Work Life After Failure?

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Work Life After Failure?

How Employees Bounce Back, Learn, and Recover from Work-Related Setbacks

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Foreword

I can still remember my first meeting with Gisa Todt almost 15 years ago – still under her maiden name Gisa Moenkemeyer back then. It was a sunny afternoon and we were sitting in the patio of a nice Italian Restaurant near the Rhine river in Vallendar, Germany. I suggested studying resilience after project failures. "Resilience?" was the first question. Resilience was in a nascent stage in the organizational context back then. The topic of resilience had struck me shortly before, while involved in research on leading through innovation failure – a collaborative project with Liisa Välikangas, who, most fittingly, is one of the contributors to this book. For me it was absolutely clear that we had to combine the innovation context with resilience, as failure is ubiquitous here. Shortly after this decisive lunch meeting, the project started and after just a short while, Matthias Weiss joined our "resilience team" and then, after our research efforts started to intensify, Julia Backmann and eventually Stefan Razinskas and Silja Hartmann came on board. A great research journey was underway, with many ups and downs, of course, and a resilient research team.

Having studied the human side of innovation as well as leadership and teamwork for over two decades, I have come to see the active management of failure as one of the most important (albeit dreadfully neglected) aspects in this area. Yet it was somewhat frustrating to see that research on coping, resilience, and learning from failure mostly resided in distinct literatures that hardly referenced each other, let alone interacted and combined in meaningful ways. That said, I am glad to see that failure-related research has gained so much traction in the management field – with a significant portion of this being of an integrative nature. After all the (ground) work by many researchers in this field over the years, it was long overdue to integrate these research streams. It is truly great to see that this book is doing just that – and does it in such a profound manner. All the authors represented in this book are experts in their fields and have contributed significantly to our understanding of resilience, recovery, and learning from failure in the broader management context. Everyone does their bit to disentangle the mystery of failures within the work context. This book, in turn, helps integrated the pieces to a more complete picture for the interested reader. Seeing all this come together here is indeed very special.

As a reader you will get a great overview of the topic of "work life after failure?!" and of the constituent research streams. Enjoy your reading.

Martin Hoegl
October 2020

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About this Book

Failure and setbacks are omnipresent in organizations. They occur regularly at each hierarchical level, in every functional area, in both collective and individual work, and with varying levels of severity. For example, the vast majority of innovation or entrepreneurial endeavors fail (He, Sirén, Singh, Solomon, & von Krogh, 2018; Rauter, Weiss, & Hoegl, 2018; Shepherd & Cardon, 2009), and most managerial actions relevant to implementing organizational change entail the experience of setbacks for many involved individuals in their careers or personal goals (Seibert, Kraimer, & Heslin, 2016). We refer to the word *failure* as an outcome of an effort that renders the achievement of related goals impossible und unrealistic (Shepherd, Patzelt, & Wolfe, 2011) and is therefore normally connected to a termination of such effort, such as a project or a (new) venture (Moenkemeyer, Hoegl, & Weiss, 2012; Shepherd, 2003; Shepherd & Cardon, 2009). In contrast, we define setbacks as deviations between actual and expected/desired results that can, but not necessarily, lead to failure (Jenkins, Wiklund, & Brundin, 2014; Rauter et al., 2018). In this chapter, when discussing setbacks, we always refer to those that both involve and do not involve failure. Therefore, the effective response of management and employees to experiences of setbacks in organizations is crucial for organizational and individual performance as well as individual well-being. In this respect, many scholars even view setbacks as the proverbial impetus for learning (Cannon & Edmondson, 2005; Sitkin, 1992; Wei, Chen, Zhang, & Gong, 2019). However, research on avoiding setbacks has traditionally dominated organizational research, and scholars have only begun to understand the processes precipitated by setbacks in the workplace. Motivated by this knowledge gap as well as the significance of setbacks, in the field of management, we have witnessed a growing interest in the topic of setbacks in the workplace in the past two decades. This research examined the processes triggered by the experience of setbacks from different perspectives, mainly relating to recovery from and coping with work-related setbacks (e.g., Fritz, Sonnentag, Spector, & McInroe, 2010; Singh, Corner, & Pavlovich, 2007), the individual and collective attributes that qualify people and teams to bounce back from workplace setbacks (e.g., Chapman et al., 2018; Hartmann, Weiss, Newman, & Hoegl, 2020; Linnenluecke, 2017), and the professional learning triggered by such experiences (e.g., Dahlin, Chuang, & Roulet, 2018; He et al., 2018; Välikangas, Hoegl, & Gibbert, 2009).

Despite the significant advances of each of these three important perspectives in the past two decades, which have evolved to research on the consequences

of setbacks in the workplace, that is, recovery, resilience, and learning, little interconnection has been found among them. In this regard, setback recovery can be conceptualized as "the process of reducing or eliminating physical and psychological strain symptoms that have been caused by job demands and stressful events at work" (Sonnentag & Fritz, 2015, p. S72), such as setbacks. Resilience can be defined as positive adaptation following a significantly adverse experience (Sutcliffe & Vogus, 2003), and learning from setbacks can be defined as the extent to which a person or team "reflects upon the problems and errors it experiences, interprets and makes sense of why they occurred […] to produce improved outcomes" (Carmeli, Tishler, & Edmondson, 2012, p. 33). These three perspectives have improved our understanding of the effective use of personal or collective resources to overcome setback experiences and organizational strategies for supporting employees during these difficult times.

Each perspective covers a distinct aspect of the process following the experience of workplace setbacks. Despite their uniqueness, these aspects are not independent of each other, showing several important interconnections and sharing some commonalities (with important differences as well) regarding the factors that facilitate positive outcomes in each perspective. Specifically, the perspective on setback recovery focuses on reactions displayed by individuals or teams to cope with the setback, specifically initial responses during or after the experience (Sonnentag & Fritz, 2015). The resilience perspective tends to take a broader view that particularly refers to such experiences and situations in which these initial reactions did not prevent the occurrence of significant adversity. It focuses on how individuals and teams adapt to substantial difficulty, which is a necessary definitional component of resilience (Hartmann et al., 2020), and bounce back toward or even beyond pre-setback levels of performance and well-being and seeks to identify which characteristics of a person, the situation, or the environment help in this respect. Thus, depending on the extent of the success of initial reactions to cope with and recover from setbacks, there might be more or less (or even no) need for resilience. Moreover, the way in which individuals or teams try to cope with setbacks is likely to influence their ability to recover and successfully adapt to such adversity (Todt, Weiss, & Hoegl, 2018). Finally, the perspective of learning from setbacks focuses on what focal entities can take away from the experience, that is, new knowledge they can apply in the future (Dahlin et al., 2018). These lessons might be relevant to how one can better react and adapt to such setbacks, but they might also be related to learning how to avoid certain underlying factors to these setbacks in the future. Important in this regard is that individuals and teams can learn from setbacks irrespective of their aftermath. This means that even if employees fail to fully recover from an experienced setback and might therefore be less motivated at their job, among others, they still might have learned how to avoid such situations in the future or might have gained other knowledge that they can use in their future careers. However, the ease and extent of such learning may still depend on the outcome of the focal entity's success in recovering from and adapting to the setback, at least since a positive outcome in this regard might provide a better emotional and motivational basis for learning effects (Rauter et al., 2018; Wilhelm, Richter, & Semrau, 2019). Moreover, the

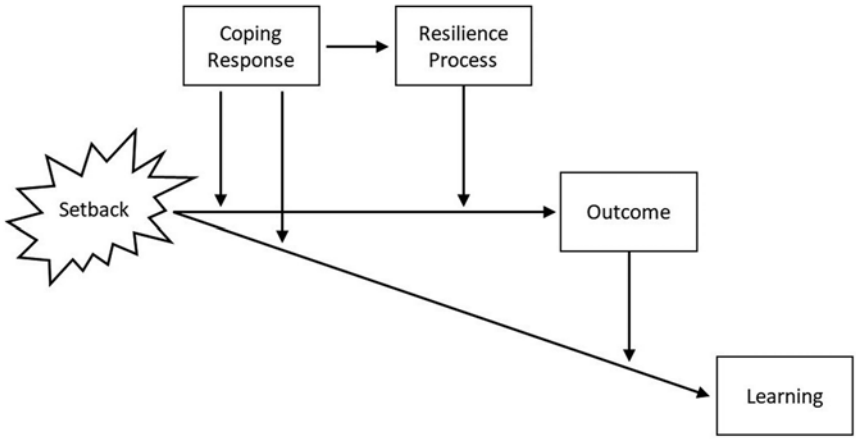

Fig. 0.1 The Interplay Between Coping, Resilience, and Learning from Failure.

approach of the affected organizations in coping with the experienced setback might also affect their likelihood to learn from it, for instance, whether their coping reactions are task-oriented or avoidance-oriented (Connor-Smith & Flachsbart, 2007). This assumed interplay between the three key perspectives in the process following setbacks is illustrated in Fig. 0.1.

Hence, the insights gained in each of these perspectives on the consequences of setbacks may therefore inform each other, and a comprehensive and integrative view of setback-induced recovery and learning processes would allow for leveraging substantial synergies. It is therefore vital to connect and integrate these three perspectives. As such, this integration not only refers to the mutual consideration of theoretical and empirical insights gained from the three perspectives. It is also related to the application of these perspectives and the insights obtained from each of them to other subjects of analysis, given that each perspective tends to be predominantly applied to specific literature streams even though they are actually domain-general. For example, learning from setbacks is clearly not only relevant in domains such as entrepreneurship, innovation, or medicine but also found only cursory application outside these fields.

This was why our idea was born six years ago: to ignite an active conversation among scholars whose work revolves around concepts of recovery, resilience, and learning from setbacks that would shed light on how scholarly efforts can be expanded and extended by linking these processes and capacities. Our first attempt to facilitate the integration of these three perspectives on the consequences of setbacks was the organization of a professional development workshop at the Academy of Management Annual Meeting in Vancouver in 2015. This interactive and thought-provoking seminar brought together quite a large crowd of scholars of the three perspectives from diverse methodological backgrounds and research domains to bridge boundaries among them and was a starting point for initial collaborations and conversations spanning the three perspectives. To uphold and further spur the momentum created by this workshop, we decided to facilitate the development of

an integrated foundation for cumulative theory development and empirical research on recovering, bouncing back, and learning from setbacks in organizations through an integrative and comprehensive publication – this edited book.

Specifically, this book aims to achieve several objectives. First, it will provide a thorough definition and classification of workplace setbacks which would help resolve the confusion regarding its conceptualization to guide future research on failure experiences. Moreover, it features experts in the fields of recovery, resilience, and learning, presenting leading-edge research and new developments in their fields to increase readers' understanding of how to handle setbacks and support employees during and after such experiences. This will provide an interdisciplinary overview of the work and presents different research streams in the literature regarding the consequences of workplace setbacks. Furthermore, this book offers an integration of research on key perspectives (i.e., recovery, resilience, and learning from setbacks) in the field of work life after setbacks and aims to stimulate mutual learning experiences among disciplines and bridge gaps among scholars from different research domains. It offers a broader perspective of setbacks at work, from which both detailed suggestions for future research and practical guidance for dealing with failures are derived. In addition, with this book we hope to further enhance awareness of the topic of setbacks in organizations and develop a fertile discourse to advance research and theory about the underlying mechanisms and implications of work life after setbacks. As such, this book intends to cater to a broad spectrum of scholars and students in different fields, including organizational behavior, innovation management, human resources management, entrepreneurship, change management, industrial and organizational psychology, sports, engineering, and general management.

Structure of the Book

To achieve these objectives, this book starts with a general chapter by its editors that mainly provides a theoretical foundation to better and more precisely delineate the nature of setbacks. Being more precise about the nature of experienced failure or setbacks is a requirement for a more fine-grained study of their consequences and facilitates the integration of theoretical and empirical insights within and between the three major perspectives. Moreover, this chapter reports the development and validation of a new measure for the nature of setback experiences to equip researchers with an instrument that is based on theoretical foundations for the future empirical study of work life after setbacks.

The following nine chapters have been divided into three sections, one for each of the three central perspectives of studying work life after setbacks: recovery, resilience, and learning. We purposely selected contributors that approach each perspective in different ways and contexts. Following the logic of the post-setback process explained above, the first section starts with three essays on recovery from experienced setbacks. In Chapter 2, Diestel focuses on self-regulatory mechanisms that influence coping processes after workplace setbacks, building on personality–system–interaction theory. In Chapter 3, Razinskas analyzes recovery from setbacks from the view of work teams and discusses the double-edged sword of team cohesion for coping with such experiences. In Chapter 4, Byrne draws on

ideas from rites-of-passage studies to explore the idea of a more socialized environment for entrepreneurs before, during, and after business failures and considers ways to better embed setbacks into an institutional environment that supports entrepreneurial activity.

The section on the resilience perspective begins in Chapter 5 with Rodríguez-Sánchez's review of theoretical research on workplace resilience and empirical research that links human resource management to workplace resilience, covering the role of aspects such as corporate social responsibility toward employees, career development, or work–family balance for developing resilience. In Chapter 6, King and Burrows discuss current concerns about a lack of agreement concerning the definition of "positive adaptation" after setbacks and delineate potential dangers in the unknowing encouragement of maladaptive resilience after setbacks. In Chapter 7, Weinzimmer presents the results of an empirical study that investigated how the interaction of trait resiliency and mistake tolerance plays key roles in reducing turnover intention in organizations.

The third section focuses on learning from workplace setbacks. In Chapter 8, Gazdag connects the idea of learning from setbacks with research on negotiations and explains how negotiators can learn and develop their negotiation skills through difficult negotiation experiences. In Chapter 9, He and Krähenmann provide qualitative evidence from entrepreneurs regarding how the stigma of failure exacerbates the various costs of setbacks and thereby makes learning from failure much more difficult. Finally, in Chapter 10, Välikangas and Jarvenpaa discuss how network failures might lead to potential learnings for network participants, considering three major network failures that have been identified in prior research and in their own ongoing empirical work.

Together, these chapters shall convey a sense of diversity of studies on consequences from setbacks based on the three perspectives and highlight their broad applicability, as well as their rich potential links with regard to theoretical connections and study contexts. These plentiful and promising connections between the three perspectives will be substantiated in more detail in the concluding chapter. In Chapter 11, Hartmann will combine the three perspectives and propose a stimulating agenda for future researchers whose work will expand and deepen our understanding of work life after setbacks.

We hope these chapters, individually as well as their synergistic interplay, will spark new research on the consequences of setbacks that encompasses and integrates the three perspectives. This book will have been successful if it inspired fruitful collaborations and provocative research questions to enrich our knowledge and provide practical recommendations on how to constructively deal with workplace setbacks.

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Chapter 1

Conceptualizing and Measuring the Severity of Setbacks at Work: An Event-Oriented Perspective

Julia Backmann, Matthias Weiss and Gisa Todt

Abstract

Setbacks and failures are part of organizational life. While a recent body of literature pointed to the importance of recovery, resilience, and learning from failure in responding to and dealing with setback events, the setback itself and its underlying dimensions remain underexplored. However, how severe employees perceive a setback to be plays an integral role in how successfully they handle these events. Taking an event-oriented perspective on work-related setbacks, this study defines setback severity as the setback event's novelty, disruptiveness, and criticality. Based on the current literature and prior operationalizations, the authors introduce and validate a three-dimensional measure of setback severity. The exploratory and confirmatory factor analyses provide support for the proposed three-dimensional model. Further analyses show that disruptiveness and criticality are significantly related to identity threat, emotional exhaustion, trauma, turnover intention, and thriving, while novelty is only related to turnover intention and thriving. The implications of the setback severity measure are discussed along with recommendations for future research.

Keywords: Setback severity; failure; event system theory; novelty; disruption; criticality; measurement

Today's organizations maneuver through dynamic environments, making the presence of setback experiences in organizational life inevitable. Work-related setbacks, defined as deviations between actual and expected results (Jenkins, Wiklund, & Brundin, 2014; Rauter, Weiss, & Hoegl, 2018), encompass a variety

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of experiences and take different shapes and forms (Hoegl & Hartmann, 2020), including a missed opportunity to win over a new customer, a declined promotion, or exposure to an abusive supervisor. Setbacks are experiences that bring individuals out of their state of homeostasis – a state of relative stability – and trigger the activation of resources and effortful responses to return to stability (Bonanno, Romero, & Klein, 2015; Matusik, Hollenbeck, Matta, & Oh, 2019). How much an individual's stable state is shaken by the setback depends on the severity of the setback and their personal assessment of it. Given that individuals differ in terms of their prior experiences, dispositions, and abilities, the severity of an experienced setback depends on an individual's perception. For instance, while some individuals perceive a complaint from a customer or negative feedback from a direct supervisor as salient and impactful, others seem to move on from these experiences without much hesitation. But what aspects determine whether a setback is seen as severe? Current research has examined the responses to and consequences of setbacks (e.g., Jenkins et al., 2014; Shepherd, Patzelt, & Wolfe, 2011), but our knowledge of setbacks themselves and their underlying dimensions remain underexplored. Prior studies tend to either focus on one specific setback experience (e.g., project termination, business failure, or negative performance feedback (e.g., Rauter et al., 2018; Shepherd, Douglas, & Shanley, 2000; Shepherd, Patzelt, Williams, & Warnecke, 2014) or measure setbacks as a dichotomous variable that are either present or non-existent (e.g., Todt, Weiss, & Hoegl, 2018; Ucbasaran, Westhead, Wright, & Flores, 2010). Such attempts fall short of capturing the organizational reality of a multitude of different setback experiences. Furthermore, measuring setbacks as a dichotomous variable limits the explanatory power and does not provide further insight into underlying dimensions that make setbacks impactful (Tilcsik & Marquis, 2013).

To overcome these gaps, this study sets out to conceptualize and operationalize the severity of setbacks as perceived by the individual experiencing the setback. In doing so, we apply an event-oriented perspective. Events are regarded as "happenings," which are occurrences that materialize in a specific location at a specific point in time (Weiss & Cropanzano, 1996). Consequently, the concept of an event is wider than a setback; events encompass setbacks, but not all events are setbacks. Events can be positive, such as a surprising promotion, or negative, such as a negative performance review. Setback events are negative in nature. To examine setbacks from an event-oriented perspective, we incorporate a promising theoretical lens – event system theory (EST) (Morgeson, Mitchell, & Liu, 2015) – to better account for the multi-dimensional nature of setback events. The theory identifies novelty, disruption, and criticality as event characteristics that affect changes in behaviors or features of work environments (Morgeson et al., 2015). By applying EST to setbacks, we respond to current gaps to place setback events at center stage (Hoegl & Hartmann, 2020) and apply a continuous measurement of such events (Liu, Fisher, & Chen, 2018). Therefore, we advance the current literature by allowing for a more fine-grained understanding of the nature of setbacks.

In summary, the aims of this chapter are twofold: First, we draw on EST to develop an individual-level conceptualization of setback severity in work

environments. Second, based on this conceptualization, we develop and validate a three-dimensional measure of setback severity. The validation of the construct draws on two samples (N sample one = 175 employees, N sample two = 225 employees) collected in Australian office work environments. After presenting the results of the measurement validation, we will discuss the theoretical and practical implications and identify opportunities for future research on setback severity.

Conceptualizing Severity of Setbacks

According to EST (Morgeson et al., 2015), events differ from more stable features of work environments (such as job design) in the sense that they are "discrete and bounded in space and time" (p. 516). Events are part of the external context of the entity under consideration. Events are triggers for change within the organization because they influence the behaviors of individuals and other organizational entities, which may result in adaptations in the features of the work environment and are likely to induce subsequent events (Morgeson et al., 2015). Taking a systemic perspective of events, Mortenson et al. (2015) defined the event system as

> a complex system of three interrelated components: (1) event strength (an event's novelty, disruption, and criticality); (2) event space (where an event originates and how its effects spread through an organization); and (3) event time (when an event occurs, how long it remains impactful, and the evolution of event strength). (p. 517)

Events occur at all levels within the organization, but we take a micro-level perspective on setback events, focusing on how individuals perceive the severity of setbacks. Thus, we build on the component of event strength when defining setback severity.

Similar to organizational systems striving for stability, individuals have a tendency to maintain homeostasis (Halbesleben, Neveu, Paustian-Underdahl, & Westman, 2014). Setback events disrupt the stability and certainty of work environments by breaking up routines and challenging the status quo, preventing the employees from continuing with their work as usual and relying on automatic cognitive processing (Chen, Liu, Tang, & Hogan, 2020; Morgeson, 2005; Morgeson et al., 2015). Therefore, employees need to redirect their efforts and attentions toward adapting their behaviors and features to cope with the setback event. Which attributes of a setback event redirect attention and effort to a change response? In alignment with EST (Morgeson et al., 2015), we propose that the severity of a setback is characterized by novelty, disruption, and criticality. The higher the setback severity, the more likely the setback creates or changes an individual's behaviors and the features of the work environment. Applying this lens helps us distinguish the occurrence of a setback and its underlying severity from the response to a setback event.

The Novelty Dimension of Setback Severity

The novelty dimension reflects the extent to which a setback event is surprising, unexpected, uncommon, and different from past setbacks and behaviors (Morgeson et al., 2015). When a similar setback has been experienced previously, there is no need to thoroughly re-evaluate the event as established guidelines based on prior responses can be applied. When experiencing a novel setback event, employees may be uncertain about how to respond to the setback as they cannot rely on such established routines and guidelines (Crawford, Thompson, & Ashforth, 2019; Morgeson, 2005). Therefore, they need to direct their attention and efforts to the setback and defer from their habitual, automatic processing (Chen et al., 2020). For instance, given an organization with a historically low voluntary and involuntary turnover rates, if majority of the marketing team suddenly leaves simultaneously to join a competitor, the remaining employees – especially those who have worked closely with the marketing team – need to invest their time and resources to make sense of the situation (Laulié & Morgeson, in press). Consequently, novelty represents the first dimension of setback severity. Novel setbacks require a re-assessment of the event, as well as changes in behaviors and ways of thinking.

The Disruption Dimension of Setback Severity

Disruption is defined as the extent to which the setback breaks up or blocks existing routines and affects usual work practices and tasks (Morgeson et al., 2015; Zellmer-Bruhn, 2003). In short, disruptive setbacks change the way things are done and interfere with task completion. An example of a highly disruptive event is a major restructuring that requires laying off 15% of the workforce and is accompanied by negative media coverage, leading to conflicts and debates within the organization. The survivors may feel stressed and uncertain, and the way in which restructuring is handled prevents them from continuing with their usual work practices (Laulié & Morgeson, in press). Disruptive setbacks direct the information processing to determine which rules, routines, and behaviors need to be adjusted or created (Morgeson et al., 2015). The setback causes the individual to pause and develop response strategies to stop the disruption caused by the setback (Morgeson, 2005) and re-establish effective functioning. The severity of a setback event is reflected by its degree of disruption.

The Criticality Dimension of Setback Severity

The criticality of setback events reflects the extent to which the event is important, of personal relevance, and a priority for an individual's goal attainment (Morgeson et al., 2015; Morgeson & DeRue, 2006). If a setback event is not perceived as salient and important, an individual is less likely to devote attention to and invest valuable resources in dealing with the setback. If the setback is essential, affects important work-related goals, and interferes with these goals' attainment, resolving the setback will become the center of attention. For instance, if an employee perceives his work as meaningful but is exposed to an abusive supervisor, his reputation and work performance may be threatened. Thus, the individual would focus his

attention and energy on resolving his issues with the supervisor (Harris, Kacmar, & Zivnuska, 2007). As the criticality dimension of setback severity affects the aspects of work that are perceived as essential, highly critical setbacks may challenge an individual's feelings of competence and self-worth (Aquino & Douglas, 2003) and, therefore, pose a threat to his identity. Events that signal a potential threat trigger sense-making processes (Maitlis, Vogus, & Lawrence, 2013) and changes in behavior. The greater the criticality of the setback, the more actions an individual will take to respond to the setback's implications (Crawford et al., 2019), thereby highlighting the importance of the criticality dimension for setback severity.

Overall, we apply the theoretical lens of the EST to conceptualize setback severity as the degree of novelty, disruption, and criticality of setback events. While the dimensions are interrelated, a presence of one of the attributes does not imply the same level of severity for the other two attributes. Not all attributes of setback severity need to be present for a setback to occur. For some setback events, only one of the attributes may demonstrate a high degree of severity, whereas the other attributes only show a low degree. The combination of the three attributes or dimensions determines the overall severity of the setback. The greater the novelty, disruption, and criticality of the setback event, the more severe is the individual's perception of the setback.

Severity of Setbacks: Scale Development and Validation

Item Generation, Item Reduction, and Exploratory Factor Analysis

Building on the definitions of the three setback severity dimensions (i.e., novelty, disruptiveness, and criticality) provided in the theoretical background section and the relevant literature (Aquino & Douglas, 2003; Horowitz et al., 1979; Kubany, Leisen, Kaplan, & Kelly, 2000; Morgeson, 2005; Morgeson et al., 2015), we specified items for each of the three dimensions. Overall, 35 items were generated. Among the 35 items, 7 items referred to novelty, 9 items to disruptiveness, and 19 items to criticality. In the next step, all authors carefully reviewed and revised the items. After several rounds of contrasting the items of each dimension and assessing their clarity and potential overlap, we eliminated 11 items. Thus, in the further analyses, we included seven items pertaining to novelty, eight items pertaining to disruptiveness, and nine items pertaining to criticality.

To reduce the number of items and explore the underlying factor structure, we collected data from 175 individuals working in office environments in Australia. A professional market research organization was used to collect the data, and all participants received a small monetary incentive for completing the survey. As the time of the data collection collided with the COVID-19 pandemic that hit the world in 2020, we chose Australia as the country for the data collection because the number of cases was still reasonably low during the time of data collection compared to other regions in the world. Slightly more than half of the participants were male (52.6%), and their average age was 41 years old. The majority were married (70.3%) and had one or more children (74.9%). Only participants who had experienced at least a minor setback at work in the previous six weeks were able to proceed with completing the questionnaire. If participants had experienced

more than one work-related setback in the previous six weeks, they were asked to consider their most recent setback when completing the subsequent questions that referred to setback severity. We also asked each participant to briefly describe the work-related setback that they encountered. Participants experienced a great variety of setbacks, including project terminations, not meeting important deadlines, losing an important client or work colleague, declined promotion, working from home, reduced working hours and changing work atmosphere as a result of COVID-19, negative feedback about work performance, and harassment. All items measuring novelty, disruptiveness, and criticality were rated on a 5-point scale ranging from *1 = completely disagree* to *5 = completely agree*. Respondents were asked to think about the setback when indicating their level of agreement with the setback severity items.

To reduce the number of items for each dimension and to keep the measurement instrument concise and balanced across the three dimensions, we performed a principal component analysis and deleted items that loaded on more than one factor and items that did not load strongly on their respective factors. Four variables for each of the three dimensions were maintained. We performed another exploratory factor analysis (EFA) using principal axis factoring with promax rotation, as we expected correlations between the dimensions. The analysis supported the three-factor solution, and all items loaded onto their respective dimensions without cross-loadings greater than 0.40. Table 1.1 presents the items and the results of the EFA.

The four items measuring setback novelty were adapted from Morgeson (2005), who built the measure of team event novelty on the analyzability subscale from Withey, Daft, and Cooper (1983). All items were reverse coded. After transforming all items, we noted that a higher number indicated a greater setback novelty. The final measure of setback disruptiveness consisted of four items; the first two items (i.e., items five and six in Table 1.1) were adapted from the event disruption scale by Morgeson (2005), while the remaining two items (i.e., items seven and eight in Table 1.1) were developed from the conceptualizations offered by Morgeson et al. (2015). The final four items comprising the setback criticality dimension were built on the conceptualizations of Morgeson et al. (2015; items 9 and 10 in Table 1.1) and the underpinning logic of identity-threatening events presented by Aquino and Douglas (items 11 and 12 in Table 1.1).

Confirmatory Factor Analyses

The EFA results provided initial support for the three-factor structure of the setback severity construct. To further confirm this three-factor structure, a second sample was collected to perform a confirmatory factor analysis (CFA). Similar to the first sample, we collected responses from white-collar employees in Australia with the help of a professional market research organization. The final sample consisted of 225 respondents. Slightly more than half of the participants were female (52.4%), and their average age was 43 years old. The majority were married (59.6%) and had one or more children (68.4%). Paralleling the first data collection, respondents had to describe the most recent setback they had experienced.

Table 1.1 Results of the EFA (Sample 1).

Concepts			Factor		
			1	2	3
1. Novelty	1.	There was a clear, known way for me to respond to the setback. (reverse)	0.68		
	2.	There was an understandable sequence of steps that I could follow in responding to the setback. (reverse)	0.85		
	3.	I could rely on established routines and practices in responding to the setback. (reverse)	0.69		
	4.	I was able to build on rules, procedures, or guidelines to follow when the setback occurred. (reverse)	0.74		
2. Disruption	5.	The setback disrupted my ability to get my work done.		0.74	
	6.	The setback altered my normal way of responding at work.		0.71	
	7.	After the setback, things at work did not continue the way they did prior to the setback.		0.56	
	8.	The setback blocked or transformed ongoing routines at work.		0.82	
3. Criticality	9.	The setback had the potential to curtail my attainment of important professional goals.			0.73
	10.	The setback threatened my most fundamental professional goals.			0.83
	11.	The setback called into question my professional self-worth.			0.73
	12.	The setback threatened my professional self-concept.			0.91

Notes: $N = 175$; Suppressed coefficients < 0.40.

Principal axis factoring with promax rotation.

Only respondents who had experienced at least one minor setback in the previous six weeks were included.

The CFA results depicted in Table 1.2 confirmed the proposed three-factor model. Assessing the fit indices recommended by Hu and Bentler (1999) further supported the model (χ^2/df = 2.49, CFI = 0.94, TLI = 0.93, GFI = 0.92,

Table 1.2 Results of the CFA (Sample 2).

	χ^2	df	χ^2/df	$^{\Delta}\chi^2$	CFI	TLI	GFI	RMSEA	SRMR
Model 1 (one-factor model)	602.84	54	11.16		0.59	0.49	0.64	0.21	0.17
Model 2 (two-factor model, merging disruption and criticality)	284.92	53	5.38	317.92	0.83	0.78	0.80	0.14	0.10
Model 3 (three-factor model)	127.21	51	2.49	157.71	0.94	0.93	0.92	0.08	0.06

Notes: $N = 225$.

CFI = Comparative Fit Index; TLI = Tucker–Lewis Index; GFI = Goodness-of-fit Index; RMSEA = Root Mean Square Error of Approximation; SRMR = Satndardized Root Mean Square Residual.

RMSEA = 0.08, SRMR = 0.06). All item loadings were significant and well above 0.60. Cronbach's alphas for the three dimensions were all above 0.80 (novelty = 0.83; disruptiveness = 0.83; criticality = 0.89). We also compared the proposed three-factor model against one-factor and two-factor models (i.e., merging the disruptiveness and criticality dimensions). Both comparative models yielded a weaker data fit than the three-factor model.

To test convergent validity, we calculated the average variance extracted (AVE) to examine whether the items within each dimension correlated well with each other. For all three dimensions, the AVE was above the threshold of 0.50, thus indicating sufficient convergent validity. To demonstrate discriminant validity, the maximum shared variance (MSV) must be smaller than the AVE, and the square root of the AVE must be greater than the correlations between the dimensions (Hair, Black, Babin, & Anderson, 2010). As both these conditions were met, we concluded that our model demonstrated satisfactory discriminant validity. The results indicate that the setback severity scale met the validity criteria (see Table 1.3).

Table 1.3 Convergence and Discriminant Validity (Sample 2).

	CR	AVE	MSV	1	2	3
1. Novelty	0.83	0.55	0.07	*0.74*		
2. Disruption	0.83	0.55	0.44	0.22**	*0.74*	
3. Criticality	0.89	0.67	0.44	0.07	0.55**	*0.82*

Notes: $N = 215$.

CR = composite reliability; AVE = average variance extracted; MSV = maximum shared variance; inter-construct correlations; diagonal shows square root of AVE.

**$p < 0.01$, two-tailed; * $p < 0.05$, two-tailed.