goal, and thus decide to do so. This is principally due to the much greater likelihood that this will result in the leader *believing* the goal was met, which is the proximal trigger for the leader rewarding (or deciding not to punish) the person. Of course, this is very unfortunate for the organization, as if the person decides to try to deceive the leader in this manner, there will be a 0% chance of the stretch goal *actually* being met (i.e., $\left[Deceive(L)_p \overset{0}{\rightarrow} Met(Goal)_p\right]_p$.

Long-term consequences of the decision to deceive the leader. Although this is presented as a sort of 'one-time' decision – perhaps one that the person made for the expedient purpose of keeping their job through the next pay cycle – it is the type of decision which is likely to have repercussions for the person and their organization far into the future. There are various ways in which the person's decision to do this once will make it more tempting for the person to do so in the future, by setting in motion conditions for *an escalation of deception* (Fleming & Zyglidopoulos, 2008; Staw & Ross, 1989). Field models can be used to represent why an initial deception often changes the structure of future situations in ways that make further deceptions more likely.

The deceptive route becomes cheaper and easier. An interesting aspect of the decision to deceive as represented in Figure 3 is that doing so was modeled as potentially consuming as many personal and organizational resources as actually trying hard to complete the leader's goal – i.e., the levels of the $\left[Did(i)_p \rightarrow WB_{Org}\right]_p$ and $\left[Did(i)_p \rightarrow WB_p\right]_p$ forces are equal across models 3A and 3B.

Of course, some deceptions – like the edits made to Aaron Aardvark's tenure package – are much cheaper to execute in terms of time and energy than an honest effort to meet the goal. However, often the person may understand that successfully deceiving the leader will require a costly effort. The person may need to break or work around some of the mechanisms which have been built into the organization to accurately represent their performance to the leader. The person may need to identify ways to access organization databases to alter important records, find other organization members that can be cajoled or bribed to give false reports, or find ways to mask or direct the leader's attention away from valid sources of information on performance. All of this may take a lot of time and effort to pull off successfully.

However, once this has been accomplished, these pathways are likely to become cheaper to access in the future. For instance, when renowned check-forger Frank Abagnale was beginning his criminal activities, he had to make considerable investments into creating fake documents that looked sufficiently real in order to execute his crimes, even going so far as spending thousands of dollars to purchase an expensive printing press for creating fake checks (Abagnale & Redding, 1980). However, many of these were one-time costs – once the investments had been made, it became much easier and cheaper to execute his crimes in the future: the high=quality printing press was already on hand, the forged documents were already obtained. We can represent this as a more positive (less negative) $\left[Did(i)_p \rightarrow WB_p\right]_p$ pathway, which increases the value of deceptive actions by making them more efficient in essentially the same manner described earlier.

The leader's stretch goals are likely to get stretchier. Second, if the person's deception was successful, the leader will be led to believe that their decision to put out a lofty stretch goal led to precisely the performance gains they hoped to elicit. This will have a reinforcing effect on the leader's decision to set out this goal, likely leading them to believe that for the next cycle of operations, an even loftier, stretchier goal can be set (a version of *the Peter principle*; Peter & Hull, 1969). If the person was driven to deceive their leader in large part by their expectation that they were unlikely to meet the goal through honest effort, then further ratcheting up performance expectations is likely to make the person

feel that deceiving the leader is even more necessary by driving their expectation of reaching the goal through honest effort yet lower.

The deception leaves traces that may need to be constantly hidden. Third, research has indicated that the best leaders have a curiosity and interest about how their organizations work, and their success derives in part from how this curiosity allows them to achieve a robust, deep understanding of how their organization actually works (Collins, 2001). However, when a person lies to their leader, this action is likely to leave a wide range of traces which the person will have a vested interest in hiding, which may lead them to destroying organization records, and slow-walking or redirecting orders that could result in evidence about the deception coming to light. Even the best efforts to scrub out evidence of the deception is unlikely to remove all traces. For instance, some of the most damning evidence of the Russian government's role in hiding evidence of their athletes' use of steroids in the 2014 Sochi Olympics came from regulators developing new methods for inspecting evidence long after the event had concluded, which resulted in investigators identifying tell-tale signatures of tampering (McLaren, 2016).

More generally, the person could realize after their initial success that if their deception is *ever* discovered, they will be punished severely. This may mean that for long after the event, some amount of the person's energies are spent on keeping the leader away from information that might reveal their deception. Once the person believes they are in this situation, they have a vested interest in preventing the leader from obtaining the fuller, more accurate picture of their organization that is so useful to guiding it toward success. The alterations the person makes to the organization to keep their deception hidden can be thought of as something like little plaques or tumorous growths within the system, which prevent organization processes from being maximally efficient and reliable. These have a nasty tendency to spawn further deceptions that must also be hidden, which can grow in the organization like a cancer.

Creating Conditions Where Organization Members Are Unlikely to Choose Dysfunction-Promoting Paths

Here, I have detailed a set of circumstances in which setting a lofty, difficult goal can tempt people toward actions that make the organization more dysfunctional. But it is important to note again

that the setting of these sort of goals is indeed recommended as a sort of best-practice in many situations. For instance, Collins (2001; Collins & Porras, 1994) identified setting a "big hairy audacious goal" as important toward attaining and maintaining a position as a top performing company within an industry. An important theme to reiterate is that the conditions in which setting an audacious goal might result in a person choosing to lie, quit, or do other things that increase organizational dysfunction are *identifiable* and thus *preventable*. In particular, they require understanding when situational forces are aligned such that organization members are likely to appraise dysfunction-promoting responses to the leader's goals more positively than trying to meet the leader's goals honestly. Below, I describe a couple strategies other researchers have suggested as making stretch goals less likely to promote dysfunction, and discuss how these can be represented within field models.

Removing the temptation to cheat at the level of recruitment and selection. Because a person's decision to engage in dysfunction-promoting actions is ultimately caused by how they perceive and value the expected outcomes of such actions, and because different people value these outcomes differently, organizations can avoid these problems in part through thoughtful procedures and priorities for selecting organization members (Collins, 2001; R. Hogan, Hogan, & Roberts, 1996; R. Hogan & Sherman, 2020). Measures of personality traits have repeatedly shown nontrivial relationships in predicting both job performance and the sort of counter-productive work behaviors detailed here (Grijalva & Newman, 2015; J. Hogan & Holland, 2003).

As suggested by Wood & Spain (in preparation), some of the most important ways in which people differ in their decision-making concerns their *values,* i.e., the outcomes which a person is most directly trying to maximize. In field models, values concern forces that link outcomes directly to a person's ultimate appraisals – i.e., the $[X \rightarrow U_p]_p$ paths in Figures 1-3. As suggested by Wood (in press), personality traits such as the Big Five may primarily relate to behavior by indicating how people differ in some of the most socially consequential values driving behavior. Selecting members that more highly value the organization's well-being (i.e., $[WB_{Org} \rightarrow U_p]_p$, which should relate to the Big Five domain of

Agreeableness) – should tend to decrease the likelihood the one will falsely represent their contributions rather than working to actually improve the organization. People that more highly value meeting their goals (i.e., $[MetGoal_p \rightarrow U_p]_p$, which should relate to the Big Five domain of Conscientiousness) should gain satisfaction by *actually* meeting goals set in front of them rather than merely *convincing others* that such goals have been met, which should discourage falsely representing one's contributions.[3]

Increasing the sense that the goal is attainable. Despite the fact that a *stretch goal* is nearly defined as a goal that the person is likely to feel is unattainable (Kerr & Landauer, 2004), it is very important that the person believes that they *can* achieve the stretch goal – that if they invest enough thoughtful attention to the problem, then they have a reasonable likelihood of finding a solution, even if this solution is not yet clear. If the person *truly* believes the goal cannot be accomplished, that searching will not produce a workable solution, and so on, there will be very little reason to even begin to try to do so. [4] In such a case, and the temptation to respond in ways that will increase organizational dysfunctional will be high. Sitkin, Miller, and See (2017) suggest that stretch goals should mainly be set in companies that both have come off of recent success and have free resources ('slack') that they are willing to commit toward achieving the goal. Both conditions can be thought of increasing the likelihood that stretch goals will be met (and will not backfire) by bolstering the person's sense that the stretch goal is attainable.

The value of systems for detecting performance *accurately.* Among the most important ways in which some of the problematic responses to a leader's ambitious goals can be avoided is by the organization's investment in systems that make it more likely that an person's actual level of performance, and actual attainment (or non-attainment) of organizational goals, will be accurately recorded. If the person believes that the *only* way to convince leaders that their goals were performed is to actually do the work, then attempting to deceive the leader becomes a waste of time. In such a case, the pathway detailed in Figure 3B which tempts many toward deception becomes a pathway that the person understands as being unavailable to them.

Often, we can reduce the possibility of successful deception by investing in internal or external regulatory structures. For instance, the groundwork for the failures of the Boeing 737-MAX is understood to have been prepared, in part, through the progressive weakening of Boeing's quality control systems, whereby an increasing number of functions that had been traditionally performed by government regulators to ensure the safety of Boeing's airplanes began to be outsourced to be performed 'in-house' at Boeing. This in turn resulted in immediate business considerations being able to increasingly displace safety considerations, decreasing the effectiveness of the regulatory structures (Gelles, 2020; Gelles et al., 2019).

The leader invests resources to support the efforts of organization members. Finally, one of the most valuable factors to making a leader's stretch goals result in improved performance is to communicate that the leader is willing to commit organizational resources – including the leader's own time and attention – to meeting the goal (Sherman & Kerr, 1995). In cases where stretch goals seem to have been associated with organization dysfunction, leaders often seemed to communicate their ambitious goals to members almost by decree, and then sometimes played virtually no role in helping members to achieve these goals. The case examples of Steve Jobs at Apple versus Elizabeth Holmes at Theranos (who famously idolized Steve Jobs) are useful for illustrating how leader involvement can help facilitate versus hinder achievement of stretch goals, respectively. Both leaders were famously volatile toward employees that brought them news about difficulties or setbacks in reaching their very ambitious goals. However, whereas Jobs would often follow these tirades by then personally involving himself in helping the employee find a solution to these problems (Isaacson, 2011), Holmes and her leadership team were more likely to follow these tirades by moving to fire the employee, taking their noting of roadblocks as evidence of insufficient dedication (Carreyrou, 2018). Whereas Jobs was famous for helping his teams sketch out goals and plans for the future on a whiteboard, Holmes would set lofty organization goals but then would be famously missing in action, devoting great amounts of time to the media to promote herself as her employees tried to figure out how to reach her seemingly impossible goals.

Leaders who are willing to devote their own time and energy to achieving goals assigned to organization members are likely to push the members to avoid more dysfunctional ways of responding to the leader's goals through a number of the avenues discussed here. First, a deeply involved leader is simply more likely to understand whether the person actually met the goal. Their closer involvement should put them in contact with 'honest indicators' of how the person is performing, closing off avenues for successful deception. Further, the commitment of high-level organizational resources communicates to the person that the goal the person is working toward is important to the organization – that their work matters – and that it is important to complete the right way.

Conversely, as described by Sherman and Kerr (1995), people may reasonably feel that they are being treated unjustly by their organization if given extremely high expectations and then little resources from the organization to support the attainment of these goals. People are very highly motivated to act in a way they feel is *just* and *acceptable* (Bowles & Gintis, 2011; Fehr & Gächter, 2002; Wood et al., 2019). If a person feels that their organization has been treating them unjustly, this can shift the person into believing that hurting the organization's well-being is a way of restoring a sort of karmic justice to the universe (A. N. Sell, 2011; A. Sell et al., 2017). As shown in Table 1, this can be modeled within a field model as the level of $\left[WB_{Org} \rightarrow U_p\right]_p$ being *negative*, meaning the person is inclined to prioritize actions that *harm* the organization, all other outcomes being equal. People operating in this mindset can be said to be motivated by *spite* or *revenge*. Much like the character Milton in the movie *Office Space*, who burned his workplace to the ground after management seized his precious red Swingline stapler, employees may be motivated to cause considerable damage to their organization once they have entered this mindset.

What Counts as a *Dysfunctional Organization* Anyway? The Case of Wells Fargo

Finally, whether setting ambitious goals promotes organization dysfunction sometimes depends on how we define *organization dysfunction*. Sometimes, cases seem relatively clear-cut. For instance, it is not difficult to make a compelling case that the dissolution of Enron was directly influenced by the

leadership culture created by Kenneth Lay, Jeffrey Skilling, and other Enron executives (McLean & Elkind, 2013), or how the dissolution of Theranos was caused by the culture created by CEO Elizabeth Holmes and CFO Ramesh "Sunny" Balwani (Carreyrou, 2018). But what about more ambiguous cases? As a case example, Wells Fargo received a flood of well-earned negative press after it became widely understood around 2016 that the company's long-standing practice of pressuring employees to increase the number of services and accounts paid for by Wells Fargo customers had led thousands of Wells Fargo employees to add services and accounts to Wells Fargo customers without the customers' knowledge or consent, often resulting in customers losing large amounts of money to charges for services they never would have voluntarily signed up for (Sexton, 2020). How Wells Fargo's employees arrived at the decision to respond to leader directives in this manner exemplifies a range of the dynamics discussed in this chapter. For instance, it has been difficult to demonstrate that Wells Fargo's executives *explicitly* directed their employees to engage in this practice. Instead, it is generally understood that the employees' practice of creating accounts for customers without their knowledge was precipitated by Wells Fargo's executives setting and enforcing sales goals which were not realistically attainable through honest effort.

But should the actions of Wells Fargo executives be included in the class of examples of *dysfunctional and destructive leadership*? The problem with including Wells Fargo in this group is that unlike many of the cases mentioned in this chapter, Wells Fargo was *not* ultimately brought to ruin by their scandal. In its continuing aftermath, the corporation appears to have paid over $3 billion in fines and settlements, has cycled through two CEOs (including one who has been banned for life from working within the banking industry), other Wells Fargo executives have paid large fines for their roles in the scandal, and numerous lawsuits continue to march forward in the courts. However, Wells Fargo's stock price in early 2020 (before the major market disruptions caused by the COVID-19 pandemic) was essentially comparable to the price in late 2015 before the scandal became a major news story. That is to say: although many organization employees lost their jobs because of their actions, it is not as clear that the organization as a whole has suffered.

Indeed, one can argue that the net effect of the decision made by Wells Fargo's management to set lofty sales goals in ways that drove their employees to this criminal activity *still* remains positive. It is interesting to note that Wells Fargo was profiled in Collins' 2001 book *Good to Great* (i.e., before the scandal erupted) as a particularly exemplary organization, in part by creating the ambitious corporate culture that was only later discovered to have pressured employees toward these illegal behaviors. Perhaps most importantly: unlike the practice of lying to company leaders by providing over-inflated performance metrics, the practice of signing customers up for unwanted services was in fact a practice that added clear value to the organization profits (at least until they were detected by the media and government and punished). It wasn't *Wells Fargo* that suffered from the tactics its executives consciously or unconsciously drove its employees to engage in, it was Wells Fargo's *customers*. As outsiders, we may not *like* that Wells Fargo systematically bilked its customers out of their money in unprecedented ways, but from the standpoint of a stockholder who cares only about the 'bottom line' and the stock price, these activities can be thought of as a very real way to add value to the organization. If Wells Fargo's customers are more ill-served by keeping their money at Wells Fargo than at other banks they could be members of, but continue to do so anyway due to the organization's effective advertising and the reluctance people have to change their courses of action (Thaler & Sunstein, 2009), and if we as a society decide not to make such companies unviable through sufficient regulation and penalties, then there is nothing in the models detailed here that should lead us to classify Well Fargo's organization as *dysfunctional* or the actions of its executives as *destructive*. The same can be said for other organizations like corrupt payday loan providers, drug cartels, or repressive autocratic regimes (de Mesquita & Smith, 2011); there is a large space for organizations to be 'functional' in the narrow sense of being able to thrive financially over decades while still being a clear drain on society, in much the way that parasitic organisms (e.g., leeches, tapeworms, mosquitos, ticks, lice) found throughout nature can find niches where they thrive over millennia.

Conclusion

There are a wide number of ways that leaders can steer their organizations toward dysfunction (Krasikova, Green, & LeBreton, 2013). The majority of the contributions in this volume describe why leaders sometimes *intentionally* perform actions that increase dysfunction in their organizations – such as by abusing subordinates or stealing organization resources. Here, I have attempted to clarify how leaders can sometimes increase organization dysfunction through more well-intentioned efforts to get their employees to 'reach for the stars' and 'push themselves to do things they didn't know were possible.' I have illustrated how functional fields can be used to represent conditions in which these types of actions can be *expected* to increase organization dysfunction.

An overarching point to emphasize is that the execution of organizational processes are almost invariably mediated through the actions of organization members, who – like every other person – are understood as *always* acting to maximize the outcomes they value. Consequently, leaders can understand when their actions are likely to increase organization dysfunction by understanding when they have created conditions for their members to take shortcuts, to lie, and to do other actions that will tend to decrease the efficiency, reliability, and transparency of the processes that are central to maintaining the organization's effectiveness and health.

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Table 1. Important forces to shaping a person's decision to complete goals set by their leader (Figure 1).

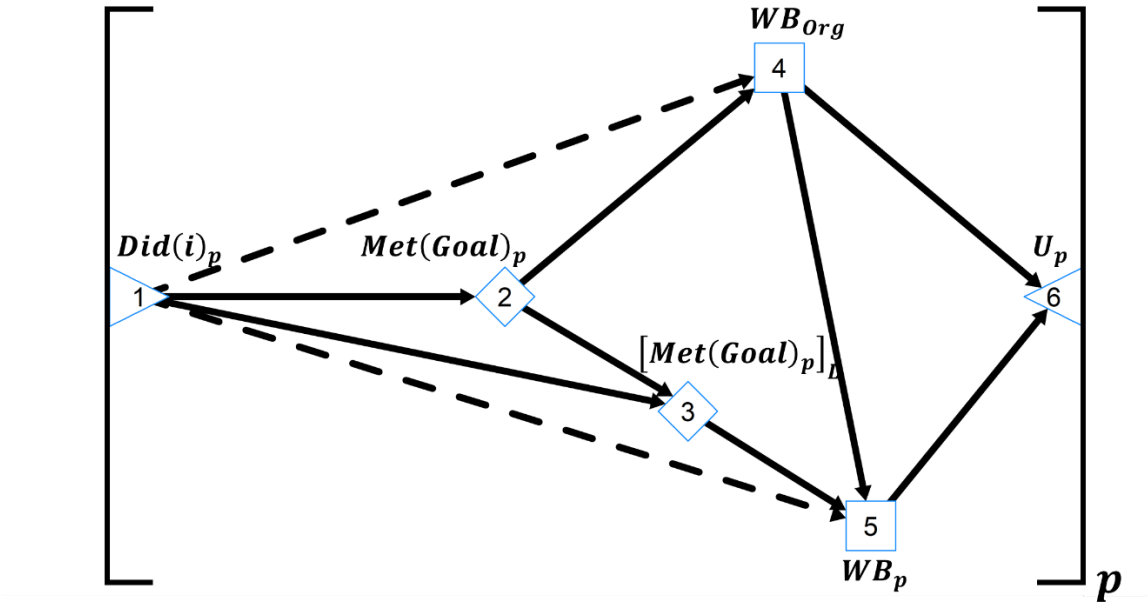
Perceived Force $[X \rightarrow Y]_p$	Range $[LB, UB]$	Meaning
$[Did(i)_p \rightarrow WB_{Org}]_p$	$[-1,0]$	**Action's performance costs to organization:** What are the costs to the organization of the person performing action *i*? **High (less negative):** The action is *efficient* **Low (more negative):** The action is *inefficient, wasteful*
$[Did(i)_p \rightarrow Met(Goal)_p]_p$	$[0,1]$	**Goal completion likelihood:** What is the likelihood that performing action *i* will result in the goal being successfully completed? **High:** The action is likely to succeed in meeting the goal **Low:** The action is unlikely to succeed in meeting the goal
$[Did(i)_p \rightarrow WB_p]_p$	$[-1,0]$	**Action's performance costs to employee:** What are the costs to the employee to performs action *i*? **High (less negative):** The action is *efficient, cheap, easy/effortless* **Low (more negative):** The action is *inefficient, costly, hard/grueling*
$[Met(Goal)_p \rightarrow WB_{Org}]_p$	$[-1,1]$	**Task importance:** How much will meeting the goal contribute to the health and success of the organization? **High:** Task is *important, impactful* **Low:** Task is *ineffectual, busywork*
$[Met(Goal)_p \rightarrow [Met(Goal)_p]_L]_p$	$[0,1]$	**Likelihood of valid recognition:** If the employee meets the goal, how likely is the leader to know? **High:** Goal completion will be validly recognized **Low:** Goal completion will not be validly recognized
$[Did(i)_p \rightarrow [Met(Goal)_p]_L]_p$	$[0,1]$	**Action's likelihood of resulting in invalid sense of goal accomplishment:** If the employee performs action *i*, will the leader think they accomplished their goal independently of its actual success? **High:** Action will result in likely recognition of goal completion (independently of actual accomplishment) **Low:** Action should not facilitate invalid goal recognition
$[[MetGoal_p]_L \rightarrow WB_p]_p$	$[-1,1]$	**Performance-contingent reinforcement:** To what degree does the leader make rewards (vs. punishments) contingent on the employee's completion (vs. non-completion) of the task? **High:** Goal completion is highly personally consequential **Low (near 0):** Goal completion is inconsequential
$[WB_{Org} \rightarrow WB_p]_p$	$[-1,1]$	**Covariation of organization and self-interest:** To what degree does improving the well-being of the organization contribute to improving the employee's well-being? **High:** Helping the organization helps me [the employee] **Low (near 0):** The organization's success or failure doesn't affect me
$[WB_{Org} \rightarrow U_p]_p$	$[-1,1]$	**Concern for the organization:** How much does the employee prioritize actions that help the organization? **High:** The employee is willing to make personal sacrifices to help the organization **Low (near 0):** The employee is unconcerned with the organization's well-being ***Extremely* low (*below* 0):** The employee *wants* the organization to be harmed (after accounting for effects on one's own well-being)
$[WB_p \rightarrow U_p]_p$	$[-1,1]$	**Concern for own well-being:** How much does the person's own health and instrumental outcomes motivate their actions?

Note. All $[X \rightarrow Y]$ forces are scaled to either (1) a *correlational effect metric* of -1 to +1, where -1 and +1 indicate extremely strong and consistent effects and 0 indicates *no consistent effect,* or (2) a *probability metric* of 0 to 1, where 0 indicates no probability of an effect on X translating to effect on Y and 1 indicates a perfectly reliable/consistent effect of X on Y.

Table 2. Estimated expected effects of performing action *i*, given different field models (Figures 2A-B, 3A-B).

#	Feature[1]	(Model 2A) Perform action *i* in a <u>sufficiently effective</u> organization	(Model 2B) Perform action *i* in an <u>extremely effective</u> organization	(Model 3A) $Try(Goal)_p$: Try to actually meet the leader's goal	(Model 3B) $Lie(Goal)_p$: Lie to make Leader *believe* goal was met
1	$Did(i)_p$	1	1	1	1
2	$Met(Goal)_p$	.80	1.00	.30	.00
3	$\left[Met(Goal)_p\right]_L$	.85	1.00	.30	.80
4	WB_{Org}	.10	.80	.04	-.20
5	WB_p	.14	.72	-.22	.06
6	U_p	.14	.76	-.22	.06

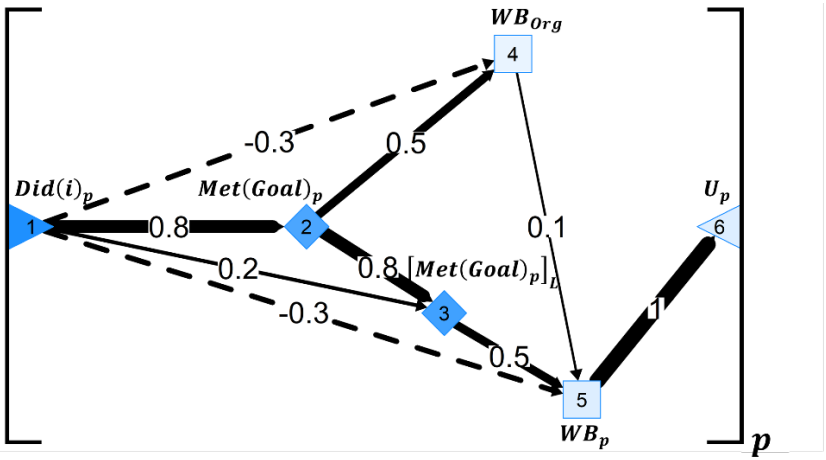
Note. In all models, the expected effects are estimated by setting the level of the first feature (doing some action *i*) to 1, and estimating how this affects other outcomes given the nature of the field, as specified in Figures 2 and 3.

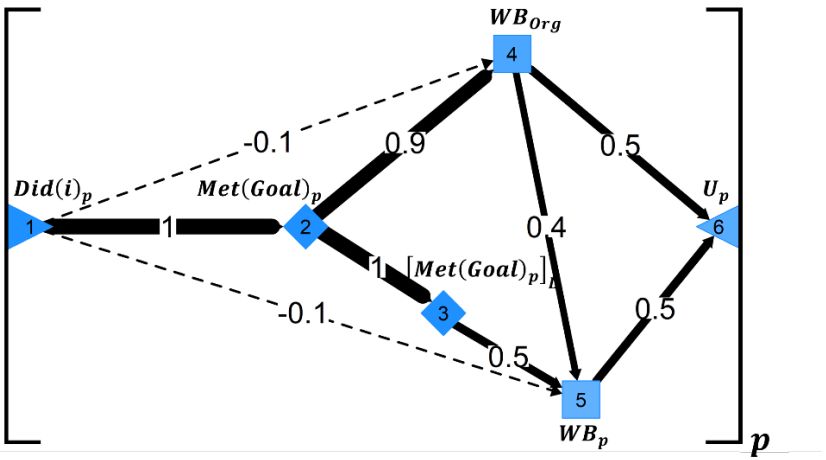


Key:

#	Feature	Range	Meaning
1	$Did(i)_p$	[0,1]	Person initiated the considered course of action *i*
2	$Met(Goal)_p$	[0,1]	Person met their goal (in this chapter: goals set for the person by the Leader)
3	$[Met(Goal)_p]_L$	[0,1]	Leader *believes* that the person met the goal
4	WB_{Org}	$[-1,1]$	Organization's overall well-being/'health' (e.g., total assets)
5	WB_p	$[-1,1]$	Person's overall well-being or 'health' (e.g., total assets)
6	U_p	$[-1,1]$	Employee's ultimate appraisal of the situation

Figure 1. Field models used to illustrate a person's decision-making in regards to performing actions that might complete goals set out by the leader; labeled forces are described in Table 1. Solid lines indicate forces with positive values, dotted lines indicate forces constrained to have negative values (see Table 1).





Model 2A

Performing an action in a sufficiently functional organization:

- ***Plan i is a sufficiently reliable means to completing goal***

$$\left[Did(i)_p \xrightarrow{.8} MetGoal_p\right]_p$$

- ***Plan i is sufficiently efficient* – both to oneself and to organization**

$$\left[Did(i)_p \xrightarrow{-.3} WB_p\right]_p \;\&\; \left[\&\; Did(i)_p \xrightarrow{-.3} WB_{Org}\right]_p$$

- ***Meeting goal should be sufficiently beneficial to the organization***

$$\left[MetGoal_p \xrightarrow{.5} WB_{Org}\right]_p$$

- ***Employee is entirely self-interested (essentially asks 'what's in it for me?')***

$$\left[WB_{Org} \xrightarrow{0} U_p\right]_p \;\&\; \left[\&\, WB_p \xrightarrow{1} U_p\right]_p$$

Model 2B

Performing action *i* in an extremely functional organization:

- ***Plan i is a highly reliable means of completing goal***

$$\left[Did(i)_p \xrightarrow{1} MetGoal_p\right]_p$$

- ***Plan i is extremely efficient* – both to oneself and to organization**

$$\left[Did(i)_p \xrightarrow{-.1} WB_p\right]_p \;\&\; \left[Did(i)_p \xrightarrow{-.1} WB_{Org}\right]_p$$

- ***Meeting goal will be highly beneficial to the organization***

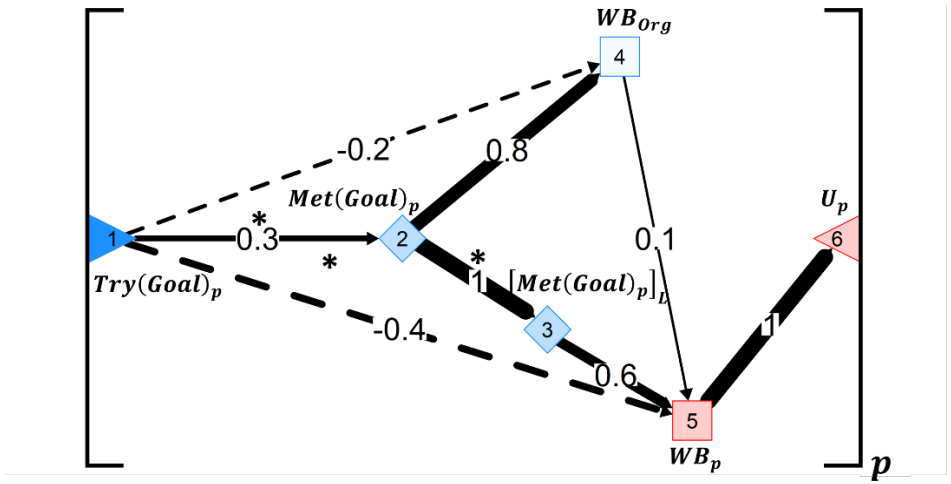
$$\left[MetGoal_p \xrightarrow{.9} WB_{Org}\right]_p$$

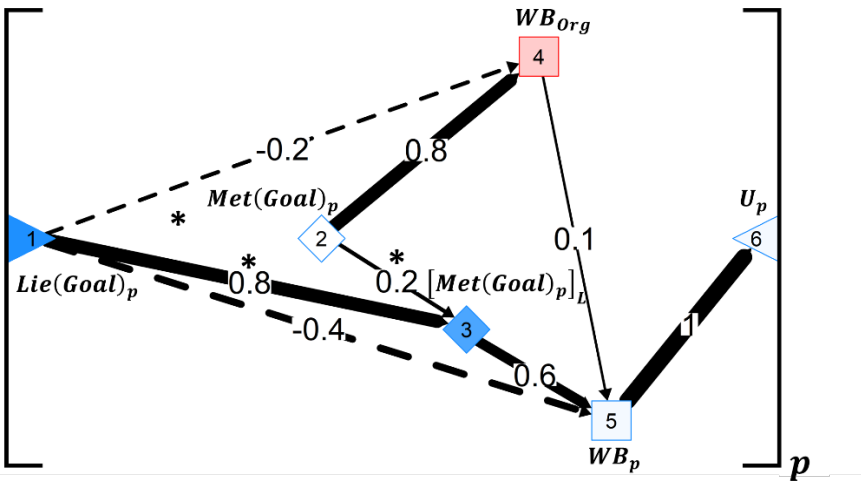
- ***Employee values the organization's well-being/health, even at expense to own***

$$\left[WB_{Org} \xrightarrow{.5} U_p\right]_p \;\&\; \left[WB_p \xrightarrow{.5} U_p\right]_p$$

Figure 2. Model 2A provides a field model of an *sufficiently effective organization*, which should be "good enough" to motivate actions helping the organization; Model 2B provides a field model of a *highly effective organization* that should highly motivate actions serving the organization.

Expected outcomes of performing action *i* in these different models are given in Table 2, and shown in these diagrams by the color of nodes. Blue-colored nodes indicate positive expected effects on the feature; red-colored nodes indicate negative expected effects, with darker coloration indicating larger expected effects.





Model 3A

***Option A: Try hard* to reach the leader's stretch goal: $i = Try(Goal)_p$**

- ***Even if person tries hard, the probability of success in meeting the Leader's goal is low***

$$\left[Did(i)_p \xrightarrow{-.4} WB_p\right]_p \quad \& \quad \left[Did(i)_p \xrightarrow{.3} Met(Goal)_p\right]_p$$

- ***The Leader is expected to accurately understand whether the person met their goal. The action should not otherwise affect the Leader's beliefs about meeting the goal.***

$$\left[Met(Goal)_p \xrightarrow{1} [Met(Goal)_p]_L\right]_p \;\&\; \left[Did(i)_p \xrightarrow{0} [Met(Goal)_p]_L\right]_p$$

Model 3B

***Option B:* Make leader *believe* you reached stretch goal: $i = Lie(Goal)_p$**

- ***The person is trying hard for an action which has <u>no</u> possibility of actually meeting the Leader's goal***

$$\left[Did(i)_p \xrightarrow{-.4} WB_p\right]_p \quad \& \quad \left[Did(i)_p \xrightarrow{0} Met(Goal)_p\right]_p$$

- ***There is a small chance the Leader will figure out whether the person actually met the goal, but the person expects their action is likely to cause the Leader to <u>believe</u> they met the goal***

$$\left[Met(Goal)_p \xrightarrow{.2} [Met(Goal)_p]_L\right]_p \;\&\; \left[Did(i)_p \xrightarrow{.8} [Met(Goal)_p]_L\right]_p$$

Figure 3. Model 3A illustrates a problematic set of beliefs about what should happen if the person tries to meet the leader's "stretch goal". Model 3B illustrates how the person might perceive *lying* or *deceiving* the leader about meeting the stretch goal in what is otherwise the same situation. Symbol * indicates the three forces that differ across models 3A and 3B; all other forces are unchanged across the two models.

Expected outcomes of performing action *i* in these different models are given in Table 2, and shown in these diagrams by the color of nodes. Blue-colored nodes indicate positive expected effects on the feature; red-colored nodes indicate negative expected effects, with darker coloration indicating larger expected effects.

Footnotes

[1] Providing employees with stock options has been found to sometimes result in undesirable behavior, such as 'free-rider' behavior (Frey & Osterloh, 2001; Hall & Murphy, 2003), due to creating perverse incentives. In the models used here, linking the organization's stock price to the employee's outcomes should fail to motivate work toward company goals when the employee does not see meeting their goals as meaningfully affecting the stock price – i.e., the level of $\left[Met(Goal)_p \rightarrow WB_{Org}\right]$ is negligible. This may be fairly typical for lower-level employees, or for most employees within larger organizations.

[2] There are other ways a stretch goal could be formally represented within a field model. A stretch goal could be one that might be more clearly attainable, but where doing so might require an *extreme* amount of work – like perhaps working 80 hour work weeks, and expending a high level of one's own personal resources. Such a "*Try EXTREMELY Hard*" strategy could be represented as a Plan C in Figure 3, which is similar to Plan A ("Try Hard") but with more positive expected success (a higher level of $\left[Did(i)_p \rightarrow Met(Goal)_p\right]_p$), and more negative expected effects on well-being (a more negative level of $\left[Did(i)_p \rightarrow WB_p\right]_p$).

[3] Several other traits that should affect the appraisal of deceptive actions can be represented in ways that would require extensions to the field model used here. For instance, a person with high *integrity* should avoid falsely representing their contributions in the sort of manner associated with Plan B (Figure 3B), as this will result in creating a new pathway linking such actions negatively to their ultimate appraisal of the resulting situation: $\left[Did(i)_p \overset{-}{\rightarrow} Was(Honest)_p \overset{+}{\rightarrow} U_p\right]_p$. However, this requires representing the person's level of *honesty* as a separate outcome within a field model in a way not done in the present models.

[4] There may still be reasons to pursue the stretch goal. These include the understanding that partial success may be rewarded (and failure may not be punished), and that trying one's best may be a useful skill-building experience even if the stretch goal is unlikely to be met to the letter. These and other reasons or considerations to perform stretch goals can be represented through additional elaborations to the simpler field model used here.