MANAGING PEOPLE

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Managing People (Gehrett)

Front Matter: Managing People

I developed the new Managing People to be used in the Business Management program at Western Technical College. This course is designed to establish a foundation for front line supervisory effectiveness. Concepts in this course will develop practical skills in hiring, training, communication, motivation, counseling, employee evaluation and conflict resolution. The course includes important theories and readings, case studies, relevant videos, and self-assessment to develop a supervisory philosophy of their own.

This project has great potential to eliminate unnecessary costs and time to students by offering them an overview of management and supervision while further preparing them for the remainder of the program as well as the world of work.

Mabel Gehrett - Human Resources and Business Management program instructor.

TABLE OF CONTENTS

Licensing

1: Module 1 - Management and Leadership

1.1: Leadership Skills Assessment

1.2: The Difference Between Managers and Leaders

1.3: Leadership

1.3.1: Introduction

1.3.2: The Nature of Leadership

1.3.3: The Leadership Process

1.3.4: Types of Leaders and Leader Emergence

1.3.5: The Trait Approach to Leadership

1.3.6: Behavioral Approaches to Leadership

1.3.7: Situational (Contingency) Approaches to Leadership

1.3.8: Substitutes for and Neutralizers of Leadership

1.3.9: Transformational, Visionary, and Charismatic Leadership

1.3.10: Leadership Needs in the 21st Century

1.3.11: Summary

1.4: WATCH- Bases of Power

1.5: WATCH- Why Good Leaders Make You Feel Safe

2: Module 2 - Selection and Hiring, and Employee Training

2.1: Introduction

2.1.1: Achieving High Performance through Human Resources Management

2.1.2: Employee Recruitment

2.1.3: Employee Selection

2.1.4: Employee Onboarding and Orientation

2.1.5: Onboarding, New Hire Training, and Coaching and Mentoring

2.2: 4 Criteria of Workforce Planning

2.3: Discussion Topic

2.4: Human Resources Documents

2.5: The Pursuit of Happyness Job Interview

2.6: Legal Considerations in Selection

2.7: The Power of Effective Onboarding

3: Module 3 - Employee Evaluation and Counseling

3.1: Performance Appraisal Systems

3.2: Employee Training and Development

3.2.1: Techniques of Performance Appraisal

3.2.2: Feedback

3.3: Performance Management
3.4: Performance Reviews Then and Now
3.5: Identifying Poor Performers
3.6: Identifying the Causes of Poor Performance
3.7: Laws Impacting Performance Management
3.8: How to Coach An Underperforming Employee

4: Module 4 - Employee Motivation and Communication

4.1: Motivation - Questions to Consider
4.1.1: Motivation - Direction and Intensity
4.1.2: Content Theories of Motivation
4.1.3: Process Theories of Motivation
4.1.4: Recent Research on Motivation Theories
4.1.5: Summary

4.2: REVIEW and WATCH - Goal Theory

4.3: Managerial Communication
4.3.1: The Process of Managerial Communication
4.3.2: Types of Communications in Organizations
4.3.3: Factors Affecting Communications and the Roles of Managers
4.3.4: Managerial Communication and Corporate Reputation

4.4: Maslow
4.5: Business Stakeholders
4.6: Stakeholder Communication

5: Module 5 - Managing Teams

5.1: Managing Teams
5.1.1: Teamwork in the Workplace
5.1.2: Team Development Over Time
5.1.3: Things to Consider When Managing Teams
5.1.4: Opportunities and Challenges to Team Building
5.1.5: Team Diversity
5.1.6: Multicultural Teams
5.1.7: Summary

5.2: Characteristics of an Effective Team
5.3: What It Takes To Be a Successful Team
5.4: How To Build Great Teams
5.5: Conflict - Use It, Don't Defuse It
5.6: Cross-Cultural Management

6: Module 6 - Conflict Resolution

6.1: Chapter Introduction
6.1.1: Conflict in Organizations- Basic Considerations

6.1.2: Causes of Conflict in Organizations
6.1.3: Resolving Conflict in Organizations
6.2: Workplace Conflict
6.3: The Do's and Don'ts of Workplace Conflict
6.4: Addressing Conflict with Simon Sinek
6.5: The 5 Conflict Styles

Index

Glossary

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1.1: Leadership Skills Assessment

Leadership Skills for Effective Managers

We will explore the leadership skills that are critical for effective managers.

Before we begin learning about these important leadership skills, take some time to assess your current leadership skills: How Good Are Your Leadership Skills?

Complete the assessment located within the above article link. When you are finished, click on the "Calculate My Total" button at the bottom of the assessment and review your results.

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1.2: The Difference Between Managers and Leaders

Managers and Leaders: What's the Difference?

There is a clear distinction between **leadership** and management and between **managers** and **leaders**. A manager's behavior and activities focus on controlling, planning, coordinating, and organizing. This differs from a leader, whose behaviors and tasks focus on innovation, vision, motivation, trust, and change.e

Read the short article "The Difference between Managers and Leaders" to learn more about these important distinctions.

Table 1.1 Difference Between Management and Leadership.

Managers	Leaders
Cope with complexity by...	**Cope with change by...**
planning for goals	setting direction
budgeting for goals	developing a future
establishing agendas and tasks	having a strategic vision for change
organizing roles and responsibilities	aligning of people
structuring staff and jobs	communicating direction
delegating people	creating coalitions
monitoring and implementing results	being commitment focused
identifying deviations	motivating and inspiring
planning and organizing to solve problems	leveraging human value and potential

Note. Adapted from Kotter, *What Leaders Really Do* (1999). Cambridge, MA: Harvard Business Review.

Source: 1.1 "The Difference Between Managers and Leaders." *Leading with Cultural Intelligence*. Saylor Academy. 2012.

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1.3: LEADERSHIP

1.3.1: Introduction
1.3.2: The Nature of Leadership
1.3.3: The Leadership Process
1.3.4: Types of Leaders and Leader Emergence
1.3.5: The Trait Approach to Leadership
1.3.6: Behavioral Approaches to Leadership
1.3.7: Situational (Contingency) Approaches to Leadership
1.3.8: Substitutes for and Neutralizers of Leadership
1.3.9: Transformational, Visionary, and Charismatic Leadership
1.3.10: Leadership Needs in the 21st Century
1.3.11: Summary

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1.3.1: Introduction

Learning Objectives

After reading this chapter, you should be able to answer these questions:

1. What is the nature of leadership and the leadership process?
2. What are the processes associated with people coming to leadership positions?
3. How do leaders influence and move their followers to action?
4. What are the trait perspectives on leadership?
5. What are the behavioral perspectives on leadership?
6. What are the situational perspectives on leadership?
7. What does the concept "substitute for leadership" mean?
8. What are the characteristics of transactional, transformational, and charismatic leadership?
9. How do different approaches and styles of leadership impact what is needed now?

Exploring Managerial Careers

John Arroyo: Springfield Sea Lions

John Arroyo is thrilled with his new position as general manager of the Springfield Sea Lions, a minor league baseball team in. Arroyo has been a baseball fan all of his life, and now his diligent work and his degree in sports management are paying off.

Arroyo knew he had a hard act to follow. The general manager whom John replaced, "T.J." Grevin, was a much-loved old-timer who had been with the Sea Lions since their inception 14 years ago. John knew it would be difficult for whoever followed T.J., but he didn't realize how ostracized and powerless he would feel. He tried a pep talk: "I'm the general manager—the CEO of this ball club! In time, the staff will respect me." [Not a very good pep talk!]

After his first season ends, Arroyo is discouraged. Ticket and concession sales are down, and some longtime employees are rumored to be thinking about leaving. If John doesn't turn things around, he knows his tenure with the Sea Lions will be short.

Questions: Is John correct in assuming that the staff will learn to respect him in time? What can John do to earn the loyalty of his staff and improve the ball club's performance?

Outcomes: During the winter, John thinks long and hard about how he can earn the respect of the Sea Lions staff. Before the next season opener, John announces his plan: "So I can better understand what your day is like, I'm going to spend one day in each of your shoes. I'm trading places with each of you. I will be a ticket taker, a roving hot dog vendor, and a janitor. And I will be a marketer, and an accountant—for a day. You in turn will have the day off so you can enjoy the game from the general manager's box." The staff laughs and whistles appreciatively. Then the Springfield mascot, Sparky the Sea Lion, speaks up: "Hey Mr. Arroyo, are you going to spend a day in my flippers?" "You bet!" says John, laughing. The entire staff cheers.

John continues. "At the close of the season, we will honor a staff member with the T.J. Grevin Award for outstanding contributions to the Sea Lions organization. T.J. was such a great guy, it's only right that we honor him." The meeting ends, but John's staff linger to tell him how excited they are about his ideas. Amidst the handshakes, he hopes that this year may be the best year yet for the Sea Lions.

Sarah Elizabeth Roisland is the manager of a district claims office for a large insurance company. Fourteen people work for her. The results of a recent attitude survey indicate that her employees have extremely high job satisfaction and motivation. Conflict is rare in Sarah's office. Furthermore, productivity measures place her group among the most productive in the entire company. Her success has brought the company's vice president of human resources to her office in an attempt to discover the secret to her success. Sarah's peers, superiors, and workers all give the same answer: she is more than a good manager—she is an outstanding leader. She continually gets high performance from her employees and does so in such a way that they enjoy working for her.

There is no magic formula for becoming a good leader. There are, however, many identifiable reasons why some people are better and more effective leaders. Leaders, especially effective leaders, are not created by simply attending a one-day leadership workshop. Yet effective leadership skills are not something most people are born with. You can become an effective leader if you are willing to invest the time and energy to develop all of the "right stuff."

According to Louise Axon, director of content strategy, and her colleagues at Harvard Business Publishing, in seeking management talent, *leadership* is an urgently needed quality in all managerial roles.[1] Good leaders and good leadership are rare. Harvard management professor John P. Kotter notes that "there is a leadership crisis in the U.S. today,"[2] and the late USC Professor Warren Bennis states that many of our organizations are overmanaged and underled.[3]

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1.3.2: The Nature of Leadership

Learning Objectives

1. What is the nature of leadership and the leadership process?

The many definitions of leadership each have a different emphasis. Some definitions consider leadership an act or behavior, such as initiating structure so group members know how to complete a task. Others consider a leader to be the center or nucleus of group activity, an instrument of goal achievement who has a certain personality, a form of persuasion and power, and the art of inducing compliance.[4] Some look at leadership in terms of the management of group processes. In this view, a good leader develops a vision for the group, communicates that vision,[5] orchestrates the group's energy and activity toward goal attainment, "[turns] a group of individuals into a team," and "[transforms] good intentions into positive actions."[6]

Leadership is frequently defined as a social (interpersonal) influence relationship between two or more persons who depend on each other to attain certain mutual goals in a group situation.[7] Effective leadership helps individuals and groups achieve their goals by focusing on the group's *maintenance needs* (the need for individuals to fit and work together by having, for example, shared norms) and *task needs* (the need for the group to make progress toward attaining the goal that brought them together).

Exhibit 13.2 Joe Madden at pitcher mound Joe Maddon, manager of the Chicago Cubs baseball team, is lauded for both his managerial and leadership skills. Maddon is a role model for managers competing in the business world. Managers can learn and profit from the Cubs skipper's philosophy of instilling an upbeat attitude with the team, staying loose but staying productive, and avoiding being the center of attention

Leader versus Manager

The two dual concepts, leader and manager, leadership and management, are not interchangeable, nor are they redundant. The differences between the two can, however, be confusing. In many instances, to be a good manager one needs to be an effective leader. Many CEOs have been hired in the hope that their leadership skills, their ability to formulate a vision and get others to "buy into" that vision, will propel the organization forward. In addition, effective leadership often necessitates the ability to manage—to set goals; plan, devise, and implement strategy; make decisions and solve problems; and organize and control. For our purposes, the two sets of concepts can be contrasted in several ways.

First, we define the two concepts differently. In Chapter 1, we defined management as a process consisting of planning,

organizing, directing, and controlling. Here we define leadership as a social (interpersonal) influence relationship between two or more people who are dependent on each another for goal attainment.

Second, managers and leaders are commonly differentiated in terms of the processes through which they initially come to their position. Managers are generally appointed to their role. Even though many organizations appoint people to positions of leadership, leadership per se is a relationship that revolves around the followers' acceptance or rejection of the leader.[8] Thus, leaders often emerge out of events that unfold among members of a group.

Third, managers and leaders often differ in terms of the types and sources of the power they exercise. Managers commonly derive their power from the larger organization. Virtually all organizations legitimize the use of certain "carrots and sticks" (rewards and punishments) as ways of securing the compliance of their employees. In other words, by virtue of the position that a manager occupies (president, vice president, department head, supervisor), certain "rights to act" (schedule production, contract to sell a product, hire and fire) accompany the position and its place within the hierarchy of authority. Leaders can also secure power and the ability to exercise influence using carrots and sticks; however, it is much more common for leaders to derive power from followers' perception of their knowledge (expertise), their personality and attractiveness, and the working relationship that has developed between leaders and followers.

From the perspective of those who are under the leader's and manager's influence, the motivation to comply often has a different base. The subordinate to a manager frequently complies because of the role authority of the manager, and because of the carrots and sticks that managers have at their disposal. The followers of a leader comply because they want to. Thus, leaders motivate primarily through intrinsic processes, while managers motivate primarily through extrinsic processes.

Finally, it is important to note that while managers may be successful in directing and supervising their subordinates, they often succeed or fail because of their ability or inability to lead.[9] As noted above, effective leadership often calls for the ability to manage, and effective management often requires leadership.

Concept Check

1. What is the nature of leadership and the leadership process?

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1.3.3: The Leadership Process

Learning Objectives

1. What are the processes associated with people coming to leadership positions?

Leadership is a process, a complex and dynamic exchange relationship built over time between leader and follower and between leader and the group of followers who depend on each other to attain a mutually desired goal.[10] There are several key components to this "working relationship": the leader, the followers, the context (situation), the leadership process per se, and the consequences (outcomes) (see Exhibit 13.3).[11] Across time, each component interacts with and influences the other components, and whatever consequences (such as leader-follower trust) are created influence future interactions. As any one of the components changes, so too will leadership.[12]

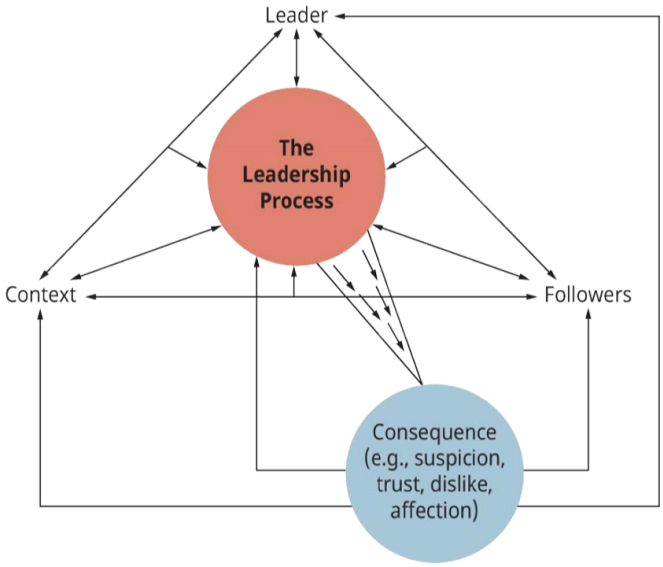

Exhibit 13.3 The Leadership Process (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

The Leader

Leaders are people who take charge of or guide the activities of others. They are often seen as the focus or orchestrater of group activity, the people who set the tone of the group so that it can move forward to attain its goals. Leaders provide the group with what is required to fulfill its maintenance and task-related needs. (Later in the chapter, we will return to the "leader as a person" as part of our discussion of the trait approach to leadership.)

Exhibit 13.4 New York Philharmonic @ UN The New York Philharmonic, conducted by Music Director Alan Gilbert, paid special tribute in the General Assembly Hall to UN Secretary-General Ban Ki-moon as a tribute to his 10-year term. Gilbert is the formal leader of the New York Philharmonic.

The Follower

The follower is not a passive player in the leadership process. Edwin Hollander, after many years of studying leadership, suggested that the follower is the most critical factor in any leadership event.[13] It is, after all, the follower who perceives the situation and comes to define the needs that the leader must fulfill. In addition, it is the follower who either rejects leadership or accepts acts of leadership by surrendering his power to the leader to diminish task uncertainty, to define and manage the meaning of the situation to the follower, and to orchestrate the follower's action in pursuit of goal attainment.

The follower's personality and readiness to follow determine the style of leadership that will be most effective. For example, individuals with an internal locus of control are much more responsive to participative styles of leadership than individuals with an external locus of control.[14] Individuals with an authoritarian personality are highly receptive to the effectiveness of directive acts of leadership.[15] It is the followers' expectations, as well as their performance-based needs, that determine what a leader must do in order to be effective.

The strength of the follower's self-concept has also been linked to the leadership process. High-self-esteem individuals tend to have a strong sense of self-efficacy, that is, a generalized belief they can be successful in difficult situations. They therefore tend to be strongly motivated to perform and persist in the face of adversity.[16] The high-self-esteem follower tends to be responsive to participative styles of leadership. Low-self-esteem individuals, who doubt their competence and worthiness and their ability to succeed in difficult situations, function better with supportive forms of leadership. This helps them deal with the stress, frustration, and anxiety that often emerge with difficult tasks. Followers without a readiness to follow, limited by their inability to perform and lack of motivation and commitment, usually need more directive forms of leadership.[17]

Follower behavior plays a major role in determining what behaviors leaders engage in. For example, followers who perform at high levels tend to cause their leaders to be considerate in their treatment and to play a less directive role. Followers who are poor performers, on the other hand, tend to cause their leaders to be less warm toward them and to be more directive and controlling in their leadership style.[18]

The Context

Situations make demands on a group and its members, and not all situations are the same. Context refers to the situation that surrounds the leader and the followers. Situations are multidimensional. We discuss the context as it pertains to leadership in greater detail later in this chapter, but for now let's look at it in terms of the task and task environment that confront the group. Is the task structured or unstructured? Are the goals of the group clear or ambiguous? Is there agreement or disagreement about goals? Is there a body of knowledge that can guide task performance? Is the task boring? Frustrating? Intrinsically satisfying? Is the environment complex or simple, stable or unstable? These factors create different contexts within which leadership unfolds, and each factor places a different set of needs and demands on the leader and on the followers.

The Process

The process of leadership is separate and distinct from the leader (the person who occupies a central role in the group). The process is a complex, interactive, and dynamic working relationship between leader and followers. This working relationship, built over time, is directed toward fulfilling the group's maintenance and task needs. Part of the process consists of an exchange relationship between the leader and follower. The leader provides a resource directed toward fulfilling the group's needs, and the group gives compliance, recognition, and esteem to the leader. To the extent that leadership is the exercise of influence, part of the leadership process is captured by the surrender of power by the followers and the exercise of influence over the followers by the leader.[19] Thus, the leader influences the followers and the followers influence the leader, the context influences the leader and the followers, and both leader and followers influence the context.

The Consequences

A number of outcomes or consequences of the leadership process unfold between leader, follower, and situation. At the group level, two outcomes are important:

- Have the group's maintenance needs been fulfilled? That is, do members of the group like and get along with one another, do they have a shared set of norms and values, and have they developed a good working relationship? Have individuals' needs been fulfilled as reflected in attendance, motivation, performance, satisfaction, citizenship, trust, and maintenance of the group membership?
- Have the group's task needs been met? That is, there are also important consequences of the leadership process for individuals: attendance, motivation, performance, satisfaction, citizenship, trust, and maintenance of their group membership.

The leader-member exchange (LMX) theory of the leadership process focuses attention on consequences associated with the leadership process. The theory views leadership as consisting of a number of dyadic relationships linking the leader with a follower. A leader-follower relationship tends to develop quickly and remains relatively stable over time. The quality of the relationship is reflected by the degree of mutual trust, loyalty, support, respect, and obligation. High- and low-quality relationships between a leader and each of his followers produce in and out groups among the followers. Members of the in group come to be key players, and high-quality exchange relationships tend to be associated with higher levels of performance, commitment, and satisfaction than are low-quality exchange relationships.[20] Attitudinal similarity and extroversion appear to be associated with a high-quality leader-member relationship.[21]

The nature of the leadership process varies substantially depending on the leader, the followers, and the situation and context. Thus, leadership is the function of an interaction between the leader, the follower, and the context.

The leadership context for the leader of a group of assembly line production workers differs from the context for the leader of a self-managing production team and from the context confronted by the lead scientists in a research laboratory. The leadership tactics that work in the first context might fail miserably in the latter two.

Catching the Entrepreneurial Spirit

How a Start-Up Finds the Right Leader

Start-ups, by their very nature, require innovation to bring new products and services to market. Along with establishing a new brand or product, the leader has to develop the relationships and processes that make a company succeed, or risk its early demise. While leading an established firm has its challenges, a start-up requires even more from a leader.

How critical is leadership to a start-up? Ask the four cofounders of the now-defunct PYP (Pretty Young Professionals), a website founded as a source of information for young professional women. What began as four young professional women working on a new start-up ended with hurt feelings and threats of legal action. In 2010, Kathryn Minshew, Amanda Pouchot, Caroline Ghosn, and Alex Cavoulacos decided to create the website and Minshew was named CEO (Cohan 2011a). Lines blurred about Minshew's authority and the ultimate look, feel, and direction of the website. Ideals about shared leadership, where the company was going, and how it was going to get there ultimately got lost in the power shuffle. By June 2011, passwords were changed and legal actions began, and in August Minshew and Cavoulacos left altogether (Cohan 2011b).

When the legal haggling from PYP was over, Alex Cavoulacos and Kathryn Minshew, joined by Melissa McCreery, tried again. But this time, rather than hoping for the best, they put a leadership plan in place. Minshew was named CEO of the new start-up, The Daily Muse, with Cavoulacos as chief operating officer and McCreery as editor in chief. Rather than trusting to luck, the three cofounders based their team positions on strengths and personalities. Cavoulacos and McCreery agreed that Minshew's outgoing personality and confidence made her the proper choice as CEO (Casserly 2013).

No single trait will guarantee that a person can lead a start-up from idea to greatness, but a survey of successful entrepreneurs does show some common traits. According to David Barbash, a partner at Boston-based law firm Posternak Blankstein & Lund LLP, personality is paramount: "You can have great technology but if you're not a great communicator it may die in the lab" (Casserly 2013 n.p.). A start-up needs a leader who is confident and willing, if not eager, to face the future. According to Michelle Randall, a principal of Enriching Leadership International, start-up CEOs have to be willing to fundraise and not be too proud to beg (Casserly 2013). Peter Shankman, an entrepreneur and angel investor, says leaders have to be willing to make the hard decisions, even risking being the bad guy (Casserly 2013).

Gary Vaynerchuk credits his success to six factors. Angel investor, social media marketer, and early social media adopter, Vaynerchuk leveraged YouTube in its early years to market wine from the family's liquor store, eventually increasing sales from $3 million to $60 million a year (Clifford 2017). Gary believes good leaders recognize that they don't dictate to the market, but rather respond to where it is going. They have respect for and believe in other people, and have a strong work ethic, what Vaynerchuk called a "lunch pail work ethic": they are willing to put in long hours because they love the work, not the perks. He also stresses that he loves technology and doesn't fear it, is obsessed with the youth of today, and is optimistic about people and the future of humanity (Vaynerchuk 2017).

Leading a startup requires more than simple management. It requires the right leader for the right company at the right time, which means matching the right management skills with the proper flexibility and drive to keep it all together and moving in the right direction.

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1. Why would start-up leaders need different leadership qualities than someone managing an established firm?
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Concept Check

1. What are the processes associated with people coming to leadership positions?

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1.3.4: Types of Leaders and Leader Emergence

Learning Objectives

1. How do leaders influence and move their followers to action?

Leaders hold a unique position in their groups, exercising influence and providing direction. Leonard Bernstein was part of the symphony, but his role as the New York Philharmonic conductor differed dramatically from that of the other symphony members. Besides conducting the orchestra, he created a vision for the symphony. In this capacity, leadership can be seen as a differentiated role and the nucleus of group activity.

Organizations have two kinds of leaders: formal and informal. A **formal leader** is that individual who is recognized by those outside the group as the official leader of the group. Often, the formal leader is appointed by the organization to serve in a formal capacity as an agent of the organization. Jack Welch was the formal leader of General Electric, and Leonard Bernstein was the formal leader of the symphony. Practically all managers act as formal leaders as part of their assigned role. Organizations that use self-managed work teams allow members of the team to select the individual who will serve as their team leader. When this person's role is sanctioned by the formal organization, these team leaders become formal leaders. Increasingly, leaders in organizations will be those who "best sell" their ideas on how to complete a project—persuasiveness and inspiration are important ingredients in the leadership equation, especially in high-involvement organizations.[22]

Informal leaders, by contrast, are not assigned by the organization. The **informal leader** is that individual whom members of the group acknowledge as their leader. Athletic teams often have informal leaders, individuals who exert considerable influence on team members even though they hold no official, formal leadership position. In fact, most work groups contain at least one informal leader. Just like formal leaders, informal leaders can benefit or harm an organization depending on whether their influence encourages group members to behave consistently with organizational goals.

As we have noted, the terms *leader* and *manager* are not synonymous. Grace Hopper, retired U.S. Navy admiral, draws a distinction between leading and managing: "You don't manage people, you manage *things*. You lead *people*."[23] Informal leaders often have considerable leverage over their colleagues. Traditionally, the roles of informal leaders have not included the total set of management responsibilities because an informal leader does not always exercise the functions of planning, organizing, directing, and controlling. However, high-involvement organizations frequently encourage their formal and informal leaders to exercise the full set of management roles. Many consider such actions necessary for self-managing work teams to succeed. Informal leaders are acknowledged by the group, and the group willingly responds to their leadership.

Paths to Leadership

People come to leadership positions through two dynamics. In many instances, people are put into positions of leadership by forces outside the group. University-based ROTC programs and military academies (like West Point) formally groom people to be leaders. We refer to this person as the **designated leader** (in this instance the designated and formal leader are the same person). **Emergent leaders**, on the other hand, arise from the dynamics and processes that unfold within and among a group of individuals as they endeavor to achieve a collective goal.

A variety of processes help us understand how leaders emerge. Gerald Salancik and Jeffrey Pfeffer observe that power to influence others flows to those individuals who possess the critical and scarce resources (often knowledge and expertise) that a group needs to overcome a major problem.[24] They note that the dominant coalition and leadership in American corporations during the 1950s was among engineers, because organizations were engaged in competition based on product design. The power base in many organizations shifted to marketing as competition became a game of advertising aimed at differentiating products in the consumer's mind. About 10–15 years ago, power and leadership once again shifted, this time to people with finance and legal backgrounds, because the critical contingencies facing many organizations were mergers, acquisitions, hostile takeovers, and creative financing. Thus, Salancik and Pfeffer reason that power and thus leadership flow to those individuals who have the ability to help an organization or group [overcome its critical contingencies]. As the challenges facing a group change, so too may the flow of power and leadership.

Many leaders emerge out of the needs of the situation. Different situations call for different configurations of knowledge, skills, and abilities. A group often turns to the member who possesses the knowledge, skills, and abilities that the group requires to achieve its goals.[25] People surrender their power to individuals whom they believe will make meaningful contributions to attaining group goals.[26] The individual to whom power is surrendered is often a member of the group who is in good standing. As a result of this member's contributions to the group's goals, he has accumulated *idiosyncrasy credits* (a form of competency-based status). These credits give the individual a status that allows him to influence the direction that the group takes as it works to achieve its goals.[27]

It is important to recognize that the traits possessed by certain individuals contribute significantly to their emergence as leaders. Research indicates that people are unlikely to follow individuals who, for example, do not display drive, self-confidence, knowledge of the situation, honesty, and integrity.

Leadership as an Exercise of Influence

As we have noted, leadership is the exercise of influence over those who depend on one another for attaining a mutual goal in a group setting. But *how* do leaders effectively exercise this influence? *Social or (interpersonal) influence* is one's ability to effect a change in the motivation, attitudes, and/or behaviors of others. *Power*, then, essentially answers the "how" question: How do leaders influence their followers? The answer often is that a leader's social influence is the source of his power.

French and Raven provide us with a useful typology that identifies the sources and types of power that may be at the disposal of leaders:

- *Reward power*—the power a person has because people believe that he can bestow rewards or outcomes, such as money or recognition that others desire
- *Coercive power*—the power a person has because people believe that he can punish them by inflicting pain or by withholding or taking away something that they value
- *Referent power*—the power a person has because others want to associate with or be accepted by him
- *Expert power*—the power a person has because others believe that he has and is willing to share expert knowledge that they need (The concept of *resource power* extends the idea of expert power to include the power that a person has because others believe that he possesses and is willing to share resources, such as information, time, or materials that are needed.)
- *Legitimate power*—the power a person has because others believe that he possesses the "right" to influence them and that they ought to obey. This right can originate in tradition; in the charisma or appeal of the person; and in laws, institutional roles within society, moralistic appeal, and rationality (that is, logical arguments, factual evidence, reason, and internally consistent positions).[28]

Not all forms of power are equally effective (see Exhibit 13.5), nor is a leader's total power base the simple sum of the powers at his disposal. Different types of power elicit different forms of compliance: Leaders who rely on coercive power often alienate followers who resist their influence attempts. Leaders who rely on reward power develop followers who are very measured in their responses to [what?]; the use of rewards often leads people to think in terms of "How much am I getting?" or "How much should I give?" or "Am I breaking even?" The use of referent power produces identification with the leader and his cause. The use of rationality, expert power, and/or moralistic appeal generally elicits commitment and the internalization of the leader's goals.[29]

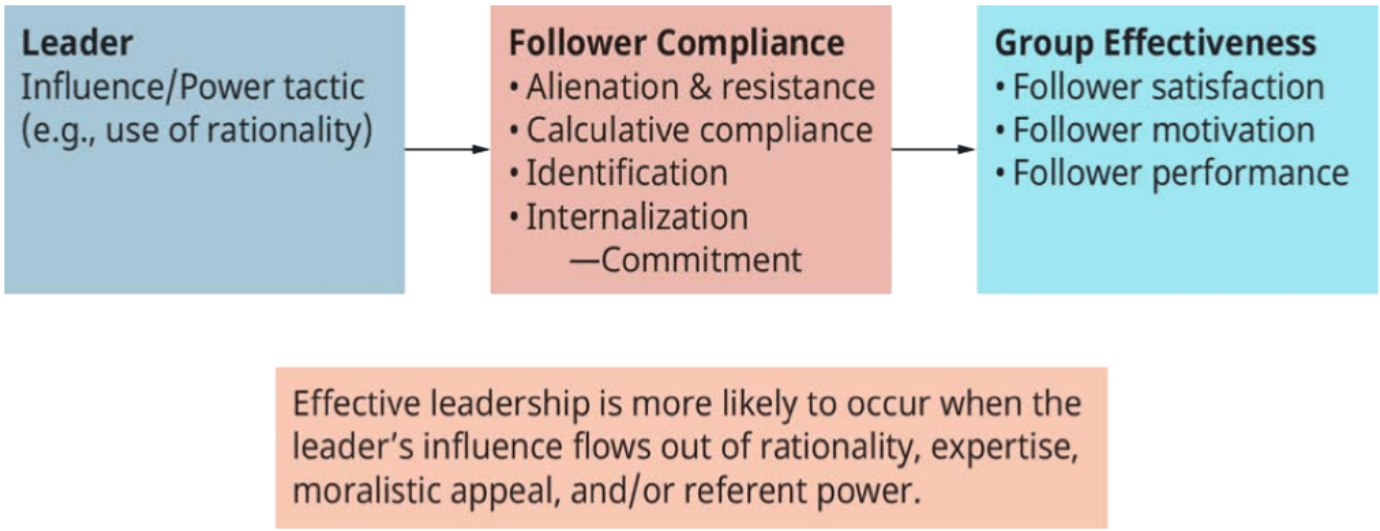

Exhibit 13.5 The Leader-Follower Power Relationship

Leaders who use referent and expert power commonly experience a favorable response in terms of follower satisfaction and performance. Research suggests that rationality is the most effective influence tactic in terms of its impact on follower commitment, motivation, performance, satisfaction, and group effectiveness.[30]

Reward and legitimate power (that is, relying on one's position to influence others) produce inconsistent results. Sometimes these powers lead to follower performance and satisfaction, yet they also sometimes fail. Coercive power can result in favorable performance, yet follower and resistance dissatisfaction are not uncommon.

Good leaders, whether formal or informal, develop many sources of power. Leaders who rely solely on their legitimate power and authority seldom generate the influence necessary to help their organization and its members succeed. In the process of building their power base, effective leaders have discovered that the use of coercive power tends to dilute the effectiveness of other powers, while the development and use of referent power tends to magnify the effectiveness of other forms of power. A compliment or reward from a person we like generally has greater value than one from someone we dislike, and punishment from someone we love (such as "tough love" from a parent) is less offensive than the pain inflicted by someone we dislike.[31]

In sum, one key to effective leadership, especially as it pertains to the exercise of social and interpersonal influence, relates to the type of power employed by the leader. Overall leader effectiveness will be higher when people follow because they want to follow. This is much more likely to happen when the leader's influence flows out of intrinsic such as rationality, expertise, moralistic appeal, and/or referent power.

Leadership is also about having a vision and communicating that vision to others in such a way that it provides meaning for the follower.[32] Language, ritual, drama, myths, symbolic constructions, and stories are some of the tools leaders use to capture the attention of their "followers to be" to evoke emotion and to manage the meaning "of the task (challenges) facing the group."[33] These tools help the leader influence the attitudes, motivation, and behavior of their followers.

Influence-Based Leadership Styles

Many writers and researchers have explored how leaders can use power to address the needs of various situations. One view holds that in traditional organizations members expect to be told what to do and are willing to follow highly structured directions. Individuals attracted to high-involvement organizations, however, want to make their own decisions, expect their leaders to allow them to do so, and are willing to accept and act on this responsibility. This suggests that a leader may use and employ power in a variety of ways.

The Tannenbaum and Schmidt Continuum

In the 1950s, Tannenbaum and Schmidt created a continuum (seeExhibit 13.6) along which leadership styles range from

authoritarian to extremely high levels of worker freedom.[34] Subsequent to Tannenbaum and Schmidt's work, researchers adapted the continuum by categorizing leader power styles as *autocratic* (boss-centered),participative(workers are consulted and involved), or *free-rein* (members are assigned the work and decide on their own how to do it; the leader relinquishes the active assumption of the role of leadership).[35]

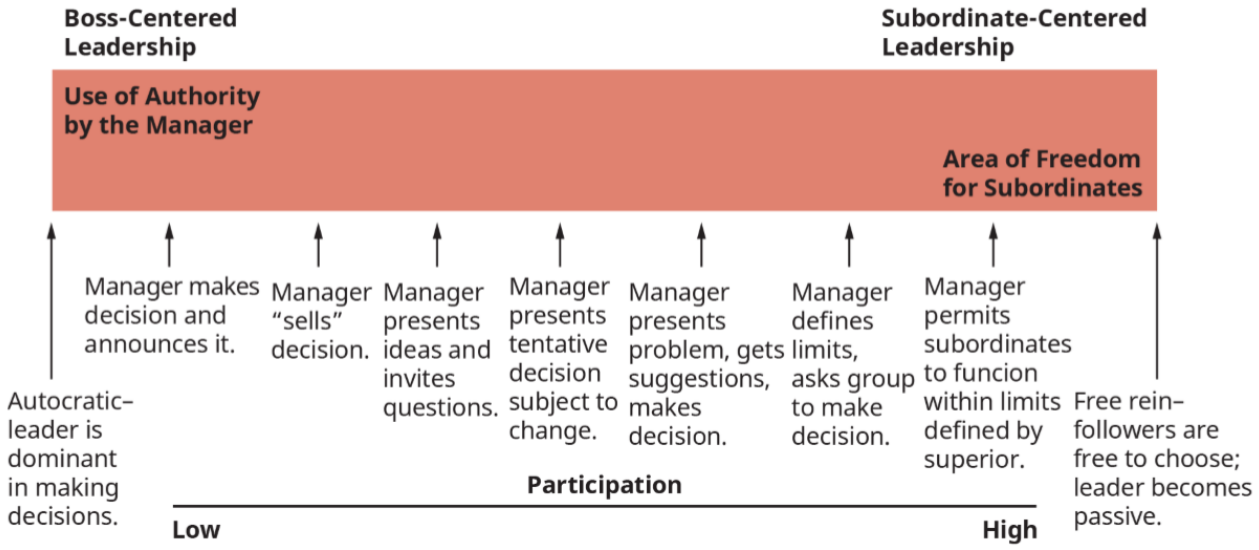

Exhibit 13.6 Tannenbaum and Schmidt's Leadership Continuum Source:Modified from R. Tannenbaum and W. H. Schmidt. May—June 1971. How to choose a leadership pattern.Harvard Business Review, 167.

Theory X and Theory Y Leaders

McGregor's Theory X and Theory Y posits two different sets of attitudes about the individual as an organizational member.[36] Theory X and Y thinking gives rise to two different styles of leadership. The *Theory X leader* assumes that the average individual dislikes work and is incapable of exercising adequate self-direction and self-control. As a consequence, they exert a highly controlling leadership style. In contrast,*Theory Y leaders* believe that people have creative capacities, as well as both the ability and desire to exercise self-direction and self-control. They typically allow organizational members significant amounts of discretion in their jobs and encourage them to participate in departmental and organizational decision-making. Theory Y leaders are much more likely to adopt involvement-oriented approaches to leadership and organically designed organizations for their leadership group.

Theory X and Theory Y thinking and leadership are not strictly an American phenomenon. Evidence suggests that managers from different parts of the global community commonly hold the same view. A study of 3,600 managers from 14 countries reveals that most of them held assumptions about human nature that could best be classified as Theory X.[37] Even though managers might publicly endorse the merits of participatory management, most of them doubted their workers' capacities to exercise self-direction and self-control and to contribute creatively.[38]

Directive/Permissive Leadership Styles

Contemplating the central role of problem-solving in management and leadership, Jan P. Muczyk and Bernard C. Reimann of Cleveland State University offer an interesting perspective on four different leadership styles (see Exhibit 13.7) that revolve around decision-making and implementation processes.39

Amount of Leader Direction	Low — Amount of Employee Participation in Decision-Making — High	
High	**Directive Autocrat** 1 Leader decision-making power: High Leader directing power: High	**Directive Autocrat** 3 Leader decision-making power: Low Leader directing power: High
Low	**Permissive Autocrat** 2 Leader decision-making power: High Leader directing power: Low	**Permissive Autocrat** 4 Leader decision-making power: Low Leader directing power: Low

Exhibit 13.7 Leadership Behavior and the Uses of Power Source:Modified from J. P. Muczyk and B. C. Reimann. 1987. The case for directive leadership.Academy of Management Executive, 1:304.

A *directive autocrat* retains power, makes unilateral decisions, and closely supervises workers' activities. This style of leadership is seen as appropriate when circumstances require quick decisions and organizational members are new, inexperienced, or underqualified. A doctor in charge of a hastily constructed shelter for victims of a tornado may use this style to command nonmedical volunteers.

The *permissive autocrat* mixes his or her use of power by retaining decision-making power but permitting organizational members to exercise discretion when executing those decisions. This leader behavior is recommended when decision-making time is limited, when tasks are routine, or when organizational members have sufficient expertise to determine appropriate role behaviors.

Also sharing power is the *directive democrat*, who encourages participative decision-making but retains the power to direct team members in the execution of their roles. This style is appropriate when followers have valuable opinions and ideas, but one person needs to coordinate the execution of the ideas. A surgeon might allow the entire surgical team to participate in developing a plan for a surgical procedure. Once surgery begins, however, the surgeon is completely in charge.

Finally, the *permissive democrat* shares power with group members, soliciting involvement in both decisionmaking and execution. This style is appropriate when participation has both informational and motivational value, when time permits group decision-making, when group members are capable of improving decision quality, and when followers are capable of exercising self-management in their performance of work.

The permissive democratic approach to leadership is characteristic of leadership in high-involvement organizations. Here, leaders act as facilitators, process consultants, network builders, conflict managers, inspirationalists, coaches, teachers/mentors, and cheerleaders.[40] Such is the role of Ralph Stayer, founder, owner, and CEO of Johnsonville Foods. He defines himself as his company's philosopher. At Quad/Graphics, president Harry V. Quadracci is a permissive democrat because he encourages all Quad employees to play a major role in decision-making and execution as they manage their teams as independent profit centers.

Exhibit 13.8 Jeff Bezos Jeff Bezos, founder and CEO of Amazon, used to bring an empty chair to meetings to signal and remind participants of the most important people that did not have a seat at the table: the customers. He has now replaced the empty chair with Amazon employees with the job title Customer Experience Bar Raisers.

Concept Check

1. What is the role of the leader and follower in the leadership process?
2. How do the theories of Tannenbaum and Schmidt's leadership continuum and McGregor's Theory X and Theory Y attempt to define leadership?

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1.3.5: The Trait Approach to Leadership

Learning Objectives

1. What are the trait perspectives on leadership?

Ancient Greek, Roman, Egyptian, and Chinese scholars were keenly interested in leaders and leadership. Their writings portray leaders as heroes. Homer, in his poem *The Odyssey*, portrays Odysseus during and after the Trojan War as a great leader who had vision and self-confidence. His son Telemachus, under the tutelage of Mentor, developed his father's courage and leadership skills.[41] Out of such stories there emerged the "great man" theory of leadership, and a starting point for the contemporary study of leadership.

The **great man theory of leadership** states that some people are born with the necessary attributes to be great leaders. Alexander the Great, Julius Caesar, Joan of Arc, Catherine the Great, Napoleon, and Mahatma Gandhi are cited as naturally great leaders, born with a set of personal qualities that made them effective leaders. Even today, the belief that truly great leaders are born is common. For example, Kenneth Labich, writer forFortunemagazine, commented that "the best leaders seem to possess a God-given spark."[42]

During the early 1900s, scholars endeavored to understand leaders and leadership. They wanted to know, from an organizational perspective, what characteristics leaders hold in common in the hope that people with these characteristics could be identified, recruited, and placed in key organizational positions. This gave rise to early research efforts and to what is referred to as the *trait approach to leadership*. Prompted by the great man theory of leadership and the emerging interest in understanding what leadership is, researchers focused on the leader—Who is a leader? What are the distinguishing characteristics of the great and effective leaders? The great man theory of leadership holds that some people are born with a set of personal qualities that make truly great leaders. Mahatma Gandhi is often cited as a naturally great leader.

Leader Trait Research

Ralph Stogdill, while on the faculty at The Ohio State University, pioneered our modern (late 20th century) study of leadership.[43] Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education, and socioeconomic background), personality (dominance, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), taskrelated (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness. After reviewing several hundred studies of leader traits, Stogdill in 1974 described the successful leader this way:

The [successful] leader is characterized by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem solving, drive to exercise initiative in social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other person's behavior, and capacity to structure social interaction systems to the purpose at hand.[44]

The last three decades of the 20th century witnessed continued exploration of the relationship between traits and both leader emergence and leader effectiveness. Edwin Locke from the University of Maryland and a number of his research associates, in their recent review of the trait research, observed that successful leaders possess a set of core characteristics that are different from those of other people.[45] Although these core traits do not solely determine whether a person will be a leader—or a successful leader—they are seen as preconditions that endow people with leadership potential. Among the core traits identified are:

- *Drive*—a high level of effort, including a strong desire for achievement as well as high levels of ambition, energy, tenacity, and initiative
- *Leadership motivation*—an intense desire to lead others
- *Honesty and integrity*—a commitment to the truth (nondeceit), where word and deed correspond
- *Self-confidence*—an assurance in one's self, one's ideas, and one's ability
- *Cognitive ability*—conceptually skilled, capable of exercising good judgment, having strong analytical abilities, possessing

the capacity to think strategically and multidimensionally
- *Knowledge of the business*—a high degree of understanding of the company, industry, and technical matters
- *Other traits*—charisma, creativity/originality, and flexibility/adaptiveness[46]

While leaders may be "people with the right stuff," effective leadership requires more than simply possessing the correct set of motives and traits. Knowledge, skills, ability, vision, strategy, and effective vision implementation are all necessary for the person who has the "right stuff" to realize their leadership potential.[47] According to Locke, people endowed with these traits engage in behaviors that are associated with leadership. As followers, people are attracted to and inclined to follow individuals who display, for example, honesty and integrity, self-confidence, and the motivation to lead.

Personality psychologists remind us that behavior is a result of an interaction between the person and the situation—that is, Behavior =f[(Person) (Situation)]. To this, psychologist Walter Mischel adds the important observation that personality tends to get expressed through an individual's behavior in "weak" situations and to be suppressed in "strong" situations.[48] A strong situation is one with strong behavioral norms and rules, strong incentives, clear expectations, and rewards for a particular behavior. Our characterization of the mechanistic organization with its well-defined hierarchy of authority, jobs, and standard operating procedures exemplifies a strong situation. The organic social system exemplifies a weak situation. From a leadership perspective, a person's traits play a stronger role in their leader behavior and ultimately leader effectiveness when the situation permits the expression of their disposition. Thus, personality traits prominently shape leader behavior in weak situations.

Finally, about the validity of the "great person approach to leadership": Evidence accumulated to date does not provide a strong base of support for the notion that leaders are born. Yet, the study of twins at the University of Minnesota leaves open the possibility that part of the answer might be found in our genes. Many personality traits and vocational interests (which might be related to one's interest in assuming responsibility for others and the motivation to lead) have been found to be related to our "genetic dispositions" as well as to our life experiences.[49] Each core trait recently identified by Locke and his associates traces a significant part of its existence to life experiences. Thus, a person is not born with self-confidence. Self-confidence is developed, honesty and integrity are a matter of personal choice, motivation to lead comes from within the individual and is within his control, and knowledge of the business can be acquired. While cognitive ability does in part find its origin in the genes, it still needs to be developed. Finally, drive, as a dispositional trait, may also have a genetic component, but it too can be self- and other-encouraged. It goes without saying that none of these ingredients are acquired overnight.

Other Leader Traits

Sex and gender, disposition, and self-monitoring also play an important role in leader emergence and leader style.

Sex and Gender Role

Much research has gone into understanding the role of sex and gender in leadership.[50] Two major avenues have been explored: sex and gender roles in relation to leader emergence, and whether style differences exist across the sexes.

Evidence supports the observation that men emerge as leaders more frequently than women.[51] Throughout history, few women have been in positions where they could develop or exercise leadership behaviors. In contemporary society, being perceived as experts appears to play an important role in the emergence of women as leaders. Yet, gender role is more predictive than sex. Individuals with "masculine" (for example, assertive, aggressive, competitive, willing to take a stand) as opposed to "feminine" (cheerful, affectionate, sympathetic, gentle) characteristics are more likely to emerge in leadership roles.[52] In our society males are frequently socialized to possess the masculine characteristics, while females are more frequently socialized to possess the feminine characteristics.

Recent evidence, however, suggests that individuals who are androgynous (that is, who simultaneously possess both masculine and feminine characteristics) are as likely to emerge in leadership roles as individuals with only masculine characteristics. This suggests that possessing feminine qualities does not distract from the attractiveness of the individual as a leader.[53]

With regard to leadership style, researchers have looked to see if male-female differences exist in task and interpersonal styles, and whether or not differences exist in how autocratic or democratic men and women are. The answer is, when it comes to interpersonal versus task orientation, differences between men and women appear to be marginal. Women are somewhat more concerned with meeting the group's interpersonal needs, while men are somewhat more concerned with meeting the group's task

needs. Big differences emerge in terms of democratic versus autocratic leadership styles. Men tend to be more autocratic or directive, while women are more likely to adopt a more democratic/participative leadership style.[54] In fact, it may be because men are more directive that they are seen as key to goal attainment and they are turned to more often as leaders.[55]

Dispositional Trait

Psychologists often use the termsdispositionandmoodto describe and differentiate people. Individuals characterized by a positive affective state exhibit a mood that is active, strong, excited, enthusiastic, peppy, and elated. A leader with this mood state exudes an air of confidence and optimism and is seen as enjoying work-related activities.

Recent work conducted at the University of California-Berkeley demonstrates that leaders (managers) with positive affectivity (a positive mood state) tend to be more competent interpersonally, to contribute more to group activities, and to be able to function more effectively in their leadership role.[56] Their enthusiasm and high energy levels appear to be infectious, transferring from leader to followers. Thus, such leaders promote group cohesiveness and productivity. This mood state is also associated with low levels of group turnover and is positively associated with followers who engage in acts of good group citizenship.[57]

Self-Monitoring

Self-monitoring as a personality trait refers to the strength of an individual's ability and willingness to read verbal and nonverbal cues and to alter one's behavior so as to manage the presentation of the self and the images that others form of the individual. "High self-monitors" are particularly astute at reading social cues and regulating their self-presentation to fit a particular situation. "Low self-monitors" are less sensitive to social cues; they may either lack motivation or lack the ability to manage how they come across to others.

Some evidence supports the position that high self-monitors emerge more often as leaders. In addition, they appear to exert more influence on group decisions and initiate more structure than low self-monitors. Perhaps high self-monitors emerge as leaders because in group interaction they are the individuals who attempt to organize the group and provide it with the structure needed to move the group toward goal attainment.[58]

Concept Check

1. What are the trait perspectives on leadership?

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1.3.6: Behavioral Approaches to Leadership

Learning Objectives

1. What are the behavioral perspectives on leadership?

The nearly four decades of research that focused on identifying the personal traits associated with the emergence of leaders and leader effectiveness resulted in two observations. First, leader traits are important—people who are endowed with the "right stuff" (drive, self-confidence, honesty, and integrity) are more likely to emerge as leaders and to be effective leaders than individuals who do not possess these characteristics. Second, traits are only a part of the story. Traits only account for part of why someone becomes a leader and why they are (or are not) effective leaders.

Still under the influence of the great man theory of leadership, researchers continued to focus on the leader in an effort to understand leadership—who emerges and what constitutes effective leadership. Researchers then began to reason that maybe the rest of the story could be understood by looking at what it is that leadersdo. Thus, we now turn our attention to leader behaviors and the behavioral approaches to leadership.

It is now common to think of effective leadership in terms of what leaders do. CEOs and management consultants agree that effective leaders display trust in their employees, develop a vision, keep their cool, encourage risk, bring expertise into the work setting, invite dissent, and focus everyone's attention on that which is important.[59] William Arruda, in a *Fortune* article, noted that "organizations with strong coaching cultures report their revenue to be above average, compared to their peer group." Sixty-five percent of employees "from strong coaching cultures rated themselves as highly engaged," compared to 13 percent of employees worldwide."[60] Jonathan Anthony calls himself an intrapreneur and corporate disorganizer, because same-old, same-old comms practices are dying in front of our eyes.[61] Apple founder Steve Jobs believed that the best leaders are coaches and team cheerleaders. Similar views have been frequently echoed by management consultant Tom Peters.

During the late 1940s, two major research programs—The Ohio State University and the University of Michigan leadership studies—were launched to explore leadership from a behavioral perspective.

The Ohio State University Studies

A group of Ohio State University researchers, under the direction of Ralph Stogdill, began an extensive and systematic series of studies to identify leader behaviors associated with effective group performance. Their results identified two major sets of leader behaviors: consideration and initiating structure.

Consideration is the "relationship-oriented" behavior of a leader. It is instrumental in creating and maintaining good relationships (that is, addressing the group's maintenance needs) with organizational members. Consideration behaviors include being supportive and friendly, representing people's interests, communicating openly with group members, recognizing them, respecting their ideas, and sharing concern for their feelings.

Initiating structure involves "task-oriented" leader behaviors. It is instrumental in the efficient use of resources to attain organizational goals, thereby addressing the group's task needs. Initiating structure behaviors include scheduling work, deciding what is to be done (and how and when to do it), providing direction to organizational members, planning, coordinating, problem-solving, maintaining standards of performance, and encouraging the use of uniform procedures.

After consideration and initiating structure behaviors were first identified, many leaders believed that they had to behave one way or the other. If they initiated structure, they could not be considerate, and vice versa. It did not take long, however, to recognize that leaders can simultaneously display any combination of both behaviors.

The Ohio State studies are important because they identified two critical categories of behavior that distinguish one leader from another. Both consideration and initiating structure behavior can significantly impact work attitudes and behaviors. Unfortunately, the effects of consideration and initiating structure are not consistent from situation to situation.[62] In some of the organizations studied, for example, high levels of initiating structure increased performance. In other organizations, the amount of initiating

structure seemed to make little difference. Although most organizational members reported greater satisfaction when leaders acted considerately, consideration behavior appeared to have no clear effect on performance.

Initially, these mixed findings were disappointing to researchers and managers alike. It had been hoped that a profile of the most effective leader behaviors could be identified so that leaders could be trained in the best ways to behave. Research made clear, however, that there is no one best style of leader behavior for all situations.

The University of Michigan Studies

At about the same time that the Ohio State studies were underway, researchers at the University of Michigan also began to investigate leader behaviors. As at Ohio State, the Michigan researchers attempted to identify behavioral elements that differentiated effective from ineffective leaders.[63]

The two types of leader behavior that stand out in these studies are job centered and organizational member centered. *Job-centered behaviors* are devoted to supervisory functions, such as planning, scheduling, coordinating work activities, and providing the resources needed for task performance. *Employee-member-centered* behaviors include consideration and support for organizational members. These dimensions of behavior, of course, correspond closely to the dimensions of initiating structure and consideration identified at Ohio State. The similarity of the findings from two independent groups of researchers added to their credibility. As the Ohio State researchers had done, the Michigan researchers also found that any combination of the two behaviors was possible.

The studies at Michigan are significant because they reinforce the importance of leader behavior. They also provide the basis for later theories that identify specific, effective matches of work situations and leader behaviors. Subsequent research at Michigan and elsewhere has found additional behaviors associated with effective leadership: support, work facilitation, goal emphasis, and interaction facilitation.[64]

These four behaviors are important to the successful functioning of the group in that support and interaction facilitation contribute to the group's maintenance needs, and goal emphasis and work facilitation contribute to the group's task needs. The Michigan researchers also found that these four behaviors do not need to be brought to the group by the leader. In essence, the leader's real job is to set the tone and create the climate that ensure these critical behaviors are present.[65]

The Leadership Grid®

Much of the credit for disseminating knowledge about important leader behaviors must go to Robert R. Blake and Jane S. Mouton, who developed a method for classifying styles of leadership compatible with many of the ideas from the Ohio State and Michigan studies.[66] In their classification scheme, *concern for results* (production) emphasizes output, cost effectiveness, and (in for-profit organizations) a concern for profits. *Concern for people* involves promoting working relationships and paying attention to issues of importance to group members. As shown in Exhibit 13.9, the Leadership Grid® demonstrates that any combination of these two leader concerns is possible, and five styles of leadership are highlighted here.

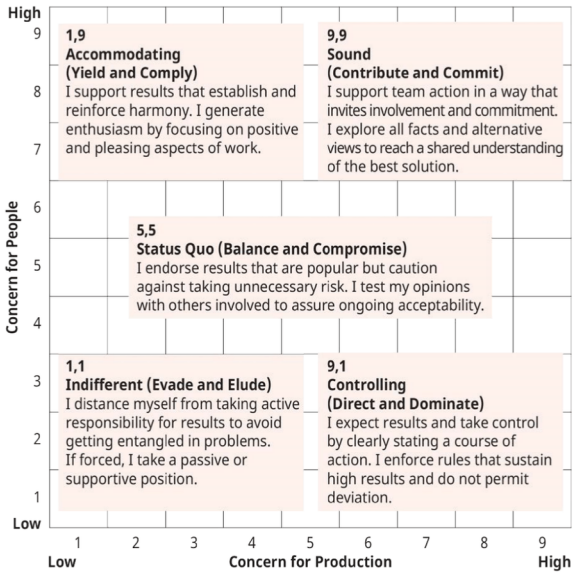

Exhibit 13.9 Blake and Mouton's Managerial Grid® Source:Adapted from R. McKee and B. Carlson. 1999.The Power to Change, p.16.

Blake and Mouton contend that the sound (contribute and commit) leader (a high concern for results and people, or 9,9) style is universally the most effective.[67] While the Leadership Grid® is appealing and well structured, research to date suggests that there is no universally effective style of leadership (9,9 or otherwise).[68] There are, however, well-identified situations in which a 9,9 style is unlikely to be effective. Organizational members of high-involvement organizations who have mastered their job duties require little production-oriented leader behavior. Likewise, there is little time for people-oriented behavior during an emergency. Finally, evidence suggests that the "high-high" style may be effective when the situation calls for high levels of initiating structure. Under these conditions, the initiation of structure is more acceptable, favorably affecting follower satisfaction and performance, when the leader is also experienced as warm, supportive, and considerate.[69]

Concept Check

1. What are the behavioral approaches to defining leadership?
2. What roles do gender and the popular perceptions of gender roles have on views of leadership traits?

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1.3.7: Situational (Contingency) Approaches to Leadership

Learning Objectives

1. What are the situational perspectives on leadership?

As early as 1948, Ralph Stogdill stated that "the qualities, characteristics, and skills required in a leader are determined to a large extent by the demands of the situation in which he is to function as a leader."[70] In addition, it had been observed that two major leader behaviors, initiating structure and consideration, didn't always lead to equally positive outcomes. That is, there are times when initiating structure results in performance increases and follower satisfaction, and there are times when the results are just the opposite. Contradictory findings such as this lead researchers to ask "Under what conditions are the results positive in nature?" and "When and why are they negative at other times?" Obviously, situational differences and key contingencies are at work.

Several theories have been advanced to address this issue. These are Fiedler's contingency theory of leadership, the path-goal theory of leader effectiveness, Hersey and Blanchard's life cycle theory, cognitive resource theory, the decision tree, and the decision process theory.[71] We explore two of the better-known situational theories of leadership, Fred Fiedler's contingency model and Robert J. House's path-goal theory, here. Victor Vroom, Phillip Yetton, and Arthur Jago's decision tree model also applies.

Fiedler's Contingency Model

One of the earliest, best-known, and most controversial situation-contingent leadership theories was set forth by Fred E. Fiedler from the University of Washington.[72] This theory is known as the **contingency theory of leadership**. According to Fiedler, organizations attempting to achieve group effectiveness through leadership must assess the leader according to an underlying trait, assess the situation faced by the leader, and construct a proper match between the two.

The Leader's Trait

Leaders are asked about their **least-preferred coworker (LPC)**, the person with whom they *least* like to work. The most popular interpretation of the LPC score is that it reflects a leader's underlying disposition toward others—for example: pleasant/unpleasant, cold/warm, friendly/unfriendly, and untrustworthy/trustworthy. (You can examine your own LPC score by completing the LPC self-assessment on the following page.)

Fiedler states that leaders with high LPC scores are *relationship oriented*—they need to develop and maintain close interpersonal relationships. They tend to evaluate their least-preferred coworkers in fairly favorable terms. Task accomplishment is a secondary need to this type of leader and becomes important only after the need for relationships is reasonably well satisfied. In contrast, leaders with low LPC scores tend to evaluate the individuals with whom they least like to work fairly negatively. They are *task-oriented* people, and only after tasks have been accomplished are low-LPC leaders likely to work on establishing good social and interpersonal relations.

The Situational Factor

Some situations favor leaders more than others do. To Fiedler, *situational favorableness* is the degree to which leaders have control and influence and therefore feel that they can determine the outcomes of a group interaction.[73] Several years later, Fiedler changed his situational factor from situational favorability to situational control—where situational control essentially refers to the degree to which a leader can influence the group process.[74] Three factors work together to determine how favorable a situation is to a leader. In order of importance, they are (1) *leader-member relations*—the degree of the group's acceptance of the leader, their ability to work well together, and members' level of loyalty to the leader; (2) *task structure*—the degree to which the task specifies a detailed, unambiguous goal and how to achieve it; and (3) *position power*—a leader's direct ability to influence group members. The situation is most favorable for a leader when the relationship between the leader and group members is good, when the task is highly structured, and when the leader's position power is strong (cell 1 in Exhibit 13.10). The least-favorable

situation occurs under poor leadermember relations, an unstructured task, and weak position power (cell 8).

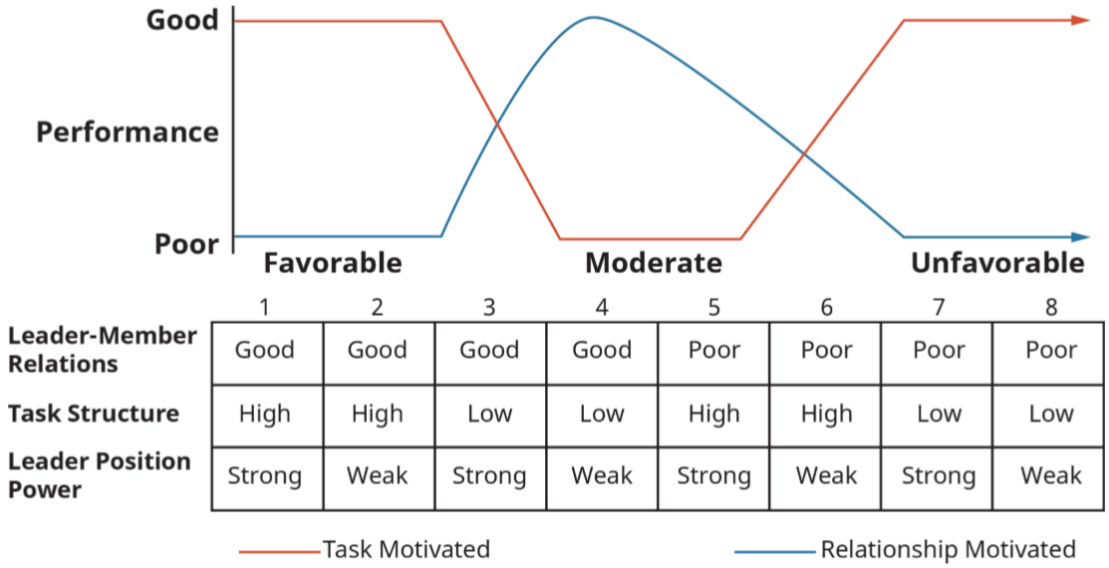

Exhibit 13.10 Fiedler's Contingency Model of Leader-Situation Matches Source:Adapted from F. E. Fiedler and M. M. Chemers. 1974. Leadership and effective management. Glenview, IL: Scott, Foresman.

Leader-Situation Matches

Some combinations of leaders and situations work well; others do not. In search of the best combinations, Fiedler examined a large number of leadership situations. He argued that most leaders have a relatively unchangeable or dominant style, so organizations need to design job situations to fit the leader.[75]

While the model has not been fully tested and tests have often produced mixed or contradictory findings,[76] Fiedler's research indicates that relationship-oriented (high-LPC) leaders are much more effective under conditions of intermediate favorability than under either highly favorable or highly unfavorable situations. Fiedler attributes the success of relationship-oriented leaders in situations with intermediate favorability to the leader's nondirective, permissive attitude; a more directive attitude could lead to anxiety in followers, conflict in the group, and a lack of cooperation.

For highly favorable and unfavorable situations, task-oriented leaders (those with a low LPC) are very effective. As tasks are accomplished, a task-oriented leader allows the group to perform its highly structured tasks without imposing more task-directed behavior. The job gets done without the need for the leader's direction. Under unfavorable conditions, task-oriented behaviors, such as setting goals, detailing work methods, and guiding and controlling work behaviors, move the group toward task accomplishment.

As might be expected, leaders with mid-range LPC scores can be more effective in a wider range of situations than high- or low-LPC leaders.[77] Under conditions of low favorability, for example, a middle-LPC leader can be task oriented to achieve performance, but show consideration for and allow organizational members to proceed on their own under conditions of high situational favorability.

Controversy over the Theory

Although Fiedler's theory often identifies appropriate leader-situation matches and has received broad support, it is not without critics. Some note that it characterizes leaders through reference to their attitudes or personality traits (LPC) while it explains the leader's effectiveness through their behaviors—those with a particular trait will behave in a particular fashion. The theory fails to make the connection between the least-preferred coworker attitude and subsequent behaviors. In addition, some tests of the model have produced mixed or contradictory findings.[78] Finally, what is the true meaning of the LPC score—exactly what is being revealed by a person who sees their least-preferred coworker in positive or negative terms? Robert J. House and Ram N. Aditya

recently noted that, in spite of the criticisms, there has been substantial support for Fiedler's theory.[79]

Path-Goal Theory

Robert J. House and Martin Evans, while on the faculty at the University of Toronto, developed a useful leadership theory. Like Fiedler's, it asserts that the type of leadership needed to enhance organizational effectiveness depends on the situation in which the leader is placed. Unlike Fiedler, however, House and Evans focus on the leader's observable behavior. Thus, managers can either match the situation to the leader or modify the leader's behavior to fit the situation.

The model of leadership advanced by House and Evans is called the **path-goal theory of leadership** because it suggests that an effective leader provides organizational members with a *path* to a valued *goal*. According to House, the motivational function of the leader consists of increasing personal payoffs to organizational members for work-goal attainment, and making the path to these payoffs easier to travel by clarifying it, reducing roadblocks and pitfalls, and increasing the opportunities for personal satisfaction en route.[80]

Effective leaders therefore provide rewards that are valued by organizational members. These rewards may be pay, recognition, promotions, or any other item that gives members an incentive to work hard to achieve goals. Effective leaders also give clear instructions so that ambiguities about work are reduced and followers understand how to do their jobs effectively. They provide coaching, guidance, and training so that followers can perform the task expected of them. They also remove barriers to task accomplishment, correcting shortages of materials, inoperative machinery, or interfering policies.

An Appropriate Match

According to the path-goal theory, the challenge facing leaders is basically twofold. First, they must analyze situations and identify the most appropriate leadership style. For example, experienced employees who work on a highly structured assembly line don't need a leader to spend much time telling them how to do their jobs—they already know this. The leader of an archeological expedition, though, may need to spend a great deal of time telling inexperienced laborers how to excavate and care for the relics they uncover.

Second, leaders must be flexible enough to use different leadership styles as appropriate. To be effective, leaders must engage in a wide variety of behaviors. Without an extensive repertoire of behaviors at their disposal, a leader's effectiveness is limited.[81] All team members will not, for example, have the same need for autonomy. The leadership style that motivates organizational members with strong needs for autonomy (participative leadership) is different from that which motivates and satisfies members with weaker autonomy needs (directive leadership). The degree to which leadership behavior matches situational factors will determine members' motivation, satisfaction, and performance (see Exhibit 13.11).[82]

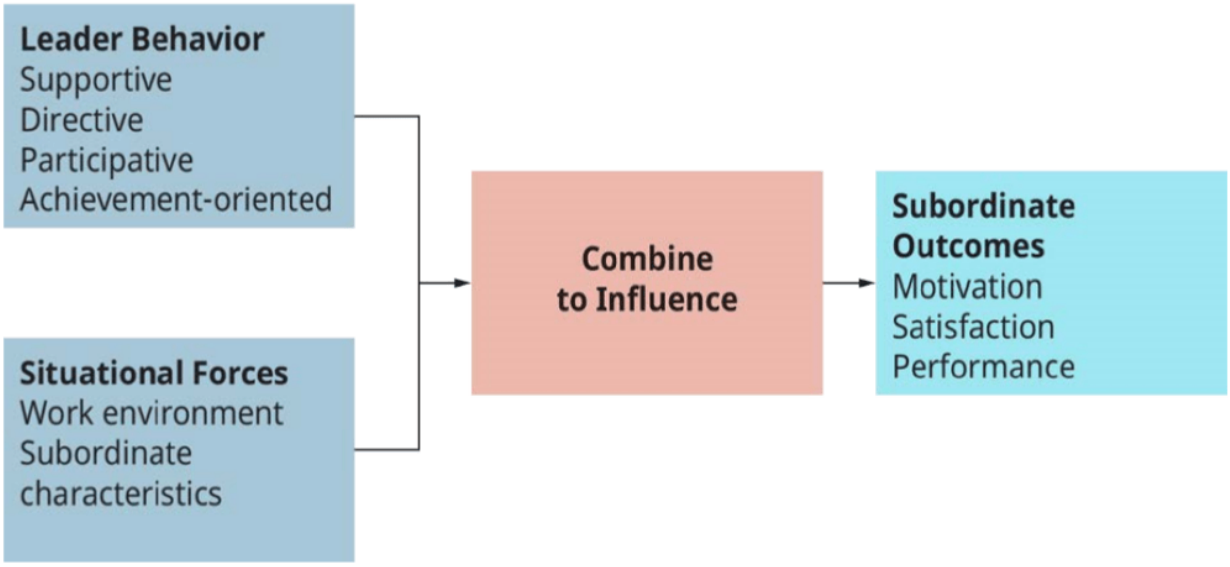

Exhibit 13.11 The Path-Goal Leadership Model (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Behavior Dimensions

According to path-goal theory, there are four important dimensions of leader behavior, each of which is suited to a particular set of situational demands.[83]

- *Supportive leadership*—At times, effective leaders demonstrate concern for the well-being and personal needs of organizational members. Supportive leaders are friendly, approachable, and considerate to individuals in the workplace. Supportive leadership is especially effective when an organizational member is performing a boring, stressful, frustrating, tedious, or unpleasant task. If a task is difficult and a group member has low self-esteem, supportive leadership can reduce some of the person's anxiety, increase his confidence, and increase satisfaction and determination as well.
- *Directive leadership*—At times, effective leaders set goals and performance expectations, let organizational members know what is expected, provide guidance, establish rules and procedures to guide work, and schedule and coordinate the activities of members. Directive leadership is called for when role ambiguity is high. Removing uncertainty and providing needed guidance can increase members' effort, job satisfaction, and job performance.
- *Participative leadership*—At times, effective leaders consult with group members about job-related activities and consider their opinions and suggestions when making decisions. Participative leadership is effective when tasks are unstructured. Participative leadership is used to great effect when leaders need help in identifying work procedures and where followers have the expertise to provide this help.
- *Achievement-oriented leadership*—At times, effective leaders set challenging goals, seek improvement in performance, emphasize excellence, and demonstrate confidence in organizational members' ability to attain high standards. Achievement-oriented leaders thus capitalize on members' needs for achievement and use goal-setting theory to great advantage.

Cross-Cultural Context

Gabriel Bristol, the CEO of Intelifluence Live, a full-service customer contact center offering affordable inbound customer service, outbound sales, lead generation and consulting services for small to mid-sized businesses, notes "diversity breeds innovation, which helps businesses achieve goals and tackle new challenges."[84] *Multiculturalism* is a new reality as today's society and workforce become increasingly diverse. This naturally leads to the question "Is there a need for a new and different style of leadership?"

The vast majority of the contemporary scholarship directed toward understanding leaders and the leadership process has been conducted in North America and Western Europe. Westerners have "developed a highly romanticized, heroic view of leadership."[85] Leaders occupy center stage in organizational life. We use leaders in our attempts to make sense of the performance of our groups, clubs, organizations, and nations. We see them as key to organizational success and profitability, we credit them with organizational competitiveness, and we blame them for organizational failures. At the national level, recall that President Reagan brought down Communism and the Berlin Wall, President Bush won the Gulf War, and President Clinton brought unprecedented economic prosperity to the United States during the 1990s.

This larger-than-life role ascribed to leaders and the Western romance with successful leaders raise the question "How representative is our understanding of leaders and leadership across cultures?" That is, do the results that we have examined in this chapter generalize to other cultures?

Geert Hofstede points out that significant value differences (individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and time orientation) cut across societies. Thus, leaders of culturally diverse groups will encounter belief and value differences among their followers, as well as in their own leader-member exchanges.

There appears to be consensus that a universal approach to leadership and leader effectiveness does not exist. Cultural differences work to enhance and diminish the impact of leadership styles on group effectiveness. For example, when leaders empower their followers, the effect for job satisfaction in India has been found to be negative, while in the United States, Poland, and Mexico, the effect is positive.[86] The existing evidence suggests similarities as well as differences in such areas as the effects of leadership styles, the acceptability of influence attempts, and the closeness and formality of relationships. The distinction between task and relationship-oriented leader behavior, however, does appear to be meaningful across cultures.[87] Leaders whose behaviors reflect support, kindness, and concern for their followers are valued and effective in Western and Asian cultures. Yet

it is also clear that democratic, participative, directive, and contingent-based rewards and punishment do not produce the same results across cultures. The United States is very different from Brazil, Korea, New Zealand, and Nigeria. The effective practice of leadership necessitates a careful look at, and understanding of, the individual differences brought to the leader-follower relationship by cross-cultural contexts.[88]

Concept Check

1. Identify and describe the variables presented in Fiedler's theory of leadership.
2. What are the leadership behaviors in the path-goal theory of leadership?
3. What role does culture have in how leadership is viewed?
4. What are the differences between the trait, behavioral, and situational approaches to defining leadership?

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1.3.8: Substitutes for and Neutralizers of Leadership

Learning Objectives

1. What does the concept “substitute for leadership” mean?

Several factors have been discovered that can substitute for or neutralize the effects of leader behavior (see Table 13.1).[89] *Substitutes* for leadership behavior can clarify role expectations, motivate organizational members, or satisfy members (making it unnecessary for the leader to attempt to do so). In some cases, these substitutes supplement the behavior of a leader. Sometimes it is a group member’s characteristics that make leadership less necessary, as when a master craftsperson or highly skilled worker performs up to his or her own high standards without needing outside prompting. Sometimes the task’s characteristics take over, as when the work itself—solving an interesting problem or working on a familiar job—is intrinsically satisfying. Sometimes the characteristics of the organization make leadership less necessary, as when work rules are so clear and specific that workers know exactly what they must do without help from the leader (seeAn Inside Lookat flat management structure and the orchestra with no leader).

Substitutes for and Neutralizers of Leader Behavior

Supportive or Neutralizer	Substitute Leadership	Instrumental Leadership
A. Subordinate Characteristics:		
1. Experience, ability, training		Substitute
2. "Professional" orientation	Substitute	Substitute
3. Indifference toward rewards offered by organization	Neutralizer	Neutralizer
B. Task Characteristics:		
1. Structured, routine, unambiguous task		Substitute
2. Feedback provided by task		Substitute
3. Intrinsically satisfying task	Substitute	
C. Organization Characteristics:		
1. Cohesive work group	Substitute	Substitute
2. Low position power (leader lacks control over organizational rewards)	Neutralizer	Neutralizer
3. Formalization (explicit plans, goals, areas of responsibility)		Substitute
4. Inflexibility (rigid, unyielding rules and procedures)		Neutralizer
5. Leader located apart from subordinates with only limited communication possible	Neutralizer	Neutralizer

Source: Adapted fromLeadership in organizationsby G. A. Yukl.

Table 13.1

Neutralizers of leadership, on the other hand, are not helpful; they prevent leaders from acting as they wish. A computer-paced assembly line, for example, prevents a leader from using initiating structure behavior to pace the line. A union contract that specifies that workers be paid according to seniority prevents a leader from dispensing merit-based pay. Sometimes, of course, neutralizers can be beneficial. Union contracts, for example, clarify disciplinary proceedings and identify the responsibilities of both management and labor. Leaders must be aware of the presence of neutralizers and their effects so that they can eliminate

troublesome neutralizers or take advantage of any potential benefits that accompany them (such as the clarity of responsibilities provided by a union contract). If a leader's effectiveness is being neutralized by a poor communication system, for example, the leader might try to remove the neutralizer by developing (or convincing the organization to develop) a more effective system.

Followers differ considerably in their *focus of attention* while at work, thereby affecting the effectiveness of the act of leadership. Focus of attention is an employee's cognitive orientation while at work. It reflects what and how strongly an individual thinks about various objects, events, or phenomena while physically present at work. Focus of attention reflects an individual difference in that not all individuals have the same cognitive orientation while at work—some think a great deal about their job, their coworkers, their leader, or off-the-job factors, while others daydream.[90] An employee's focus of attention has both "trait" and "state" qualities. For example, there is a significant amount of minute-by-minute variation in an employee's focus of attention (the "state" component), and there is reasonable consistency in the categories of events that employees think about while they are at work (the "trait" component).

Research suggests that the more followers focus on off-job (nonleader) factors, the less they will react to the leader's behaviors. Thus, a strong focus on one's life "away from work" (for example, time with family and friends) tends to neutralize the motivational, attitudinal, and/or behavioral effects associated with any particular leader behavior. It has also been observed, however, that a strong focus on the leader, either positive or negative, enhances the impact that the leader's behaviors have on followers.[91]

Managerial Leadership

You Are Now the Leader

Leading and managing are two very different things. Being a manager means something more than gaining authority or charge over former colleagues. With the title does come the power to affect company outcomes, but it also comes with something more: the power to shape the careers and personal growth of subordinates.

According to Steve Keating, a senior manager at the Toro Company, it is important not to assume that being made a manager automatically makes you a leader. Rather, being a manager means having the *opportunity* to lead. Enterprises need managers to guide processes, but the employees—the people—need a leader. Keating believes that leaders need a mindset that emphasizes people, and the leader's job is to help the people in the organization to be successful. According to Keating, "If you don't care for people, you can't lead them" (Hakim 2017 n.p.).

For someone who has been promoted over his peers, ground rules are essential. "Promotion doesn't mean the end of friendship but it does change it," according to Keating. If apeerhas been promoted, rather than grouse and give in to envy, it is important to step back and look at the new manager; take a hard look at why the peer was promoted and what skill or characteristic made you a less appealing fit for the position (Hakim 2017).

Carol Walker, president of Prepared to Lead, a management consulting firm, advises new managers to develop a job philosophy. She urges new managers to develop a core philosophy that provides a guide to the day-to-day job of leading. She urges managers to build up the people they are leading and work as a "servant leader." The manager's perspective should be on employee growth and success. Leaders must bear in mind that employees don't work for the manager; they work for the organization—and for themselves. Managers coordinate this relationship; they are not the center of it. Work should not be assigned haphazardly, but with the employee's skills and growth in mind. "An employee who understands why she has been asked to do something is far more likely to assume true ownership for the assignment," Walker says (Yakowicz 2015 n.p.). A leader's agenda should be on employee success, not personal glory. Employees are more receptive when they recognize that their leader is working not for their own success, but for the employee's success.

A survey from HighGround revealed one important item that most new managers and even many seasoned managers overlook: asking for feedback. Everyone has room for growth, even managers. Traditional management dictates a top-down style in which managers review subordinates. But many companies have found it beneficial to turn things around and ask employees, "How can I be a better manager?" Of course, this upward review only works if employees believe that their opinion will be heard. Managers need to carefully cultivate a rapport where employees don't fear reprisals for negative feedback. Listening to criticism from those you are leading builds trust and helps ensure that as a manager, you are providing the sort of leadership that employees need to be successful (Kauflin 2017). Showing respect and caring for employees by asking this simple question is *inspiring*—an important aspect of leadership itself. Whether asking for feedback or focusing on an employee's fit with a particular job description, a leader helps guide employees through the day-to-day, builds a positive culture, and helps employees improve their skills.

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Questions

1. What do you think are the most important qualities in a leader? In a manager? Are your two lists mutually exclusive? Why?
2. How do you think a leader can use feedback to model the growth process for employees?

Concept Check

1. Identify and describe substitutes of leadership.

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1.3.9: Transformational, Visionary, and Charismatic Leadership

Learning Objectives

1. What are the characteristics of transactional, transformational, and charismatic leadership?

Many organizations struggling with the need to manage chaos, to undergo a culture change, to empower organizational members, and to restructure have looked for answers in "hiring the right leader." Many have come to believe that the transformational, visionary, and charismatic leader represents the style of leadership needed to move organizations through chaos.

The Transformational and Visionary Leader

Leaders who subscribe to the notion that "if it ain't broke, don't fix it" are often described as *transactional leaders*. They are extremely task oriented and instrumental in their approach, frequently looking for incentives that will induce their followers into a desired course of action.[92] These reciprocal exchanges take place in the context of a mutually interdependent relationship between the leader and the follower, frequently resulting in interpersonal bonding.[93] The transactional leader moves a group toward task accomplishment by initiating structure and by offering an incentive in exchange for desired behaviors. The **transformational leader**, on the other hand, moves and changes (fixes) things "in a big way"! Unlike transactional leaders, they don't cause change by offering inducements. Instead, they inspire others to action through their personal values, vision, passion, and belief in and commitment to the mission.[94] Through charisma (idealized influence), individualized consideration (a focus on the development of the follower), intellectual stimulation (questioning assumptions and challenging the status quo), and/or inspirational motivation (articulating an appealing vision), transformational leaders move others to follow.

The transformational leader is also referred to as a visionary leader. **Visionary leaders** are those who influence others through an emotional and/or intellectual attraction to the leader's dreams of what "can be." Vision links a present and future state, energizes and generates commitment, provides meaning for action, and serves as a standard against which to assess performance.[95] Evidence indicates that vision is positively related to follower attitudes and performance.[96] As pointed out by Warren Bennis, a vision is effective only to the extent that the leader can communicate it in such a way that others come to internalize it as their own.[97]

As people, transformational leaders are engaging. They are characterized by extroversion, agreeableness, and openness to experience.[98] They energize others. They increase followers' awareness of the importance of the designated outcome.[99] They motivate individuals to transcend their own self-interest for the benefit of the team and inspire organizational members to self-manage (become self-leaders).[100] Transformational leaders move people to focus on higher-order needs (self-esteem and self-actualization). When organizations face a turbulent environment, intense competition, products that may die early, and the need to move fast, managers cannot rely solely on organizational structure to guide organizational activity. In these situations, transformational leadership can motivate followers to be fully engaged and inspired, to internalize the goals and values of the organization, and to move forward with dogged determination!

Transformational leadership is positively related to follower satisfaction, performance, and acts of citizenship. These effects result from the fact that transformational leader behaviors elicit trust and perceptions of procedural justice, which in turn favorably impact follower satisfaction and performance.[101] As R. Pillai, C. Schriesheim, and E. Williams note, "when followers perceive that they can influence the outcomes of decisions that are important to them and that they are participants in an equitable relationship with their leader, their perceptions of procedural justice [and trust] are likely to be enhanced."[102] Trust and experiences of organizational justice promote leader effectiveness, follower satisfaction, motivation, performance, and citizenship behaviors.

Charismatic Leadership

Ronald Reagan, Jesse Jackson, and Queen Elizabeth I have something in common with Martin Luther King Jr., Indira Gandhi, and Winston Churchill. The effectiveness of these leaders originates in part in their charisma, a special magnetic charm and appeal that arouses loyalty and enthusiasm. Each exerted considerable personal influence to bring about major events.

It is difficult to differentiate the charismatic and the transformational leader. True transformational leaders may achieve their results through the magnetism of their personality. In this case, the two types of leaders are essentially one and the same, yet it is important to note that not all transformational leaders have a personal "aura."

Sociologist Max Weber evidenced an interest in charismatic leadership in the 1920s, calling **charismatic leaders** people who possess legitimate power that arises from "exceptional sanctity, heroism, or exemplary character."[103] Charismatic leaders "single-handedly" effect changes even in very large organizations. Their personality is a powerful force, and the relationship that they forge with their followers is extremely strong.

Exhibit 13.12 Travis Kalanick Travis Kalanick was a praised CEO of Uber who managed to increase the value of the company to over $60 billion. He was forced to resign after taking a leave of absence and having several key executives resign due to allegations of creating a hostile and unethical workplace.

The charismatic leadership phenomenon involves a complex interplay between the attributes of the leader and followers' needs, values, beliefs, and perceptions.[104] At its extreme, leader-follower relationships are characterized by followers' unquestioning acceptance; trust in the leader's beliefs; affection; willing obedience to, emulation of, and identification with the leader; emotional involvement with his mission; and feelings of self-efficacy directed toward the leader's mission.[105] This can work to better the welfare of individuals, such as when Lee Iacocca saved thousands of jobs through his dramatic turnaround of a failing corporate giant, the Chrysler Corporation. It also can be disastrous, as when David Koresh led dozens and dozens of men, women, and children to their fiery death in Waco, Texas. Individuals working for charismatic leaders often have higher task performance, greater task satisfaction, and lower levels of role conflict than those working for leaders with considerate or structuring behaviors.[106] What are the characteristics of these people who can exert such a strong influence over their followers? Charismatic leaders have a strong need for power and the tendency to rely heavily on referent power as their primary power base.[107] Charismatic leaders also are extremely selfconfident and convinced of the rightness of their own beliefs and ideals. This self-confidence and strength of conviction make people trust the charismatic leader's judgment, unconditionally following the leader's mission and directives for action.[108] The result is a strong bond between leader and followers, a bond built primarily around the leader's personality.

Although there have been many effective charismatic leaders, those who succeed the most have coupled their charismatic capabilities with behaviors consistent with the same leadership principles followed by other effective leaders. Those who do not add these other dimensions still attract followers but do not meet organizational goals as effectively as they could. They are (at

least for a time) the pied pipers of the business world, with lots of followers but no constructive direction.

Ethics in Practice

Uber's Need for an Ethical Leader

Almost since its initial founding in 2009 as a luxury car service for the San Francisco area, controversy has followed Uber. Many complaints are against the tactics employed by the company's founder and former CEO, Travis Kalanick, but the effects are found throughout the business and its operations.

In 2009, UberBlack was a "black car" service, a high-end driving service that cost more than a taxi but less than hiring a private driver for the night. It wasn't until 2012 that the company launched UberX, the taxi-esque service most people think of today when they say "Uber." The UberX service contracted with private drivers who provided rides in their personal vehicles. A customer would use Uber's smartphone app to request the ride, and a private driver would show up. Originally launched in San Francisco, the service spread quickly, and by 2017, Uber was in 633 cities. The service was hailed by many as innovative and the free market's answer to high-priced and sometimes unreliable taxi services. But Uber has not been without its critics, both inside and outside of the company.

In 2013, as the UberX service spread, some UberBlack drivers protested at the company's headquarters complaining about poor company benefits and pay. They also claimed that competition from the newly launched UberX service was cutting into their sales and undermining job security. Kalanick rebuffed the protests, basically calling the complaints sour grapes: most of the protestors had been laid off earlier for poor service (Lawler 2013). Controversy also arose over the use of contract drivers rather than full-time employees. Contractors complained about a lack of benefits and low wages. Competitors, especially taxi services, complained that they were being unfairly undercut because Uber didn't have to abide by the same screening process and costs that traditional yellow taxi companies did. Some municipalities agreed, arguing further than Uber's lack of or insufficient screening of drivers put passengers at risk.

Uber quickly generated a reputation as a bully and Kalanick as an unethical leader (Ann 2016). The company has been accused of covering up cases of sexual assault, and Kalanick himself has been quoted as calling the service "Boob-er," a reference to using the service to pick up women (Ann 2016). Uber has been criticized for its recruiting practices; in particular, it has been accused of bribing drivers working for competitors to switch over and drive for Uber (Ann 2016).The company was also caught making false driver requests for competing companies and then canceling the order. The effect was to waste the other driver's time and make it more difficult for customers to secure rides on the competing service (D'Orazio 2014). Susan J. Fowler, former site reliability engineer at Uber, went public with cases of outright sexual harassment within Uber (Fowler 2017). Former employees described Uber's corporate culture as an "a**hole culture" and a "'Hobbesian jungle' where you can never get ahead unless someone else dies." (Wong 2017) One employee described a leadership that encouraged a company practice of developing incomplete solutions for the purpose of beating the competitor to market. Fowler went so far as to compare the experience to Game of Thrones, and other former employees even consider "making it" at Uber a black mark on a resume (Wong 2017).

In terms of social acrimony and PR disasters, arguably caused or even encouraged by leadership, Uber's rise to notoriety has arguably been more bad than good. In June 2017, Kalanick made one too many headlines and agreed to step down as the company's CEO.

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Questions

1. In the summer of 2017, Transport of London (TfL) began proceedings to revoke Uber's permit to operate in London. How do think Uber's poor corporate reputation may have been a factor in TfL's thinking?
2. What steps do you think Uber's new CEO, Dara Khosrowshahi, needs to take to repair Uber's reputation?
3. Despite Uber's apparent success in launching in multiple markets, it continues to post quarterly losses in the millions and shareholders effectively subsidize 59 percent of every ride (https://www.reuters.com/article/us-u...-idUSKCN1B3103). How is this an outworking of Uber's overall corporate culture?

Concept Check

1. What are the defining characteristics of transformational and charismatic leaders?

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1.3.10: Leadership Needs in the 21st Century

Learning Objectives

1. How do different approaches and styles of leadership impact what is needed now?

Frequent headlines in popular business magazines like *Fortune* and *Business Week* call our attention to a major movement going on in the world of business. Organizations are being reengineered and restructured, and network, virtual, and modular corporations are emerging. People talk about the transnational organization, the boundaryless company, the post-hierarchical organization. By the end of the decade, the organizations that we will be living in, working with, and competing against are likely to be vastly different from what we know today.

The transition will not be easy; uncertainty tends to breed resistance. We are driven by linear and rational thinking, which leads us to believe that "we can get there from here" by making some incremental changes in who we are and what we are currently doing. Existing paradigms frame our perceptions and guide our thinking. Throwing away paradigms that have served us well in the past does not come easily.

A look back tells most observers that the past decade has been characterized by rapid change, intense competition, an explosion of new technologies, chaos, turbulence, and high levels of uncertainty. A quick scan of today's business landscape suggests that this trend is not going away anytime soon. According to Professor Jay A. Conger from Canada's McGill University, "In times of great transition, leadership becomes critically important. Leaders, in essence, offer us a pathway of confidence and direction as we move through seeming chaos. The magnitude of today's changes will demand not only *more* leadership, but *newer forms* of leadership."[109]

According to Conger, two major forces are defining for us the genius of the next generation of leaders. The first force is the organization's external environment. Global competitiveness is creating some unique leadership demands. The second force is the growing diversity in organizations' internal environments. Diversity will significantly change the relationship between organizational members, work, and the organization in challenging, difficult, and also very positive ways.

What will the leaders of tomorrow be like? Professor Conger suggests that the effective leaders of the 21st century will have to be many things.[110] They will have to be *strategic opportunists*; only organizational visionaries will find strategic opportunities before competitors. They will have to be *globally aware*; with 80 percent of today's organizations facing significant foreign competition, knowledge of foreign markets, global economics, and geopolitics is crucial. They will have to be *capable of managing a highly decentralized organization*; movement toward the high-involvement organization will accelerate as the environmental demands for organizational speed, flexibility, learning, and leanness increase. They will have to be *sensitive to diversity*; during the first few years of the 21st century, fewer than 10 percent of those entering the workforce in North America will be white, Anglo-Saxon males, and the incoming women, minorities, and immigrants will bring with them a very different set of needs and concerns. They will have to be *interpersonally competent*; a highly diverse workforce will necessitate a leader who is extremely aware of and sensitive to multicultural expectations and needs. They will have to be *builders of an organizational community*; work and organizations will serve as a major source of need fulfillment, and in the process leaders will be called on to help build this community in such a way that organizational members develop a sense of ownership for the organization and its mission.

Finally, it is important to note that leadership theory construction and empirical inquiry are an ongoing endeavor. While the study of traits, behavior, and contingency models of leadership provide us with a great deal of insight into leadership, the mosaic is far from complete. During the past 15 years, several new theories of leadership have emerged; among them are leader-member exchange theory, implicit leadership theory, neocharismatic theory, value-based theory of leadership, and visionary leadership,[111] each of which over time will add to our bank of knowledge about leaders and the leadership process.

Leaders of the 21st-century organization have a monumental challenge awaiting them and a wealth of selfenriching and fulfilling opportunities. The challenge and rewards awaiting effective leaders are awesome!

Concept Check

1. What is the role of leadership in the 21st century?

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1.3.11: Summary

Key Terms

Charisma available at the end of this section.

Summary of Learning Outcomes

13.2 The Nature of Leadership

1. What is the nature of leadership and the leadership process?

Leadership is a primary vehicle for fulfilling the directing function of management. Because of its importance, theorists, researchers, and practitioners have devoted a tremendous amount of attention and energy to unlocking the secrets of effective leadership. They have kept at this search for perhaps a greater period of time than for any other single issue related to management.

13.3 The Leadership Process

2. What are the processes associated with people coming to leadership positions?

Organizations typically have both formal and informal leaders. Their leadership is effective for virtually identical reasons. Leadership and management are not the same. Although effective leadership is a necessary part of effective management, the overall management role is much larger than leadership alone. Managers plan, organize, direct, and control. As leaders, they are engaged primarily in the directing function.

13.4 Types of Leaders and Leader Emergence

3. How do leaders influence and move their followers to action?

There are many diverse perspectives on leadership. Some managers treat leadership primarily as an exercise of power. Others believe that a particular belief and attitude structure makes for effective leaders. Still others believe it is possible to identify a collection of leader traits that produces a leader who should be universally effective in any leadership situation. Even today, many believe that a profile of behaviors can universally guarantee successful leadership. Unfortunately, such simple solutions fall short of the reality.

13.5 The Trait Approach to Leadership

4. What are the trait perspectives on leadership?

13.6 Behavioral Approaches to Leadership

5. What are the behavioral perspectives on leadership?

It is clear that effective leaders are endowed with the “right stuff,” yet this “stuff” is only a precondition to effective leadership. Leaders need to connect with their followers and bring the right configuration of knowledge, skills, ability, vision, and strategy to the situational demands confronting the group.

13.7 Situational (Contingency) Approaches to Leadership

6. What are the situational perspectives on leadership?

We now know that there is no one best way to be an effective leader in all circumstances. Leaders need to recognize that how they choose to lead will affect the nature of their followers’ compliance with their influence tactics, and ultimately impacts motivation, satisfaction, performance, and group effectiveness. In addition, the nature of the situation—contextual demands and

characteristics of the follower—dictates the type of leadership that is likely to be effective. Fiedler focuses on leader traits and argues that the favorableness of the leadership situation dictates the type of leadership approach needed. He recommends selecting leaders to match the situation or changing the situation to match the leader. Path-goal theory focuses on leader behavior that can be adapted to the demands of a particular work environment and organizational members' characteristics. Path-goal theorists believe both that leaders can be matched with the situation and that the situation can be changed to match leaders. Together, these theories make clear that leadership is effective when the characteristics and behavior of the leader match the demands of the situation.

13.8 Substitutes for and Neutralizers of Leadership

7. What does the concept of "substitute for leadership" mean?

Characteristics of followers, tasks, and organizations can substitute for or neutralize many leader behaviors. Leaders must remain aware of these factors, no matter which perspective on leadership they adopt. Such awareness allows managers to use substitutes for, and neutralizers of, leadership to their benefit, rather than be stymied by their presence.

13.9 Transformational, Visionary, and Charismatic Leadership

8. What are the characteristics of transactional, transformational, and charismatic leadership?

In recent years, there has been a renewed interest in key leader traits and behaviors. As organizations face increasing amounts of chaos in their external environments, searches for "the right leader" who can bring about major organizational transformations has intensified. This search once again focuses our attention on a set of "key" motives, knowledge, skills, and personality attributes. Emerging from this search has been the identification of the charismatic and transformational leader.

13.10 Leadership Needs in the 21st Century

9. How do different approaches and styles of leadership impact what is needed now?

Leadership in the high-involvement organization differs dramatically from that in the traditional and control-oriented organization. Leaders external to the team have as one of their primary roles empowering group members and the teams themselves to self-lead and self-manage. Leaders internal to the team are peers; they work alongside and simultaneously facilitate planning, organizing, directing, controlling, and the execution of the team's work.

Although we know a great deal about the determinants of effective leadership, we have much to learn. Each theory presented in this chapter is put into practice by managers every day. None provides the complete answer to what makes leaders effective, but each has something important to offer.

Finally, our understanding of leadership has many shortcomings and limitations. The existing literature is largely based on observations from a Western industrialized context. The extent to which our theories of leadership are bound by our culture, limiting generalization to other cultures, is largely unknown. Cross-cultural leadership research will no doubt intensify as the global economy becomes an ever more dominant force in the world

Chapter Review Questions

1. Define leadership and distinguish between leadership and management.
2. Discuss the processes associated with people coming to positions of leadership.
3. Discuss the different forms of power available to leaders and the effects associated with each.
4. It has been observed that effective leaders have the "right stuff." What traits are commonly associated with leader emergence and effective leaders?
5. Both the Ohio State University and University of Michigan leadership studies identified central leader behaviors. What are these behaviors, and how are they different from one another?
6. Blake and Mouton's work with the Leadership Grid® identified several leadership types. What are they, and how does this leadership model look from the perspective of situation theories of leadership?
7. Identify and describe the three situational variables presented in Fiedler's contingency theory of leadership.
8. What are the four leadership behaviors in the path-goal theory of leadership?
9. Discuss the differences between the internal and external leadership roles surrounding self-managed work teams.
10. What are substitutes for leadership? What are neutralizers? Give an example of each.

11. What are the distinguishing features of the transformational and the charismatic leader?

Management Skills Application Exercises

1. Identify a charismatic leader and a leader with little charisma. What are the traits and skills that allow them to succeed in their roles? How can you incorporate the traits that allow them to be successful in their roles into the skills you will need to have in a leadership position?
2. You have just taken a leadership position where 40 percent of the workforce telecommutes. You want to encourage teamwork and want to ensure that telecommuting is not hurting teamwork. What is your plan to discover how things are working and how to communicate your desire to have effective teamwork?
3. You are at a meeting, and during the meeting someone on the team addresses their manager and points out a crucial mistake that could doom the project. The person says that their manager should have caught it and because of that should resign. As a leader of the group, how would you deal with the subordinate, the manager, and communication with the entire team?

Managerial Decision Exercises

1. You are the newly appointed commissioner of a major sports league that is currently in a very public game three of a best-of-seven-game playoff. After an emotional opening ceremony that recognizes a tragic event in the community that is widely praised, you settle in to enjoy the game. Early in the game, a player on one team is seen celebrating a scoring play by acting out a racially insensitive behavior after the play. How would you act in a leadership position? Read the ESPN article [http://www.espn.com/mlb/ story/_/id/21199462/rob-manfred-leadership-was-tested-yuli-gurriel-racially-insensitive-behaviorpassed] and comment on how this commissioner acted in this instance.
2. One of the challenges for a new manager in a leadership position is managing stress. Reflect on a time in your life where you have taken a leadership role in a summer job, as a member of a team, or in a study group for this or another course. Develop a stress management plan that includes how you can recognize stress, how you will notice the stress, how you will manage changes to address stress, and how you will seek outside counsel and help, including a mentor to help you manage stress.
3. Few people would want to hire a skilled manager with no leadership skills, and you would not want to hire an inspirational leader who can't manage planning, delegating, or keeping things organized. Draw two "T accounts" with positive attributes on the left and negative attributes on the right for managerial skills and leadership skills that you would look for as a hiring manager for a crucial managerial and leadership position in your organization.

Managerial Skills	
+	–

Leadership Skills	
+	–

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Critical Thinking Case

The Leadership Challenge at United

Anyone who has traveled even a little has at least one airline horror story: being stranded at an airport, obnoxious passengers, missed connections, flight delays, or just bad in-flight food. Even the most seasoned travelers would be hard-pressed to match Dr. David Dao's experience of being forcibly removed, kicking and screaming, from a United Airlines flight. Most airline horror stories don't end in a concussion, missing teeth, and a broken nose.

United Airlines CEO Oscar Munoz's strangely detached response only made things worse. The incident was caught on video, and that video went viral almost immediately. Munoz issued a response that mischaracterized what plainly happened in the video and termed the violent assault as a passenger "reaccommodation" (Taylor 2017). Social media erupted with condemnation, which was echoed by late-night monologues. United was left with a damaged reputation, and its management was left wondering why their processes failed, what to do to mitigate the damage, and how to both restore their reputation and ensure that company values are followed in the future.

William Taylor (2017), in a commentary inFortune, attributes United's "re-accommodation" disaster as the product of company policy, airport security procedures, pilot protocols, and the "wisdom of crowds." At each step, the gate agent, pilot, airport security, and the passengers themselves could have intervened but didn't.

Brian Fielkow, business leader, author, and keynote speaker, writing at Entrepreneur.com, outlined some points that apply to Munoz's response and the first reactions by United. Citing United's core values, Fielkow points to Munoz's failure to address the incident in light of the company's values, take the blame, or even accurately describe what happened on the plane. Any oneof these lapses in leadership would have caused confusion or stymied the recovery process. As a leader, Munoz was setting the tone for thousands of people. Seemingly abandoning United's core values likely caused a rift in trust or just simple confusion company-wide. Miscasting the situation in a world of smartphones and social media reach only multiplied the effect. As a leader, Munoz was duty-bound to take responsibility for what literally the entire world saw—a breach of social ethics, let alone United's core values. Failing to do this immediately created a problem larger than poorly planned company policy or just a perfect storm of contributing outside factors. Fielkow is keen to point out another crucial part of a company response— "You can't walk it back" (2017 n.p.). Before responding, leadership should take time to gather the facts and thoroughly consider the possibilities of how the message will be received. Again, Munoz's response failed at several key points, leading to the perception that Munoz's second statement was "an attempt at damage control" (Fielkow 2017 n.p.).

Al Bolea, a leadership trainer, also attributes the incident to leadership failure. In a piece written for *Applied Leadership*, Bolea writes, "It's about front line employees getting the wrong messages from the most senior levels of the company." He contends that the mindset within United put procedures above context in the minds of the employees. What the gate agents should have considered was the company's reputation, which should have prevented them from doing something most airline customers see as "profoundly immoral" (Bolea 2017 n.p.)

William C. Taylor, cofounder of Fast Company, also criticized the lack of leadership across United. As the presumptive leader of the flight, shouldn't the pilot have done something? Why didn't the gate agent think outside the box to solve the problem of getting the crew members from Chicago to Louisville, Kentucky? Why didn't—or couldn't—the gate agent use what Taylor refers to as a "common sense and a little bit of creativity" and prevent a highly embarrassing (and ultimately expensive) fiasco? Taylor muses that he would like to think he would have done more than shoot video, but the passengers on the flight remained quiet and submissive, expressing no group outrage. Finally, Taylor questions the weak initial response from United's CEO, Oscar Munoz, writing, "If CEO Oscar Munoz's goal was to make a disastrous situation even worse, well, he gets credit as a leader for succeeding at that" (2017 n.p.). And of the board, he questions their response, and says that response will be a "make or break test" of the company's character (Taylor 2017).

So what will it take to lead United out of such a public mistake?

According to Brian Fielkow, the incident flew in the face of United's core values, values which should never be sacrificed. United should have acknowledged this and addressed that failure. United should have held itself accountable for the incident rather than try to deflect blame. Fielkow contends that Munoz's first response was to blame the passenger when Munoz should have accepted responsibility instead. Further, Fielkow writes that companies should anticipate what "can" go wrong, something the gate agents at United failed to do. Increasing passenger compensation to even three times the normal ticket price would have been cheaper than the PR nightmare (and stock price drop) that followed. After Munoz's tepid response failed to quell general complaints about United's handling of the passenger, he tried to issue a second "more appropriate" statement, but by then the damage had been

done. Fielkow recommends waiting before issuing a response if need be. It's better to prepared and issue a suitable response than to try to walk back a bad response. Above all, Fielkow recommends leaders "be human." The first response Munoz gave had little empathy and made him, and United, appear insensitive and callous. A company's first response should be to empathize with the customer, even if the customer is wrong. He writes, "When triaging a difficult problem, above all recognize the human factor" (Fielkow 2017 n.p.).

Writing in *Forbes*, Glenn Llopis emphasizes that how managers react to failure shapes their futures as leaders. Not only how leaders respond, but what is learned from a failure, will affect how future decisions are approached. Remember, you have to be doing something to fail, and if you never fail, then you aren't stretching yourself. Venturing into the unknown and unfamiliar always risks failure (Llopis 2012).

Sources:

Fielkow, Brian. 2017. "5 Leadership Failures that Contributed to the United Fiasco." Entrepreneur. https://www.entrepreneur.com/article/292820

Bolea, Al. 2017. "United Airlines: A System Failure?"Applied Leadership.http://appliedleadership.co/leadership/ united-airlines-system-failure/

Taylor, William C. 2017. "Where was the Pilot on That United Airlines Flight?" Fortune.http://fortune.com/2017/ 04/11/united-airlines-video/

Llopis, Glenn. 2012. "5 Things Failure Teaches You About Leadership."Forbes.https://www.forbes.com/sites/ glennllopis/2012/08/20/5-things-failure-teaches-you-about-leadership/2/#2f44c3873e70

Questions:

1. How have other airlines handled similar situations?
2. How much was in United Airlines's control, and how much was actually outside their control? What social or company factors caused a seemingly common practice to escalate to this level?
3. How did the other airlines or the industry respond to the United Airlines incident?

Answers

Key Terms

A special personal magnetic charm or appeal that arouses loyalty and enthusiasm in a leaderfollower relationship.

A person who possesses legitimate power that arises from "exceptional sanctity, heroism, or exemplary character."

A "relationship-oriented" leader behavior that is supportive, friendly, and focused on personal needs and interpersonal relationships.

A theory advanced by Dr. Fred E. Fiedler that suggests that different leadership styles are effective as a function of the favorableness of the leadership situation least preferred.

The person placed in the leadership position by forces outside the group.

The person who becomes a group's leader by virtue of processes and dynamics internal to the group.

That individual who is recognized by those outside the group as the official leader of the group.

The belief that some people are born to be leaders and others are not.

That individual whom members of the group acknowledge as their leader.

A "task-oriented" leader behavior that is focused on goal attainment, organizing and scheduling work, solving problems, and maintaining work processes.

A social (interpersonal) influence relationship between two or more persons who depend on each other to attain certain mutual goals in a group situation.

The person with whom the leader least likes to work.

A theory that posits that leadership is path- and goal-oriented, suggesting that different leadership styles are effective as a function of the task confronting the group.

A leader who moves and changes things "in a big way" by inspiring others to perform the extraordinary.

A leader who influences others through an emotional and/or intellectual attraction to the leader's dreams of what "can be."

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1.4: WATCH- Bases of Power

Watch the following video: Bases of Power

Within Section 13.3 of your textbook, you were introduced to the sources of power leaders utilize to influence others. Within this video, the speaker discusses the five types of power that are identified in your textbook.

Note: He also identifies a sixth type (Informational power), which your textbook addresses within the Expert power category.

After watching the video, how do you think leaders most effectively exercise their influence? Reflect on your own life experiences and the leaders you have encountered.

- Consider your current or previous professional roles.
- Consider your experience in school, sports, or any volunteer work you have done.

Which types of influence have you experienced? Which types of influence have you exercised over others?

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1.5: WATCH- Why Good Leaders Make You Feel Safe

WATCH: Why Good Leaders Make You Feel Safe (11:59)

Within the video, Simon Sinek asserted that "Leadership is a choice. It is not a rank."

- Do you agree with this?
- What has been your experience in the past?
- Does this have any influence on your leadership aspirations for the future?

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2: MODULE 2 - SELECTION AND HIRING, AND EMPLOYEE TRAINING

2.1: Introduction

2.1.1: Achieving High Performance through Human Resources Management

2.1.2: Employee Recruitment

2.1.3: Employee Selection

2.1.4: Employee Onboarding and Orientation

2.1.5: Onboarding, New Hire Training, and Coaching and Mentoring

2.2: 4 Criteria of Workforce Planning

2.3: Discussion Topic

2.4: Human Resources Documents

2.5: The Pursuit of Happyness Job Interview

2.6: Legal Considerations in Selection

2.7: The Power of Effective Onboarding

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2.1: Introduction

Exhibit 8.1: (Credit: Ludovic Bertron /flickr / Attribution 2.0 Generic (CC BY 2.0))

EXPLORING BUSINESS CAREERS

Andrea Herran, Human Resources Consultant

In college, Andrea Herran studied business administration and minored in psychology. Always interested in a business career, she initially took psychology simply because it was interesting. Little did she know how applicable that minor would become. As a human resources (HR) consultant, she often benefits from her psychology background. “Studying human behavior really gave me the background necessary to put myself in the position of others, to see things from their point of view, which has definitely been helpful in my career in human resources.”

Herran started out as an administrative assistant in the HR department of a hotel, and her career has run the gamut of human resources over the 25 years since she graduated from college. She has been an employment coordinator, focusing on employee recruitment and selection, and a personnel manager, where she learned the skills necessary to maintain and evaluate employees. As a training manager, she sharpened her talent for developing, coordinating, and even administering staff training. Eventually, she became the director of human resources for companies both in the United States and abroad. Indeed, beyond the United States, she has worked in Mexico, Argentina, and South Africa.

Andrea worked her way up in the corporate world, but entrepreneurship was more consistent with her desire for a fast-paced, changing environment, both in terms of what she does and who she works with, so she made the move to consulting. “Consulting allows me to draw upon all my human resources skills. I have opened five HR departments in my career, so I bring my full experience to bear on the challenges each company has.”

Today, Andrea’s passion is working with small businesses, entrepreneurs, managers, and owners as an advisor to “uncomplicate the people side of your business.” As the principal of Focus HR Consulting, she advises firms how to set up human resource programs and ensure legal compliance. She also provides leadership coaching and training and mentors employees. She has worked in several industries, including hospitality (hotels and restaurants), advertising, professional services, logistics, technology, and manufacturing.

When Andrea was hired by Aquion Water Treatment Products, she was tasked with updating the company’s HR policies and procedures. The company’s performance reviews were very task-oriented versus behavior-oriented. Instead of determining whether a task was completed, behavior-oriented reviews seek to evaluate not only whether the person completed the task but also how he or she did so, especially examining the interactions involved in the task. Is an employee punctual at returning

consumer request calls? How does he or she relate to customers? As a manager, does he or she express thoughts clearly? “By evaluating specific behaviors, you create an environment with clearly set qualifications for advancement and opportunities for targeted employee development. Without this, the *human* aspect of human resources can be overlooked.”

Andrea has never looked back on her choice to become an entrepreneur, and she believes her varied employment history was a key to her success. “Anyone interested in this field should experience as many possibilities within human resources as possible. You leave school with the theory, but only through experience do you really get to see what the potential of such a career is.”

Sources: “About Us,” http://focushr.biz, accessed February 8, 2018; “Member Spotlight: Andrea Herran,” http://www.centerforguiltfreesuccess.com, accessed February 8, 2018; Insureon blog, “5 HR Pros Reveal the Secret to Hiring the Right Employees the First Time,” http://www.insureon.com, June 3, 2016.

This chapter looks at the role of human resources within an organization, from the general processes of developing and planning to the more specific tasks of employee evaluation and compensation.

Human resource management and labor relations involve acquisition, development, use, and maintenance of a human resource mix (people and positions) to achieve strategic organizational goals and objectives. Successful human resource management is based on a company’s ability to attract and hire the best employees, equip them with the knowledge and skills they need to excel, compensate them fairly, and motivate them to reach their full potential and perform at high levels. Today’s business environment presents numerous challenges to effectively managing employees:

- Technology continues to advance, which places great importance on knowledge workers, especially when demand outstrips the supply of high-talent individuals.
- Global business operations involve rapid data transfer and necessitate accelerated decision-making by executive and technical employees.
- The workforce is increasingly more diversified and multicultural, which places increased emphasis on communication and cultural understanding.
- Work, life, and family priorities are more difficult to balance as dual-worker families populate the labor force.
- Employment and labor laws continue to greatly influence employee recruitment and hiring, compensation decisions, and employee retention and turnover in both union and nonunion organizations.

Each day, human resource experts and front-line supervisors deal with these challenges while sharing responsibility for attracting and retaining skilled, motivated employees. Whether faced with a large or small human resources problem, supervisors need some understanding of difficult employee-relations issues, especially if there are legal implications.

In this chapter, you will learn about the elements of the human resource management process, including human resource planning and job analysis and design, employee recruitment and selection, training and development of employees, performance planning and evaluation, and compensation of the workforce. The chapter also describes labor unions and their representation of millions of American workers in construction, manufacturing, transportation, and service-based industries.

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2.1.1: Achieving High Performance through Human Resources Management

What is the human resource management process, and how are human resource needs determined?

Human resource (HR) management is the process of hiring, developing, motivating, and evaluating employees to achieve organizational goals. The goals and strategies of the firm's business model form the basis for making human resource management decisions. HR practices and systems comprise the firm's human resource decision support system that is intended to make employees a key element for gaining competitive advantage. To this end, the HR management process contains the following sequenced activities:

- Job analysis and design
- Human resource planning and forecasting
- Employee recruitment
- Employee selection
- Training and development
- Performance planning and evaluation
- Compensation and benefits

The human resource management process shown in **Exhibit 8.3** encourages the development of high-performance employees. The process is sequential because employees can't be trained and paid until selected and placed in jobs, which follows recruitment, which is preceded by human resource planning and job analysis and design. Good HR practices used along this sequence foster performance improvement, knowledge and skill development, and loyal employees who desire to remain with the organization.

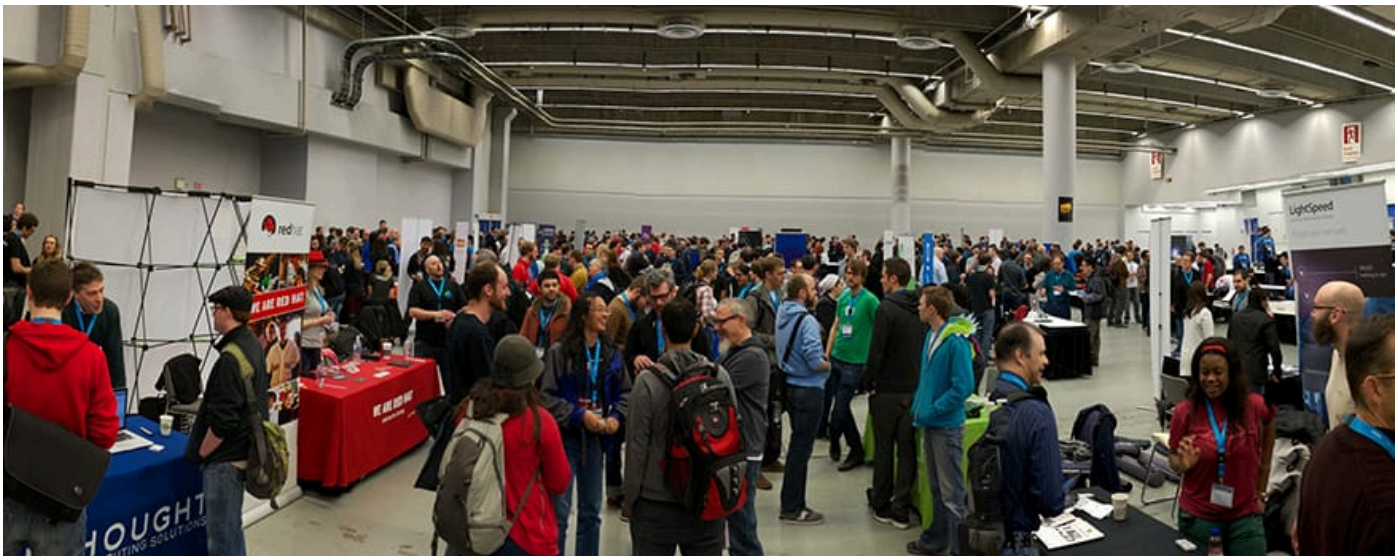

Exhibit 8.2: A job fair, career fair or career expo, are events in which employers, recruiters, and schools give information to potential employees and job seekers attend hoping to make a good impression to potential employers. They also interact with potential coworkers by speaking face-to-face, exchanging résumés, and asking questions in attempt to get a good feel on the work needed. Likewise, online job fairs are held, giving job seekers another way to get in contact with probable employers using the internet. *How do you plan on using events like this in seeking your job? How can utilize the courses that you are taking to illustrate your skills that you can discuss at job fairs*. (Credit: Taavi Burns/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

HR Planning and Job Analysis and Design

Two important, and somewhat parallel, aspects of the human resource management process are determining employee needs of the firm and the jobs to be filled. When Alcon Labs gained approval from the Food and Drug Administration for sales of a new contact lens disinfectant solution in its Opti-Free product line, it had to determine if additional sales representatives were needed and whether new sales positions with different knowledge and skill requirements should be established.[1] **Human resource planning** at Alcon means having the right number of people, with the right training, in the right jobs, to meet its sales goals for the new product. Once the need for sales representatives is determined, human resource specialists assess the skills of the firm's existing employees to see whether new people must be hired or current people can be trained. See **Exhibit 8.3** for a representation of the human resource management process.

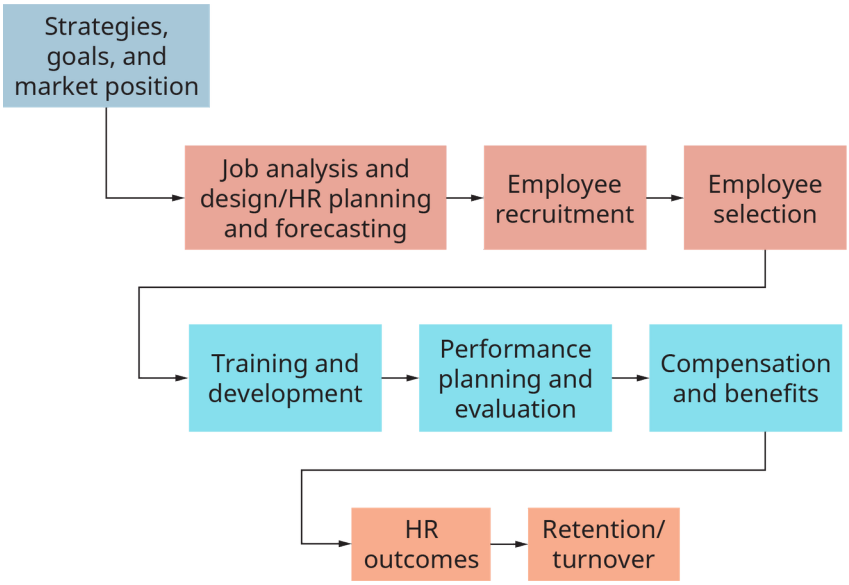

Exhibit 8.3: Human Resource Management Process (Attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license.)

Human resource planners must know what skills different jobs require. Information about a specific job typically begins with a **job analysis**, which is a study of the tasks required to do a job well. This information is used to specify the essential skills, knowledge, and abilities required for the job. When Hubert Joly started as the CEO at Best Buy, the retailer was facing serious financial pressures. The threat of online competition from Amazon was real. Joly was also facing a staffing issue with a lot of turnover. He and his team instituted a plan to keep and promote staff as a core competency that would differentiate Best Buy from online retailers.[2] Also, a key HR responsibility is that jobs are examined to make any changes in job duty and task responsibilities. The tasks and responsibilities of a job are listed in a **job description**. The skills, knowledge, and abilities a person must have to fill a job are spelled out in a **job specification**. These two documents help human resource planners find the right people for specific jobs. A sample job description and specification is shown in **Table 8.1**.

HR Planning and Forecasting

Forecasting an organization's human resource needs, known as an HR *demand forecast,* is an essential aspect of HR planning. This process involves two forecasts: (1) determining the number of people needed by some future time (in one year, for example) and (2) estimating the number of people currently employed by the organization who will be available to fill various jobs at some future time; this is an *internal supply forecast*.

Table 8.1: Job Description and Specification

Position: College Recruiter Reports to: Vice President of Human	**Location: Corporate Offices Resources Classification: Salaried/Exempt**
Job Summary:	

Position: College Recruiter Reports to: Vice President of Human	Location: Corporate Offices Resources Classification: Salaried/Exempt
Member of HR corporate team. Interacts with managers and department heads to determine hiring needs for college graduates. Visits 20 to 30 college and university campuses each year to conduct preliminary interviews of graduating students in all academic disciplines. Following initial interviews, works with corporate staffing specialists to determine persons who will be interviewed a second time. Makes recommendations to hiring managers concerning best-qualified applicants.	
Job Duties and Responsibilities:	
Estimated time spent and importance:	
15%	Working with managers and department heads, determines college recruiting needs.
10%	Determines colleges and universities with degree programs appropriate to hiring needs to be visited.
15%	Performs college relations activities with numerous colleges and universities.
25%	Visits campuses to conduct interviews of graduating seniors.
15%	Develops applicant files and performs initial applicant evaluations.
10%	Assists staffing specialists and line managers in determining who to schedule for second interviews.
5%	Prepares annual college recruiting report containing information and data about campuses, number interviewed, number hired, and related information.
5%	Participates in tracking college graduates who are hired to aid in determining campuses that provide the most outstanding employees.
Job Specification (Qualifications):	
Bachelor's degree in human resource management or a related field. Minimum of two years of work experience in HR or department that annually hires college graduates. Ability to perform in a team environment, especially with line managers and department heads. Very effective oral and written communication skills. Reasonably proficient in Excel, Word, and Windows computer environment and familiar with PeopleSoft software.	

The Advancement Planning process at Best Buy involved reducing the turnover that occurs in most retail environments. The company has achieved a second-place ranking, behind only Costco, and its general managers' tenure at a store averages five years. The performance of managers at Best Buy is reviewed to identify people who can fill vacancies and be promoted, a process known as **succession planning**.[3] If Best Buy has a temporary shortage of sales professionals, at the holiday shopping season, for example, they can hire an experienced contractor or interim executive as a temporary or **contingent worker**, someone who wants to work but not on a permanent, continuous basis. **Exhibit 8.4** summarizes the process of planning and forecasting an organization's personnel needs.

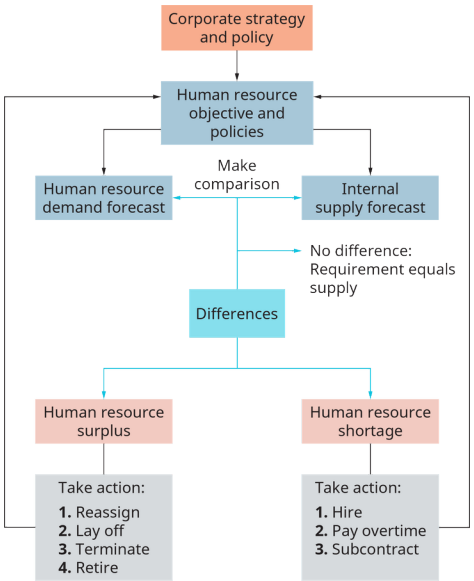

Exhibit 8.4: **Human Resource Planning Process** (Attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license.)

CONCEPT CHECK

1. Define human resource management.
2. Distinguish between job analysis, job description, and the job specification.
3. Describe the human resource management process.

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2.1.2: Employee Recruitment

How do firms recruit applicants?

When a firm creates a new position or an existing one becomes vacant, the firm starts looking for people with qualifications that meet the requirements of the job. Two sources of job applicants are the internal and external labor markets. The internal labor market consists of employees currently employed by the firm; the external labor market is the pool of potential applicants outside the firm.

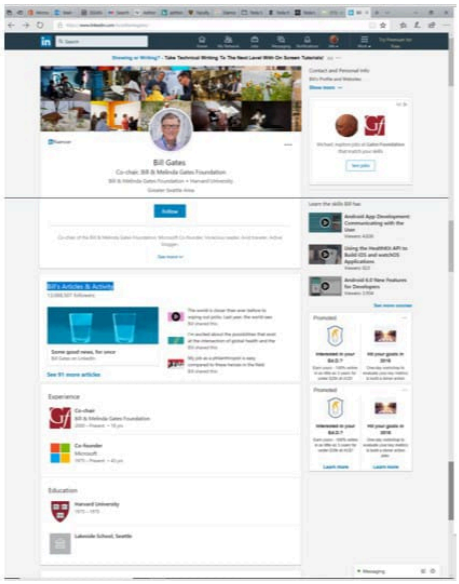

Exhibit 8.5: Online recruiting is among the top internet success stories of the past decade. LinkedIn, Monster, and CareerBuilder are hot spots for job hunters and recruiters seeking to establish a working relationship. *What are the advantages and disadvantages of online recruiting compared to traditional forms of recruitment?* (Credit: Bill Gates LinkedIn Profile screen capture, 3/23/2018)

Internal Labor Market

Internal recruitment can be greatly facilitated by using a human resource information system that contains an employee database with information about each employee's previous work experience, skills, education and certifications, job and career preferences, performance, and attendance. Promotions and job transfers are the most common results of internal recruiting. BNSF Railway, Walmart, Boeing, Ritz-Carlton Hotels, and most other firms, large and small, promote from within and manage the upward mobility of their employees.

External Labor Market

The external labor market consists of prospects to fill positions that cannot be filled from within the organization. **Recruitment** is the process of attracting qualified people to form an applicant pool. Numerous methods are used to attract applicants, including print, radio, web, and television advertising. Hospitality and entertainment firms, such as Ritz-Carlton Hotels and Six Flags, frequently use job fairs to attract applicants. A **job fair**, or *corporate open house*, is usually a one- or two-day event at which applicants are briefed about job opportunities, given tours, and encouraged to apply for jobs. For firms needing accountants, engineers, sales managers, and others for professional and scientific positions, college recruiting is very common. These firms (Deloitte, Cisco Systems, Salesforce.com, and thousands of others) schedule job fairs and on-campus interviews with graduating seniors.

Online Recruiting and Job Search

The internet, social media, and specialized software have completely changed the employee recruitment process. Dozens of companies such as Monster.com, Indeed, StartWire, and Glassdoor enable applicants to search for job openings, post their résumés, and apply for jobs that companies have posted. Most companies provide links to their company website and to the career page on their site so applicants can learn about the company culture, listen to or read testimonials from employees about what it is like to work for the company, and search for additional openings that may interest them.

Large firms may receive thousands of online applications per month. To review and evaluate thousands of online résumés and job applications, firms depend on software to scan and track applicant materials using key words to match skills or other requirements for a particular job. Social media has also changed how companies search for applicants and verify applicant information.

MANAGING CHANGE

Social Networking and Employee Recruitment

Referrals and professional networking are commonly used methods of identifying job prospects, particularity for managerial, professional, and technical positions. Several software applications and social networks facilitate employee referrals, reference checking, and hiring based on networks of personal relationships. ExecuNet and ExecRank are just two of the many career sites that allow members to search for contacts and network with other professionals in their fields.

LinkedIn is the most popular social network for professionals. It is a giant database of contacts with profiles that provide an overview of a person's past and present professional experience, skills, professional referrals, and affiliations with business and professional associations. A member can search through an extended network of contacts based on his or her professional acquaintances. The basis for a search can be job, job title, company, geography, zip code, or membership in a professional organization. LinkedIn uses the concept that there are no more than six degrees of separation between two people, or one person can be linked to any other individual through no more than six other people. With more than 530 million members worldwide, LinkedIn's extensive platform is an ideal network for both recruiters and those looking to make their next career move.

LinkedIn, like other social networks, is based on voluntary participation, and members consent to being networked. Nevertheless, important questions can be raised regarding privacy concerns and use of one's social network.

Critical Thinking Questions

1. Social networks can easily generate a name for an HR recruiting target, but how can the hiring firm convert the target into a candidate who is interested in the job?
2. A social network like LinkedIn is an excellent tool that can be used to build a personal brand and find a new job. In what ways could a job seeker potentially *harm* their career opportunities on a social networking site?

Sources: "About ExecuNet," https://www.execunet.com, accessed February 8, 2018; "LinkedIn Statistics," https://expandedramblings.com, accessed February 8, 2018; "Social Recruiting Tips," https://www.betterteam.com, January 24, 2018; Susan M. Heathfield, "Use LinkedIn for Recruiting Employees," *The Balance,*https://www.thebalance.com, April 7, 2017.

Recruitment Branding

Recruitment branding involves presenting an accurate and positive image of the firm to those being recruited. Carbone Smolan Agency (CSA) is a New York–based image consulting firm that assists in developing a recruitment branding strategy.[4] The materials developed by CSA comprise a *realistic job preview*, which informs job candidates about organizational realities of the job and the firm so they can more accurately evaluate jobs and firm expectations concerning work assignments, performance standards, promotional opportunities, company culture, and many other characteristics of the job.

CONCEPT CHECK

1. What are the two sources of job applicants?
2. What are some methods firms use to recruit applicants?

3. What is meant by recruitment branding?

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2.1.3: Employee Selection

How do firms select qualified applicants?

After a firm has attracted enough job applicants, employment specialists begin the selection process. **Selection** is the process of determining which people in the applicant pool possess the qualifications necessary to be successful on the job. The steps in the employee selection process are shown in **Exhibit 8.6**. An applicant who can jump over each step, or hurdle, will very likely receive a job offer; thus, this is known as the successive hurdles approach to applicant screening. Alternatively, an applicant can be rejected at any step or hurdle. Selection steps or hurdles are described below:

1. *Initial screening*. During initial screening, an applicant completes an application form and/or submits a résumé, and has a brief interview of 30 minutes or less. The job application includes information about educational background, previous work experience, and job duties performed.
2. HR Senior Vice President Martha LaCroix of the Yankee Candle Company uses personality assessments to make sure that prospective employees will fit the firm's culture. LaCroix was helped by Predictive Index (PI) Worldwide in determining Yankee Candle's best- and worst-performing store managers for developing a best practice behavioral profile of a top-performing store manager.[6] The profile was used for personality testing and to develop interview questions that reveal how an applicant may behave in certain work situations.

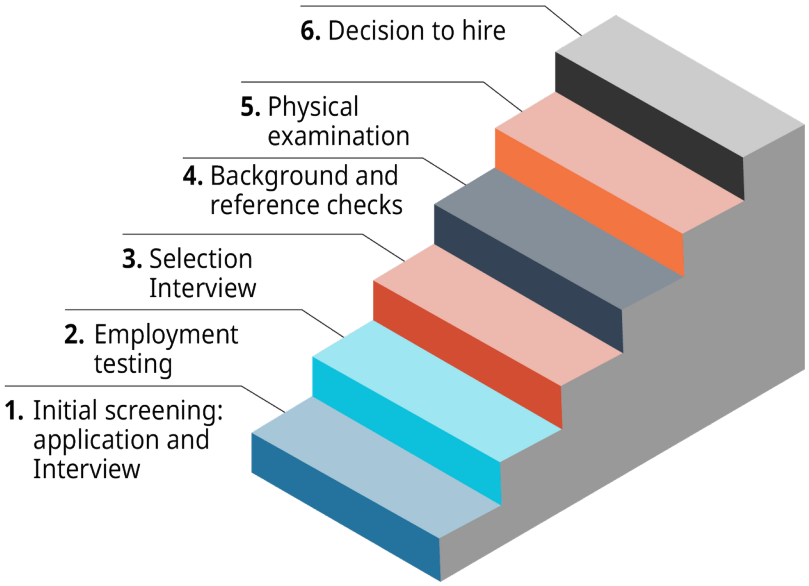

Exhibit 8.6 Steps of the Employee Selection Process (Attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license.)

3. *Selection interview*. The tool most widely used in making hiring decisions is the **selection interview**, an in-depth discussion of an applicant's work experience, skills and abilities, education, and career interests. For managerial and professional positions, an applicant may be interviewed by several persons, including the line manager for the position to be filled. This interview is designed to determine a person's communication skills and motivation. During the interview, the applicant may be presented with realistic job situations, such as dealing with a disgruntled customer, and asked to describe how he or she would handle the problem. Carolyn Murray of W.L. Gore & Associates (maker of Gore-Tex, among other products) listens for casual remarks that may reveal the reality behind applicant answers to her questions. Using a baseball analogy, Murray gives examples of how three job candidates struck out with her questions. See **Table 8.2**.[7]

Table 8.2: Striking Out at the Interview Game

The Pitch (Question to Applicant)	The Swing (Applicant's Response)	The Miss (Interviewer's Reaction to Response)
"Give me an example of a time when you had a conflict with a team member."	"Our leader asked me to handle all of the FedExing for our team. I did it, but I thought that FedExing was a waste of my time."	"At Gore, we work from a team concept. Her answer shows that she won't exactly jump when one of her teammates needs help."
"Tell me how you solved a problem that was impeding your project."	"One of the engineers on my team wasn't pulling his weight, and we were closing in on a deadline. So I took on some of his work."	"The candidate may have resolved the issue for this particular deadline, but he did nothing to prevent the problem from happening again."
"What's the one thing that you would change about your current position?"	"My job as a salesman has become boring. Now I want the responsibility of managing people."	"He's probably not maximizing his current territory, and he is complaining. Will he find his next role 'boring' and complain about that role, too?"

4. *Background and reference check.* If applicants pass the selection interview, most firms examine their background and check their references. In recent years, an increasing number of employers, such as American Airlines, Disney, and Microsoft, are carefully researching applicants' backgrounds, particularly their legal history, reasons for leaving previous jobs, and even creditworthiness.
5. *Physical exams and drug testing*. A firm may require an applicant to have a medical checkup to ensure he or she is physically able to perform job tasks. Drug testing is common in the transportation and health care industries. Southwest Airlines, BNSF Railway, Texas Health Resources, and the U.S. Postal Service use drug testing for reasons of workplace safety, productivity, and employee health.
6. *Decision to hire*. If an applicant progresses satisfactorily through all the selection steps (or jumps all of the selection hurdles), a decision to hire the person is made; however, the job offer may be contingent on passing a physical exam and/or drug test. The decision to hire is nearly always made by the manager of the new employee.

An important aspect of employee recruitment and selection involves treating job applicants as valued customers; in fact, some applicants may be customers of the firm.

CUSTOMER SATISFACTION AND QUALITY

Puttin' on the Ritz—For Potential Employees

Your meeting with a human resource representative is often your first exposure to the company you are applying to work for, and firms must provide good customer service to applicants if they expect to hire the most qualified employees.

Companies have several opportunities to create a positive impression of their organization during these key points in the employee selection process. These include a variety of communication channels, such as:

- In-person greetings at a job fair or at the interview itself
- Phone calls to a prospective employee from a human resource professional to set up the interview and any follow-up conversations between human resources and the applicant
- E-mail correspondence to acknowledge receipt of an application and to thank applicants for submitting their job application
- A thank-you note from the employer following the second interview

A firm that is recognized for treating prospective employees especially well is Ritz-Carlton Hotels, a subsidiary of Marriott International. When the Washington D.C. Ritz-Carlton was recruiting employees to staff a new hotel, the goal was to provide applicants with a personal demonstration of the famous Ritz-Carlton service-oriented culture.

As applicants arrived, they experienced the Ritz-Carlton "warm welcome" from several employees who greeted them, wished them luck, and escorted them past a violinist and piano player to the waiting room, where beverages and snacks were available. Applicants went through a standardized screening questionnaire, and those who passed went on to a professionally developed structured interview. Individuals were then personally escorted to the "fond farewell," where they were thanked, given Ritz-Carlton chocolates, and escorted out of the hotel. The goal of Ritz-Carlton managers is to give applicants the same experience they would

expect to receive as a customer staying in the hotel. Every applicant receives a personal, formal thank-you note for coming to the job fair, and those who are considered for positions but later rejected receive another note. Ritz-Carlton wants to make a good impression because an applicant could be a future Ritz-Carlton hotel guest, or the son or daughter of a guest.

Ritz-Carlton continues to show exemplary service during the employee orientation process. Every employee must go through seven days of training before ever working in a Ritz-Carlton. Two full days of the orientation are indoctrination in the Ritz-Carlton values and philosophy. The goal is to create a significant emotional experience for new employees during their first few days. This happens the moment new employees arrive for training at 6:00 a.m. and see senior leaders lined up outside the doors of the hotel, clapping and cheering as they greet them. The message is clear: *You are important and we will treat you exactly as we want you to treat customers*.

The leadership team is involved in facilitating the program, sending a powerful message about the importance of consensual commitment. "For these next few days, we will orient you to who we are—our heart, our soul, our goals, our vision, our dreams—so you can join us, and not just work for us."

Horst Schultz, former president and COO of the Ritz-Carlton, first implemented the motto "We Are Ladies and Gentlemen Serving Ladies and Gentlemen" in the mid-1980s, and the motto is still at the heart of the company's values today. In an address to employees, Schultz said, "You are not servants. We are not servants. Our profession is service. We are Ladies and Gentlemen, just as the guests are, who we respect as Ladies and Gentlemen. We are Ladies and Gentlemen and should be respected as such."

Critical Thinking Questions

1. What are the benefits of an employer treating a job applicant like a customer? Are there costs associated with treating applicants poorly?
2. What is the Ritz-Carlton motto? How does it teach both applicants and employees about the company's values?

Sources: "Gold Standards," http://www.ritzcarlton.com, accessed February 8, 2018; "Lifetime Learning Opportunities," http://www.marriott.com, accessed February 8, 2018; Justin Hoffman, "Secrets of the Ritz-Carlton's 'Legendary' Customer Service," https://www.psafinancial.com, May 8, 2014; Sandra J. Sucher and Stacy McManus, "The Ritz-Carlton Hotel Company," Harvard Business School Case #601-163, March 2001; revised September 2005.

CONCEPT CHECK

1. Describe the employee selection process.
2. What are some of the ways that prospective employees are tested?

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2.1.4: Employee Onboarding and Orientation

Watch:

Watch this video to learn more about employee onboarding and orientation.

YouTube Video

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View this YouTube Video online

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2.1.5: Onboarding, New Hire Training, and Coaching and Mentoring

New Hires

How you welcome new hires to the organization has a direct relationship to retention of the new employee.

Read:

Read the 4 articles attached at the bottom of the page to learn more about how to make the new hire experience a valuable one for both you and the new employee.

Article titles:

- Benefits of Coaching and Mentoring in Employee Development | MDA Training
- Complete Guide to New Hire Training Programs
- New Hire Orientation Checklist & Best Practices (2024)
- The Onboarding Process: A Step-By-Step Guide

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2.2: 4 Criteria of Workforce Planning

Reading

As a manager, it's important to look ahead and consider where the organization is going. Read the document attached below and consider:

- What is your strategy?
- How will you make sure you have your team ready to take on the new challenges?

Also review the graphic below to learn more about a framework for strategic workforce planning.

Image Source: Eric Van Vulpen. "Strategic Workforce Planning 101: Framework & Process." *Academy to Ininovate HR*.

The graphic shows 4 criteria of workforce planning including:

Right Size

- low friction
- no excess vacancies
- not overstaffed

Right Shape

- critical competencies
- succession management

Right Cost

- cost efficiency
- manageable cost

Right Agility

- agile
- resilient
- flexible

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2.3: Discussion Topic

Discussion

This week we've learned about selection and hiring. Then, we learned about ways to make sure your new employee is ready to get to work in the job you hired them for. Let's have a discussion about new hire training, orientation, onboarding, and coaching/mentoring.

Think about a time when you were new (this can be to a job, a school, volunteering, etc.). Tell us about your experience.

- Did you receive any of the above?
- What was your first day like? Your first week?
- What went well, and what would you do differently if you were the manager?

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2.4: Human Resources Documents

Readings

Read the 4 articles attached at the bottom of the page to learn more about how the Human Resources function goes hand in hand with your role as a manager.

Article titles:

- How to Write and Effective Job Description
- New Hire Orientation Process
- Recruitment Sources for Internal and External Hiring
- Top 10 Recruitment Sources for Hiring a New Employee

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2.5: The Pursuit of Happyness Job Interview

Watch and consider:

This video shares a powerful message about selecting an employee with talent and capability, and overlooking other things that may not matter. Consider the imperfections you can overlook in potential employees. Can you help them learn and grow as a manager instead of saying no right at the start?

This page titled 2.5: The Pursuit of Happyness Job Interview is shared under a CC BY 4.0 license and was authored, remixed, and/or curated by Mabel Gehrett and Western Technical College.

2.6: Legal Considerations in Selection

Watch

The video below explains more about legal considerations in the selection process.

YouTube Video

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View this YouTube Video online

This page titled 2.6: Legal Considerations in Selection is shared under a CC BY 4.0 license and was authored, remixed, and/or curated by Mabel Gehrett and Western Technical College.

2.7: The Power of Effective Onboarding

Watch

As you watch this video, think about how onboarding can impact the success of the employee AND the organization.

This video discusses virtual onboarding. While you watch this one, consider how you could successfully onboard a new employee at your place of work, or in your future job.

This page titled 2.7: The Power of Effective Onboarding is shared under a CC BY 4.0 license and was authored, remixed, and/or curated by Mabel Gehrett and Western Technical College.

3: MODULE 3 - EMPLOYEE EVALUATION AND COUNSELING

3.1: Performance Appraisal Systems

3.2: Employee Training and Development

3.2.1: Techniques of Performance Appraisal

3.2.2: Feedback

3.3: Performance Management

3.4: Performance Reviews Then and Now

3.5: Identifying Poor Performers

3.6: Identifying the Causes of Poor Performance

3.7: Laws Impacting Performance Management

3.8: How to Coach An Underperforming Employee

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3.1: Performance Appraisal Systems

exploring managerial careers: Two Performance Appraisal Interviews

"Janet, thanks for coming in. As you know, it's that time of year again. I've been going over this performance appraisal form and have written in my evaluation. I'd like you to look it over and then sign it."

Janet looked over her ratings, which were nearly all in the "satisfactory" range. Even the category of dependability was marked "satisfactory"; yet, it was Janet who came in on three different occasions to cover for workers in her group who were absent for one reason or another. Janet mentioned this issue to her boss, Ken.

"Well, Janet, you're right and that's exactly what I expect of my employees. You know this is your first year here and you can't expect to reach the top in one jump. But I like your style and if you keep it up, who knows how far you'll go."

Twenty-four minutes after the interview began, Janet left, bewildered and disappointed. She had worked hard during her first year; in fact, she had gone the extra mile on a few occasions, and now she was more confused than ever about what was expected of her and what constituted good performance. "Maybe it just doesn't pay to work hard."

Two weeks before their scheduled interview, Mary asked Ron to review his goals and accomplishments for the last six months and to note any major changes in his job that had taken place during that period. In the meantime, Mary pulled out the file in which she had periodically recorded both positive and negative specific incidents over the last six months concerning Ron's performance. She also reviewed the goals they had jointly set at the end of the last review and thought carefully about not only the possible goals for the next six months but longer-term development needs and goals that might be appropriate for Ron.

On the day of the interview, both Mary and Ron came well prepared to review the past six months as well as to think about and plan for the next performance period and beyond. The interview took nearly two hours. After candidly discussing Ron's past performance and the extent to which both sides felt he had or had not accomplished the goals for that period, they began to focus on what should be accomplished in the future. The discussion caused both sides to make changes in their original evaluations and ideas about targets for the future. When it was over, Ron left more motivated than before and confident that even though he had areas in which he could improve, he had a bright future ahead of him if he continued to be motivated and work hard.

1. How do organizations effectively use performance appraisals to improve individual job performance, and what are the limitations inherent in the use of various appraisal systems?

Performance appraisals are one of the most important and often one of the most mishandled aspects of management. Typically, we think of performance appraisals as involving a boss evaluating a subordinate. However, performance appraisals increasingly involve subordinates appraising bosses through a feedback process known as 360 feedback,1 customers appraising providers, and peers evaluating coworkers.

Whether appraisals are done by subordinates, peers, customers, or superiors, the process itself is vital to the lifeblood of the organization. Performance appraisal systems provide a means of systematically evaluating employees across various performance dimensions to ensure that organizations are getting what they pay for. They provide valuable feedback to employees and managers, and they assist in identifying promotable people as well as problems. However, such appraisals are meaningless unless they are accompanied by an effective feedback system that ensures that the employee gets the right messages concerning performance.

Reward systems represent a powerful motivational force in organizations, but this is true only when the system is fair and tied to performance. Because a variety of approaches to appraising performance exists, managers should be aware of the advantages and disadvantages of each. In turn, an understanding of reward systems will help managers select the system best suited to the needs and goals of the organization.

Performance appraisal systems serve a variety of functions of central importance to employees. Appraisal techniques practiced today are not without problems, though. Managers should keep abreast of recent developments in compensation and reward

systems so they can modify existing systems when more appropriate alternatives become available.

A key management responsibility has always been to oversee and develop subordinates. In fact, it has been said that every manager is a human resource manager. Nowhere is this truer than with regard to evaluating and rewarding subordinates. Managers are consistently involved with employee training and development, monitoring employee performance, providing job-related feedback, and administering rewards.

In this chapter, we examine three interrelated aspects of the performance appraisal and reward process. As **Exhibit 8.2** shows, this process moves from evaluating employee performance to providing adequate and constructive feedback to determining discretionary rewards. Where effort and performance are properly evaluated and rewarded, we would expect to see more stable and consistent job performance. On the other hand, where such performance is only evaluated intermittently or where the appraisal and review process is poorly done, we would generally see less consistent performance. We begin our discussion with a look at the nature of appraisals.

We begin by examining three aspects of performance appraisal systems: (1) the uses of performance appraisals, (2) problems found in performance appraisals, and (3) methods for reducing errors in the appraisal system. This overview will provide a foundation for studying specific techniques of performance appraisal. Those interested in more detailed information on performance appraisal systems may wish to consult books on personnel administration or compensation.

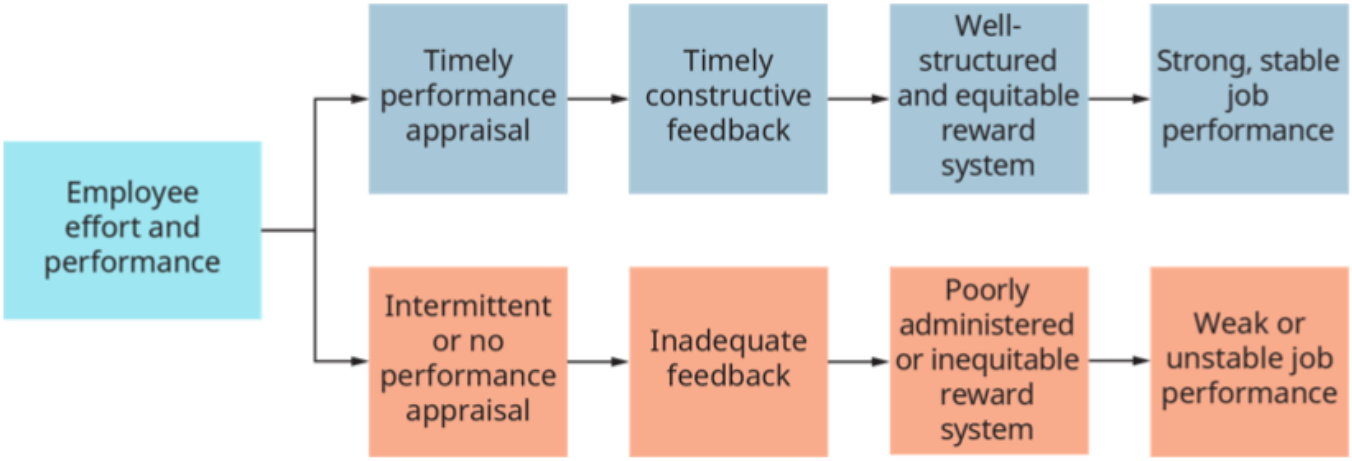

Exhibit 8.2 The Performance Appraisal and Reward Process (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

Uses of Performance Appraisals

In most work organizations, performance appraisals are used for a variety of reasons. These reasons range from improving employee productivity to developing the employees themselves. This diversity of uses is well documented in a study of why companies use performance appraisals.[2] Traditionally, compensation and performance feedback have been the most prominent reasons organizations use performance appraisals.

Feedback to employees. Performance appraisals provide feedback to employees about quantity and quality of job performance. Without this information, employees have little knowledge of how well they are doing their jobs and how they might improve their work.

Self-development. Performance appraisals can also serve as an aid to employee self-development. Individuals learn about their strengths and weaknesses as seen by others and can initiate self-improvement programs (see discussion on behavioral self-management programs).

Reward systems. In addition, appraisals may form the bases of organizational reward systems—particularly merit-based compensation plans.

Personnel decisions. Performance appraisals serve personnel-related functions as well. In making personnel decisions, such as those relating to promotions, transfers, and terminations, they can be quite useful. Employers can make choices on the

basis of information about individual talents and shortcomings. In addition, appraisal systems help management evaluate the effectiveness of its selection and placement functions. If newly hired employees generally perform poorly, managers should consider whether the right kind of people are being hired in the first place.

Training and development. Finally, appraisals can help managers identify areas in which employees lack critical skills for either immediate or future performance. In these situations, new or revised training programs can be established to further develop the company's human resources.

It is apparent that performance appraisal systems serve a variety of functions in organizations. In light of the importance of these functions, it is imperative that the accuracy and fairness of the appraisal be paramount considerations in the evaluation of a system. Many performance appraisal systems exist. It is the manager's job to select the technique or combination of techniques that best serves the particular needs (and constraints) of the organization. Before considering these various techniques, let us look at some of the more prominent problems and sources of error that are common to several of them.

Problems with Performance Appraisals

A number of problems can be identified that pose a threat to the value of appraisal techniques. Most of these problems deal with the related issues of the validity and reliability of the instruments or techniques themselves. **Validity** is the extent to which an instrument actually measures what it intends to measure, whereas **reliability** is the extent to which the instrument consistently yields the same results each time it is used. Ideally, a good performance appraisal system will exhibit high levels of both validity and reliability. If not, serious questions must be raised concerning the utility (and possibly the legality) of the system.

It is possible to identify several common sources of error in performance appraisal systems. These include: (1) central tendency error, (2) strictness or leniency error, (3) halo effect, (4) recency error, and (5) personal biases.

Central Tendency Error. It has often been found that supervisors rate most of their employees within a narrow range. Regardless of how people actually perform, the rater fails to distinguish significant differences among group members and lumps everyone together in an "average" category. This is called **central tendency error** and is shown in **Exhibit 8.3**. In short, the central tendency error is the failure to recognize either very good or very poor performers.

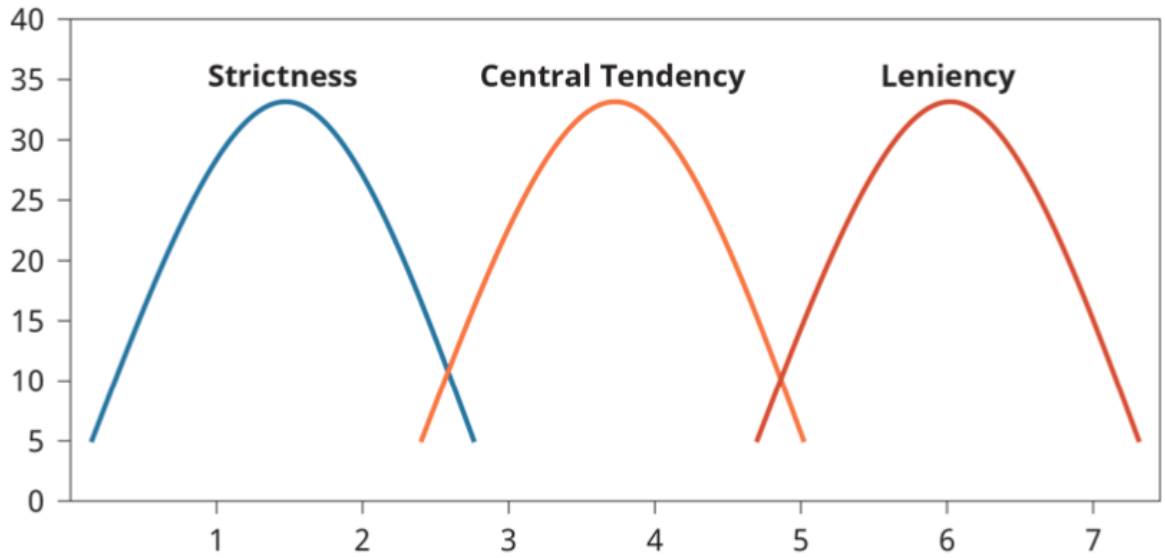

Exhibit 8.3 Examples of Strictness, Central Tendency, and Leniency Errors (Attribution: Copyright Rice University, OpenStax, under CC BY- NC-SA 4.0 license)

Strictness or Leniency Error. A related rating problem exists when a supervisor is overly strict or overly lenient in evaluations (see **Exhibit 8.3**). In college classrooms, we hear of professors who are "tough graders" or, conversely, "easy A's." Similar situations exist in the workplace, where some supervisors see most subordinates as not measuring up to their high standards, whereas other supervisors see most subordinates as deserving of a high rating. As with central tendency error, **strictness error** and **leniency error** fail to distinguish adequately between good and bad performers and instead relegate almost everyone to the same or related categories.

Halo Effect. The **halo effect** exists where a supervisor assigns the same rating to each factor being evaluated for an individual. For example, an employee rated above average on quantity of performance may also be rated above average on quality of performance, interpersonal competence, attendance, and promotion readiness. In other words, the supervisor cannot effectively differentiate between relatively discrete categories and instead gives a global rating.

These types of bias are based on our perceptions of others. The halo effect occurs when managers have an overly positive view of a particular employee. This can impact the objectivity of reviews, with managers consistently giving an employee high ratings and failing to recognize areas for improvement.

Whether positive or negative, we also have a natural tendency to confirm our preconceived beliefs about people in the way we interpret or recall performance, which is known as confirmatory bias.

For example, a manager may have a preconception that her male report is more assertive. This could cause her to recall instances more easily in which her report asserted his position during a meeting. On the other hand, she may perceive her female report to be less assertive, predisposing her to forget when the report suggested an effective strategy or was successful in a tough negotiation.

The halo effect is often a consequence of people having a similarity bias for certain types of people. We naturally tend to favor and trust people who are similar to us. Whether it's people who also have a penchant for golf or people who remind us of a younger version of ourselves, favoritism that results from a similarity bias can give certain employees an unfair advantage over others. This can impact a team to the point that those employees may receive more coaching, better reviews and, as a result, more opportunities for advancements.[3]

Recency Error. Oftentimes evaluators focus on an employee's most recent behavior in the evaluation process. This is known as the **recency error**. That is, in an annual evaluation, a supervisor may give undue emphasis to performance during the past months—or even weeks—and ignore performance levels prior to this. This practice, if known to employees, leads to a situation where employees may "float" for the initial months of the evaluation period and then overexert themselves in the last few months or weeks prior to evaluation. This practice leads to uneven performance and contributes to the attitude of "playing the game."

Personal Biases. Finally, it is not uncommon to find situations in which supervisors allow their own personal biases to influence their appraisals. Such biases include like or dislike for someone, as well as racial and sexual biases. Personal biases can interfere with the fairness and accuracy of an evaluation and are illegal in many situations.

Reducing Errors in Performance Appraisals

A number of suggestions have been advanced recently to minimize the effects of various biases and errors on the performance appraisal process.[4] When errors are reduced, more accurate information is available for personnel decisions and personal development. These methods for reducing error include

- ensuring that each dimension or factor on a performance appraisal form represents a single job activity instead of a group of job activities.
- avoiding terms such as *average*, because different evaluators define the term differently.
- ensuring that raters observe subordinates on a regular basis throughout the evaluation period. It is even helpful if the rater takes notes for future reference.
- keeping the number of persons evaluated by one rater to a reasonable number. When one person must evaluate many subordinates, it becomes difficult to discriminate. Rating fatigue increases with the number of rates.
- ensuring that the dimensions used are clearly stated, meaningful, and relevant to good job performance.
- training raters so they can recognize various sources of error and understand the rationale underlying the evaluation process.
- Using mechanisms like these, better employee ratings that can have greater meaning both for the individual employee and the organization will result.

concept check

- What are performance appraisals, and how are they used in organizations?
- How are performance appraisals used as a reward system, and what problems can they cause?

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3.2: Employee Training and Development

What types of training and development do organizations offer their employees?

To ensure that both new and experienced employees have the knowledge and skills to perform their jobs successfully, organizations invest in training and development activities. **Training and development** involves learning situations in which the employee acquires additional knowledge or skills to increase job performance. Training objectives specify performance improvements, reductions in errors, job knowledge to be gained, and/or other positive organizational results. The process of creating and implementing training and development activities is shown in **Exhibit 8.8**. Training is done either on the job or off the job.

Exhibit 8.7: Here is the final assembly process on an Boeing 787-10 for Singapore Airlines. This plant is one of Boeing's largest and most technologically advanced manufacturing facilities. *How is technology helping companies develop skilled workers both on and off the job?* (Credit: airbus777/Flickr/ Attribution 2.0 Generic (CC BY 2.0))

On-the-Job Training

New-employee training is essential and usually begins with **orientation**, which entails getting the new employee ready to perform on the job. Formal orientation (often a half-day classroom program) provides information about the company history, company values and expectations, policies, and the customers the company serves, as well as an overview of products and services. More important, however, is the specific job orientation by the new employee's supervisor concerning work rules, equipment, and performance expectations. This second briefing tends to be more informal and may last for several days or even weeks.

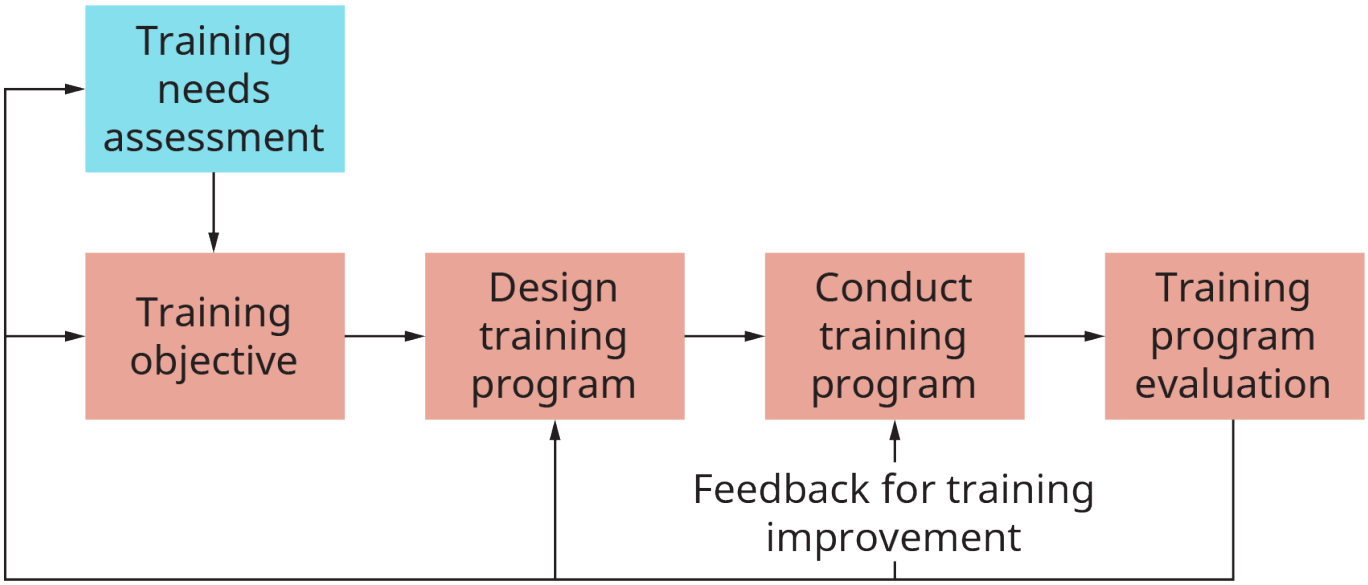

Exhibit 8.8: **Employee Training and Development Process** (Attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license.)

Beyond employee orientation, job training takes place at the job site or workstation and is directly related to the job. This training involves specific job instruction, coaching (guidance given to new employees by experienced ones), special project assignments, or job rotation. **Job rotation** is the reassignment of workers to several different jobs over time. At Walmart, management trainees rotate through three or more merchandizing departments, customer service, credit, and even the human resource department during the first year or two on the job.

Two other forms of on-the-job training are apprenticeship and mentoring. An **apprenticeship** usually combines specific on-the-job instruction with classroom training. It may last as long as four years and can be found in the skilled trades of carpentry, plumbing, and electrical work. **Mentoring** involves a senior manager or other experienced employee providing job- and career-related information to a mentee. Inexpensive and providing instantaneous feedback, mentoring is becoming increasingly popular with many firms, including FedEx, Merrill Lynch, Dow Chemical, and Bank of America. Whereas mentoring is typically conducted through ongoing face-to-face interactions between mentor and mentee, technology now allows for a long-distance mentoring relationship. Dow Chemical uses e-mail and video conferencing to facilitate long-distance mentoring between persons who are working in different countries. For a mentee whose second language is English, writing e-mail messages in English helps the individual become fluent in English, which is a requirement of all Dow Chemical employees regardless of location and country of origin.[8]

EXPANDING AROUND THE GLOBE

Employees on the (International) Move

Working abroad at one of the thousands of American or foreign multinational firms can be exciting and look good on your résumé. But is an international job assignment a step up the ladder to a more rewarding career path or a potential minefield of professional and family risk? The answer depends as much on an employee's family situation as his or her ambition, as well as how well the company supports and handles a transfer to an international location.

International job experience is increasingly seen as an essential leadership competency; therefore, many companies have developed robust rotational programs designed to give individuals critical global experience. According to the BGRS 2016 Global Mobility Trends Survey, providing high levels of service to relocating employees and their families is a fundamental expectation.

Brookfield Global Relocation Services (BGRS) is a talent mobility and relocation services firm that manages more than 60,000 relocations in 140 countries each year for its corporate and government clients. With 15 offices around the world, the company's staff (that speaks 40 languages) can tap into their network of 1,900 trusted suppliers to help employees and families acclimate to their new work and home environments.

Increasing numbers of recent college graduates and experienced professionals are offered opportunities for overseas work

assignments ranging from a few days to 24 months or longer. But acclimating to a new country and culture, as well as a new work environment, can be daunting and involves some unique challenges.

Challenges face expatriates aside from the demands of work include:

- Choosing schools for children
- Securing housing
- Finding medical facilities
- Opening bank accounts
- Finding transportation and obtaining a driver's license
- Completing government forms
- Locating food stores
- Learning about community and entertainment offerings

With 189,000 worldwide staff and partners, KPMG International is one of the world's largest professional services and accounting firms, with a presence in 152 countries. Through programs like the KPMG Global Opportunities (GO) program, the professionals at KPMG can explore job rotation assignments, transfer to a new location, or change to a new job function or group. The company's Career Mobility Connection tool allows employees to evaluate opportunities based on their interests and to seek guidance from a transition advisor on potential career opportunities.

KPMG has developed several programs and standards to guide employees and establish consistency, whether they work in the United States or abroad. One of the most important is the KPMG Code of Conduct, which defines the values and standards by which KPMG conducts business and is intended to help guide actions and behaviors of its global workforce.

Every year, all KPMG employees and partners are required to affirm their agreement to comply with the Code of Conduct. In addition, all partners and employees are required to complete mandatory training that reinforces the principles of the Code and further builds understanding of the firm's expectations.

Critical Thinking Questions

1. How is KPMG's Global Code of Conduct intended to influence and guide the personal values and behaviors of its employees and partners?
2. Why must the Code of Conduct be affirmed by employees and partners every year? Why does KPMG include their partners in this program?
3. What are the top four or five job qualifications an employee should have to be considered for an overseas assignment?

Sources: Corrine Purtill, "Expat Couples Do Best When They've Moved for the Woman's Job," *Quartz at Work*, December 6, 2017; https://work.qz.com/1134685/expat-co...he-womans-job/; Donald Murray, "The 7 Greatest Challenges of Moving Overseas and How to Resolve Them," *International Living*, March 15, 2018, internationalliving.com/the-...-resolve-them/; "KPMG's Code of Conduct," Accessed March 15, 2018, home.kpmg.com/us/en/home/abo...f-conduct.html.

Off-the-Job Training

Even with the advantages of on-the-job training, many firms recognize that it is often necessary to train employees away from the workplace. With off-the-job training, employees learn the job away from the job. There are numerous popular methods of off-the-job training. It frequently takes place in a classroom, where cases, role-play exercises, films, videos, lectures, and computer demonstrations are used to develop workplace skills.

Web-based technology is increasingly being used along with more traditional off-the-job training methods. E-learning and e-training involve online computer presentation of information for learning new job tasks. Union Pacific Railroad has tens of thousands of its employees widely dispersed across much of the United States, so it delivers training materials online to save time and travel costs. Technical and safety training at Union Pacific are made available as **programmed instruction**, an online, self-paced, and highly structured training method that presents trainees with concepts and problems using a modular format. Software provided can make sure that employees receive, undergo, and complete, as well as sign off on, various training modules.[9]

Web-based training can also be done using a **simulation**, for example, a scaled-down version of a manufacturing process or even a mock cockpit of a jet airplane. American Airlines uses a training simulator for pilots to practice hazardous flight maneuvers or learn the controls of a new aircraft in a safe, controlled environment with no passengers. The simulator allows for more direct

transfer of learning to the job.

CONCEPT CHECK

1. Describe several types of on-the-job training.
2. What are the advantages of simulation training?
3. How is technology impacting off-the-job training?

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3.2.1: Techniques of Performance Appraisal

2. What practices are used in the performance appraisal process?

Organizations use numerous methods to evaluate personnel. We will summarize several popular techniques. Although countless variations on these themes can be found, the basic methods presented provide a good summary of the commonly available techniques. Following this review, we will consider the various strengths and weaknesses of each technique. Six techniques are reviewed here: (1) graphic rating scales, (2) critical incident technique, (3) behaviorally anchored rating scales, (4) behavioral observation scales, (5) management by objectives, and (6) assessment centers.

Graphic Rating Scales

Certainly, the most popular method of evaluation used in organizations today is the **graphic rating scale**. One study found that 57 percent of the organizations surveyed used rating scales, and another study found the figure to be 65 percent.[5] Although this method appears in many formats, the supervisor or rater is typically presented with a printed or online form that contains both the employee's name and several evaluation dimensions (quantity of work, quality of work, knowledge of job, attendance). The rater is then asked to rate the employee by assigning a number or rating on each of the dimensions. An example of a graphic rating scale is shown in **Table 8.1**.

A Sample of a Typical Graphic Rating Scale					
Name _____Dept. _____Date _____					
Quantity of work	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Volume of acceptable work under normal conditions					
Comments:					
Quality of work	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Thoroughness, neatness, and accuracy of work					
Comments:					
Knowledge of job	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Clear understanding of the facts or factors pertinent to the job					
Comments:					
Personal qualities	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Personality, appearance, sociability, leadership, integrity					
Comments:					

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A Sample of a Typical Graphic Rating Scale					
Name _____Dept. _____Date _____					
Cooperation	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Ability and willingness to work with associates, supervisors, and subordinates toward common goal					
Comments:					
Dependability	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Conscientious, thorough, accurate, reliable with respect to attendance, lunch periods, reliefs, etc.					
Comments:					
Initiative	**Outstanding**	**Good**	**Satisfactory**	**Fair**	**Unsatisfactory**
Earnestness in seeking increased responsibilities Self-starting, unafraid to proceed alone					
Comments:					

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By using this method, if we assume that evaluator biases can be minimized, it is possible to compare employees objectively. It is also possible to examine the relative strengths and weaknesses of a single employee by comparing scores on the various dimensions.

However, one of the most serious drawbacks of this technique is its openness to central tendency, strictness, and leniency errors. It is possible to rate almost everyone in the middle of the scale or, conversely, at one end of the scale. In order to control for this, some companies have assigned required percentage distributions to the various scale points. Supervisors may be allowed to rate only 10 percent of their people outstanding and are required to rate 10 percent unsatisfactory, perhaps assigning 20 percent, 40 percent, and 20 percent to the remaining middle categories. By doing this, a distribution is forced within each department. However, this procedure may penalize a group of truly outstanding performers or reward a group of poor ones.

Critical Incident Technique

With the **critical incident technique** of performance appraisal, supervisors record incidents, or examples, of each subordinate's behavior that led to either unusual success or unusual failure on some aspect of the job. These incidents are recorded in a daily or weekly log under predesignated categories (planning, decision- making, interpersonal relations, report writing). The final performance rating consists of a series of descriptive paragraphs or notes about various aspects of an employee's performance (see **Table 8.2**).

An Example of Critical Incident Evaluation

The following performance areas are designed to assist you in preparing this appraisal and in discussing an individual's performance with her. It is suggested that areas of performance that you feel are significantly good or poor be documented below with specific examples or actions. The points listed are suggested as typical and are by no means all-inclusive. Examples related to these points may be viewed from either a positive or negative standpoint.

1. Performance on Technology of the Job
   A. *Safety Effectiveness*—possible considerations:
      1. sets an excellent safety example for others in the department by words and action
      2. trains people well in safety areas
      3. gains the cooperation and participation of people in safety
      4. insists that safety be designed into procedure and processes
      5. is instrumental in initiating departmental safety program
      6. accepts safety as a fundamental job responsibility

Item	Related Examples

   B. *Job Knowledge*—Technical and/or Specialized—possible considerations:
      1. shows exceptional knowledge in methods, materials, and techniques; applies in a resourceful and practical manner
      2. stays abreast of development(s) in field and applies to job
      3. "keeps up" on latest material in her special field
      4. participates in professional or technical organizations pertinent to her activities

Item	Related Examples

2. Performance on Human Relations
   A. *Ability to Communicate*—possible considerations:

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An Example of Critical Incident Evaluation

      1. gives logical, clear-cut, understandable instructions on complex problems
      2. uses clear and direct language in written and oral reporting
      3. organizes presentations in logical order and in order of importance
      4. provides supervisor and subordinates with pertinent and adequate information
      5. tailors communications approach to group or individual
      6. keeps informed on how subordinates think and feel about things

Item	Related Examples

   B. *Results Achieved through Others*—possible considerations:
      1. develops enthusiasm in others that gets the job done
      2. has respect and confidence of others
      3. recognizes and credits skills of others
      4. coordinates well with other involved groups to get the job done

Item	Related Examples

Source: Adapted from R. Daft and R. Steers, *Organizations: A Micro/Macro Approach* (Glenview, Ill.: Scott, Foresman and Company, 1986), p. 129.

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The critical incident method provides useful information for appraisal interviews, and managers and subordinates can discuss specific incidents. Good qualitative information is generated. However, because little quantitative data emerge, it is difficult to use this technique for promotion or salary decisions. The qualitative output here has led some companies to combine the critical incident technique with one of the quantitative techniques, such as the rating scale, to provide different kinds of feedback to the employees.

Behaviorally Anchored Rating Scales

An appraisal system that has received increasing attention in recent years is the **behaviorally anchored rating scale** (BARS). This system requires considerable work prior to evaluation but, if the work is carefully done, can lead to highly accurate ratings with high inter-rater reliability. Specifically, the BARS technique begins by selecting a job that can be described in observable behaviors. Managers and personnel specialists then identify these behaviors as they relate to superior or inferior performance.

An example of this is shown in **Exhibit 8.4**, where the BARS technique has been applied to the job of college professor. As shown, as one moves from extremely poor performance to extremely good performance, the performance descriptions, or behavioral anchors, increase. Oftentimes, six to ten scales are used to describe performance on the job. **Exhibit 8.4** evaluates the professor's

organizational skills. Other scales could relate to the professor's teaching effectiveness, knowledge of the material, availability to students, and fairness in grading. Once these scales are determined, the evaluator has only to check the category that describes what she observes on the job, and the employee's rating is simultaneously determined. The BARS technique has several purported advantages. In particular, many of the sources of error discussed earlier (central tendency, leniency, halo) should be significantly reduced because raters are considering verbal descriptions of specific behaviors instead of general categories of behaviors, such as those used in graphic rating scales. In addition, the technique focuses on job-related behaviors and ignores less relevant issues such as the subordinate's personality, race, or gender. This technique should also lead to employees being less defensive during performance appraisals, because the focus of the discussion would be actual measured behaviors, not the person. Finally, BARS can aid in employee training and development by identifying those domains needing most attention.

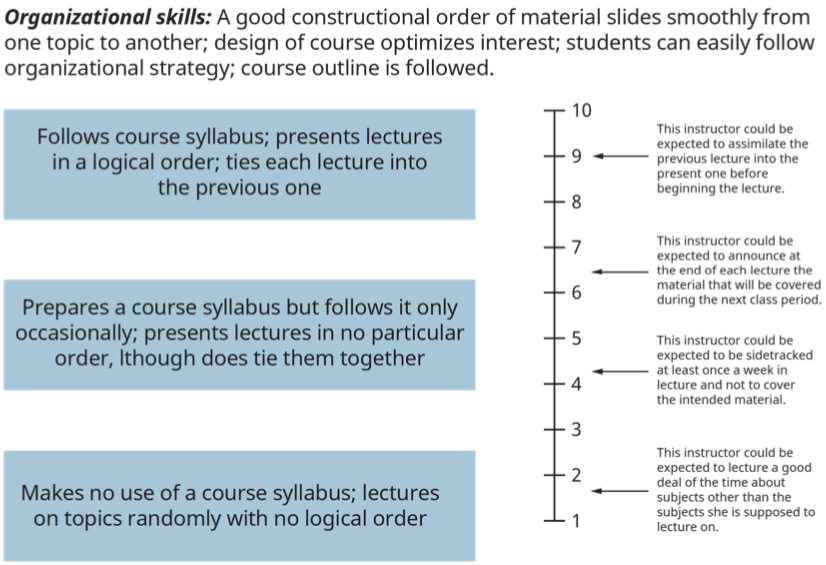

Exhibit 8.4 A Behaviorally Anchored Scale for Rating College Professors *Source:* Reprinted by permission of H. John Bernardin.
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On the negative side, as noted above, considerable time and effort in designing the forms are required before the actual rating. Because a separate BARS is required for each distinct job, it is only cost-efficient for common jobs. Finally, because the technique relies on observable behaviors, it may have little applicability for such jobs in such areas as research science (and sometimes management), where much of the work is mental and relevant observable behaviors are difficult to obtain.

Behavioral Observation Scales

The **behavioral observation scale** (BOS) is similar to BARS in that both focus on identifying observable behaviors as they relate to performance. It is, however, less demanding of the evaluator. Typically, the evaluator is asked to rate each behavior on a scale from 1 to 5 to indicate the frequency with which the employee exhibits the behavior. Evaluation of an employee's performance on a particular dimension is derived by summing the frequency ratings for the behaviors in each dimension.

For example, in **Table 8.3** we can see an example of a form to evaluate a manager's ability to overcome resistance to change. The rater simply has to circle the appropriate numbers describing observed behaviors and get a summary rating by adding the results. The BOS technique is easier to construct than the BARS and makes the evaluator's job somewhat simpler. Even so, this is a relatively new technique that is only now receiving some support in industry.

Example of a Behavioral Observation Scale for Managers: Overcoming Resistance to Change					
	Almost Never				Almost Always
1. Describes the details of the change to subordinates	1	2	3	4	5
2. Explains why the change is necessary	1	2	3	4	5
3. Discusses how the change will affect the employee	1	2	3	4	5
4. Listens to the employee's concerns	1	2	3	4	5
5. Asks the employee for help in making the change work	1	2	3	4	5
6. If necessary, specifies the date for a follow-up meeting to respond to employee's concerns	1	2	3	4	5
Total:	6–10	11–15	16–20	21–25	26–30
	Below adequate	Adequate	Full	Excellent	Superior
Source: Adapted from K. Wexley and G. Latham, *Increasing Productivity Through Performance Appraisal,* 3rd ed. Englewood Cliffs, NJ: Prentice Hall, 2001.					

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Management by Objectives

A popular technique for evaluating employees who are involved in jobs that have clear quantitative output is **management by objectives** (MBO). Although the concept of MBO encompasses much more than just the appraisal process (incorporating an organization-wide motivation, performance, and control system), we will focus here on its narrower application to evaluating employee performance. MBO is closely related to the goal-setting theory of motivation.

Under MBO, individual employees work with their supervisor to establish goals and objectives for which they will be responsible during the coming year. These goals are stated in clear language and relate to tasks that are within the domain of the employee. An example of these goals for a sales representative is shown in **Table 8.4**. Following a specified period of time, the employee's performance is compared to the preset goals to determine the extent to which the goals have been met or exceeded.

MBO Evaluation Report for Sales Representative			
Goals Categories	**Goal**	**Actual Performance**	**Variance**
1. Number of sales calls	40	38	95%
2. Number of new customers contacted	10	10	100%
3. Number of customer complaints	5	10	50%
4. Sales of product #1	10,000 units	11,000 units	110%
5. Sales of product #2	15,000 units	14,000 units	93%
6. Sales of product #3	25,000 units	30,000 units	120%

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Several advantages of MBO have been observed. These include the ability to do better planning; improved motivation, because of knowledge of results; fairer evaluations, done on the basis of results rather than personality; improved commitment through participation; and improved supervisory skills in such areas as listening, counseling, and evaluating. On the negative side, however, MBO has been criticized because it emphasizes quantitative goals at the expense of qualitative goals and often

creates too much paperwork. It is difficult to compare performance levels among employees because most are responsible for different goals. Sometimes the implementation of MBO goals are autocratic and therefore ineffective or even counterproductive. As discussed in the study of motivation, goals must be accepted to be effective. Finally, in order to be successful, MBO implementation must have constant attention and support from top management; MBO does not run itself. In the absence of this support, the technique loses legitimacy and often falls into disrepair.

Assessment Centers

A relatively new method of evaluation is the **assessment center**. Assessment centers are unique among appraisal techniques in that they focus more on evaluating an employee's long-range potential to an organization than on her performance over the past year. They are also unique in that they are used almost exclusively among managerial personnel.

An assessment center consists of a series of standardized evaluations of behavior based on multiple inputs. Over a two- or three-day period (away from the job), trained observers make judgments on managers' behavior in response to specially developed exercises. These exercises may consist of in-basket exercises, role- playing, and case analyses, as well as personal interviews and psychological tests. An example of an assessment center program is shown in **Table 8.5**.

Example of Two-Day Assessment Center Schedule			
Day #1		**Day #2**	
8:00–9:00 A.M.	Orientation session	8:00–10:30 A.M.	In-basket exercise
9:00 –10:30 A.M.	Psychological testing	10:30–10:45 A.M.	Coffee break
10:30–10:45 A.M.	Coffee break	10:45–12:30 P.M.	Role-playing exercise
10:45–12:30 P.M.	Management simulation game	12:30–1:30 P.M.	Lunch
12:30–1:30 P.M.	Lunch	1:30–3:15 P.M.	Group problem-solving exercise
1:30–3:15 P.M.	Individual decision-making exercise	3:15–3:30 P.M.	Coffee break
3:15–3:30 P.M.	Coffee break	3:30–4:30 P.M.	Debriefing by raters
3:30–4:30 P.M.	Interview with raters		

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On the basis of these exercises, the trained observers make judgments on employees' potential for future managerial assignments in the organization. More specifically, information is obtained concerning employees' interpersonal skills, communication ability, creativity, problem-solving skills, tolerance for stress and ambiguity, and planning ability. This technique has been used successfully by some of the largest corporations in the United States, including AT&T, IBM, and General Electric.

Results from a series of assessment center programs appear promising, and the technique is growing in popularity as a means of identifying future managerial potential. For example, Coca-Cola USA experimented with using assessment centers to select its managerial personnel. After a detailed study, the company found that those selected in this way were only one-third as likely to leave the company or be fired than those selected in the traditional way. Although the assessment center approach added about 6 percent to the cost of hiring, the lower turnover rate led to large overall savings.[6]

Some problems with the technique have been noted. In particular, because of the highly stressful environment created in assessment centers, many otherwise good managers may simply not perform to their potential. Moreover, the results of a poor evaluation in an assessment center may be far-reaching; individuals may receive a "loser" image that will follow them for a long time. And, finally, there is some question concerning exactly how valid and reliable assessment centers really are in predicting future managerial success.[7] Despite these problems, assessment centers remain a popular vehicle in some companies for developing and appraising managerial potential.

ethics in practice

Tesla's Performance Review

At Tesla, the automotive giant, the standards are set extremely high for their employees. In 2017, Tesla conducted its annual performance reviews as it does each year. Due to the review process, the company sees both voluntary and involuntary departures. During the review process, the managers discuss "results that were achieved, as well as how those results were achieved" with their employees.* Tesla also has a performance recognition and compensation program that includes equity rewards as well as promotions in some cases, along with the constructive feedback.

The departure of employees during the review period is not unique to Tesla; however, in 2017 there was a large exodus of approximately 700 employees following their employee reviews. Elon Musk, who recently has stepped down from the role of chairman and has been under scrutiny for his behavior,* saw the media coverage of this news as "ridiculous."

"You have two boxes of equal ability, and one's much smaller, the big guy's going to crush the little guy, obviously," states Musk. "So, the little guy better have a heck of a lot more skill or he's going to get clobbered. So that is why our standards are high . . . if they're not high, we will die."

Overall, approximately 17 percent of their employees were promoted, almost half in manufacturing. As Tesla continues to grow and develop new vehicles, it is consistently pushing the boundaries and pushing its employees to new limits. Performance reviews are of the highest importance for Tesla's business to succeed; the company needs the best people with the best skills. It is constantly growing and attempting to "suck the labor pool dry" to fill positions at many of its locations and factories.

Questions:

1. What factors do you feel could have changed in Tesla's approach to its performance reviews?
2. How can a high-pressure environment affect an employee's performance? What factors should be

   considered to combat these issues?

Sources: K. Korosec. "Tesla Fires Hundreds of Workers After Their Annual Performance Review." *Fortune*, October 14, 2017, http://fortune.com/2017/10/13/tesla-fires-employees/; D. Muoio. "Tesla fired 700 employees after performance reviews in the third quarter." *Business Insider*, November 1, 2017, https://www.businessinsider.com/tesl...eviews-2017-11; J. Wattles. "Elon Musk agrees to pay $20 million and quit as Tesla chairman in deal with SEC." *Money*, September 30, 2018, https://money.cnn.com/2018/09/29/tec...ec-settlement/ index.html.

Comparison of Appraisal Techniques

It is important to consider which appraisal technique or set of techniques may be most appropriate for a given situation. Although there is no simple answer to this question, we can consider the various strengths and weaknesses of each technique. This is done in **Table 8.6**. It is important to keep in mind that the appropriateness of a particular appraisal technique is in part a function of the purpose for the appraisal. For example, if the purpose of the appraisal is to identify high potential executives, then assessment centers are more appropriate than rating scales.

Major Strengths and Weaknesses of Appraisal Techniques						
	Rating Scales	Critical Incidents	BARS	BOS	MBO	Assessment Centers
Meaningful dimensions	Sometimes	Sometimes	Usually	Usually	Usually	Usually
Amount of time required	Low	Medium	High	Medium	High	High
Development costs	Low	Low	High	Medium	Medium	High
Potential for rating errors	High	Medium	Low	Low	Low	Low
Acceptability to subordinates	Low	Medium	High	High	High	High
Acceptability to superiors	Low	Medium	High	High	High	High
Usefulness for allocating rewards	Poor	Fair	Good	Good	Good	Fair
Usefulness for employee counseling	Poor	Fair	Good	Good	Good	Good
Usefulness for identifying promotion potential	Poor	Fair	Fair	Fair	Fair	Good

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As would be expected, the easiest and least expensive techniques are also the least accurate. They are also the least useful for purposes of personnel decisions and employee development. Once again, it appears that managers and organizations get what they pay for. If performance appraisals represent an important aspect of organizational life, clearly the more sophisticated—and more time-consuming—techniques are preferable. If, on the other hand, it is necessary to evaluate employees quickly and with few resources, techniques such as the graphic rating scale may be more appropriate. Managers must make cost-benefit decisions about the price (in time and money) they are willing to pay for a quality performance appraisal system.

concept check

- What are the techniques and scales used in performance appraisals?
- What are MBOs, and how do they relate to performance appraisals?
- What are assessment centers?

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3.2.2: Feedback

3. How do managers give effective feedback to subordinates?

As previously noted, feedback represents a critical variable in determining the success or failure of the goal-setting process. The same applies to the performance appraisal process. Without effective knowledge of results, the motivational impact of the appraisal process is lost. To better understand how feedback in work settings affects employee behavior, consider the model shown in **Exhibit 8.5**.[8]

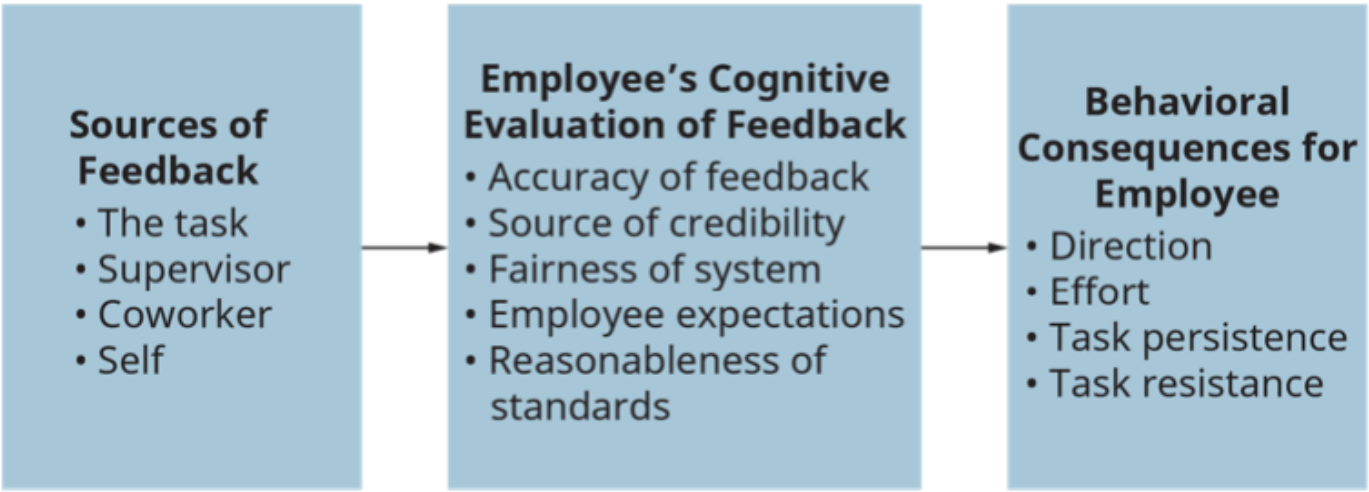

Exhibit 8.5 Effects of Feedback on Job Performance (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

Feedback comes from many sources, including the task at hand, the supervisor, coworkers, and oneself. This input is then cognitively evaluated by the employee, who considers such factors as the perceived *accuracy* of the feedback (e.g., does the employee consider the information to be correct?); the *credibility of the source* of the feedback (e.g., does the employee trust the supervisor's opinion?); the employee's opinion concerning the *fairness* of the evaluation-process; the extent to which the feedback met the employee's *expectations* (e.g., does the employee think she could have done better?); and the *reasonableness* of the performance standards.

If one or more of these evaluations prove negative (for example, the employee believes she is being unfairly evaluated), the credibility of the feedback is dismissed, and the employee may increase her resistance to task effort. On the other hand, where the feedback is accepted, it reinforces the employee's direction, effort on the task, and persistence on the task. Thus, although feedback is essential, it is the nature and quality of the feedback that ultimately determines employee response.

concept check

- What types of feedback do performance appraisals provide to all organization members?

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3.3: Performance Management

How do performance management practices impact company performance?

Performance management practices and processes are among the most important that human resources manages, yet they are also among the most contentious processes in an organization. Many people view performance management as a human resources role and believe that it is in some parallel path with the business. On the contrary, for the process to be successful, it should not only be human resources that is responsible for driving performance. For the (typically) annual performance management process, human resources and line management should partner on the implementation and ongoing communication of the process. Although HR is responsible for creating and facilitating the performance management processes, it is the organizational managers that need to strongly support the process and communicate the linkage of performance management to overall organizational goals and performance. In my experience, it was helpful when business leadership emphasized that performance management isn't a human resources process—it is a mission-critical business process. If a business manager can't track and drive performance at the individual level, then the overall organization won't know how it's tracking on overall organizational goals. Performance Management Before discussing the state of performance management in the workplace today, it is important to understand the origin of performance management. Performance management began as a simple tool to drive accountability (as it still does) but has evolved more recently into a tool used for employee development.

Performance management can be tracked back to the U.S. military's "merit rating" system, which was created during World War I to identify poor performers for discharge or transfer ("The Performance Management Revolution," Harvard Business Review, October 2016). After World War II, about 60% of all U.S. companies were using a performance appraisal process. (By the 1960s nearly 90% of all U.S. companies were using them.) Although the rules around job seniority determined pay increases and promotions for the unionized worker population, strong performance management scores meant good advancement prospects for managers. In the beginning, the notion of using this type of system to *improve* performance was more of an afterthought, and not the main purpose. By the 1960s or so, when we started to see a shortage of managerial talent, companies began to use performance systems to develop employees into supervisors, and managers into executives.

In 1981, when Jack Welch became CEO of General Electric, he championed the forced-ranking system—another military creation. He did this to deal with the long-standing concern that supervisors failed to label real differences in performance (HBR, The Performance Management Revolution). GE utilized this performance management system to shed the people at the bottom. They equated performance with people's inherent capabilities and ignored their potential to grow. People were categorized as "A" players (to be rewarded), "B" players (to be accommodated), and "C" players (to be dismissed). In the GE system, development was reserved for the "A" players—and those with high potential were chosen to advance to senior positions. Since the days of GE's forced ranking, many companies have implemented a similar forced-ranking system, but many have backed away from the practice. After Jack Welch retired, GE backed away from the practice as well. Companies, GE included, saw that it negatively fostered internal competition and undermined collaboration and teamwork and thus decided to drop forced ranking from their performance management processes.

Most people agree, in theory, that performance management is important. What people may *not* agree on is *how* performance management should be implemented. As the dissatisfaction with performance management processes began to increase, some companies began to change the way they thought about performance. In 2001, an "Agile Manifesto" was developed by software developers and "emphasized principles of collaboration, self-organization, self-direction, and regular reflection on how to work more effectively, with the aim of prototyping more quickly and responding in real-time to customer feedback and changes in requirements." (Performance Management Revolution, HBR). The impact on performance management was clear, and companies started to think about performance management processes that were less cumbersome, incorporated frequent feedback, and delivered performance impacts.

In a recent public survey by Deloitte Services, 58% of executives surveyed believed that their current performance management approach drives neither employee engagement nor high performance. They need something more nimble, real-time, and individualized—and focused on fueling performance in the future rather than assessing it in the past. ("*Reinventing Performance Management*," Harvard Business Review, Buckingham and Goodall, 2015). In light of this study, Deloitte became one of the companies that has recently sought to redesign their performance processes. As part of their "radical redesign," they seek to see performance at the individual level, and thus they ask team leaders about their own future actions and decisions with respect to

each individual. They ask leaders what they'd do with their team members, not what they think of them ("Reinventing Performance Management," HBR). The four questions that Deloitte asks of its managers are as follows:

- Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and bonus.
- Given what I know of this person's performance, I would always want him or her on my team.
- This person is at risk for low performance.
- This person is ready for promotion today.

Although there has been some discussion over the last several years about some companies wanting to drop performance appraisals completely, most of the research seems to support that the total absence of performance management doesn't help either. A recent global survey by CEB Global reports that more than 9,000 managers and employees think that not having performance evaluations is worse than having them. ("Let's Not Kill Performance Evaluations Yet," HBR, Nov 2016, Goler, Gale, Grant). Their findings indicate that even though every organization has people who are unhappy with their bonuses or disappointed that they weren't promoted, research shows that employees are more willing to accept an undesirable outcome when the process is fair. The key question really becomes: how can HR help the business create a process to fairly evaluate performance and enhance employee development while *not* burdening the business with undue bureaucracy and non-value-added activities?

managing change

Global versus Local HR

Multinational companies are always challenged to determine the balance between global and local needs when creating a human resource management strategy. Some large companies weigh heavily on the side of centralization, with very few local deviations from the global strategy. Others may allow more localization of processes and decision-making if there are very specific local cultural needs that must be addressed. In either case, companies are well-served by maintaining global standards while also allowing for local market adaptation in the human resources areas where it makes the most sense.

According to the MIT Sloan Management Review article "Six Principles of Effective Global Talent Management" (Winter 2012), most multinational companies introduce global performance standards, competency profiles, and performance management tools and processes. These are the human resources areas that are most closely linked to the overall strategies and goals, and thus remain at the global level. Those HR processes that are not perceived as being as closely linked to the strategy and that may need to have local market inputs include processes such as training and compensation. Hiring practices may also need to be locally adapted, due to country-specific labor laws and challenges. One caveat, however, is that a company may limit itself in terms of its global talent management if it has too many country-specific adaptations to hiring, assessment, and development processes for top talent. It is important that the company takes a global approach to talent management so that cross-learning opportunities and cross-cultural development opportunities can take place.

One of the most important aspects of global talent management is that a company can break down silos and pollinate the business with talented employees from around the globe. Some companies even have global leadership programs that bring together high-potential leaders from across the organization to build camaraderie, share knowledge, and engage in learning. Others have created rotational programs for leaders to be able to experience new roles in other cultures in order to build their personal resumes and cultural intelligence. Human resources can have an enormous impact on the company's ability to harness the power of a global talent pool when they create a global network for talent while also balancing this with the requirements of the local market.

Discussion Questions:

1. Why might compensation programs and hiring practices need to have local adaptation? What would be the risks if these were not adapted to local markets?

As organizations evaluate their options for a performance management system, human resources and business leadership need to consider several challenges that will need to be addressed—no matter what the system. ("*The Performance Management Revolution*," Capelli and Tavis, HBR, pp. 9-11).

The first is the challenge of aligning individual and company goals. Traditionally, the model has been to "cascade" goals down

through the organization, and employees are supposed to create goals that reflect and support the direction set at the top. The notion of SMART goals (Specific, Measurable, Achievable, Relevant, Timebound) has made the rounds over the years, but goal setting can still be challenging if business goals are complex or if employee goals seem more relatable to specific project work than to the overall top-line goals. The business and the individual need to be able to respond to goal shifts, which occur very often in response to the rapid rate of change and changing customer needs. This is an ongoing issue that human resources and business leadership will need to reconcile.

The next key challenge to think about when designing a performance management process is rewarding performance. Reward structures are discussed later in this chapter, but reward systems must be rooted in performance management systems. Currently, the companies that are redesigning their performance processes are trying to figure out how their new practices will impact their **pay-for-performance** models. Companies don't appear to be abandoning the concept of rewarding employees based on and driven by their performance, so the linkage between the two will need to be redefined as the systems are changed.

The identification of poor performers is a challenge that has existed since the earliest days of performance management, and even the most formal performance management process doesn't seem to be particularly good at weeding out poor performers. A lot of this is due to the managers who evaluate employees and are reluctant to address the poor performers that they're seeing. Also, the annual performance management process tends to make some managers feel that the poor performance should be overlooked during the year and only addressed (often ineffectively) during a one-per-year review. Whatever new performance management models an organization adopts, they will have to ensure that poor performance is dealt with in real time and is communicated, documented, and managed closely.

Avoiding legal troubles is another ongoing challenge for organizations and is another reason for real-time communication and documentation of performance issues. Human resources supports managers as they deal with employee relations issues, and the thought of not having a formal, numerical ratings system is unfathomable for some people who worry about defending themselves against litigation. However, because even formal performance processes can be subjective and may reveal ratings bias, neither the traditional formal process nor some of the radical new approaches can guarantee that legal troubles will never develop. From my experience, the best strategy for effective and fair performance management is real-time communication and documentation of issues. The employee is told about his or her performance issues (in as close to real time as possible), and the manager has documented the performance issues and conversations objectively and has engaged human resources with any larger or more complex issues.

"Managing the feedback firehose" and keeping conversations, documentation, and feedback in a place where it can be tracked and utilized is an ongoing challenge. The typical annual performance process is not conducive to capturing ongoing feedback and conversations. There have been some new technologies introduced (such as apps) that can be used to capture ongoing conversations between managers and employees. General Electric uses an app called PD@GE (PD = performance development) that allows managers to pull up notes and materials from prior conversations with employees. IBM has a similar app that allows peer-to-peer feedback. Although there are clearly some technology solutions that can be used to help communicate and collect feedback, human resources will need to continue to communicate and reinforce rules around objectivity and appropriate use of the tools.

Performance management processes—traditional and inventive new approaches alike—will face the same challenges over time. Human resource management professionals need to be aware of these challenges and design a performance management system that addresses them in the format and within the context of their culture.

concept check

1. What are some of the key challenges of any performance management process?

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3.4: Performance Reviews Then and Now

Readings:

Read the 2 articles attached below the graphic to learn about how performance reviews have changed over time.

The following graphic may also be helpful in understanding the performance review process.

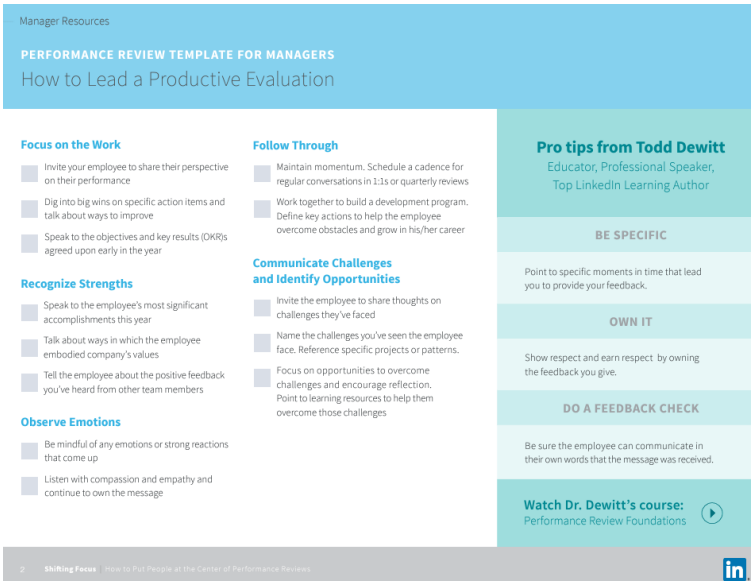

Image Source: "How to Put People at the Center of Performance Reviews." *LinkedIn*.

The graphic above shows things to consider when providing a productive evaluation. Ideas include:

- Focus on the work
- Recognize strengths
- Observe emotions
- Follow through
- Communicate challenges and identify opportunities

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3.5: Identifying Poor Performers

Readings:

Read the 3 articles attached at the bottom of the page to learn more about how to identify poor performing employees. Identifying who is performing at what level is an important job of any manager. Getting them back on track is your goal!

Article titles:

- 14 questions to ask an underperforming employee during a one-on-one meeting
- 5 questions to ask your underperforming employee
- So employees aren't performing...

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3.6: Identifying the Causes of Poor Performance

Watch

As a manager, you will be responsible for the overall performance of your team. Poor performance can be caused by many different reasons. To best help your employee and your team, identifying the cause of the issue will help you determine how to correct it. Watch this video to learn more.

YouTube Video

This interactive element is not available in this format. Visit the link or scan the QR code to access it online.

View this YouTube Video online

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3.7: Laws Impacting Performance Management

Reading

Read these charts to learn more about the employment laws you'll need to consider as a manager.

Laws Impacting Human Resource Management

Law	Purpose	Agency of Enforcement
Social Security Act (1935)	Provides for retirement income and old-age health care	Social Security Administration
Wagner Act (1935)	Gives workers the right to unionize and prohibits employer unfair labor practices	National Labor Relations Board
Fair Labor Standards Act (1938)	Sets minimum wage, restricts child labor, sets overtime pay	Wage and Hour Division, Department of Labor
Taft-Hartley Act (1947)	Obligates the union to bargain in good faith and prohibits union unfair labor practices	Federal Mediation and Conciliation Service
Equal Pay Act (1963)	Eliminates pay differentials based on gender	Equal Employment Opportunity Commission
Civil Rights Act (1964), Title VII	Prohibits employment discrimination based on race, color, religion, gender, or national origin	Equal Employment Opportunity Commission
Age Discrimination Act (1967)	Prohibits age discrimination against those over 40 years of age	Equal Employment Opportunity Commission

Law	Purpose	Agency of Enforcement
Occupational Safety and Health Act (1970)	Protects worker health and safety, provides for hazard-free workplace	Occupational Safety and Health Administration
Vietnam Veterans' Readjustment Act (1974)	Requires affirmative employment of Vietnam War veterans	Veterans Employment Service, Department of Labor
Employee Retirement Income Security Act (1974)—also called Pension Reform Act	Establishes minimum requirements for private pension plans	Internal Revenue Service, Department of Labor, and Pension Benefit Guaranty Corporation
Pregnancy Discrimination Act (1978)	Treats pregnancy as a disability, prevents employment discrimination based on pregnancy	Equal Employment Opportunity Commission
Immigration Reform and Control Act (1986)	Verifies employment eligibility, prevents employment of illegal aliens	Employment Verification Systems, Immigration and Naturalization Service
Americans with Disabilities Act (1990)	Prohibits employment discrimination based on mental or physical disabilities	Department of Labor
Family and Medical Leave Act (1993)	Requires employers to provide unpaid leave for childbirth, adoption, or illness	Equal Employment Opportunity Commission

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3.8: How to Coach An Underperforming Employee

Watch

Now that you've determined the cause of the performance issue, you can develop your plan to address it and discuss it with your employee. Watch this video to learn more.

YouTube Video

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4: MODULE 4 - EMPLOYEE MOTIVATION AND COMMUNICATION

Figure 4.1: (Credit: mohamed_hassan/ Pixabay/ (CC BY 0))

Learning Objectives

After reading this chapter, you should be able to answer these questions:

1. Define motivation, and distinguish direction and intensity of motivation.
2. Describe a content theory of motivation, and compare and contrast the main content theories of motivation: manifest needs theory, learned needs theory, Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and self-determination theory.
3. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning theory, equity theory, goal theory, and expectancy theory.
4. Describe the modern advancements in the study of human motivation.

EXPLORING MANAGERIAL CAREERS

Bridget Anderson

Bridget Anderson thought life would be perfect out in the "real world." After earning her degree in computer science, she landed a well-paying job as a programmer for a large nonprofit organization whose mission she strongly believed in. And—initially—she was happy with her job.

Lately however, Bridget gets a sick feeling in her stomach every morning when her alarm goes off. Why this feeling of misery? After all, she's working in her chosen field in an environment that matches her values. What else could she want? She's more puzzled than anyone.

It's the end of her second year with the organization, and Bridget apprehensively schedules her annual performance evaluation. She knows she's a competent programmer, but she also knows that lately she's been motivated to do only the minimum required to get by. Her heart is just not in her work with this organization. Not exactly how she thought things would turn out, that's for sure.

Bridget's manager Kyle Jacobs surprises her when he begins the evaluation by inquiring about her professional goals. She admits that she hasn't thought much about her future. Kyle asks if she's content in her current position and if she feels that anything is missing. Suddenly, Bridget realizes that she *does* want more professionally.

Question: Are Bridget's motivational problems intrinsic or extrinsic? Which of her needs are currently not being met? What steps should she and her manager take to improve her motivation and ultimately her performance?

Outcome: Once Bridget admits that she's unhappy with her position as a computer programmer, she's ready to explore other possibilities. She and Kyle brainstorm for tasks that will motivate her and bring her greater job satisfaction. Bridget tells Kyle that while she enjoys programming, she feels isolated and misses interacting with other groups in the organization. She also realizes that once she had mastered the initial learning curve, she felt bored. Bridget is ready for a challenge.

Kyle recommends that Bridget move to an information systems team as their technical representative. The team can use Bridget's knowledge of programming, and Bridget will be able to collaborate more frequently with others in the organization.

Bridget and Kyle set specific goals to satisfy her needs to achieve and to work collaboratively. One of Bridget's goals is to take graduate classes in management and information systems. She hopes that this will lead to an MBA and, eventually, to a position as a team leader. Suddenly the prospect of going to work doesn't seem so grim—and lately, Bridget's been beating her alarm!

If you've ever worked with a group of people, and we all have, you have no doubt noticed differences in their performance. Researchers have pondered these differences for many years. Indeed, John B. Watson first studied this issue in the early 1900s. Performance is, of course, an extremely important issue to employers because organizations with high-performing employees will almost always be more effective.

To better understand why people perform at different levels, researchers consider the major determinants of performance: ability, effort (motivation), accurate role perceptions, and environmental factors (see Figure 14.2). Each performance determinant is important, and a deficit in one can seriously affect the others. People who don't understand what is expected of them will be constrained by their own inaccurate role perceptions, even if they have strong abilities and motivation and the necessary resources to perform their job. None of the performance determinants can compensate for a deficiency in any of the other determinants. Thus, a manager cannot compensate for an employee's lack of skills and ability by strengthening their motivation.

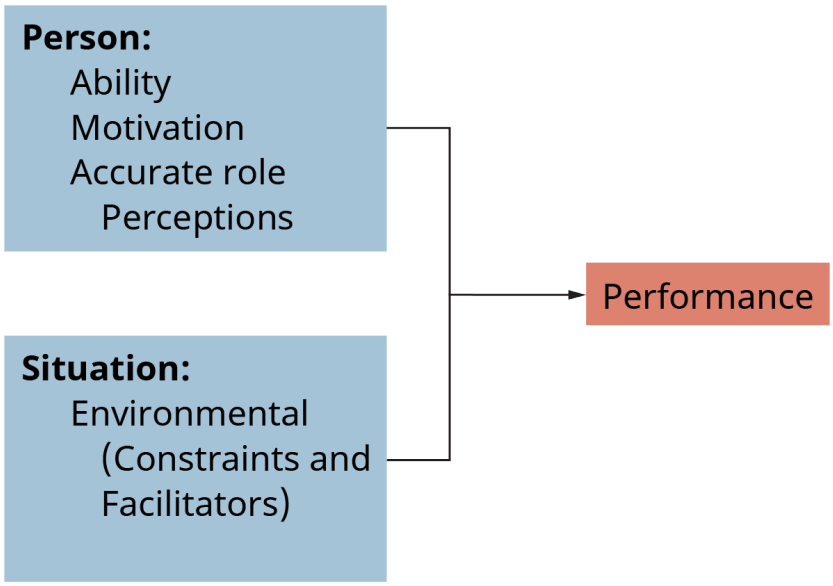

Figure 4.2: Determinants of Performance (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

4.1: Motivation - Questions to Consider

4.1.1: Motivation - Direction and Intensity

4.1.2: Content Theories of Motivation
4.1.3: Process Theories of Motivation
4.1.4: Recent Research on Motivation Theories
4.1.5: Summary
4.2: REVIEW and WATCH - Goal Theory
4.3: Managerial Communication
4.3.1: The Process of Managerial Communication
4.3.2: Types of Communications in Organizations
4.3.3: Factors Affecting Communications and the Roles of Managers
4.3.4: Managerial Communication and Corporate Reputation
4.4: Maslow
4.5: Business Stakeholders
4.6: Stakeholder Communication

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4.1: Motivation - Questions to Consider

Employee Motivation

- As managers, it is important that we are able to effectively motivate our employees.
  - In section 14.1, you will learn about two major components of motivation: direction and intensity.
  - In section 14.2, you will learn about **content theories** that focus on what motivates behavior.
  - In section 14.3, you will learn about **process theories** that focus on how people become motivated.

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4.1.1: Motivation - Direction and Intensity

Learning Objectives

1. Define motivation and distinguish direction and intensity of motivation.

Ability refers to the knowledge, skills, and receptiveness to learning that a person brings to a task or job. Knowledge is what a person knows. Skill is their capacity to perform some particular activity (like welding or accounting), including knowing what is expected of them (called accurate role perceptions). Receptiveness to learning is a function of how quickly a person acquires new knowledge. Some people have more ability than others, and high-ability people generally perform better than low-ability people (although we will see that this is not always the case).[1]

Accurate role perceptions refer to how well an individual understands their organizational role. This includes the goals (outcomes) the person is expected to achieve and the process by which the goals will be achieved. An employee who has accurate role perceptions knows both their expected outcomes *and* how to go about making those outcomes a reality. Incomplete or inaccurate role perceptions limit employees' capacity to meet expectations, regardless of their abilities and motivation.

The performance environment refers to those factors that impact employees' performance but are essentially out of their control. Many environmental factors influence performance. Some factors facilitate performance, while others constrain it. A word processor who has to work with a defective personal computer is certainly not going to perform at peak levels, regardless of ability or desire. Students who are working full time and carrying a full load of classes may not do as well on an exam as they would if they could cut back on their work hours, despite the fact that they have high ability and high motivation.

Motivation is the fourth major factor that determines whether a person will perform a task well. Motivation is a force within or outside of the body that energizes, directs, and sustains human behavior. Within the body, examples might be needs, personal values, and goals, while an incentive might be seen as a force outside of the body. The word stems from its Latin root *movere*, which means "to move." Generally speaking, motivation arises as a consequence of a person's desire to (1) fulfill unmet needs or (2) resolve conflicting thoughts that produce anxiety (an unpleasant experience). There are many ways in which we describe and categorize human needs, as we will see later in this chapter. Certain needs are fundamental to our existence, like the need for food and water. When we are hungry, we are energized to satisfy that need by securing and ingesting food. Our other needs operate in a similar manner. When a need is unfulfilled, we are motivated to engage in behaviors that will satisfy it. The same is true for situations in which we experience conflicting thoughts. When we find ourselves in situations inconsistent with our beliefs, values, or expectations, we endeavor to eliminate the inconsistency. We either change the situation, or we change our perception of it. In both cases, motivation arises out of our interaction with and perception of a particular situation. We perceive the situation as satisfying our needs, or not. Motivation is thus a result of our interacting with situations to satisfy unmet needs or to resolve cognitive dissonance.

Figure 4.1.1.1: At the University of Michigan, Tom Brady was always a backup to high-potential quarterbacks and was a sixth-round draft pick after his college career. He commented, "A lot of people don't believe in you. It's obvious by now, six other quarterbacks taken and 198 other picks. And I always thought 'you know what, once I get my shot, I'm gonna be ready. I'm gonna really take advantage of that.'" Rather than give up, he hired a sports psychologist to help him deal with constant frustrations. Brady would eventually become an elite quarterback and is now considered one of the greatest players ever. "I guess in a sense I've always had a chip on my shoulder. If you were the 199th pick, you were the 199th pick for a reason: because someone didn't think you were good enough." His passion and motivation helped him achieve that status. (Credit: Brook Ward/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Simply stated, work motivation is the amount of effort a person exerts to achieve a certain level of job performance. Some people try very hard to perform their jobs well. They work long hours, even if it interferes with their family life. Highly motivated people go the "extra mile." High scorers on an exam make sure they know the examination material to the best of their ability, no matter how much midnight oil they have to burn. Other students who don't do as well may just want to get by—football games and parties are a lot more fun, after all.

Motivation is of great interest to employers: *All* employers want their people to perform to the best of their abilities. They take great pains to screen applicants to make sure they have the necessary abilities and motivation to perform well. They endeavor to supply all the necessary resources and a good work environment. Yet motivation remains a difficult factor to manage. As a result, it receives the most attention from organizations and researchers alike, who ask the perennial question "What motivates people to perform well?"

In this chapter we look at current answers to this question. What work conditions foster motivation? How can theories of motivation help us understand the general principles that guide organizational behavior? Rather than analyze why a particular student studies hard for a test, we'll look at the underlying principles of our general behavior in a variety of situations (including test taking). We also discuss the major theories of motivation, along with their implications for management and organizational behavior. By the end of this chapter you should have a better understanding of why some people are more motivated than others. Successful employees know what they want to achieve (direction), and they persist until they achieve their goals (intensity).

Our discussion thus far implies that motivation is a matter of effort. This is only partially true. Motivation has two major components: direction and intensity. Direction is *what* a person wants to achieve, what they intend to do. It implies a target that motivated people try to "hit." That target may be to do well on a test. Or it may be to perform better than anyone else in a work group. Intensity is *how hard* people try to achieve their targets. Intensity is what we think of as effort. It represents the energy we expend to accomplish something. If our efforts are getting nowhere, will we try different strategies to succeed? (High-intensity-motivated people are persistent!)

It is important to distinguish the direction and intensity aspects of motivation. If *either* is lacking, performance will suffer. A person who knows what they want to accomplish (direction) but doesn't exert much effort (intensity) will not succeed. (Scoring 100 percent on an exam—your target—won't happen unless you study!) Conversely, people who don't have a direction (what they

want to accomplish) probably won't succeed either. (At some point you have to decide on a major if you want to graduate, even if you do have straight As.)

Employees' targets don't always match with what their employers want. Absenteeism (some employees call this "calling in well") is a major example.[2] Pursuing your favorite hobby (your target) on a workday (your employer's target) is a conflict in direction; below, we'll examine some theories about why this conflict occurs.

There is another reason why employees' targets are sometimes contrary to their employers'—sometimes employers do not ensure that employees understand what the employer wants. Employees can have great intensity but poor direction. It is management's job to provide direction: Should we stress quality as well as quantity? Work independently or as a team? Meet deadlines at the expense of costs? Employees flounder without direction. Clarifying direction results in accurate *role perceptions,* the behaviors employees think they are expected to perform as members of an organization. Employees with accurate role perceptions understand their purpose in the organization and how the performance of their job duties contributes to organizational objectives. Some motivation theorists assume that employees know the correct direction for their jobs. Others do not. These differences are highlighted in the discussion of motivation theories below.

At this point, as we begin our discussion of the various motivation theories, it is reasonable to ask "Why isn't there just one motivation theory?" The answer is that the different theories are driven by different philosophies of motivation. Some theorists assume that humans are propelled more by needs and instincts than by reasoned actions. Their content motivation theories focus on *the content of what* motivates people. Other theorists focus on the process by which people are motivated. Process motivation theories address *how* people become motivated—that is, how people perceive and think about a situation. Content and process theories endeavor to predict motivation in a variety of situations. However, none of these theories can predict what will motivate an individual in a given situation 100 percent of the time. Given the complexity of human behavior, a "grand theory" of motivation will probably never be developed.

A second reasonable question at this point is "Which theory is best?" If that question could be easily answered, this chapter would be quite short. The simple answer is that there is no "one best theory." All have been supported by organizational behavior research. All have strengths and weaknesses. However, understanding something about each theory is a major step toward effective management practices.

concept check

1. Explain the two drivers of motivation: direction and intensity.
2. What are the differences between content and process theories of motivation?
3. Will there ever be a grand theory of motivation?

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4.1.2: Content Theories of Motivation

Learning Objectives

1. Describe a content theory of motivation.

The theories presented in this section focus on the importance of human needs. A common thread through all of them is that people have a variety of needs. A need is a human condition that becomes "energized" when people feel deficient in some respect. When we are hungry, for example, our need for food has been energized. Two features of needs are key to understanding motivation. First, when a need has been energized, we are motivated to satisfy it. We strive to make the need disappear. Hedonism, one of the first motivation theories, assumes that people are motivated to satisfy mainly their own needs (seek pleasure, avoid pain). Long since displaced by more refined theories, hedonism clarifies the idea that needs provide direction for motivation. Second, once we have satisfied a need, it ceases to motivate us. When we've eaten to satiation, we are no longer motivated to eat. Other needs take over and we endeavor to satisfy them. A manifest need is whatever need is motivating us at a given time. Manifest needs dominate our other needs.

Instincts are our natural, fundamental needs, basic to our survival. Our needs for food and water are instinctive. Many needs are learned. We are not born with a high (or low) need for achievement—we learn to need success (or failure). The distinction between instinctive and learned needs sometimes blurs; for example, is our need to socialize with other people instinctive or learned?

Manifest Needs Theory

One major problem with the need approach to motivation is that we can make up a need for every human behavior. Do we "need" to talk or be silent? The possibilities are endless. In fact, around the 1920s, some 6,000 human needs had been identified by behavioral scientists!

Henry A. Murray recognized this problem and condensed the list into a few instinctive and learned needs.[3] Instincts, which Murray called primary needs, include physiological needs for food, water, sex (procreation), urination, and so on. Learned needs, which Murray called secondary needs, are learned throughout one's life and are basically psychological in nature. They include such needs as the need for achievement, for love, and for affiliation (see Table 14.1).[4]

Sample Items from Murray's List of Needs

Social Motive	Brief Definition
Abasement	To submit passively to external force. To accept injury, blame, criticism, punishment. To surrender.
Achievement	To accomplish something difficult. To master, manipulate, or organize physical objects, human beings, or ideas.
Affiliation	To draw near and enjoyably cooperate or reciprocate with an allied other (an other who resembles the subject or who likes the subject). To please and win affection of a coveted object. To adhere and remain loyal to a friend.
Aggression	To overcome opposition forcefully. To fight. To revenge an injury. To attack, injure, or kill another. To oppose forcefully or punish another.
Autonomy	To get free, shake off restraint, break out of confinement.
Counteraction	To master or make up for a failure by restriving.
Defendance	To defend the self against assault, criticism, and blame. To conceal or justify a misdeed, failure, or humiliation. To vindicate the ego.
Deference	To admire and support a superior. To praise, honor, or eulogize.

Source: Adapted from C. S. Hall and G. Lindzey, *Theories of Personality.* Sample items from Murray's List of Needs. Copyright 1957 by John Wiley & Sons, New York.

Sample Items from Murray's List of Needs	
Social Motive	**Brief Definition**
Dominance	To control one's human environment. To influence or direct the behavior of others by suggestion, seduction, persuasion, or command.
Exhibition	To make an impression. To be seen and heard. To excite, amaze, fascinate, entertain, shock, intrigue, amuse, or entice others.
Harm avoidance	To avoid pain, physical injury, illness, and death. To escape from a dangerous situation. To take precautionary measures.
Infavoidance	To avoid humiliation. To quit embarrassing situations or to avoid conditions that may lead to belittlement or the scorn or indifference of others.
Nurturance	To give sympathy and gratify the needs of a helpless object: an infant or any object that is weak, disabled, tired, inexperienced, infirm, defeated, humiliated, lonely, dejected, sick, or mentally confused. To assist an object in danger. To feed, help, support, console, protect, comfort, nurse, heal.
Order	To put things in order. To achieve cleanliness, arrangement, organization, balance, neatness, tidiness, and precision.
Play	To act for "fun" without further purpose. To like to laugh and make jokes. To seek enjoyable relaxation from stress.
Rejection	To separate oneself from a negatively valued object. To exclude, abandon, expel, or remain indifferent to an inferior object. To snub or jilt an object.
Sentience	To seek and enjoy sensuous impressions.
Sex	To form and further an erotic relationship. To have sexual intercourse.
Succorance	To have one's needs gratified by the sympathetic aid of an allied object.
Understanding	To ask or answer general questions. To be interested in theory. To speculate, formulate, analyze, and generalize.
Source: Adapted from C. S. Hall and G. Lindzey, *Theories of Personality.* Sample items from Murray's List of Needs. Copyright 1957 by John Wiley & Sons, New York.	

Table 14.1

Murray's main premise was that people have a variety of needs, but only a few are expressed at a given time. When a person is behaving in a way that satisfies some need, Murray called the need manifest. Manifest needs theory assumes that human behavior is driven by the desire to satisfy needs. Lucretia's chattiness probably indicates her need for affiliation. This is a manifest need. But what if Lucretia also has a need to dominate others? Could we detect that need from her current behavior? If not, Murray calls this a latent need. A latent need cannot be inferred from a person's behavior at a given time, yet the person may still possess that need. The person may not have had the opportunity to express the need. Or she may not be in the proper environment to solicit behaviors to satisfy the need. Lucretia's need to dominate may not be motivating her current behavior because she is with friends instead of coworkers.

Manifest needs theory laid the groundwork for later theories, most notably McClelland's learned needs theory, that have greatly influenced the study of organizational behavior. The major implication for management is that some employee needs are latent. Managers often assume that employees do not have certain needs because the employees never try to satisfy them at work. Such needs may exist (latent needs); the work environment is simply not conducive to their manifestation (manifest needs). A reclusive accountant may not have been given the opportunity to demonstrate his need for achievement because he never received challenging assignments.

Learned Needs Theory

David C. McClelland and his associates (especially John W. Atkinson) built on the work of Murray for over 50 years. Murray studied many different needs, but very few in any detail. McClelland's research differs from Murray's in that McClelland studied three needs in-depth: the need for achievement, the need for affiliation, and the need for power (often abbreviated, in turn, as nAch, nAff, and nPow).[5] McClelland believes that these three needs are learned, primarily in childhood. But he also believes that each

need can be taught, especially nAch. McClelland's research is important because much of current thinking about organizational behavior is based on it.

Need for Achievement

The need for achievement (nAch) is how much people are motivated to excel at the tasks they are performing, especially tasks that are difficult. Of the three needs studied by McClelland, nAch has the greatest impact. The need for achievement varies in intensity across individuals. This makes nAch a personality trait as well as a statement about motivation. When nAch is being expressed, making it a manifest need, people try hard to succeed at whatever task they're doing. We say these people have a high achievement motive. A motive is a source of motivation; it is the need that a person is attempting to satisfy. Achievement needs become manifest when individuals experience certain types of situations.

To better understand the nAch motive, it's helpful to describe high-nAch people. You probably know a few of them. They're constantly trying to accomplish something. One of your authors has a father-in-law who would much rather spend his weekends digging holes (for various home projects) than going fishing. Why? Because when he digs a hole, he gets results. In contrast, he can exert a lot of effort and still not catch a fish. A lot of fishing, no fish, and no results equal failure!

McClelland describes three major characteristics of high-nAch people:

1. They feel personally responsible for completing whatever tasks they are assigned. They accept credit for success and blame for failure.
2. They like situations where the probability of success is moderate. High-nAch people are not motivated by tasks that are too easy or extremely difficult. Instead, they prefer situations where the outcome is uncertain, but in which they believe they can succeed if they exert enough effort. They avoid both simple and impossible situations.
3. They have very strong desires for feedback about how well they are doing. They actively seek out performance feedback. It doesn't matter whether the information implies success or failure. They want to know whether they have achieved or not. They constantly ask how they are doing, sometimes to the point of being a nuisance.

Why is nAch important to organizational behavior? The answer is, the success of many organizations is dependent on the nAch levels of their employees.[6] This is especially true for jobs that require self-motivation and managing others. Employees who continuously have to be told how to do their jobs require an overly large management team, and too many layers of management spell trouble in the current marketplace. Today's flexible, cost-conscious organizations have no room for top-heavy structures; their high-nAch employees perform their jobs well with minimal supervision.

Many organizations manage the achievement needs of their employees poorly. A common perception about people who perform unskilled jobs is that they are unmotivated and content doing what they are doing. But, if they have achievement needs, the job itself creates little motivation to perform. It is too easy. There are not enough workers who feel personal satisfaction for having the cleanest floors in a building. Designing jobs that are neither too challenging nor too boring is key to managing motivation. Job enrichment is one effective strategy; this frequently entails training and rotating employees through different jobs, or adding new challenges.

Figure 4.1.2.1: The New York City Metropolitan Transit Authority undertook a new approach to how they perform critical inspection and maintenance of subway components that are necessary to providing reliable service. Rather than schedule these inspections during regular hours, they consulted with the maintenance workers, who suggested doing the inspections while sections of the subway were closed to trains for seven consecutive hours. This process was adopted and provided a safer and more efficient way to maintain and clean New York City's sprawling subway. With no trains running, MTA employees are able to inspect signals, replace rails and crossties, scrape track floors, clean stations, and paint areas that are not reachable during normal train operation. Workers also took the opportunity to clean lighting fixtures, change bulbs, and repair platform edges while performing high-intensity station cleaning. (Credit: Patrick Cashin/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Need for Affiliation

This need is the second of McClelland's learned needs. The need for affiliation (nAff) reflects a desire to establish and maintain warm and friendly relationships with other people. As with nAch, nAff varies in intensity across individuals. As you would expect, high-nAff people are very sociable. They're more likely to go bowling with friends after work than to go home and watch television. Other people have lower affiliation needs. This doesn't mean that they avoid other people, or that they dislike others. They simply don't exert as much effort in this area as high-nAff people do.

The nAff has important implications for organizational behavior. High-nAff people like to be around other people, including other people at work. As a result, they perform better in jobs that require teamwork. Maintaining good relationships with their coworkers is important to them, so they go to great lengths to make the work group succeed because they fear rejection. So, high-nAff employees will be especially motivated to perform well if others depend on them. In contrast, if high-nAff people perform jobs in isolation from other people, they will be less motivated to perform well. Performing well on this job won't satisfy their need to be around other people.

Effective managers carefully assess the degree to which people have high or low nAff. Employees high in nAff should be placed in jobs that require or allow interactions with other employees. Jobs that are best performed alone are more appropriate for low-nAff employees, who are less likely to be frustrated.

Need for Power

The third of McClelland's learned needs, the need for power (nPow), is the need to control things, especially other people. It reflects a motivation to influence and be responsible for other people. An employee who is often talkative, gives orders, and argues a lot is motivated by the need for power over others.

Employees with high nPow can be beneficial to organizations. High-nPow people do have effective employee behaviors, but at times they're disruptive. A high-nPow person may try to convince others to do things that are detrimental to the organization. So,

when is this need good, and when is it bad? Again, there are no easy answers. McClelland calls this the "two faces of power."[7] A *personal power seeker* endeavors to control others mostly for the sake of dominating them. They want others to respond to their wishes whether or not it is good for the organization. They "build empires," and they protect them.

McClelland's other power seeker is the *social power seeker*. A high social power seeker satisfies needs for power by influencing others, like the personal power seeker. They differ in that they feel best when they have influenced a work group to achieve the group's goals, and not some personal agenda. High social power seekers are concerned with goals that a work group has set for itself, and they are motivated to influence others to achieve the goal. This need is oriented toward fulfilling responsibilities to the employer, not to the self.

McClelland has argued that the high need for social power is the most important motivator for successful managers. Successful managers tend to be high in this type of nPow. High need for achievement can also be important, but it sometimes results in too much concern for personal success and not enough for the employer's success. The need for affiliation contributes to managerial success only in those situations where the maintenance of warm group relations is as important as getting others to work toward group goals.

The implication of McClelland's research is that organizations should try to place people with high needs for social power in managerial jobs. It is critical, however, that those managerial jobs allow the employee to satisfy the nPow through social power acquisition. Otherwise, a manager high in nPow may satisfy this need through acquisition of personal power, to the detriment of the organization.

ETHICS IN PRACTICE

Corporate Social Responsibility as a Motivating Force

Whatever their perspective, most people have a cause that they are passionate about. Bitcoin or net neutrality, sea levels or factory farming—social causes bind us to a larger context or assume a higher purpose for living better.

So what motivates employees to give their all, work creatively, and be fully engaged? According to CB Bhattacharya, the Pietro Ferrero Chair in Sustainability at ESMT European School of Management and Technology in Berlin, Germany, employment engagement, or how positive employees feel about their current job, was at an all-time low globally in 2016: 13 percent. But not all companies battle such low engagement rates. Unilever employees more than 170,000 workers globally and has an employ engagement level around 80 percent. How? Bhattacharya credits the success of Unilever, and other companies with similar engagement levels, to an emphasis on a "sustainable business model." He outlines eight steps that companies take to move sustainability and social responsibility from buzzwords to a company mission capable of motivating employees (Knowledge @ Wharton 2016).

According to Bhattacharya, a company needs to first define what it does and its long-term purpose, and then reconcile its sustainability goals with its economic goals. With its purpose and goals defined, it can then educate the workforce on sustainable methods to create knowledge and competence. Champions for the effort must be found throughout the organization, not just at the top. Competition should be encouraged among employees to find and embrace new goals. Sustainability should be visible both within and outside the company. Sustainability should be tied to a higher purpose and foster a sense of unity not simply among employees, but even with competition at a societal level (Knowledge @ Wharton 2016).

Other companies have made social responsibility an everyday part of what they do. Launched in 2013, Bombas is the brain child of Randy Goldberg and David Heath. Goldberg and Heath discovered that socks are the most-requested clothing at homeless shelters. In response, the two entrepreneurs launched a line of socks that not only "reinvents" the sock (they claim), but also helps those in need. For each pair of socks purchased, the company donates a pair of socks to someone in need (Mulvey 2017). According to the company website, "Bombas exists to help solve this problem, to support the homeless community, and to bring awareness to an under-publicized problem in the United States" (n.p.). Although the New York–based company is still growing, as of October 2017 Bombas had donated more than four million pairs of socks (Bombas 2017).

In 2016, the Royal Bank of Scotland (RBS) launched a pilot program called Jump in which employees participated in challenges on ways to save water and electricity, as well as other sustainability issues. At the end of the pilot, 95 percent of the employees reported that they felt the program had contributed to employee engagement, team building, and environmental stability. Given the success of the program, in 2017 it was expanded to all RBS sites and a smartphone app was added to help employees participate in the challenges (Barton 2017).

Placing a *company* in a larger context and adding a second, higher purpose than the established company goals motivates employees to police the company itself to be a better global citizen. Companies benefit from reduced waste and increased employee engagement. Many companies are successfully motivating their staff, and working toward more sustainable practices, while improving lives directly.

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questions

1. Do you think social responsibility to promote sustainable practices? Why or why not?
2. Do you think most companies' CSR programs are essentially PR gimmicks? Why or why not? Give examples.

Maslow's Hierarchy of Needs

Any discussion of needs that motivate performance would be incomplete without considering Abraham Maslow.[8] Thousands of managers in the 1960s were exposed to Maslow's theory through the popular writings of Douglas McGregor.[9] Today, many of them still talk about employee motivation in terms of Maslow's theory.

Maslow was a psychologist who, based on his early research with primates (monkeys), observations of patients, and discussions with employees in organizations, theorized that human needs are arranged hierarchically. That is, before one type of need can manifest itself, other needs must be satisfied. For example, our need for water takes precedence over our need for social interaction (this is also called *prepotency*). We will always satisfy our need for water before we satisfy our social needs; water needs have prepotency over social needs. Maslow's theory differs from others that preceded it because of this hierarchical, prepotency concept.

Maslow went on to propose five basic types of human needs. This is in contrast to the thousands of needs that earlier researchers had identified, and also fewer than Murray identified in his theory. Maslow condensed human needs into a manageable set. Those five human needs, in the order of prepotency in which they direct human behavior, are:

1. *Physiological and survival needs*. These are the most basic of human needs, and include the needs for water, food, sex, sleep, activity, stimulation, and oxygen.
2. *Safety and security needs*. These needs invoke behaviors that assure freedom from danger. This set of needs involves meeting threats to our existence, including extremes in environmental conditions (heat, dust, and so on), assault from other humans, tyranny, and murder. In other words, satisfaction of these needs prevents fear and anxiety while adding stability and predictability to life.
3. *Social needs*. These needs reflect human desires to be the target of affection and love from others. They are especially satisfied by the presence of spouses, children, parents, friends, relatives, and others to whom we feel close. Feelings of loneliness and rejection are symptoms that this need has not been satisfied.
4. *Ego and esteem*. Esteem needs go beyond social needs. They reflect our need to be respected by others, and to have esteem for ourselves. It is one thing to be liked by others. It is another thing to be respected for our talents and abilities. Ego and esteem needs have internal (self) and external (others) focuses. An internal focus includes desires for achievement, strength, competence, confidence, and independence. An external focus includes desires to have prestige, recognition, appreciation, attention, and respect from others. Satisfaction of external esteem needs can lead to satisfaction of internal esteem needs.
5. *Self-actualization*. Self-actualization needs are the most difficult to describe. Unlike the other needs, the need for self-

actualization is never completely satisfied. Self-actualization involves a desire for self-fulfillment, “to become more and more what one is, to become everything that one is capable of becoming.”[10] Because people are so different in their strengths and weaknesses, in capacities and limitations, the meaning of self-actualization varies greatly. Satisfying self-actualization needs means developing all of our special abilities to their fullest degree.

Figure 4.1.2.2: Seattle protester with sign (Credit: Adrenalin Tim /flickr/ Attribution 2.0 Generic (CC BY 2.0))

Figure 14.2.2: A protester at an anti-war demonstration in Seattle held up this sign. Where would you place that on Maslow’s hierarchy of needs?

Figure 14.2.3 illustrates Maslow’s proposed hierarchy of needs. According to his theory, people first direct their attention to satisfying their lower-order needs. Those are the needs at the bottom of the pyramid (physiological, safety, and security). Once those needs have been satisfied, the next level, social needs, become energized. Once satisfied, we focus on our ego and esteem needs. Maslow believed that most people become fixated at this level. That is, most people spend much of their lives developing self-esteem and the esteem of others. But, once those esteem needs are satisfied, Maslow predicted that self-actualization needs would dominate. There are no higher levels in the pyramid, because self-actualization needs can never be fully satisfied. They represent a continuing process of self-development and self-improvement that, once satisfied on one dimension (painting), create motivation to continue on other dimensions (sculpting). One wonders if athletes like Tim Tebow are self-actualizing when they participate in multiple sporting endeavors at the professional level.

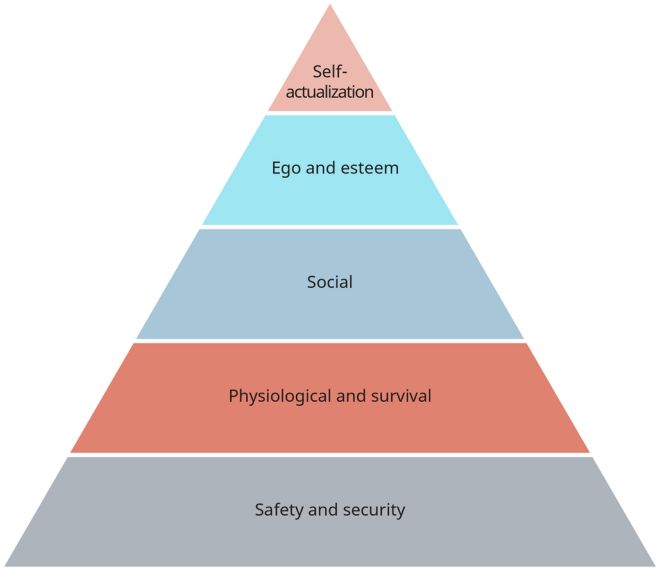

Figure 4.1.2.3: Maslow's Hierarchy of Needs (*Source:* Based on A. H. Maslow. 1943. A theory of human motivation. *Psychological Bulletin* 50:370–396)

An overriding principle in this theory is that a person's attention (direction) and energy (intensity) will focus on satisfying the lowest-level need that is not currently satisfied. Needs can also be satisfied at some point but become active (dissatisfied) again. Needs must be "maintained" (we must continue to eat occasionally). According to Maslow, when lower-level needs are reactivated, we once again concentrate on that need. That is, we lose interest in the higher-level needs when lower-order needs are energized.

The implications of Maslow's theory for organizational behavior are as much conceptual as they are practical. The theory posits that to maximize employee motivation, employers must try to guide workers to the upper parts of the hierarchy. That means that the employer should help employees satisfy lower-order needs like safety and security and social needs. Once satisfied, employees will be motivated to build esteem and respect through their work achievements. Figure 14.2.3 shows how Maslow's theory relates to factors that organizations can influence. For example, by providing adequate pay, safe working conditions, and cohesive workgroups, employers help employees satisfy their lower-order needs. Once satisfied, challenging jobs, additional responsibilities, and prestigious job titles can help employees satisfy higher-order esteem needs.

Maslow's theory is still popular among practicing managers. Organizational behavior researchers, however, are not as enamored with it because research results don't support Maslow's hierarchical notion. Apparently, people don't go through the five levels in a fixed fashion. On the other hand, there is some evidence that people satisfy the lower-order needs before they attempt to satisfy higher-order needs. Refinements of Maslow's theory in recent years reflect this more limited hierarchy.[11] The self-assessment below will allow you to evaluate the strength of your five needs.

Alderfer's ERG Theory

Clayton Alderfer observed that very few attempts had been made to test Maslow's full theory. Further, the evidence accumulated provided only partial support. During the process of refining and extending Maslow's theory, Alderfer provided another need-based theory and a somewhat more useful perspective on motivation.[12] Alderfer's ERG theory compresses Maslow's five need categories into three: existence, relatedness, and growth.[13] In addition, ERG theory details the dynamics of an individual's movement between the need categories in a somewhat more detailed fashion than typically characterizes interpretations of Maslow's work.

As shown in Figure 14.2.4, the ERG model addresses the same needs as those identified in Maslow's work:

Figure 4.1.2.4: Alderfer's ERG Theory (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

- *Existence needs* include physiological and material safety needs. These needs are satisfied by material conditions and not through interpersonal relations or personal involvement in the work setting.
- *Relatedness needs* include all of Maslow's social needs, plus social safety and social esteem needs. These needs are satisfied through the exchange of thoughts and feelings with other people.
- *Growth needs* include self-esteem and self-actualization needs. These needs tend to be satisfied through one's full involvement in work and the work setting.

Figure 14.2.5 identifies a number of ways in which organizations can help their members satisfy these three needs.

Figure 4.1.2.5: Satisfying Existence, Relatedness, and Growth Needs (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Four components—satisfaction progression, frustration, frustration regression, and aspiration—are key to understanding Alderfer's ERG theory. The first of these, *satisfaction progression,* is in basic agreement with Maslow's process of moving through the needs.

As we increasingly satisfy our existence needs, we direct energy toward relatedness needs. As these needs are satisfied, our growth needs become more active. The second component, *frustration,* occurs when we attempt but fail to satisfy a particular need. The resulting frustration may make satisfying the unmet need even more important to us—unless we repeatedly fail to satisfy that need. In this case, Alderfer's third component, *frustration regression,* can cause us to shift our attention to a previously satisfied, more concrete, and verifiable need. Lastly, the *aspiration* component of the ERG model notes that, by its very nature, growth is intrinsically satisfying. The more we grow, the more we want to grow. Therefore, the more we satisfy our growth need, the more important it becomes and the more strongly we are motivated to satisfy it.

Figure 4.1.2.6: Jamie Dimon, CEO at JP Morgan Chase, is reported to make $27 million dollars per year, and as CEO has an interesting and intrinsically rewarding job. Starting tellers at a Chase Bank make a reported $36,100 per year and are in a position that has repeated tasks and may not be the most rewarding from a motivational point of view. How does this pay structure relate to self-determination theory (SDT)? (Credit: Stefan Chow/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Alderfer's model is potentially more useful than Maslow's in that it doesn't create false motivational categories. For example, it is difficult for researchers to ascertain when interaction with others satisfies our need for acceptance and when it satisfies our need for recognition. ERG also focuses attention explicitly on movement through the set of needs in both directions. Further, evidence in support of the three need categories and their order tends to be stronger than evidence for Maslow's five need categories and their relative order.

Herzberg's Motivator-Hygiene Theory

Clearly one of the most influential motivation theories throughout the 1950s and 1960s was Frederick Herzberg's motivator-hygiene theory.[14] This theory is a further refinement of Maslow's theory. Herzberg argued that there are two sets of needs, instead of the five sets theorized by Maslow. He called the first set "motivators" (or growth needs). Motivators, which relate to the jobs we perform and our ability to feel a sense of achievement as a result of performing them, are rooted in our need to experience growth and self-actualization. The second set of needs he termed "hygienes." Hygienes relate to the work environment and are based in the basic human need to "avoid pain." According to Herzberg, growth needs motivate us to perform well and, when these needs are met, lead to the experience of satisfaction. Hygiene needs, on the other hand, must be met to avoid dissatisfaction (but do not necessarily provide satisfaction or motivation).[15]

Hygiene factors are not directly related to the work itself (job content). Rather, hygienes refer to job context factors (pay, working conditions, supervision, and security). Herzberg also refers to these factors as "dissatisfiers" because they are frequently associated with dissatisfied employees. These factors are so frequently associated with dissatisfaction that Herzberg claims they never really provide satisfaction. When they're present in sufficient quantities, we avoid dissatisfaction, but they do not contribute to satisfaction. Furthermore, since meeting these needs does not provide satisfaction, Herzberg concludes that they do not motivate workers.

Motivator factors involve our long-term need to pursue psychological growth (much like Maslow's esteem and self-actualization needs). Motivators relate to *job content*. Job content is what we actually *do* when we perform our job duties. Herzberg considered job duties that lead to feelings of achievement and recognition to be motivators. He refers to these factors as "satisfiers" to reflect their ability to provide satisfying experiences. When these needs are met, we experience satisfaction. Because meeting these needs provides satisfaction, they motivate workers. More specifically, Herzberg believes these motivators lead to high performance (achievement), and the high performance itself leads to satisfaction.

The unique feature of Herzberg's theory is that job conditions that prevent dissatisfaction do not cause satisfaction. Satisfaction and dissatisfaction are on different "scales" in his view. Hygienes can cause dissatisfaction if they are not present in sufficient levels. Thus, an employee can be dissatisfied with low pay. But paying him more will not cause long-term satisfaction *unless* motivators are present. Good pay *by itself* will only make the employee neutral toward work; to attain satisfaction, employees need challenging job duties that result in a sense of achievement. Employees can be dissatisfied, neutral, or satisfied with their jobs, depending on their levels of hygienes and motivators. Herzberg's theory even allows for the possibility that an employee can be satisfied and dissatisfied at the same time—the "I love my job but I hate the pay" situation!

Herzberg's theory has made lasting contributions to organizational research and managerial practice. Researchers have used it to identify the wide range of factors that influence worker reactions. Previously, most organizations attended primarily to hygiene factors. Because of Herzberg's work, organizations today realize the potential of motivators. Job enrichment programs are among the many direct results of his research.

Herzberg's work suggests a two-stage process for managing employee motivation and satisfaction. First, managers should address the hygiene factors. Intense forms of dissatisfaction distract employees from important work-related activities and tend to be demotivating.[16] Thus, managers should make sure that such basic needs as adequate pay, safe and clean working conditions, and opportunities for social interaction are met. They should then address the much more powerful motivator needs, in which workers experience recognition, responsibility, achievement, and growth. If motivator needs are ignored, neither long-term satisfaction nor high motivation is likely. When motivator needs are met, however, employees feel satisfied and are motivated to perform well.

Self-Determination Theory

One major implication of Herzberg's motivator-hygiene theory is the somewhat counterintuitive idea that managers should focus more on motivators than on hygienes. (After all, doesn't everyone want to be paid well? Organizations have held this out as a chief motivator for decades!) Why might concentrating on motivators give better results? To answer this question, we must examine *types* of motivation. Organizational behavior researchers often classify motivation in terms of what stimulates it. In the case of extrinsic motivation, we endeavor to acquire something that satisfies a lower-order need. Jobs that pay well and that are performed in safe, clean working conditions with adequate supervision and resources directly or indirectly satisfy these lower-order needs. These "outside the person" factors are *extrinsic rewards*.

Factors "inside" the person that cause people to perform tasks, intrinsic motivation, arise out of performing a task in and of itself, because it is interesting or "fun" to do. The task is enjoyable, so we continue to do it *even in the absence* of extrinsic rewards. That is, we are motivated by *intrinsic rewards,* rewards that we more or less give ourselves. Intrinsic rewards satisfy higher-order needs like relatedness and growth in ERG theory. When we sense that we are valuable contributors, are achieving something important, or are getting better at some skill, we like this feeling and strive to maintain it.

Self-determination theory (SDT) seeks to explain not only what causes motivation, but also how extrinsic rewards affect intrinsic motivation.[17] In SDT, extrinsic motivation refers to the performance of an activity in order to attain some valued outcome, while intrinsic motivation refers to performing an activity for the inherent satisfaction of the activity itself. SDT specifies when an activity will be intrinsically motivating and when it will not. Considerable numbers of studies have demonstrated that tasks are intrinsically motivating when they satisfy at least one of three higher-order needs: competence, autonomy, and relatedness. These precepts from SDT are entirely consistent with earlier discussions of theories by McClelland, Maslow, Alderfer, and Herzberg.

SDT takes the concepts of extrinsic rewards and intrinsic motivation further than the other need theories. SDT researchers have consistently found that as the level of extrinsic rewards increases, the amount of intrinsic motivation *decreases*. That is, SDT posits that extrinsic rewards not only do not provide intrinsic motivation, they diminish it. Think of this in terms of hobbies. Some people like to knit, others like to carve wood. They do it because it is intrinsically motivating; the hobby satisfies needs for competence, autonomy, and relatedness. But what happens if these hobbyists start getting paid well for their sweaters and carvings? Over time the hobby becomes less fun and is done in order to receive extrinsic rewards (money). Extrinsic motivation

increases as intrinsic motivation decreases! When extrinsic rewards are present, people do not feel like what they do builds competence, is self-determined, or enhances relationships with others.

SDT theory has interesting implications for the management of organizational behavior. Some jobs are by their very nature uninteresting and unlikely to be made interesting. Automation has eliminated many such jobs, but they are still numerous. SDT would suggest that the primary way to motivate high performance for such jobs is to make performance contingent on extrinsic rewards. Relatively high pay is necessary to sustain performance on certain low-skill jobs. On the other hand, SDT would suggest that to enhance intrinsic motivation on jobs that are interesting, don't focus only on increasing extrinsic rewards (like large pay bonuses). Instead, create even more opportunities for employees to satisfy their needs for competence, autonomy, and relatedness. That means giving them opportunities to learn new skills, to perform their jobs without interference, and to develop meaningful relationships with other customers and employees in other departments. Such actions enhance intrinsic rewards.

You may have noticed that content theories are somewhat quiet about what determines the intensity of motivation. For example, some people steal to satisfy their lower-order needs (they have high intensity). But most of us don't steal. Why is this? Process theories of motivation attempt to explain this aspect of motivation by focusing on the intensity of motivation as well as its direction. According to self-determination theory, skilled workers who are given a chance to hone their skills and the freedom to practice their craft will be intrinsically motivated.

concept check

1. Understand the content theories of motivation.
2. Understand the contributions that Murray, McClelland, Maslow, Alderfer, and Herzberg made toward an understanding of human motivation.

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4.1.3: Process Theories of Motivation

Learning Objectives

1. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning theory, equity theory, goal theory, and expectancy theory.

Process theories of motivation try to explain *why* behaviors are initiated. These theories focus on the mechanism by which we choose a target, and the effort that we exert to "hit" the target. There are four major process theories: (1) operant conditioning, (2) equity, (3) goal, and (4) expectancy.

Operant Conditioning Theory

Operant conditioning theory is the simplest of the motivation theories. It basically states that people will do those things for which they are rewarded and will avoid doing things for which they are punished. This premise is sometimes called the "law of effect." However, if this were the sum total of conditioning theory, we would not be discussing it here. Operant conditioning theory does offer greater insights than "reward what you want and punish what you don't," and knowledge of its principles can lead to effective management practices.

Operant conditioning focuses on the learning of voluntary behaviors.[18] The term operant conditioning indicates that learning results from our "operating on" the environment. After we "operate on the environment" (that is, behave in a certain fashion), consequences result. These consequences determine the likelihood of similar behavior in the future. Learning occurs because we do something to the environment. The environment then reacts to our action, and our subsequent behavior is influenced by this reaction.

The Basic Operant Model

According to operant conditioning theory, we learn to behave in a particular fashion because of consequences that resulted from our past behaviors.[19] The learning process involves three distinct steps (see Table 14.2). The first step involves a *stimulus* (S). The stimulus is any situation or event we perceive that we then respond to. A homework assignment is a stimulus. The second step involves a *response* (R), that is, any behavior or action we take in reaction to the stimulus. Staying up late to get your homework assignment in on time is a response. (We use the words response and behavior interchangeably here.) Finally, a *consequence* (C) is any event that follows our response and that makes the response more or less likely to occur in the future. If Colleen Sullivan receives praise from her superior for working hard, and if getting that praise is a pleasurable event, then it is likely that Colleen will work hard again in the future. If, on the other hand, the superior ignores or criticizes Colleen's response (working hard), this consequence is likely to make Colleen avoid working hard in the future. It is the experienced consequence (positive or negative) that influences whether a response will be repeated the next time the stimulus is presented.

Process Theories of Motivation **General Operant Model: S → R → C**	
Ways to Strengthen the S → R Link	
1. S → R → C+	(Positive Reinforcement)
2. S → R → C–	(Negative Reinforcement)
3. S → R → (no C–)	(Avoidance Learning)
Ways to Weaken the S → R Link	
1. S → R → (no C)	(Nonreinforcement)
2. S → R → C–	(Punishment)

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Reinforcement occurs when a consequence makes it more likely the response/behavior will be repeated in the future. In the previous example, praise from Colleen's superior is a reinforcer. Extinction occurs when a consequence makes it less likely the response/behavior will be repeated in the future. Criticism from Colleen's supervisor could cause her to stop working hard on any assignment.

There are three ways to make a response more likely to recur: positive reinforcement, negative reinforcement, and avoidance learning. In addition, there are two ways to make the response less likely to recur: nonreinforcement and punishment.

Making a Response More Likely

According to reinforcement theorists, managers can encourage employees to repeat a behavior if they provide a desirable consequence, or reward, after the behavior is performed. Positive reinforcement is a desirable consequence that satisfies an active need or that removes a barrier to need satisfaction. It can be as simple as a kind word or as major as a promotion. Companies that provide "dinners for two" as awards to those employees who go the extra mile are utilizing positive reinforcement. It is important to note that there are wide variations in what people consider to be a positive reinforcer. Praise from a supervisor may be a powerful reinforcer for some workers (like high-nAch individuals) but not others.

Another technique for making a desired response more likely to be repeated is known as negative reinforcement. When a behavior causes something undesirable to be taken away, the behavior is more likely to be repeated in the future. Managers use negative reinforcement when they remove something unpleasant from an employee's work environment in the hope that this will encourage the desired behavior. Ted doesn't like being continually reminded by Philip to work faster (Ted thinks Philip is nagging him), so he works faster at stocking shelves to avoid being criticized. Philip's reminders are a negative reinforcement for Ted.

Approach using negative reinforcement with extreme caution. Negative reinforcement is often confused with punishment. Punishment, unlike reinforcement (negative or positive), is intended to make a particular behavior go away (not be repeated). Negative reinforcement, like positive reinforcement, is intended to make a behavior more likely to be repeated in the future. In the previous example, Philip's reminders simultaneously punished one behavior (slow stocking) and reinforced another (faster stocking). The difference is often a fine one, but it becomes clearer when we identify the behaviors we are trying to encourage (reinforcement) or discourage (punishment).

Figure 4.1.3.1: A worker stacks eggs on the shelves at a supermarket. Consider the interchange between Ted and Philip regarding speeding up the shelf restocking process. What could go wrong? (Credit: Alex Barth/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

A third method of making a response more likely to occur involves a process known as avoidance learning. Avoidance learning occurs when we learn to behave in a certain way to avoid encountering an undesired or unpleasant consequence. We may learn to wake up a minute or so before our alarm clock rings so we can turn it off and not hear the irritating buzzer. Some workers learn to

get to work on time to avoid the harsh words or punitive actions of their supervisors. Many organizational discipline systems rely heavily on avoidance learning by using the threat of negative consequences to encourage desired behavior. When managers warn an employee not to be late again, when they threaten to fire a careless worker, or when they transfer someone to an undesirable position, they are relying on the power of avoidance learning.

Making a Response Less Likely

At times it is necessary to discourage a worker from repeating an undesirable behavior. The techniques managers use to make a behavior less likely to occur involve doing something that frustrates the individual's need satisfaction or that removes a currently satisfying circumstance. Punishment is an aversive consequence that follows a behavior and makes it less likely to reoccur.

Note that managers have another alternative, known as nonreinforcement, in which they provide no consequence at all following a worker's response. Nonreinforcement eventually reduces the likelihood of that response reoccurring, which means that managers who fail to reinforce a worker's desirable behavior are also likely to see that desirable behavior less often. If Philip never rewards Ted when he finishes stocking on time, for instance, Ted will probably stop trying to beat the clock. Nonreinforcement can also reduce the likelihood that employees will repeat undesirable behaviors, although it doesn't produce results as quickly as punishment does. Furthermore, if other reinforcing consequences are present, nonreinforcement is unlikely to be effective.

While punishment clearly works more quickly than does nonreinforcement, it has some potentially undesirable side effects. Although punishment effectively tells a person what *not* to do and stops the undesired behavior, it does not tell them what they *should* do. In addition, even when punishment works as intended, the worker being punished often develops negative feelings toward the person who does the punishing. Although sometimes it is very difficult for managers to avoid using punishment, it works best when reinforcement is also used. An experiment conducted by two researchers at the University of Kansas found that using nonmonetary reinforcement in addition to punitive disciplinary measures was an effective way to decrease absenteeism in an industrial setting.[20]

Schedules of Reinforcement

When a person is learning a new behavior, like how to perform a new job, it is desirable to reinforce effective behaviors every time they are demonstrated (this is called *shaping*). But in organizations, it is not usually possible to reinforce desired behaviors every time they are performed, for obvious reasons. Moreover, research indicates that constantly reinforcing desired behaviors, termed *continuous reinforcement,* can be detrimental in the long run. Behaviors that are learned under continuous reinforcement are quickly extinguished (cease to be demonstrated). This is because people will expect a reward (the reinforcement) every time they display the behavior. When they don't receive it after just a few times, they quickly presume that the behavior will no longer be rewarded, and they quit doing it. Any employer can change employees' behavior by simply not paying them!

If behaviors cannot (and should not) be reinforced every time they are exhibited, how often should they be reinforced? This is a question about schedules of reinforcement, or the frequency at which effective employee behaviors should be reinforced. Much of the early research on operant conditioning focused on the best way to maintain the performance of desired behaviors. That is, it attempted to determine how frequently behaviors need to be rewarded so that they are not extinguished. Research zeroed in on four types of reinforcement schedules:

Fixed Ratio: With this schedule, a fixed number of responses (let's say five) must be exhibited before any of the responses are reinforced. If the desired response is coming to work on time, then giving employees a $25 bonus for being punctual every day from Monday through Friday would be a fixed ratio of reinforcement.

Variable Ratio: A variable-ratio schedule reinforces behaviors, *on average,* a fixed number of times (again let's say five). Sometimes the tenth behavior is reinforced, other times the first, but on average every fifth response is reinforced. People who perform under such variable-ratio schedules like this don't know *when* they will be rewarded, but they do know that they *will* be rewarded.

Fixed Interval: In a fixed-interval schedule, a certain amount of time must pass before a behavior is reinforced. With a one-hour fixed-interval schedule, for example, a supervisor visits an employee's workstation and reinforces the first desired behavior she sees. She returns one hour later and reinforces the next desirable behavior. This schedule doesn't imply that reinforcement will be received automatically after the passage of the time period. The time must pass *and* an appropriate response must be made.

Variable Interval: The variable interval differs from fixed-interval schedules in that the specified time interval passes *on average* before another appropriate response is reinforced. Sometimes the time period is shorter than the average; sometimes it is longer.

Which type of reinforcement schedule is best? In general, continuous reinforcement is best while employees are learning their jobs or new duties. After that, variable-ratio reinforcement schedules are superior. In most situations, the fixed-interval schedule produces the least effective results, with fixed ratio and variable interval falling in between the two extremes. But remember that effective behaviors must be reinforced with some type of schedule, or they may become extinguished.

Equity Theory

Suppose you have worked for a company for several years. Your performance has been excellent, you have received regular pay increases, and you get along with your boss and coworkers. One day you come to work to find that a new person has been hired to work at the same job that you do. You are pleased to have the extra help. Then, you find out the new person is making $100 more per week than you, despite your longer service and greater experience. How do you feel? If you're like most of us, you're quite unhappy. Your satisfaction has just evaporated. Nothing about your job has changed—you receive the same pay, do the same job, and work for the same supervisor. Yet, the addition of one new employee has transformed you from a happy to an unhappy employee. This feeling of unfairness is the basis for equity theory.

Equity theory states that motivation is affected by the outcomes we receive for our inputs compared to the outcomes and inputs of other people.[21] This theory is concerned with the reactions people have to outcomes they receive as part of a "social exchange." According to equity theory, our reactions to the outcomes we receive from others (an employer) depend both on how we value those outcomes in an absolute sense *and* on the circumstances surrounding their receipt. Equity theory suggests that our reactions will be influenced by our perceptions of the "inputs" provided in order to receive these outcomes ("Did I get as much out of this as I put into it?"). Even more important is our comparison of our inputs to what we believe others received for their inputs ("Did I get as much for my inputs as my coworkers got for theirs?").

The Basic Equity Model

The fundamental premise of equity theory is that we continuously monitor the degree to which our work environment is "fair." In determining the degree of fairness, we consider two sets of factors, inputs and outcomes (see Figure 14.3.2). Inputs are any factors we contribute to the organization that we feel have value and are relevant to the organization. Note that the value attached to an input is based on *our* perception of its relevance and value. Whether or not anyone else agrees that the input is relevant or valuable is unimportant to us. Common inputs in organizations include time, effort, performance level, education level, skill levels, and bypassed opportunities. Since any factor we consider relevant is included in our evaluation of equity, it is not uncommon for factors to be included that the organization (or even the law) might argue are inappropriate (such as age, sex, ethnic background, or social status).

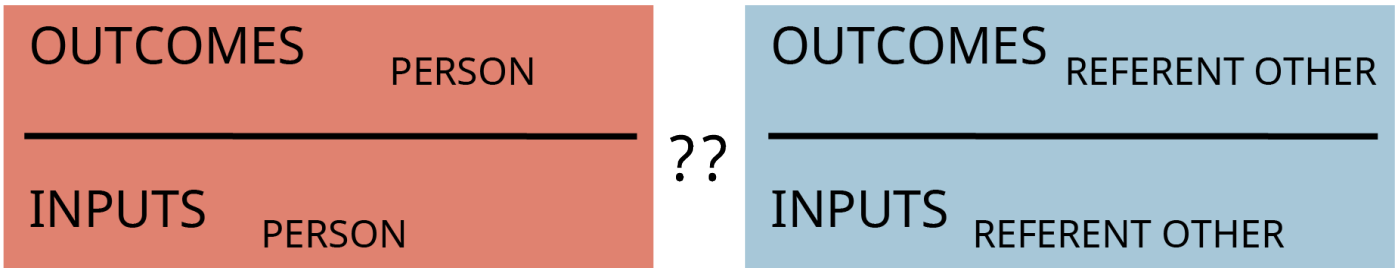

Figure 4.1.3.2: The Equity Theory Comparison (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Outcomes are anything we perceive as getting back from the organization in exchange for our inputs. Again, the value attached to an outcome is based on our perceptions and not necessarily on objective reality. Common outcomes from organizations include pay, working conditions, job status, feelings of achievement, and friendship opportunities. Both positive and negative outcomes influence our evaluation of equity. Stress, headaches, and fatigue are also potential outcomes. Since any outcome we consider relevant to the exchange influences our equity perception, we frequently include unintended factors (peer disapproval, family reactions).

Equity theory predicts that we will compare our outcomes to our inputs in the form of a ratio. On the basis of this ratio we make an initial determination of whether or not the situation is equitable. If we perceive that the outcomes we receive are commensurate with our inputs, we are satisfied. If we believe that the outcomes are not commensurate with our inputs, we are dissatisfied. This

dissatisfaction can lead to ineffective behaviors for the organization if they continue. The key feature of equity theory is that it predicts that we will compare our ratios to the ratios of other people. It is this comparison of the two ratios that has the strongest effect on our equity perceptions. These other people are called referent others because we "refer to" them when we judge equity. Usually, referent others are people we work with who perform work of a similar nature. That is, referent others perform jobs that are similar in difficulty and complexity to the employee making the equity determination (see Figure 14.3.2).

Three conditions can result from this comparison. Our outcome-to-input ratio could equal the referent other's. This is a state of equity. A second result could be that our ratio is greater than the referent other's. This is a state of overreward inequity. The third result could be that we perceive our ratio to be less than that of the referent other. This is a state of underreward inequity.

Equity theory has a lot to say about basic human tendencies. The motivation to compare our situation to that of others is strong. For example, what is the first thing you do when you get an exam back in class? Probably look at your score and make an initial judgment as to its fairness. For a lot of people, the very next thing they do is look at the scores received by fellow students who sit close to them. A 75 percent score doesn't look so bad if everyone else scored lower! This is equity theory in action.

Most workers in the United States are at least partially dissatisfied with their pay.[22] Equity theory helps explain this. Two human tendencies create feelings of inequity that are not based in reality. One is that we tend to overrate our performance levels. For example, one study conducted by your authors asked more than 600 employees to anonymously rate their performance on a 7-point scale (1 = poor, 7 = excellent). The average was 6.2, meaning the *average* employee rated his or her performance as *very good to excellent*. This implies that the average employee also expects excellent pay increases, a policy most employers cannot afford if they are to remain competitive. Another study found that the average employee (one whose performance is better than half of the other employees and worse than the other half) rated her performance at the 80th percentile (better than 80 percent of the other employees, worse than 20 percent).[23] Again it would be impossible for most organizations to reward the average employee at the 80th percentile. In other words, most employees inaccurately overrate the inputs they provide to an organization. This leads to perceptions of inequity that are not justified.

The second human tendency that leads to unwarranted perceptions of inequity is our tendency to *overrate* the outcomes of others.[24] Many employers keep the pay levels of employees a "secret." Still other employers actually forbid employees to talk about their pay. This means that many employees don't know for certain how much their colleagues are paid. And, because most of us overestimate the pay of others, we tend to think that they're paid more than they actually are, and the unjustified perceptions of inequity are perpetuated.

The bottom line for employers is that they need to be sensitive to employees' need for equity. Employers need to do everything they can to prevent feelings of inequity because employees engage in effective behaviors when they perceive equity and ineffective behaviors when they perceive inequity.

Perceived Overreward Inequity

When we perceive that overreward inequity exists (that is, we unfairly make more than others), it is rare that we are so dissatisfied, guilty, or sufficiently motivated that we make changes to produce a state of perceived equity (or we leave the situation). Indeed, feelings of overreward, when they occur, are quite transient. Very few of us go to our employers and complain that we're overpaid! Most people are less sensitive to overreward inequities than they are to underreward inequities.[25] However infrequently they are used for overreward, the same types of actions are available for dealing with both types of inequity.

Perceived Underreward Inequity

When we perceive that underreward inequity exists (that is, others unfairly make more than we do), we will likely be dissatisfied, angered, and motivated to change the situation (or escape the situation) in order to produce a state of perceived equity. As we discuss shortly, people can take many actions to deal with underreward inequity.

Reducing Underreward Inequity

A simple situation helps explain the consequences of inequity. Two automobile workers in Detroit, John and Mary, fasten lug nuts to wheels on cars as they come down the assembly line, John on the left side and Mary on the right. Their inputs are equal (both fasten the same number of lug nuts at the same pace), but John makes $500 per week and Mary makes $600. Their equity ratios are thus:

$500	$600
John:	
10 lug nuts/car	10 lug nuts/car

As you can see, their ratios are not equal; that is, Mary receives greater outcome for equal input. Who is experiencing inequity? According to equity theory, both John *and* Mary—underreward inequity for John, and overreward inequity for Mary. Mary's inequity won't last long (in real organizations), but in our hypothetical example, what might John do to resolve this?

Adams identified a number of things people do to reduce the tension produced by a perceived state of inequity. They change their own outcomes or inputs, *or* they change those of the referent other. They distort their own perceptions of the outcomes or inputs of either party by using a different referent other, or they leave the situation in which the inequity is occurring.

1. Alter inputs of the person. The perceived state of equity can be altered by changing our own inputs, that is, by decreasing the quantity or quality of our performance. John can effect his own mini slowdown and install only nine lug nuts on each car as it comes down the production line. This, of course, might cause him to lose his job, so he probably won't choose this alternative.
2. Alter outcomes of the person. We could attempt to increase outcomes to achieve a state of equity, like ask for a raise, a nicer office, a promotion, or other positively valued outcomes. So John will likely ask for a raise. Unfortunately, many people enhance their outcomes by stealing from their employers.
3. Alter inputs of the referent other. When underrewarded, we may try to achieve a state of perceived equity by encouraging the referent other to increase their inputs. We may demand, for example, that the referent other "start pulling their weight," or perhaps help the referent other to become a better performer. It doesn't matter that the referent other is already pulling their weight—remember, this is all about perception. In our example, John could ask Mary to put on two of his ten lug nuts as each car comes down the assembly line. This would not likely happen, however, so John would be motivated to try another alternative to reduce his inequity.
4. Alter outcomes of the referent other. We can "correct" a state of underreward by directly or indirectly reducing the value of the other's outcomes. In our example, John could try to get Mary's pay lowered to reduce his inequity. This too would probably not occur in the situation described.
5. Distort perceptions of inputs or outcomes. It *is* possible to reduce a perceived state of inequity without changing input or outcome. We simply distort our own perceptions of our inputs or outcomes, *or* we distort our perception of those of the referent other. Thus, John may tell himself that "Mary does better work than I thought" or "she enjoys her work much less than I do" or "she gets paid less than I realized."
6. Choose a different referent other. We can also deal with both over- and underreward inequities by changing the referent other ("my situation is really more like Ahmed's"). This is the simplest and most powerful way to deal with perceived inequity: it requires neither actual nor perceptual changes in anybody's input or outcome, and it causes us to look around and assess our situation more carefully. For example, John might choose as a referent other Bill, who installs dashboards but makes less money than John.
7. Leave the situation. A final technique for dealing with a perceived state of inequity involves removing ourselves from the situation. We can choose to accomplish this through absenteeism, transfer, or termination. This approach is usually not selected unless the perceived inequity is quite high or other attempts at achieving equity are not readily available. Most automobile workers are paid quite well for their work. John is unlikely to find an equivalent job, so it is also unlikely that he will choose this option.

Implications of Equity Theory

Equity theory is widely used, and its implications are clear. In the vast majority of cases, employees experience (or perceive) underreward inequity rather than overreward. As discussed above, few of the behaviors that result from underreward inequity are good for employers. Thus, employers try to prevent unnecessary perceptions of inequity. They do this in a number of ways. They try to be as fair as possible in allocating pay. That is, they measure performance levels as accurately as possible, then give the highest performers the highest pay increases. Second, most employers are no longer secretive about their pay schedules. People are naturally curious about how much they are paid relative to others in the organization. This doesn't mean that employers don't practice discretion—they usually don't reveal specific employees' exact pay. But they do tell employees the minimum and maximum pay levels for their jobs and the pay scales for the jobs of others in the organization. Such practices give employees a factual basis for judging equity.

Supervisors play a key role in creating perceptions of equity. "Playing favorites" ensures perceptions of inequity. Employees

want to be rewarded on their merits, not the whims of their supervisors. In addition, supervisors need to recognize differences in employees in their reactions to inequity. Some employees are highly sensitive to inequity, and a supervisor needs to be especially cautious around them.[26] Everyone is sensitive to reward allocation.[27] But "equity sensitives" are even more sensitive. A major principle for supervisors, then, is simply to implement fairness. Never base punishment or reward on whether or not you like an employee. Reward behaviors that contribute to the organization, and discipline those that do not. Make sure employees understand what is expected of them, and praise them when they do it. These practices make everyone happier and your job easier.

Goal Theory

No theory is perfect. If it was, it wouldn't be a theory. It would be a set of facts. Theories are sets of propositions that are right more often than they are wrong, but they are not infallible. However, the basic propositions of goal theory* come close to being infallible. Indeed, it is one of the strongest theories in organizational behavior.

The Basic Goal-Setting Model

Goal theory states that people will perform better if they have difficult, specific, accepted performance goals or objectives.[28,29] The first and most basic premise of goal theory is that people will attempt to achieve those goals that they *intend* to achieve. Thus, if we intend to do something (like get an A on an exam), we will exert effort to accomplish it. Without such goals, our effort at the task (studying) required to achieve the goal is less. Students whose goals are to get As study harder than students who don't have this goal—we all know this. This doesn't mean that people without goals are unmotivated. It simply means that people with goals are more motivated. The intensity of their motivation is greater, and they are more directed.

The second basic premise is that *difficult* goals result in better performance than easy goals. This does not mean that difficult goals are always achieved, but our performance will usually be better when we intend to achieve harder goals. Your goal of an A in Classical Mechanics at Cal Tech may not get you your A, but it may earn you a B+, which you wouldn't have gotten otherwise. Difficult goals cause us to exert more effort, and this almost always results in better performance.

Another premise of goal theory is that *specific* goals are better than vague goals. We often wonder what we need to do to be successful. Have you ever asked a professor "What do I need to do to get an A in this course?" If she responded "Do well on the exams," you weren't much better off for having asked. This is a vague response. Goal theory says that we perform better when we have specific goals. Had your professor told you the key thrust of the course, to turn in *all* the problem sets, to pay close attention to the essay questions on exams, and to aim for scores in the 90s, you would have something concrete on which to build a strategy.

A key premise of goal theory is that people must *accept* the goal. Usually, we set our own goals. But sometimes others set goals for us. Your professor telling you your goal is to "score at least a 90 percent on your exams" doesn't mean that you'll accept this goal. Maybe you don't feel you can achieve scores in the 90s. Or, you've heard that 90 isn't good enough for an A in this class. This happens in work organizations quite often. Supervisors give orders that something must be done by a certain time. The employees may fully understand what is wanted, yet if they feel the order is unreasonable or impossible, they may not exert much effort to accomplish it. Thus, it is important for people to accept the goal. They need to feel that it is also their goal. If they do not, goal theory predicts that they won't try as hard to achieve it.

Goal theory also states that people need to *commit* to a goal in addition to accepting it. Goal commitment is the degree to which we dedicate ourselves to achieving a goal. Goal commitment is about setting priorities. We can accept many goals (go to all classes, stay awake during classes, take lecture notes), but we often end up doing only some of them. In other words, some goals are more important than others. And we exert more effort for certain goals. This also happens frequently at work. A software analyst's major goal may be to write a new program. Her minor goal may be to maintain previously written programs. It is minor because maintaining old programs is boring, while writing new ones is fun. Goal theory predicts that her commitment, and thus her intensity, to the major goal will be greater.

Allowing people to participate in the goal-setting process often results in higher goal commitment. This has to do with ownership. And when people participate in the process, they tend to incorporate factors they think will make the goal more interesting, challenging, and attainable. Thus, it is advisable to allow people some input into the goal-setting process. Imposing goals on them from the outside usually results in less commitment (and acceptance).

The basic goal-setting model is shown in Figure 14.3.3. The process starts with our values. Values are our beliefs about how the

world should be or act, and often include words like “should” or “ought.” We compare our present conditions against these values. For example, Randi holds the value that everyone should be a hard worker. After measuring her current work against this value, Randi concludes that she doesn’t measure up to her own value. Following this, her goal-setting process begins. Randi will set a goal that affirms her status as a hard worker. Figure 14.3.3 lists the four types of goals. Some goals are self-set. (Randi decides to word process at least 70 pages per day.) Participative goals are jointly set. (Randi goes to her supervisor, and together they set some appropriate goals for her.) In still other cases, goals are assigned. (Her boss tells her that she must word process at least 60 pages per day.) The fourth type of goal, which can be self-set, jointly determined, or assigned, is a “do your best” goal. But note this goal is vague, so it usually doesn’t result in the best performance.

Figure 4.1.3.3: The Goal-Setting Process (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Depending on the characteristics of Randi’s goals, she may or may not exert a lot of effort. For maximum effort to result, her goals should be difficult, specific, accepted, and committed to. Then, if she has sufficient ability and lack of constraints, maximum performance should occur. Examples of constraints could be that her old computer frequently breaks down or her supervisor constantly interferes.

The consequence of endeavoring to reach her goal will be that Randi will be satisfied with herself. Her behavior is consistent with her values. She’ll be even more satisfied if her supervisor praises her performance and gives her a pay increase!

In Randi’s case, her goal achievement resulted in several benefits. However, this doesn’t always happen. If goals are not achieved, people may be unhappy with themselves, and their employer may be dissatisfied as well. Such an experience can make a person reluctant to accept goals in the future. Thus, setting difficult yet attainable goals cannot be stressed enough.

Goal theory can be a tremendous motivational tool. In fact, many organizations practice effective management by using a technique called “management by objectives” (MBO). MBO is based on goal theory and is quite effective when implemented consistently with goal theory’s basic premises.

Despite its many strengths, several cautions about goal theory are appropriate. Locke has identified most of them.[30] First, setting goals in one area can lead people to neglect other areas. (Randi may word process 70 pages per day, but neglect her proofreading responsibilities.) It is important that goals be set for most major duties. Second, goal setting sometimes has unintended consequences. For example, employees set easy goals so that they look good when they achieve them. Or it causes unhealthy competition between employees. Or an employee sabotages the work of others so that only she has goal achievement.

Some managers use goal-setting in unethical ways. They may manipulate employees by setting impossible goals. This enables them to criticize employees even when the employees are doing superior work and, of course, causes much stress. Goal setting should never be abused. Perhaps the key caution about goal setting is that it often results in too much focus on quantified measures of performance. Qualitative aspects of a job or task may be neglected because they aren’t easily measured. Managers must keep employees focused on the qualitative aspects of their jobs as well as the quantitative ones. Finally, setting individual goals in a teamwork environment can be counterproductive.[31] Where possible, it is preferable to have group goals in situations where employees depend on one another in the performance of their jobs.

The cautions noted here are not intended to deter you from using goal theory. We note them so that you can avoid the pitfalls. Remember, employees have a right to reasonable performance expectations and the rewards that result from performance, and organizations have a right to expect high performance levels from employees. Goal theory should be used to optimize the employment relationship. Goal theory holds that people will exert effort to accomplish goals if those goals are difficult to achieve, accepted by the individual, and specific in nature.

Expectancy Theory

Expectancy theory posits that we will exert much effort to perform at high levels so that we can obtain valued outcomes. It is the motivation theory that many organizational behavior researchers find most intriguing, in no small part because it is currently also the most comprehensive theory. Expectancy theory ties together many of the concepts and hypotheses from the theories discussed earlier in this chapter. In addition, it points to factors that other theories miss. Expectancy theory has much to offer the student of management and organizational behavior.

Expectancy theory is sufficiently general that it is useful in a wide variety of situations. Choices between job offers, between working hard or not so hard, between going to work or not—virtually any set of possibilities can be addressed by expectancy theory. Basically, the theory focuses on two related issues:

1. When faced with two or more alternatives, which will we select?
2. Once an alternative is chosen, how motivated will we be to pursue that choice?

Expectancy theory thus focuses on the two major aspects of motivation, *direction* (which alternative?) and *intensity* (how much effort to implement the alternative?). The attractiveness of an alternative is determined by our "expectations" of what is likely to happen if we choose it. The more we believe that the alternative chosen will lead to positively valued outcomes, the greater its attractiveness to us.

Expectancy theory states that, when faced with two or more alternatives, we will select the most attractive one. And, the greater the attractiveness of the chosen alternative, the more motivated we will be to pursue it. Our natural hedonism, discussed earlier in this chapter, plays a role in this process. We are motivated to maximize desirable outcomes (a pay raise) and minimize undesirable ones (discipline). Expectancy theory goes on to state that we are also logical in our decisions about alternatives. It considers people to be *rational*. People evaluate alternatives in terms of their "pros and cons," and then choose the one with the most "pros" and fewest "cons."

The Basic Expectancy Model

The three major components of expectancy theory reflect its assumptions of hedonism and rationality: effort-performance expectancy, performance-outcome expectancy, and valences.

The effort-performance expectancy, abbreviated E1, is the perceived probability that effort will lead to performance (or E → P). Performance here means anything from doing well on an exam to assembling 100 toasters a day at work. Sometimes people believe that no matter how much effort they exert, they won't perform at a high level. They have weak E1s. Other people have strong E1s and believe the opposite—that is, that they can perform at a high level if they exert high effort. You all know students with different E1s—those who believe that if they study hard they'll do well, and those who believe that no matter how much they study they'll do poorly. People develop these perceptions from prior experiences with the task at hand, and from self-perceptions of their abilities. The core of the E1 concept is that people don't always perceive a direct relationship between effort level and performance level.

The performance-outcome expectancy, E2, is the perceived relationship between performance and outcomes (or P → O).[1] Many things in life happen as a function of how well we perform various tasks. E2 addresses the question "What will happen if I perform well?" Let's say you get an A in your Classical Mechanics course at Cal Tech. You'll be elated, your classmates may envy you, and you are now assured of that plum job at NASA. But let's say you got a D. Whoops, that was the last straw for the dean. Now you've flunked out, and you're reduced to going home to live with your parents (perish the thought!). Likewise, E2 perceptions develop in organizations, although hopefully not as drastically as your beleaguered career at Cal Tech. People with strong E2s believe that if they perform their jobs well, they'll receive desirable outcomes—good pay increases, praise from their supervisor, and a feeling that they're really contributing. In the same situation, people with weak E2s will have the opposite perceptions—that high performance levels don't result in desirable outcomes and that it doesn't really matter how well they perform their jobs as long as they don't get fired.

Valences are the easiest of the expectancy theory concepts to describe. Valences are simply the degree to which we perceive an outcome as desirable, neutral, or undesirable. Highly desirable outcomes (a 25 percent pay increase) are positively valent. Undesirable outcomes (being disciplined) are negatively valent. Outcomes that we're indifferent to (where you must park your car) have neutral valences. Positively and negatively valent outcomes abound in the workplace—pay increases and freezes, praise and criticism, recognition and rejection, promotions and demotions. And as you would expect, people differ dramatically in how they value these outcomes. Our needs, values, goals, and life situations affect what valence we give an outcome. Equity is another consideration we use in assigning valences. We may consider a 10 percent pay increase desirable until we find out that it was the lowest raise given in our workgroup.

Figure 14.3.4 summarizes the three core concepts of expectancy theory. The theory states that our perceptions about our surroundings are essentially predictions about "what leads to what." We perceive that certain effort levels result in certain performance levels. We perceive that certain performance levels result in certain outcomes. Outcomes can be extrinsic, in that others (our supervisor) determine whether we receive them, or intrinsic, in that we determine if they are received (our sense of achievement). Each outcome has an associated valence (outcome A's valence is VaVa). Expectancy theory predicts that we will exert effort that results in the maximum amount of positive-valence outcomes.[2] If our E1 or E2 is weak, or if the outcomes are not sufficiently desirable, our motivation to exert effort will be low. Stated differently, an individual will be motivated to try to achieve the level of performance that results in the most rewards.

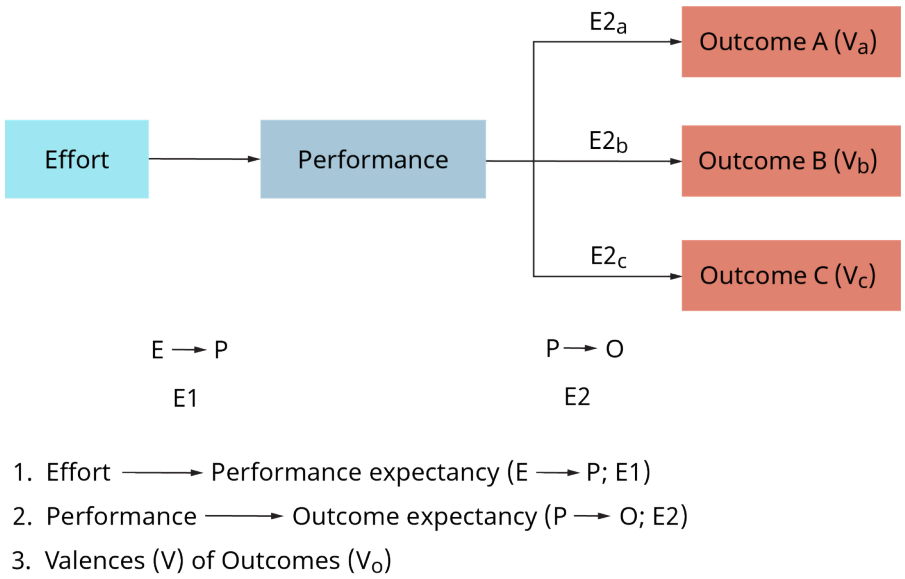

Figure 4.1.3.4: The Expectancy Theory of Motivation (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

V_o is the valence of the outcome. The effort level with the greatest force associated with it will be chosen by the individual.

Implications of Expectancy Theory

Expectancy theory has major implications for the workplace. Basically, expectancy theory predicts that employees will be motivated to perform well on their jobs under two conditions. The first is when employees believe that a reasonable amount of effort will result in good performance. The second is when good performance is associated with positive outcomes and low performance is associated with negative outcomes. If neither of these conditions exists in the perceptions of employees, their motivation to perform will be low.

Why might an employee perceive that positive outcomes are not associated with high performance? Or that negative outcomes are not associated with low performance? That is, why would employees develop weak E2s? This happens for a number of reasons. The main one is that many organizations subscribe too strongly to a principle of equality (not to be confused with equity). They give all of their employees equal salaries for equal work, equal pay increases every year (these are known as across-the-board pay raises), and equal treatment wherever possible. Equality-focused organizations reason that some employees "getting more" than others leads to disruptive competition and feelings of inequity.

In time employees in equality-focused organizations develop weak E2s because no distinctions are made for differential outcomes. If the best and the worst salespeople are paid the same, in time they will both decide that it isn't worth the extra effort to be a high performer. Needless to say, this is not the goal of competitive organizations and can cause the demise of the organization as it competes with other firms in today's global marketplace.

Expectancy theory states that to maximize motivation, organizations must make outcomes contingent on performance. This is the main contribution of expectancy theory: it makes us think about *how* organizations should distribute outcomes. If an organization, or a supervisor, believes that treating everyone "the same" will result in satisfied and motivated employees, they will be wrong more times than not. From equity theory, we know that some employees, usually the better-performing ones, will experience underreward inequity. From expectancy theory we know that employees will see no difference in outcomes for good and poor performance, so they will not have as much incentive to be good performers. Effective organizations need to actively encourage the perception that good performance leads to positive outcomes (bonuses, promotions) and that poor performance leads to negative ones (discipline, termination). Remember, there is a big difference between treating employees equally and treating them equitably.

What if an organization ties positive outcomes to high performance and negative outcomes to low performance? Employees will develop strong E2s. But will this result in highly motivated employees? The answer is maybe. We have yet to address employees' E1s. If employees have weak E1s, they will perceive that high (or low) effort does *not* result in high performance and thus will not exert much effort. It is important for managers to understand that this can happen despite rewards for high performance.

Task-related abilities are probably the single biggest reason why some employees have weak E1s. Self-efficacy is our belief about whether we can successfully execute some future action or task, or achieve some result. High self-efficacy employees believe that they are likely to succeed at most or all of their job duties and responsibilities. And as you would expect, low self-efficacy employees believe the opposite. Specific self-efficacy reflects our belief in our capability to perform a specific task at a specific level of performance. If we believe that the probability of our selling $30,000 of jackrabbit slippers in one month is .90, our self-efficacy for this task is high. Specific self-efficacy is our judgment about the likelihood of successful task performance measured immediately before we expend effort on the task. As a result, specific self-efficacy is much more variable than more enduring notions of personality. Still, there is little doubt that our state-based beliefs are some of the most powerful motivators of behavior. Our efficacy expectations at a given point in time determine not only our initial decision to perform (or not) a task, but also the amount of effort we will expend and whether we will persist in the face of adversity.[32] Self-efficacy has a strong impact on the E1 factor. As a result, self-efficacy is one of the strongest determinants of performance in any particular task situation.[33]

Employees develop weak E1s for two reasons. First, they don't have sufficient resources to perform their jobs. Resources can be internal or external. Internal resources include what employees bring to the job (such as prior training, work experience, education, ability, and aptitude) and their understanding of what they need to do to be considered good performers. The second resource is called role perceptions—how employees believe their jobs are done and how they fit into the broader organization. If employees don't know *how* to become good performers, they will have weak E1s. External resources include the tools, equipment, and labor necessary to perform a job. The lack of good external resources can also cause E1s to be weak.

The second reason for weak E1s is an organization's failure to measure performance accurately. That is, performance *ratings* don't correlate well with actual performance *levels*. How does this happen? Have you ever gotten a grade that you felt didn't reflect how much you learned? This also happens in organizations. Why are ratings sometimes inaccurate? Supervisors, who typically give out ratings, well, they're human. Perhaps they're operating under the mistaken notion that similar ratings for everyone will keep the team happy. Perhaps they're unconsciously playing favorites. Perhaps they don't know what good and poor performance levels are. Perhaps the measurements they're expected to use don't fit their product/team/people. Choose one or all of these. Rating people is rarely easy.

Whatever the cause of rating errors, some employees may come to believe that no matter what they do they will never receive a high performance rating. They may in fact believe that they are excellent performers but that the performance rating system is flawed. Expectancy theory differs from most motivation theories because it highlights the need for accurate performance measurement. Organizations cannot motivate employees to perform at a high level if they cannot identify high performers.

Organizations exert tremendous influence over employee choices in their performance levels and how much effort to exert on their jobs. That is, organizations can have a major impact on the direction and intensity of employees' motivation levels. Practical applications of expectancy theory include:

1. Strengthening the effort ⇨ performance expectancy by selecting employees who have the necessary abilities, providing proper training, providing experiences of success, clarifying job responsibilities, etc.

2. Strengthening the performance ⇨ outcome expectancy with policies that specify that desirable behavior leads to desirable outcomes and undesirable behavior leads to neutral or undesirable outcomes. Consistent enforcement of these policies is key—workers must believe in the contingencies.
3. Systematically evaluating which outcomes employees value. The greater the valence of outcomes offered for a behavior, the more likely employees will commit to that alternative. By recognizing that different employees have different values and that values change over time, organizations can provide the most highly valued outcomes.
4. Ensuring that effort actually translates into performance by clarifying what actions lead to performance and by appropriate training.
5. Ensuring appropriate worker outcomes for performance through reward schedules (extrinsic outcomes) and appropriate job design (so the work experience itself provides intrinsic outcomes).
6. Examining the level of outcomes provided to workers. Are they equitable, given the worker's inputs? Are they equitable in comparison to the way other workers are treated?
7. Measuring performance levels as accurately as possible, making sure that workers are capable of being high performers.

MANAGING CHANGE

Differences in Motivation across Cultures

The disgruntled employee is hardly a culturally isolated feature of business, and quitting before leaving takes the same forms, regardless of country. Cross-cultural signaling, social norms, and simple language barriers can make the task of motivation for the global manager confusing and counterintuitive. Communicating a passion for a common vision, coaching employees to see themselves as accountable and as owning their work, or attempting to create a "motivational ecosystem" can all fall flat with simple missed cues, bad translations, or tone-deaf approaches to a thousand-year-old culture.

Keeping employees motivated by making them feel valued and appreciated is not just a "Western" idea. The Ghanaian blog site Starrfmonline emphasizes that employee motivation and associated work quality improve when employees feel "valued, trusted, challenged, and supported in their work." Conversely, when employees feel like a tool rather than a person, or feel unengaged with their work, then productivity suffers. A vicious cycle can then begin when the manager treats an employee as unmotivated and incapable, which then demotivates the employee and elicits the predicted response. The blogger cites an example from Eastern Europe where a manager sidelined an employee as inefficient and incompetent. After management coaching, the manager revisited his assessment and began working with the employee. As he worked to facilitate the employee's efficiency and motivation, the employee went from being the lowest performer to a valuable team player. In the end, the blog says, "The very phrase 'human resources' frames employees as material to be deployed for organizational objectives. While the essential nature of employment contracts involves trading labour for remuneration, if we fail to see and appreciate our employees as whole people, efforts to motivate them will meet with limited success" (Starrfmonline 2017 n.p.)

Pavel Vosk, a business and management consultant based in Puyallup, Washington, says that too often, overachieving employees turn into unmotivated ones. In looking for the answer, he found that the most common source was a lack of recognition for the employee's effort or exceptional performance. In fact, Vosk found that most employees go the extra mile only three times before they give up. Vosk's advice is to show gratitude for employees' effort, especially when it goes above and beyond. He says the recognition doesn't have to be over the top, just anything that the employees will perceive as gratitude, from a catered lunch for a team working extra hours to fulfill a deadline to a simple face-to-face thank you (Huhman 2017).

Richard Frazao, president of Quaketek, based in Montreal, Quebec, stresses talking to the employees and making certain they are engaged in their jobs, citing boredom with one's job as a major demotivating factor (Huhman 2017).

But motivating employees is not "one size fits all" globally. Rewarding and recognizing individuals and their achievements works fine in Western cultures but is undesirable in Asian cultures, which value teamwork and the collective over the individual. Whether to reward effort with a pay raise or with a job title or larger office is influenced by culture. Demoting an employee for poor performance is an effective motivator in Asian countries but is likely to result in losing an employee altogether in Western cultures. According to Matthew MacLachlan at Communicaid, "Making the assumption that your international workforce will be motivated by the same incentives can be dangerous and have a real impact on talent retention" (2016 n.p.).

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questions

1. As a Western manager working in the Middle East or sub-Saharan Africa, what motivational issues might you face?
2. What problems would you expect a manager from a Confucian culture to encounter managing employees in America? In Europe?
3. What regional, cultural, or ethnic issues do you think managers have to navigate within the United States?

Expectancy Theory: An Integrative Theory of Motivation

More so than any other motivation theory, expectancy theory can be tied into most concepts of what and how people become motivated. Consider the following examples.

1. *Need theories* state that we are motivated to satisfy our needs. We positively value outcomes that satisfy unmet needs, negatively value outcomes that thwart the satisfaction of unmet needs, and assign neutral values to outcomes that do neither. In effect, the need theories explain how valences are formed.
2. *Operant conditioning theories* state that we will probably repeat a response (behavior) in the future that was reinforced in the past (that is, followed by a positively valued consequence or the removal of a negatively valued consequence). This is the basic process involved in forming performance ⟐ outcome expectancies. Both operant theories and expectancy theory argue that our interactions with our environment influence our future behavior. The primary difference is that expectancy theory explains this process in cognitive (rational) terms.
3. *Equity theories* state that our satisfaction with a set of outcomes depends not only on how we value them but also on the circumstances surrounding their receipt. Equity theory, therefore, explains part of the process shown in Figure 14.3.2. If we don’t feel that the outcomes we receive are equitable compared to a referent other, we will associate a lower or even negative valence with those outcomes.
4. *Goal theory* can be integrated with the expanded expectancy model in several ways. Locke has noted that expectancy theory explains how we go about choosing a particular goal.[34] A reexamination of Figure 14.3.2 reveals other similarities between goal theory and expectancy theory. Locke’s use of the term “goal acceptance” to identify the personal adoption of a goal is similar to the “choice of an alternative” in the expectancy model. Locke’s “goal commitment,” the degree to which we commit to reaching our accepted (chosen) goal, is very much like the expectancy description of choice of effort level. Locke argues that the difficulty and specificity of a goal are major determinants of the level of performance attempted (goal-directed effort), and expectancy theory appears to be consistent with this argument (even though expectancy theory is not as explicit on this point). We can reasonably conclude that the major underlying processes explored by the two models are very similar and will seldom lead to inconsistent recommendations.

concept check

1. Understand the process theories of motivation: operant conditioning, equity, goal, and expectancy theories.
2. Describe the managerial factors managers must consider when applying motivational approaches.

footNotes

- 1 Sometimes E2s are called *instrumentalities* because they are the perception that performance is instrumental in getting some desired outcome.
- It can also be expressed as an equation:

  Force toChooseA level of Effort=E1×∑(E2o×Vo)Force toChoose=E1×∑ (E2o×Vo)A level of Effort

  Where VoVo is the valence of a given outcome (o), and E2oE2o is the perceived probability that a certain level of performance (e.g., Excellent, average, poor) will result in that outcome. So, for multiple outcomes, and different performance levels, the valence of the outcome and its associated performance➔outcome expectancy (E2) are multiplied and added to the analogous value for the other outcomes. Combined with the E1 (the amount of effort required to produce a level of performance), the effort level with the greatest *force* associated with it will be chosen by the individual.

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4.1.4: Recent Research on Motivation Theories

Learning Objectives

1. Describe the modern advancements in the study of human motivation.

Employee motivation continues to be a major focus in organizational behavior.[35] We briefly summarize current motivation research here.

Content Theories

There is some interest in testing content theories (including Herzberg's two-factor theory), especially in international research. Need theories are still generally supported, with most people identifying such workplace factors as recognition, advancement, and opportunities to learn as the chief motivators for them. This is consistent with need satisfaction theories. However, most of this research does not include actual measures of employee performance. Thus, questions remain about whether the factors that employees *say* motivate them to perform actually do.

Operant Conditioning Theory

There is considerable interest in operant conditioning theory, especially within the context of what has been called organizational behavior modification. Oddly enough, there has not been much research using operant conditioning theory in designing reward systems, even though there are obvious applications. Instead, much of the recent research on operant conditioning focuses on punishment and extinction. These studies seek to determine how to use punishment appropriately. Recent results still confirm that punishment should be used sparingly, should be used only after extinction does not work, and should not be excessive or destructive.

Equity Theory

Equity theory continues to receive strong research support. The major criticism of equity theory, that the inputs and outcomes people use to evaluate equity are ill-defined, still holds. Because each person defines inputs and outcomes, researchers are not in a position to know them all. Nevertheless, for the major inputs (performance) and outcomes (pay), the theory is a strong one. Major applications of equity theory in recent years incorporate and extend the theory into the area called *organizational justice*. When employees receive rewards (or punishments), they evaluate them in terms of their fairness (as discussed earlier). This is *distributive justice*. Employees also assess rewards in terms of how fair the processes used to distribute them are. This is *procedural justice*. Thus during organizational downsizing, when employees lose their jobs, people ask whether the loss of work is fair (distributive justice). But they also assess the fairness of the process used to decide *who* is laid off (procedural justice). For example, layoffs based on seniority may be perceived as more fair than layoffs based on supervisors' opinions.

Goal Theory

It remains true that difficult, specific goals result in better performance than easy and vague goals, assuming they are accepted. Recent research highlights the positive effects of performance feedback and goal commitment in the goal-setting process. Monetary incentives enhance motivation when they are tied to goal achievement, by increasing the level of goal commitment. There are negative sides to goal theory as well. If goals conflict, employees may sacrifice performance on important job duties. For example, if both quantitative and qualitative goals are set for performance, employees may emphasize quantity because this goal achievement is more visible.

Expectancy Theory

The original formulation of expectancy theory specifies that the motivational force for choosing a level of effort is a function of the

multiplication of expectancies and valences. Recent research demonstrates that the individual components predict performance just as well, without being multiplied. This does not diminish the value of expectancy theory. Recent research also suggests that high performance results not only when the valence is high, but also when employees set difficult goals for themselves.

One last comment on motivation: As the world of work changes, so will the methods organizations use to motivate employees. New rewards—time off instead of bonuses; stock options; on-site gyms, cleaners, and dental services; opportunities to telecommute; and others—will need to be created in order to motivate employees in the future. One useful path that modern researchers can undertake is to analyze the previous studies and aggregate the findings into more conclusive understanding of the topic through meta-analysis studies.[36]

CATCHING THE ENTREPRENEURIAL SPIRIT

Entrepreneurs and Motivation

Motivation can be difficult to elicit in employees. So what drives entrepreneurs, who by definition have to motivate themselves as well as others? While everyone from Greek philosophers to football coaches warn about undirected passion, a lack of passion will likely kill any start-up. An argument could be made that motivation is simply *part* of the discipline, or the *outcome* of remaining fixed on a purpose to mentally remind yourself of why you get up in the morning.

Working from her home in Egypt, at age 30 Yasmine El-Mehairy launched Supermama.me, a start-up aimed at providing information to mothers throughout the Arab world. When the company began, El-Mehairy worked full time at her day job and 60 hours a week after that getting the site established. She left her full-time job to manage the site full time in January 2011, and the site went live that October. El-Mehairy is motivated to keep moving forward, saying that if she stops, she might not get going again (Knowledge @ Wharton 2012).

For El-Mehairy, the motivation didn't come from a desire to work for a big company or travel the world and secure a master's degree from abroad. She had already done that. Rather, she said she was motivated to "do something that is useful and I want to do something on my own" (Knowledge @ Wharton 2012 n.p.).

Lauren Lipcon, who founded a company called Injury Funds Now, attributes her ability to stay motivated to three factors: purpose, giving back, and having fun outside of work. Lipcon believes that most entrepreneurs are not motivated by money, but by a sense of purpose. Personally, she left a job with Arthur Andersen to begin her own firm out of a desire to help people. She also thinks it is important for people to give back to their communities because the change the entrepreneur sees in the community loops back, increasing motivation and making the business more successful. Lipcon believes that having a life outside of work helps keep the entrepreneur motivated. She particularly advocates for physical activity, which not only helps the body physically, but also helps keep the mind sharp and able to focus (Rashid 2017).

But do all entrepreneurs agree on what motivates them? A July 17, 2017 survey on the hearpreneur blog site asked 23 different entrepreneurs what motivated them. Seven of the 23 referred to some sense of purpose in what they were doing as a motivating factor, with one response stressing the importance of discovering one's "personal why." Of the remaining entrepreneurs, answers varied from keeping a positive attitude (three responses) and finding external sources (three responses) to meditation and prayer (two responses). One entrepreneur said his greatest motivator was fear: the fear of being in the same place financially one year in the future "causes me to take action and also alleviates my fear of risk" (Hear from Entrepreneurs 2017 n.p.). Only one of the 23 actually cited money and material success as a motivating factor to keep working.

However it is described, entrepreneurs seem to agree that passion and determination are key factors that carry them through the grind of the day-to-day.

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questions

1. In the article from Hear from Entrepreneurs, one respondent called motivation “garbage”? Would you agree or disagree, and why?
2. How is staying motivated as an entrepreneur similar to being motivated to pursue a college degree? Do you think the two are related? How?
3. How would you expect motivation to vary across cultures?[/BOX]

concept check

1. Understand the modern approaches to motivation theory.

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4.1.5: Summary

key terms

ability available at the end of this section.

content motivation theories available at the end of this section.

direction available at the end of this section.

intensity available at the end of this section.

motivation available at the end of this section.

performance environment available at the end of this section.

process motivation theories available at the end of this section.

role perceptions available at the end of this section.

work motivation available at the end of this section.

ERG theory available at the end of this section.

extrinsic motivation available at the end of this section.

hedonism available at the end of this section.

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instincts available at the end of this section.

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latent needs available at the end of this section.

manifest needs available at the end of this section.

manifest needs theory available at the end of this section.

motivators available at the end of this section.

motive available at the end of this section.

need for achievement (nAch) available at the end of this section.

need for affiliation (nAff) available at the end of this section.

need for power (nPow) available at the end of this section.

need available at the end of this section.

primary needs available at the end of this section.

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self-determination theory (SDT) available at the end of this section.

avoidance learning available at the end of this section.

effort-performance expectancy available at the end of this section.

equity theory available at the end of this section.

expectancy theory available at the end of this section.

extinction available at the end of this section.

extrinsic outcomes available at the end of this section.

goal commitment available at the end of this section.

goal theory available at the end of this section.

input available at the end of this section.

intrinsic outcomes available at the end of this section.

negative reinforcement available at the end of this section.

nonreinforcement available at the end of this section.

operant conditioning available at the end of this section.

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outcome available at the end of this section.

overreward inequity available at the end of this section.

performance-outcome expectancy available at the end of this section.

positive reinforcement available at the end of this section.

punishment available at the end of this section.

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self-efficacy available at the end of this section.

state of equity available at the end of this section.

underreward inequity available at the end of this section.

valences available at the end of this section.

14.1 Motivation: Direction and Intensity

1. Define motivation, and distinguish direction and intensity of motivation.

This chapter has covered the major motivation theories in organizational behavior. Motivation theories endeavor to explain how people become motivated. Motivation has two major components: direction and intensity. Direction is what a person is trying to achieve. Intensity is the degree of effort a person expends to achieve the target. All motivation theories address the ways in which

people develop direction and intensity.

14.2 Content Theories of Motivation

1. Describe a content theory of motivation, and compare and contrast the main content theories of motivation: manifest needs theory, learned needs theory, Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and self-determination theory.

Motivation theories are classified as either content or process theories. Content theories focus on what motivates behavior. The basic premise of content theories is that humans have needs. When these needs are not satisfied, humans are motivated to satisfy the need. The need provides direction for motivation. Murray's manifest needs theory, McClelland's learned needs theory, Maslow's hierarchy of needs, and Herzberg's motivator-hygiene theory are all content theories. Each has something to say about the needs that motivate humans in the workplace.

14.3 Process Theories of Motivation

1. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning theory, equity theory, goal theory, and expectancy theory.

Process theories focus on how people become motivated. Operant conditioning theory states that people will be motivated to engage in behaviors for which they have been reinforced (rewarded). It also states that people will avoid behaviors that are punished. The rate at which behaviors are rewarded also affects how often they will be displayed. Equity theory's main premise is that people compare their situations to those of other people. If a person feels that they are being treated unfairly relative to a referent other, the person may engage in behaviors that are counterproductive for the organization. Employers should try to develop feelings of fairness in employees. Goal theory is a strong theory. It states that difficult, specific goals will result in high performance if employees accept the goals and are committed to achieving them.

14.4 Recent Research on Motivation Theories

1. Describe the modern advancements in the study of human motivation.

Expectancy theory is a process theory. It also is the broadest of the motivation theories. Expectancy theory predicts that employees will be motivated to be high performers if they perceive that high performance leads to valued outcomes. Employees will be motivated to avoid being low performers if they perceive that it leads to negative outcomes. Employees must perceive that they are capable of achieving high performance, and they must have the appropriate abilities and high self-efficacy. Organizations need to provide adequate resources and to measure performance accurately. Inaccurate performance ratings discourage high performance. Overall, expectancy theory draws attention to how organizations structure the work environment and distribute rewards.

chapter review questions

1. Discuss the benefits that accrue when an organization has a good understanding of employee needs.
2. How might Maslow explain why organizational rewards that motivate workers today may not motivate the same workers in 5 or 10 years?
3. Describe the process by which needs motivate workers.
4. Discuss the importance of Herzberg's motivators and hygienes.
5. Describe a work situation in which it would be appropriate to use a continuous reinforcement schedule.
6. Discuss the potential effectiveness and limitations of punishment in organizations.
7. How can equity theory explain why a person who receives a high salary might be dissatisfied with their pay?
8. Equity theory specifies a number of possible alternatives for reducing perceived inequity. How could an organization influence which of these alternatives a person will pursue?
9. What goals would be most likely to improve your learning and performance in an organizational behavior class?
10. Identify two reasons why a formal goal-setting program might be dysfunctional for an organization.
11. What steps can an organization take to increase the motivational force for high levels of performance?

12. Discuss how supervisors sometimes unintentionally weaken employees E ⇨ P and P ⇨ O expectancies.
13. How can an employee attach high valence to high levels of performance, yet not be motivated to be a high performer?
14. Is there "one best" motivation theory? Explain your answer.

management skills application exercises

1. Many companies strive to design jobs that are intrinsically motivating. Visit several small and large company websites and search their career section. What job features related to motivation are highlighted? What type of employees do you think the companies will attract with these jobs?
2. You will be paired with another student in this class. Each of you will take one side of the issue and debate:
   a. Student A: All members of the organization should be given the same specific, difficult-to-achieve goals.
   b. Student B: Specific, difficult-to-achieve goals should only be given to certain members of the organization.
3. Assume the role of sales manager, and write a memo to two of your reports that have the following situations and job performance.
   a. Employee 1: Shawn is a onetime stellar performer. They were twice the top performing salesperson in the company in the past decade. In the past year, Shawn has missed goal by 4 percent. Shawn recently became the parent to twins and says that the reason for missing goal this year was due to the territory being saturated with product from previous years.
   b. Employee 2: Soo Kim is an energetic salesperson who is putting in long hours and producing detailed sales reports, but their performance on the sales side has not met expectations. When you examine the customer feedback page on your website, you notice that they have five times as many positive reviews and glowing comments about Soo Kim.

managerial decision exercises

1. You are a manager and it's performance appraisal time, which is a yearly exercise to provide feedback to your direct reports that is often stressful for both the employee and the manager. You feel that the feedback process should be more of an ongoing process than the yearly formal process. What are the benefits of this yearly process, and what, if any, are the drawbacks of providing both positive and remediation feedback to your direct reports?
2. You have been told by a worker on another team that one of your direct reports made an inappropriate comment to a coworker. What do you do to investigate the matter, and what actions would you take with your report, the person that the comment was directed to, and other people in the organization?
3. You learn that an employee who doesn't report to you has made an inappropriate comment to one of your direct reports. What do you do to investigate the matter, and what actions would you take with your report, the person that made the comment, their manager, and other people in the organization?
4. Your company is considering implementing a 360° appraisal system where up to 10 people in the organization provide feedback on every employee as part of the annual performance appraisal process. This feedback will come from subordinates, peers, and senior managers as well as individuals in other departments. You have been asked to prepare a memo to the director of human resources about the positive and negative effects this could have on the motivation of employees. Note that not all of the employees are on a bonus plan that will be impacted by this feedback.

Critical Thinking Case

Motivating Employees at JCPenney, Walmart, and Amazon in the Age of Online Shopping

In the 1980s, Walmart had killed (or was killing) the mom-and-pop store. "Buy local" signs were seen, urging consumers to buy from their local retailers rather than from the low-cost behemoth. Markets have continued to shift and the "buy local" signs are still around, but now the battleground has shifted with the disruptive growth of e-commerce. Even mighty Walmart is feeling some growing pains.

Census Bureau data for 2017 shows that e-commerce, or online shopping, accounted for 8.9 percent of all retail sales in the United States, accounting for $111.5 billion (U.S. Census Bureau 2017). Feeling the pinch, many malls across the country are

closing their doors, and their empty retail spaces are being repurposed. Credit Suisse predicts that due to competition from online shopping, 20 to 25 percent of American malls will close within the next five years (Dying Malls Make Room for New Condos Apartment 2017). Furthermore, according to a 2017 study, 23 percent of Americans already purchase their groceries online (Embrace the Internet, Skip the Checkout 2017).

Whether face-to-face with customers or filling orders in a warehouse, motivated employees are essential to business success. And company culture helps drive that motivation. As a 2015 *Harvard Business Review* article put it, "Why we work determines how well we work" (McGregor & Doshi 2015). Adapting earlier research for the modern workplace, the study found six reasons that people work: play, purpose, potential, emotional pressure, economic pressure, and inertia. The first three are positive motives while that later three are negative. The researchers found that role design, more than any other factor, had the highest impact on employee motivation.

Anecdotally, using role design to motivate employees can be seen across industries. Toyota allows factory workers to innovate new processes on the factory floor. Southwest Airlines encourages a sense of "play" among crewmembers who interact directly with passengers (which has resulted in some humorous viral videos). A sense of the organization's identity (and a desire to be part of it) and how the career ladder within the company is perceived are second and third in their impact on employee motivation. Unhealthy competition for advancement can do more harm than good to employee motivation, and as a result many large companies are restructuring their performance review and advancement systems (McGregor & Doshi 2015). Conversely, costs from unmotivated employees can be high. In August 2017, retailer JCPenney had an employee arrested who had allegedly cost the company more than $10,000 in stolen cash and under-rung merchandise at a mall store. Another employee had stolen more than $1,000 of clothes from the store less than a month earlier.

Brick-and-mortar retail outlets from Macy's to Walmart have come under pressure by increased online shopping, particularly at Amazon.com. Walmart has responded by both trying to improve the shopping experience in its stores and creating an online presence of its own. A recent study funded by Walmart found that 60 percent of retails workers lack proficiency in reading and 70 percent have difficulty with math (Class is in session at Walmart Academy 2017). Increasing math and team skills for the employees would increase efficiency and certainly help improve employee self-image and motivation. With this in mind, Walmart has created one of the largest employer training programs in the country, Walmart Academy (McGregor & Doshi 2015). The company expects to graduate more than 225,000 of its supervisors and managers from a program that covers topics such as merchandising and employee motivation. In another program, Pathways, Walmart has created a course that covers topics such as merchandising, communication, and retail math (Walmart 2016 Global Responsibility Report 2016). The Pathways program was expected to see 500,000 entry-level workers take part in 2016 (Walmart 2016). All employees who complete the course receive a dollar an hour pay increase. Educating employees pays off by recognizing that the effort put in pays off with better-motivated and better-educated employees. In the case of Walmart, "upskilling" has become a priority.

Walmart has gone beyond education to motivate or empower employees. In 2016, pay raises for 1.2 million employees took effect as part of a new minimum-wage policy, and it streamlined its paid time off program that same year (Schmid 2017). In its 2016 Global Responsibility Report, Walmart points out that over the course of two years, the company has invested $2.7 billion in wages, benefits, and training in the United States (Staley 2017).

Critical Thinking Questions

1. A 2015 *New York Times* article described Amazon as "a soulless, dystopian workplace where no fun is had and no laughter heard" (Cook 2015 n.p.). Employees themselves came to the company's defense (Ciubotariu 2015). Does this reputation continue to haunt Amazon, or has it been addressed?
2. How do employees differ between a Walmart retail location and an Amazon order fulfillment center? How many white-collar or skilled jobs does Amazon have compared to Walmart?
3. With Amazon moving into the retail market with the purchase of Whole Foods, and with Walmart expanding its e-commerce, how are employee motivation challenges going to shift?

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Answers

key terms

The knowledge, skills, and receptiveness to learning that an individual brings to a task or job.

key terms

Theories that focus on what motivates people.

key terms

What a person is motivated to achieve.

key terms

(1) The degree to which people try to achieve their targets; (2) the forcefulness that enhances the likelihood that a stimulus will be selected for perceptual processing.

key terms

A force within or outside of the body that energizes, directs, and sustains human behavior. Within the body, examples might be needs, personal values, and goals, while an incentive might be seen as a force outside of the body. The word stems from its Latin root *movere*, which means “to move.”

key terms

Refers to those factors that impact employees’ performance but are essentially out of their control.

key terms

Theories that focus on the how and why of motivation.

key terms

The set of behaviors employees think they are expected to perform as members of an organization.

key terms

The amount of effort a person exerts to achieve a level of job performance

key terms

Compresses Maslow’s five need categories into three: existence, relatedness, and growth.

key terms

Occurs when a person performs a given behavior to acquire something that will satisfy a lower-order need.

key terms

Assumes that people are motivated to satisfy mainly their own needs (seek pleasure, avoid pain).

key terms

Factors in the work environment that are based on the basic human need to “avoid pain.”

key terms

Our natural, fundamental needs, basic to our survival.

key terms

Arises out of performing a behavior in and of itself, because it is interesting or “fun” to do.

key terms

Cannot be inferred from a person's behavior at a given time, yet the person may still possess those needs.

key terms

Are needs motivating a person at a given time.

key terms

Assumes that human behavior is driven by the desire to satisfy needs.

key terms

Relate to the jobs that people perform and people's ability to feel a sense of achievement as a result of performing them.

key terms

A source of motivation; the need that a person is attempting to satisfy.

key terms

The need to excel at tasks, especially tasks that are difficult.

key terms

The need to establish and maintain warm and friendly relationships with other people.

key terms

The need to control things, especially other people; reflects a motivation to influence and be responsible for other people.

key terms

A human condition that becomes energized when people feel deficient in some respect.

key terms

Are instinctual in nature and include physiological needs for food, water, and sex (procreation).

key terms

Are learned throughout one's life span and are psychological in nature.

key terms

Seeks to explain not only what causes motivation, but also the effects of extrinsic rewards on intrinsic motivation.

key terms

Occurs when people learn to behave in a certain way to avoid encountering an undesired or unpleasant consequence.

key terms

E1, the perceived probability that effort will lead to performance (or E ⇨ P).

key terms

States that human motivation is affected by the outcomes people receive for their inputs, compared to the outcomes and inputs of other people.

key terms

Posits that people will exert high effort levels to perform at high levels so that they can obtain valued outcomes.

key terms

Occurs when a consequence or lack of a consequence makes it less likely that a behavior will be repeated in the future.

key terms

Are awarded or given by other people (like a supervisor).

key terms

The degree to which people dedicate themselves to achieving a goal.

key terms

States that people will perform better if they have difficult, specific, accepted performance goals or objectives.

key terms

Any personal qualities that a person views as having value and that are relevant to the organization.

key terms

Are awarded or given by people to themselves (such as a sense of achievement).

key terms

Occurs when a behavior causes something undesirable to be removed, increasing the likelihood of the behavior reoccurring.

key terms

Occurs when no consequence follows a worker's behavior.

key terms

A learning process based on the results produced by a person "operating on" the environment.

key terms

Posits that people learn to behave in a particular fashion as a result of the consequences that followed their past behaviors.

key terms

Anything a person perceives as getting back from an organization in exchange for the person's inputs.

key terms

Occurs when people perceive their outcome/input ratio to be greater than that of their referent other.

key terms

E2, the perceived relationship between performance and outcomes (or P ⇨ O).

key terms

Occurs when a desirable consequence that satisfies an active need or removes a barrier to need satisfaction increases the likelihood of a behavior reoccurring.

key terms

An aversive consequence that follows a behavior and makes it less likely to reoccur.

key terms

Workers that a person uses to compare inputs and outcomes, and who perform jobs similar in difficulty and complexity to the employee making an equity determination.

key terms

Occurs when a consequence makes it more likely a behavior will be repeated in the future.

key terms

The frequency at which effective employee behaviors are reinforced.

key terms

A belief about the probability that one can successfully execute some future action or task, or achieve some result.

key terms

Occurs when people perceive their outcome/input ratio to be equal to that of their referent other.

key terms

Occurs when people perceive their outcome/input ratio to be less than that of their referent other.

key terms

The degree to which a person perceives an outcome as being desirable, neutral, or undesirable.

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4.2: REVIEW and WATCH - Goal Theory

Watch

Within your textbook reading (section 14.3) this week, you learned about goal theory.

First: Study exhibit 14.12 that was introduced in your textbook: Goal_Setting_Process.pdf Goal_Setting_Process.pdf - Alternative Formats

Then: Watch the following video: Why the Secret to Success is Setting the Right Goals

- After watching the video, consider the following:
  - How does identifying your 'why' relate to the the goal setting process introduced in your textbook?
  - How do the goals of individual employees impact the goals of the organizations they work for?
  - As a manager, why is helping your employees to set the 'right' goal so important?

YouTube Video

This interactive element is not available in this format. Visit the link or scan the QR code to access it online.

View this YouTube Video online

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4.3: MANAGERIAL COMMUNICATION

Figure 4.3.1: (Credit: UC Davis College of Engineering/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Learning Objectives

After reading this chapter, you should be able to answer these questions:

1. Understand and describe the communication process.
2. Know the types of communications that occur in organizations.
3. Understand how power, status, purpose, and interpersonal skills affect communications in organizations.
4. Describe how corporate reputations are defined by how an organization communicates to all of its stakeholders.
5. Know why talking, listening, reading, and writing are vital to managing effectively.

EXPLORING MANAGERIAL CAREERS

John Legere, T-Mobile

The chief executive officer is often the face of the company. He or she is often the North Star of the company, providing guidance and direction for the entire organization. With other stakeholders, such as shareholders, suppliers, regulatory agencies, and customers, CEOs often take more reserved and structured approaches. One CEO who definitely stands out is John Legere, the CEO of T-Mobile. The unconventional CEO of the self-proclaimed “un-carrier” hosts a Sunday morning podcast called “Slow Cooker Sunday” on Facebook Live, and where most CEOs appear on television interviews in standard business attire, Legere appears with shoulder-length hair dressed in a magenta T-shirt, black jacket, and pink sneakers. Whereas most CEOs use well-scripted language to address business issues and competitors, Legere refers to T-Mobile’s largest competitors, AT&T and Verizon, as “dumb and dumber.”

In the mobile phone market, T-Mobile is the number-three player competing with giants AT&T and Verizon and recently came to an agreement to merge with Sprint. Of all the consolidation sweeping through the media and telecommunications arena, T-Mobile and Sprint are the most direct of competitors. Their merger would reduce the number of national wireless carriers from four to three, a move the Federal Communications Commission has firmly opposed in the past. Then again, the wireless market looks a bit different now, as does the administration in power.

John Legere and other CEOs such as Mark Cuban, Elon Musk, and Richard Branson have a more public profile than executives at other companies that keep a lower profile and are more guarded in their public comments, often restricting their public statements to quarterly investor and analyst meetings. It is likely that the personality and communication style that the executives reveal in public is also the way that they relate to their employees. The outgoing personality of someone such as John Legere will motivate some employees, but he might be seen as too much of a cheerleader by other employees.

Sometimes the unscripted comments and colorful language that Legere uses can cause issues with employees and the public. For instance, some T-Mobile employees in their call center admonished Legere for comments at a press event where he said Verizon and AT&T were "raping" customers for every penny they have. Legere's comments caused lengthy discussions in online forums such as Reddit about his choice of words. Legere is known for speaking his mind in public and often uses profanity, but many thought this comment crossed the line. While frank, open communication is often appreciated and leads to a clarity of message, senders of communication, be it in a public forum, an internal memo, or even a text message, should always think through the consequences of their words.

sources

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We will distinguish between communication between two individuals and communication amongst several individuals (groups) and communication outside the organization. We will show that managers spend a majority of their time in communication with others. We will examine the reasons for communication and discuss the basic model of interpersonal communication, the types of interpersonal communication, and major influences on the communication process. We will also discuss how organizational reputation is defined by communication with stakeholders.

4.3.1: The Process of Managerial Communication

4.3.2: Types of Communications in Organizations

4.3.3: Factors Affecting Communications and the Roles of Managers

4.3.4: Managerial Communication and Corporate Reputation

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4.3.1: The Process of Managerial Communication

Learning Objectives

1. Understand and describe the communication process.

Interpersonal communication is an important part of being an effective manager:

- It influences the opinions, attitude, motivation, and behaviors of others.
- It expresses our feelings, emotions, and intentions to others.
- It is the vehicle for providing, receiving, and exchanging information regarding events or issues that concern us.
- It reinforces the formal structure of the organization by such means as making use of formal channels of communication.

Interpersonal communication allows employees at all levels of an organization to interact with others, to secure desired results, to request or extend assistance, and to make use of and reinforce the formal design of the organization. These purposes serve not only the individuals involved, but the larger goal of improving the quality of organizational effectiveness.

The model that we present here is an oversimplification of what really happens in communication, but this model will be useful in creating a diagram to be used to discuss the topic. Figure 16.1.1 illustrates a simple communication episode where a communicator encodes a message and a receiver decodes the message.[1]

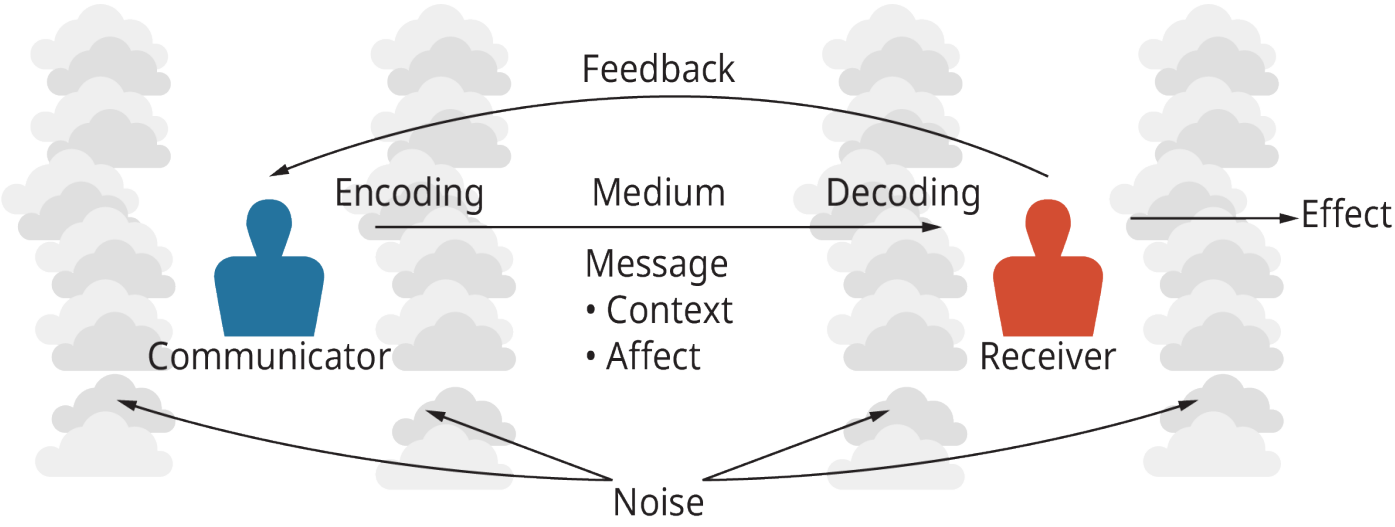

Figure 4.3.1.1: The Basic Communication Model (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Encoding and Decoding

Two important aspects of this model are encoding and decoding. Encoding is the process by which individuals initiating the communication translate their ideas into a systematic set of symbols (language), either written or spoken. Encoding is influenced by the sender's previous experiences with the topic or issue, her emotional state at the time of the message, the importance of the message, and the people involved. Decoding is the process by which the recipient of the message interprets it. The receiver attaches meaning to the message and tries to uncover its underlying intent. Decoding is also influenced by the receiver's previous experiences and frame of reference at the time of receiving the message.

Feedback

Several types of feedback can occur after a message is sent from the communicator to the receiver. Feedback can be viewed as the last step in completing a communication episode and may take several forms, such as a verbal response, a nod of the head, a response asking for more information, or no response at all. As with the initial message, the response also involves encoding, medium, and decoding.

There are three basic types of feedback that occur in communication.[2] These are informational, corrective, and reinforcing. In informational feedback, the receiver provides nonevaluative information to the communicator. An example is the level of inventory at the end of the month. In corrective feedback, the receiver responds by challenging the original message. The receiver might respond that it is not her responsibility to monitor inventory. In reinforcing feedback, the receiver communicated that she has clearly received the message and its intentions. For instance, the grade that you receive on a term paper (either positive or negative) is reinforcing feedback on your term paper (your original communication).

Noise

There is, however, a variety of ways that the intended message can get distorted. Factors that distort message clarity are **noise**. Noise can occur at any point along the model shown in Figure 16.1.1, including the decoding process. For example, a manager might be under pressure and issue a directive, "I want this job completed today, and I don't care what it costs," when the manager does care what it costs.

concept check

1. Describe the communication process.
2. Why is feedback a critical part of the communication process?
3. What are some things that managers can do to reduce noise in communication?

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4.3.2: Types of Communications in Organizations

Learning Objectives

1. Know the types of communications that occur in organizations.

In the communication model described above, three types of communication can be used by either the communicator in the initial transmission phase or the receiver in the feedback phase. These three types are discussed next.

Oral Communication

This consists of all messages or exchanges of information that are spoken, and it's the most prevalent type of communication.

Written Communication

This includes e-mail, texts, letters, reports, manuals, and annotations on sticky notes. Although managers prefer oral communication for its efficiency and immediacy, the increase in electronic communication is undeniable. As well, some managers prefer written communication for important messages, such as a change in a company policy, where precision of language and documentation of the message are important.

Managerial Leadership

Dealing with Information Overload

One of the challenges in many organizations is dealing with a deluge of emails, texts, voicemails, and other communication. Organizations have become flatter, outsourced many functions, and layered technology to speed communication with an integrated communication programs such as Slack, which allows users to manage all their communication and access shared resources in one place. This can lead to information overload, and crucial messages may be drowned out by the volume in your inbox.

Add the practice of "reply to all," which can add to the volume of communication, that many coworkers use, and that means that you may get five or six versions of an initial e-mail and need to understand all of the responses as well as the initial communication before responding or deciding that the issue is resolved and no response is needed. Here are suggestions to dealing with e-mail overload upward, horizontally, and downward within your organization and externally to stakeholders and customers.

One way to reduce the volume and the time you spend on e-mail is to turn off the spigot of incoming messages. There are obvious practices that help, such as unsubscribing to e-newsletters or turning off notifications from social media accounts such as Facebook and Twitter. Also, consider whether your colleagues or direct reports are copying you on too many emails as an FYI. If yes, explain that you only need to be updated at certain times or when a final decision is made.

You will also want to set up a system that will organize your inbox into "folders" that will allow you to manage the flow of messages into groups that will allow you to address them appropriately. Your system might look something like this:

1. Inbox: Treat this as a holding pen. E-mails shouldn't stay here any longer than it takes for you to file them into another folder. The exception is when you respond immediately and are waiting for an immediate response.
2. Today: This is for items that need a response today.
3. This week: This is for messages that require a response before the end of the week.
4. This month/quarter: This is for everything that needs a longer-term response. Depending on your role, you may need a monthly or quarterly folder.
5. FYI: This is for any items that are for information only and that you may want to refer back to in the future.

This system prioritizes e-mails based on timescales rather than the e-mails' senders, enabling you to better schedule work and set deadlines.

Another thing to consider is your outgoing e-mail. If your outgoing messages are not specific, too long, unclear, or are copied too widely, your colleagues are likely to follow the same practice when communicating with you. Keep your communication clear and to the point, and managing your outbox will help make your inbound e-mails manageable.

critical thinking questions

1. How are you managing your e-mails now? Are you mixing personal and school and work-related e-mails in the same account?
2. How would you communicate to a colleague that is sending too many FYI e-mails, sending too may unclear e-mails, or copying too many people on her messages?

sources

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Barry Chingel, "How to beat email Overload in 2018", *CIPHER*, January 16, 2018, https://www.ciphr.com/advice/email-overload/;

Monica Seely, "At the Mercy of Your Inbox? How to Cope With Email Overload", *The Guardian*, November 6, 2017, https://www.theguardian.com/small-bu...email-overload.

Nonverbal Communication

There is also the transformation of information without speaking or writing. Some examples of this are things such as traffic lights and sirens as well as things such as office size and placement, which connote something or someone of importance. As well, things such as body language and facial expression can convey either conscious or unconscious messages to others.

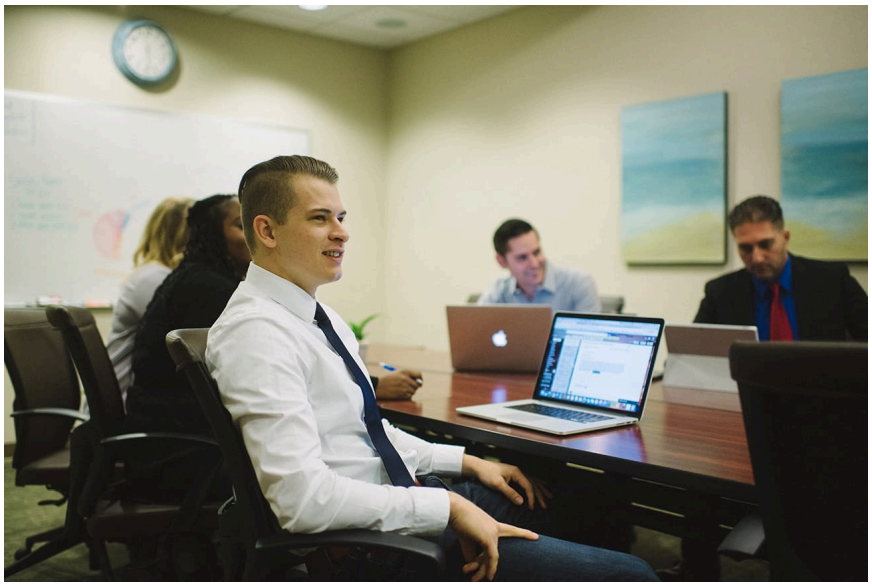

Figure 4.3.2.1: Your body language can send messages during a meeting. (Credit: Amtec Photos/ Flickr/ Attribution 2.0 Generic (CC BY 2.0))

Major Influences on Interpersonal Communication

Regardless of the type of communication involved, the nature, direction, and quality of interpersonal communication processes can be influenced by several factors.[3]

Social Influences

Communication is a social process, as it takes at least two people to have a communication episode. There is a variety of social influences that can affect the accuracy of the intended message. For example, status barriers between employees at different levels of the organization can influence things such as addressing a colleague as at a director level as “Ms. Jones” or a coworker at the same level as “Mike.” Prevailing norms and roles can dictate who speaks to whom and how someone responds. Figure 16.2.2 illustrates a variety of communications that illustrate social influences in the workplace.

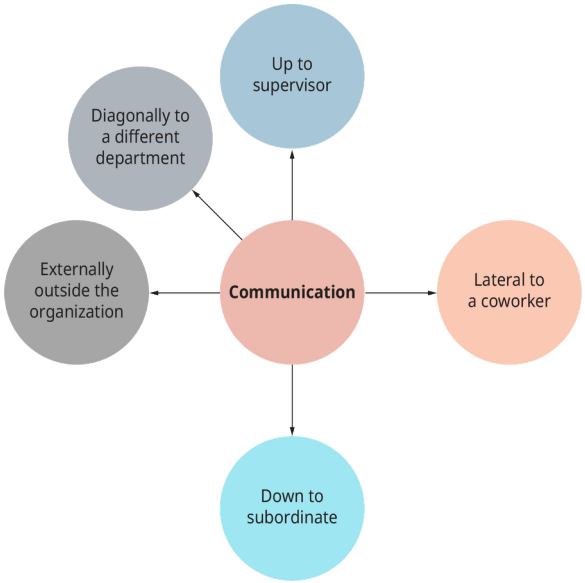

Figure 4.3.2.2: Patterns of Managerial Communication (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Perception

In addition, the communication process is heavily influenced by perceptual processes. The extent to which an employee accurately receives job instructions from a manager may be influences by her perception of the manager, especially if the job instructions conflict with her interest in the job or if they are controversial. If an employee has stereotyped the manager as incompetent, chances are that little that the manager says will be taken seriously. If the boss is well regarded or seen as influential in the company, everything that she says may be interpreted as important.

Interaction Involvement

Communication effectiveness can be influenced by the extent to which one or both parties are involved in conversation. This attentiveness is called interaction attentiveness or interaction involvement.[4] If the intended receiver of the message is preoccupied with other issues, the effectiveness of the message may be diminished. Interaction involvement consists of three interrelated dimensions: responsiveness, perceptiveness, and attentiveness.

Organizational Design

The communication process can also be influenced by the design of the organization. It has often been argued to decentralize

an organization because that will lead to a more participative structure and lead to improved communication in the organization. When messages must travel through multiple levels of an organization, the possibility of distortion can also occur, which would be diminished with more face-to-face communication.

Figure 4.3.2.3: Smart managers understand that not all of a company's influential relationships appear as part of the organization chart. A web of informal, personal connections exists between workers, and vital information and knowledge pass through this web constantly. Using social media analysis software and other tracking tools, managers can map and quantify the normally invisible relationships that form between employees at all levels of an organization. How might identifying a company's informal organization help managers foster teamwork, motivate employees, and boost productivity? (Credit: Exeter/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

concept check

1. What are the three major types of communication?
2. How can you manage the inflow of electronic communication?
3. What are the major influences on organizational communication, and how can organizational design affect communication?

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4.3.3: Factors Affecting Communications and the Roles of Managers

Learning Objectives

1. Understand how power, status, purpose, and interpersonal skills affect communications in organizations.

The Roles Managers Play

In Mintzberg's seminal study of managers and their jobs, he found the majority of them clustered around three core management roles.[5]

Interpersonal Roles

Managers are required to interact with a substantial number of people during a workweek. They host receptions; take clients and customers to dinner; meet with business prospects and partners; conduct hiring and performance interviews; and form alliances, friendships, and personal relationships with many others. Numerous studies have shown that such relationships are the richest source of information for managers because of their immediate and personal nature.[6]

Three of a manager's roles arise directly from formal authority and involve basic interpersonal relationships. First is the figurehead role. As the head of an organizational unit, every manager must perform some ceremonial duties. In Mintzberg's study, chief executives spent 12% of their contact time on ceremonial duties; 17% of their incoming mail dealt with acknowledgments and requests related to their status. One example is a company president who requested free merchandise for a handicapped schoolchild.[7]

Managers are also responsible for the work of the people in their unit, and their actions in this regard are directly related to their role as a leader. The influence of managers is most clearly seen, according to Mintzberg, in the leader role. Formal authority vests them with great potential power. Leadership determines, in large part, how much power they will realize.

Does the leader's role matter? Ask the employees of Chrysler Corporation (now Fiat Chrysler). When Sergio Marchionne, who passed away in 2018, took over the company in the wake of the financial crisis, the once-great auto manufacturer was in bankruptcy, teetering on the verge of extinction. He formed new relationships with the United Auto Workers, reorganized the senior management of the company, and—perhaps, most importantly—convinced the U.S. federal government to guarantee a series of bank loans that would make the company solvent again. The loan guarantees, the union response, and the reaction of the marketplace, especially for the Jeep brand, were due in large measure to Marchionne's leadership style and personal charisma. More recent examples include the return of Starbucks founder Howard Schultz to reenergize and steer his company and Amazon CEO Jeff Bezos and his ability to innovate during a downturn in the economy.[8]

Popular management literature has had little to say about the liaison role until recently. This role, in which managers establish and maintain contacts outside the vertical chain of command, becomes especially important in view of the finding of virtually every study of managerial work that managers spend as much time with peers and other people outside of their units as they do with their own subordinates. Surprisingly, they spend little time with their own superiors. In Rosemary Stewart's (1967) study, 160 British middle and top managers spent 47% of their time with peers, 41% of their time with people inside their unit, and only 12% of their time with superiors. Guest's (1956) study of U.S. manufacturing supervisors revealed similar findings.

Informational Roles

Managers are required to gather, collate, analyze, store, and disseminate many kinds of information. In doing so, they become information resource centers, often storing huge amounts of information in their own heads, moving quickly from the role of gatherer to the role of disseminator in minutes. Although many business organizations install large, expensive management information systems to perform many of those functions, nothing can match the speed and intuitive power of a well-trained

manager's brain for information processing. Not surprisingly, most managers prefer it that way.

As monitors, managers are constantly scanning the environment for information, talking with liaison contacts and subordinates, and receiving unsolicited information, much of it because of their network of personal contacts. A good portion of this information arrives in verbal form, often as gossip, hearsay, and speculation.[9]

In the disseminator role, managers pass privileged information directly to subordinates, who might otherwise have no access to it. Managers must decide not only who should receive such information, but how much of it, how often, and in what form. Increasingly, managers are being asked to decide whether subordinates, peers, customers, business partners, and others should have direct access to information 24 hours a day without having to contact the manager directly.[10]

In the spokesperson role, managers send information to people outside of their organizations: an executive makes a speech to lobby for an organizational cause, or a supervisor suggests a product modification to a supplier. Increasingly, managers are also being asked to deal with representatives of the news media, providing both factual and opinion-based responses that will be printed or broadcast to vast unseen audiences, often directly or with little editing. The risks in such circumstances are enormous, but so too are the potential rewards in terms of brand recognition, public image, and organizational visibility.[11]

Decisional Roles

Ultimately, managers are charged with the responsibility of making decisions on behalf of both the organization and the stakeholders with an interest in it. Such decisions are often made under circumstances of high ambiguity and with inadequate information. Often, the other two managerial roles—interpersonal and informational—will assist a manager in making difficult decisions in which outcomes are not clear and interests are often conflicting.

In the role of entrepreneur, managers seek to improve their businesses, adapt to changing market conditions, and react to opportunities as they present themselves. Managers who take a longer-term view of their responsibilities are among the first to realize that they will need to reinvent themselves, their product and service lines, their marketing strategies, and their ways of doing business as older methods become obsolete and competitors gain advantage.

While the entrepreneur role describes managers who initiate change, the disturbance or crisis handler role depicts managers who must involuntarily react to conditions. Crises can arise because bad managers let circumstances deteriorate or spin out of control, but just as often good managers find themselves in the midst of a crisis that they could not have anticipated but must react to just the same.[12]

The third decisional role of resource allocator involves managers making decisions about who gets what, how much, when, and why. Resources, including funding, equipment, human labor, office or production space, and even the boss's time, are all limited, and demand inevitably outstrips supply. Managers must make sensible decisions about such matters while still retaining, motivating, and developing the best of their employees.

The final decisional role is that of negotiator. Managers spend considerable amounts of time in negotiations: over budget allocations, labor and collective bargaining agreements, and other formal dispute resolutions. During a week, managers will often make dozens of decisions that are the result of brief but important negotiations between and among employees, customers and clients, suppliers, and others with whom managers must deal.[13]

concept check

1. What are the major roles that managers play in communicating with employees?
2. Why are negotiations often brought in to communications by managers?

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4.3.4: Managerial Communication and Corporate Reputation

Learning Objectives

1. Describe how corporate reputations are defined by how an organization communicates to its stakeholders.

Management communication is a central discipline in the study of communication and corporate reputation. An understanding of language and its inherent powers, combined with the skill to speak, write, listen, and form interpersonal relationships, will determine whether companies succeed or fail and whether they are rewarded or penalized for their reputations.

At the midpoint of the twentieth century, Peter Drucker wrote, "Managers have to learn to know language, to understand what words are and what they mean. Perhaps most important, they have to acquire respect for language as [our] most precious gift and heritage. The manager must understand the meaning of the old definition of rhetoric as 'the art which draws men's hearts to the love of true knowledge.'"[14]

Later, Eccles and Nohria reframed Drucker's view to offer a perspective of management that few others have seen: "To see management in its proper light, managers need first to take language seriously."[15] In particular, they argue, a coherent view of management must focus on three issues: the use of rhetoric to achieve a manager's goals, the shaping of a managerial identity, and taking action to achieve the goals of the organizations that employ us. Above all, they say, "the essence of what management is all about [is] the effective use of language to get things done."[16] One of the things managers get done is the creation, management, and monitoring of corporate reputation.

The job of becoming a competent, effective manager thus becomes one of understanding language and action. It also involves finding ways to shape how others see and think of *you* in *your* role as a manager. Many noted researchers have examined the important relationship between communication and action within large and complex organizations and conclude that the two are inseparable. Without the right words, used in the right way, it is unlikely that the right reputations develop. "Words do matter," write Eccles and Nohria. "They matter very much. Without words, we have no way of expressing strategic concepts, structural forms, or designs for performance measurement systems." Language, they conclude, "is too important to managers to be taken for granted or, even worse, abused."[17]

So, if language is a manager's key to corporate reputation management, the next question is obvious: How good are managers at using language? Managers' ability to act—to hire a talented workforce, to change an organization's reputation, to launch a new product line—depends entirely on how effectively they use management communication, both as a speaker and as a listener. Managers' effectiveness as a speaker and writer will determine how well they are able to manage the firm's reputation. And their effectiveness as listeners will determine how well they understand and respond to others and can change the organization in response to their feedback.

We will now examine the role management communication plays in corporate reputation formation, management, and change and the position occupied by rhetoric in the life of business organizations. Though, this chapter will focus on the skills, abilities, and competencies for using language, attempting to influence others, and responding to the requirements of peers, superiors, stakeholders, and the organization in which managers and employees work.

Management communication is about the movement of information and the skills that facilitate it—speaking, writing, listening, and processes of critical thinking. It's also about understanding who your organization is (identity), who others think your organization is (reputation), and the contributions individuals can make to the success of their business considering their organization's existing reputation. It is also about confidence—the knowledge that one can speak and write well, listen with great skill as others speak, and both seek out and provide the feedback essential to creating, managing, or changing their organization's reputation.

At the heart of this chapter, though, is the notion that communication, in many ways, is the work of managers. We will now examine the roles of writing and speaking in the role of management, as well as other specific applications and challenges managers face as they play their role in the creation, maintenance, and change of corporate reputation.

concept check

1. How are corporate reputations affected by the communication of managers and public statements?
2. Why is corporate reputation important?

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4.4: Maslow

Maslow's Hierarchy of Needs

Within your reading this week, you learned about Maslow's Hirarchy of Needs. This is likely a theory that you have heard about prior to this course, however, you may not have considered how the theory can be applied to workplace motivation.

First: Watch the following 5:14 video: Improving Motivation with Maslow's Hierarchy of Needs Theory

- As you watch the video, pay close attention to what employees are looking for within each level of the hierarchy.

YouTube Video

This interactive element is not available in this format. Visit the link or scan the QR code to access it online.

View this YouTube Video online

Then: Watch the following 5:20 video: Culinary & Hospitality Opportunities at Wegmans

- After watching the video, consider the following:
  - Which aspects of Maslow's Hierarchy of Needs does Wegmans' approach appear to help satisfy?
  - Would you be surprised to learn that Wegmans has earned a place on Fortune's "Best Company to Work For" list every year since it began? Why or why not?
  - What did you hear in the video that would be most enticing to you if you were considering a position at Wegmans?
    - Consider how this would relate to Maslow's Hierarchy of Needs. Which need would you be looking to satisfy?

YouTube Video

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4.5: Business Stakeholders

Stakeholders

Who is impacted by what happens in your workplace?

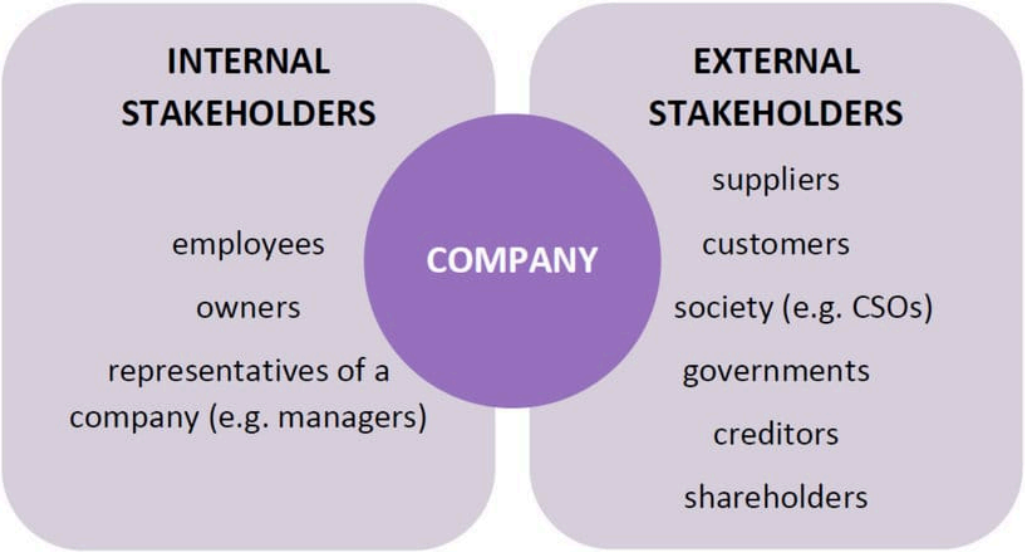

Image Source: Gurzawska, Makinen, Brey. "Implementation of Responsible Research and Innovation (RRI) Practices in Industry: Providing the Right Incentives." *ResearchGate*. Creative Commons Attribution 4.0 International

Internal and External Stakeholders

This graphic shows who is considered internal vs. external stakeholders.

Internal = employees, owners, managers.

External = suppliers, customers society, governments, creditors, shareholders.

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4.6: Stakeholder Communication

Communicating with business stakeholders is an important part of the job.

Watch this TikTok about Business Communication.

TikTok - Make Your Day

Then, watch this TikTok about a student email to an Instructor.

TikTok - Make Your Day

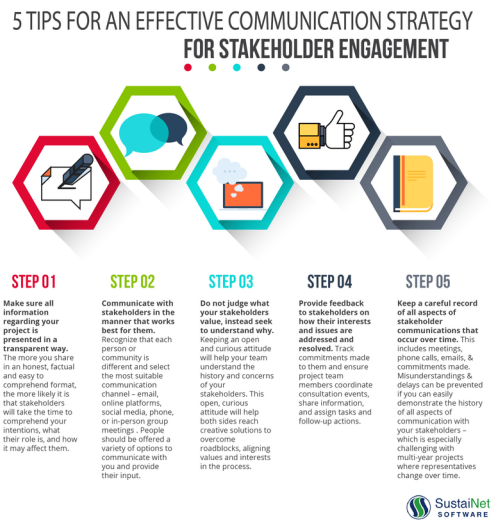

Image Source: Tonie Burgos. "5 Tips For An Effective Communication Strategy For Stakeholder Engagement" by Sustainet.com." *Resource Mania Coach*. 2020.

5 Communication Strategies

The graphic above shows 5 communication strategy tips that are helpful to use when communicating with stakeholders. They consider:

1. Transparency
2. Methods
3. Understand what matters to stakeholders
4. Provide feedback
5. Keep record of communications

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5: MODULE 5 - MANAGING TEAMS

5.1: Managing Teams

5.1.1: Teamwork in the Workplace

5.1.2: Team Development Over Time

5.1.3: Things to Consider When Managing Teams

5.1.4: Opportunities and Challenges to Team Building

5.1.5: Team Diversity

5.1.6: Multicultural Teams

5.1.7: Summary

5.2: Characteristics of an Effective Team

5.3: What It Takes To Be a Successful Team

5.4: How To Build Great Teams

5.5: Conflict - Use It, Don't Defuse It

5.6: Cross-Cultural Management

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5.1: MANAGING TEAMS

Figure 5.1.1: (Credit: MabelAmber/ Pixabay/ (CC BY 0))

Learning Objectives

After reading this chapter, you should be able to answer these questions:

1. What is the benefit of working in teams, and what makes teams effective?
2. How do teams develop over time?
3. What are some key considerations in managing teams?
4. What are the benefits of conflict for a team?
5. How does team diversity enhance decision-making and problem-solving?
6. What are some challenges and best practices for managing and working with multicultural teams?

EXPLORING MANAGERIAL CAREERS

Eva Hartmann, Trellis LLC

Eva Hartmann has nearly 20 years of experience as a strategic, results-driven, innovative leader with significant expertise in human resources strategy, talent and leadership development, and organizational effectiveness. She has worked in a variety of industries, from manufacturing to Fortune 500 consulting. Eva is a transformational change agent who has developed and led strategic human capital programs and talent initiatives in multiple challenging environments globally. Eva is passionate about enhancing both individual and organizational performance.

Eva began her career in one of the large “Big 6” management consulting firms at the time, and she happily returned several years ago to consulting. She is the founder and president of Trellis LLC, a human capital consulting and staffing firm in Richmond, Virginia.

Prior to Trellis, Eva was the global human resources leader for a large global manufacturer of plastic film products and was responsible for the HR strategy and operations of a $600 million global division. In this role, Eva led a global team of HR managers in North and South America, Europe, and Asia to support global HR initiatives to drive business results and build human

capital and performance across the division.

Eva has also held a variety of leadership and managerial roles in both human resources and quality functions at several nationally and globally recognized companies, including Wachovia Securities, Genworth Financial, Sun Microsystems, and Andersen Consulting (now Accenture).

Eva holds an MBA from the College of William and Mary in Williamsburg, Virginia, and a BA in anthropology from the University of Virginia in Charlottesville, Virginia. She is also an adjunct faculty member with the University of Richmond Robins School of Business. Eva currently serves on the board of the Society of Human Resource Management (SHRM) of Richmond, Virginia.

Much of the work that is performed today in organizations requires a focus on teamwork. The ability to work successfully as a team member, as well as the ability to lead teams, is an ultimate advantage within the workforce. Teams themselves must be managed, in addition to managing just the individuals, to be successful. We've all heard the quote originally coined by Aristotle that states that "the whole is greater than the sum of its parts." This captures the nature of the team perfectly—there is such a synergy that comes from a team that the individuals alone are not able to create. This chapter details the importance of and benefits that you may derive from working as a team, as well as some of the ways we can make our teams more successful.

5.1.1: Teamwork in the Workplace

5.1.2: Team Development Over Time

5.1.3: Things to Consider When Managing Teams

5.1.4: Opportunities and Challenges to Team Building

5.1.5: Team Diversity

5.1.6: Multicultural Teams

5.1.7: Summary

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5.1.1: Teamwork in the Workplace

Learning Objectives

1. What is a team, and what makes a team effective?

Teamwork has never been more important in organizations than it is today. Whether you work in a manufacturing environment and utilize self-directed work teams, or if you work in the "knowledge economy" and derive benefits from collaboration within a team structure, you are harnessing the power of a team.

A team, according to Katzenbach and Smith in their *Harvard Business Review* (HBR) article "The Discipline of Teams," is defined as "people organized to function cooperatively as a group".[1] The five elements that make teams function are:

- Common commitment and purpose
- Specific performance goals
- Complementary skills
- Commitment to how the work gets done
- Mutual accountability

A team has a specific purpose that it delivers on, has shared leadership roles, and has both individual and mutual accountabilities. Teams discuss, make decisions, and perform real work together, and they measure their performance by assessing their collective work products. Wisdom of Teams reference. This is very different from the classic working group in an organization (usually organized by functional area) in which there is a focused leader, individual accountabilities and work products, and a group purpose that is the same as the broader organizational mission. Think of the finance organization or a particular business unit in your company—these are, in effect, larger working groups that take on a piece of the broader organizational mission. They are organized under a leader, and their effectiveness is measured by its influence on others within the business (e.g., financial performance of the business.)

Figure 5.1.1.1: Smart managers understand that not all of a company's influential relationships appear as part of the organization chart. Consider a publishing company that might have a lead finance head for each group, such as adult fiction, nonfiction, young adult, and children's book divisions. A finance team working group would help spread best practices and lead to more cohesive operations for the entire organization. (Credit: thetaxhaven /flickr / Attribution 2.0 Generic (CC BY 2.0))

So, what makes a team truly effective? According to Katzenbach and Smith's "Discipline of Teams," there are several practices

that the authors have observed in successful teams. These practices include:

Establish urgency, demanding performance standards, and direction. Teams work best when they have a compelling reason for being, and it is thus more likely that the teams will be successful and live up to performance expectations. We've all seen the teams that are brought together to address an "important initiative" for the company, but without clear direction and a truly compelling reason to exist, the team will lose momentum and wither.

Select members for their skill and skill potential, not for their personality. This is not always as easy as it sounds for several reasons. First, most people would prefer to have those with good personalities and positive attitudes on their team in order to promote a pleasant work environment. This is fine, but make sure that those individuals have the skill sets needed (or the potential to acquire/learn) for their piece of the project. The second caveat here is that you don't always know what skills you need on a project until you really dig in and see what's going on. Spend some time upfront thinking about the purpose of the project and the anticipated deliverables you will be producing, and think through the specific types of skills you'll need on the team.

Pay particular attention to first meetings and actions. This is one way of saying that first impressions mean a lot—and it is just as important for teams as for individuals. Teams will interact with everyone from functional subject-matter experts all the way to senior leadership, and the team must look competent and be perceived as competent. Keeping an eye on your team's level of emotional intelligence is very important and will enhance your team's reputation and ability to navigate stakeholders within the organization.

Set some clear rules of behavior. I have been through many meetings and team situations in which we have rushed through "ground rules" because it felt like they were obvious—and everyone always came up with the same list. It is so critical that the team takes the time upfront to capture their own rules of the road in order to keep the team in check. Rules that address areas such as attendance, discussion, confidentiality, project approach, and conflict are key to keeping team members aligned and engaged appropriately.

Set and seize upon a few immediate performance-oriented tasks and goals. What does this mean? Have some quick wins that make the team feel that they're really accomplishing something and working together well. This is very important to the team's confidence, as well as just getting into the practices of working as a team. Success in the larger tasks will come soon enough, as the larger tasks are really just a group of smaller tasks that fit together to produce a larger deliverable.

Challenge the group regularly with fresh facts and information. That is, continue to research and gather information to confirm or challenge what you know about your project. Don't assume that all the facts are static and that you received them at the beginning of the project. Often, you don't know what you don't know until you dig in. I think that the pace of change is so great in the world today that new information is always presenting itself and must be considered in the overall context of the project.

Spend lots of time together. Here's an obvious one that is often overlooked. People are so busy that they forget that an important part of the team process is to spend time together, think together, and bond. Time in person, time on the phone, time in meetings—all of it counts and helps to build camaraderie and trust.

Exploit the power of positive feedback, recognition, and reward. Positive reinforcement is a motivator that will help the members of the team feel more comfortable contributing. It will also reinforce the behaviors and expectations that you're driving within the team. Although there are many extrinsic rewards that can serve as motivators, a successful team begins to feel that its own success and performance is the most rewarding.

Collaboration is another key concept and method by which teams can work together very successfully. Bringing together a team of experts from across the business would seem to be a best practice in any situation. However, Gratton and Erickson, in their article Eight Ways to Build Collaborative Teams, found that collaboration seems to decrease sharply when a team is working on complex project initiatives. In their study, they examined 55 larger teams and identified those with strong collaboration skills, despite the level of complexity. There were eight success factors for having strong collaboration skills:

- "Signature" relationship practices
- Role models of collaboration among executives
- Establishment of "gift" culture, in which managers mentor employees
- Training in relationship skills
- A sense of community
- Ambidextrous leaders—good at task and people leadership
- Good use of heritage relationships
- Role clarity and talk ambiguity[2]

As teams grow in size and complexity, the standard practices that worked well with small teams don't work anymore. Organizations need to think about how to make collaboration work, and they should leverage the above best practices to build relationships and trust.

concept check

1. What is the definition of a team?
2. Name some practices that can make a team more successful.

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5.1.2: Team Development Over Time

Learning Objectives

1. How do teams develop over time?

If you have been a part of a team—as most of us have—then you intuitively have felt that there are different "stages" of team development. Teams and team members often start from a position of friendliness and excitement about a project or endeavor, but the mood can sour and the team dynamics can go south very quickly once the real work begins. In 1965, educational psychologist Bruce Tuckman at Ohio State University developed a four-stage model to explain the complexities that he had witnessed in team development. The original model was called Tuckman's Stages of Group Development, and he added the fifth stage of "Adjourning" in 1977 to explain the disbanding of a team at the end of a project. The four stages of the Tuckman model are:[3]

- Forming
- Storming
- Norming
- Performing
- Adjourning

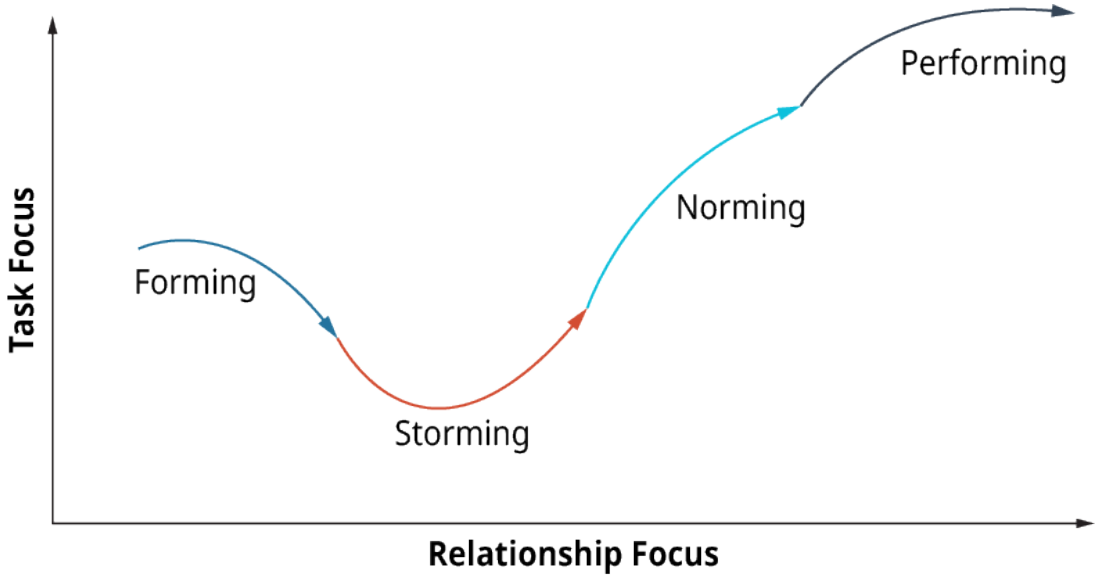

Figure 5.1.2.1: Tuckman's Model of Team Development (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

The forming stage begins with the introduction of team members. This is known as the "polite stage" in which the team is mainly focused on similarities and the group looks to the leader for structure and direction. The team members at this point are enthusiastic, and issues are still being discussed on a global, ambiguous level. This is when the informal pecking order begins to develop, but the team is still friendly.

The storming stage begins as team members begin vying for leadership and testing the group processes. This is known as the "win-lose" stage, as members clash for control of the group and people begin to choose sides. The attitude about the team and the project begins to shift to negative, and there is frustration around goals, tasks, and progress.

Figure 5.1.2.2: In the storming stage, protracted competition vying for leadership of the group can hinder progress. You are likely to encounter this in your coursework when a group assignment requires forming a team. (Credit: Gerald R. Ford School of Public Policy/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

After what can be a very long and painful Storming process for the team, slowly the norming stage may start to take root. During Norming, the team is starting to work well together, and buy-in to group goals occurs. The team is establishing and maintaining ground rules and boundaries, and there is willingness to share responsibility and control. At this point in the team formation, members begin to value and respect each other and their contributions.

Finally, as the team builds momentum and starts to get results, it is entering the performing stage. The team is completely self-directed and requires little management direction. The team has confidence, pride, and enthusiasm, and there is a congruence of vision, team, and self. As the team continues to perform, it may even succeed in becoming a high-performing team. High-performing teams have optimized both task and people relationships—they are maximizing performance and team effectiveness. Katzenberg and Smith, in their study of teams, have created a “team performance curve” that graphs the journey of a team from a working group to a high-performing team. The team performance curve is illustrated in Figure 15.2.3.

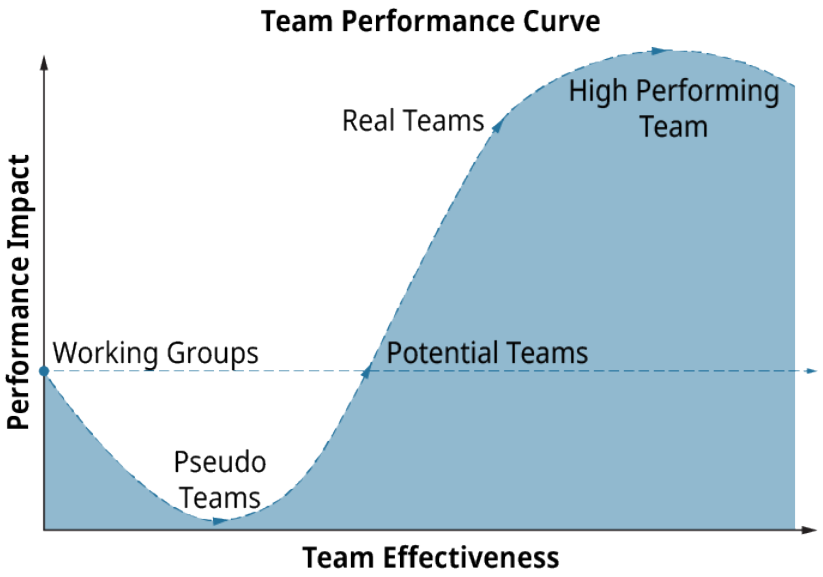

Figure 5.1.2.3: Team Performance Curve (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

The process of becoming a high-performance team is not a linear process. Similarly, the four stages of team development in the Tuckman model are not linear, and there are also factors that may cause the team to regress to an earlier stage of development. When a team member is added to the group, this may change the dynamic enough and be disruptive enough to cause a backwards slide to an earlier stage. Similarly, if a new project task is introduced that causes confusion or anxiety for the group, then this may also cause a backwards slide to an earlier stage of development. Think of your own experiences with project teams and the backslide that the group may have taken when another team member was introduced. You may have personally found the same to be true when a leader or project sponsor changes the scope or adds a new project task. The team has to re-group and will likely re-Storm and re-Form before getting back to Performing as a team.

CATCHING THE ENTREPRENEURIAL SPIRIT

Starting the Startup Team

Nothing is more exciting than a startup business. The enthusiasm is high, and people are excited about the new venture and the prospects that await. Depending on the situation, there may be funding that the startup has received from investors, or the startup could be growing and powering itself organically. Either way, the startup faces many different questions in the beginning, which will have a tremendous impact on its growth potential and performance down the road. One of the most critical questions that faces a startup —or any business for that matter—is the question of who should be on the team. Human capital is the greatest asset that any company can have, and it is an especially critical decision in a startup environment when you have limited resources and those resources will be responsible for building the company from ground up.

In Noam Wasserman's January 2012 HBSP article "Assembling the Startup Team," Wasserman asserts:

"*Nothing can bedevil a high-potential startup more than its people problems. In research on startup performance, venture capitalists attributed 65% of portfolio company failures to problems within the startup's management team. Another study asked investors to identify problems that might occur at their portfolio companies; 61% of the problems involved team issues. These problems typically result from choices that founders make as they add team members...*"

These statistics are based on people problems in startups, and it isn't quite clear what percent of larger company failures could be directly or indirectly attributed to people and team issues. I would imagine that the percentage is also significant. The impact of people problems and team issues in a startup organization that is just getting its footing and trying to make the right connections and decisions can be very significant. If you know anyone who has a company in startup mode, you may have noticed that some of the early team members who are selected to join the team are trusted family members, friends, or former colleagues. Once a

startup company grows to a certain level, then it may acquire an experienced CEO to take the helm. In any case, the startup is faced early on with important questions on how to build the team in a way that will maximize the chance of success.

In “Assembling the Startup Team,” the author refers to the three Rs: relationships, roles, and rewards as being key elements that must be managed effectively in order to avoid problems in the long term. Relationships refers to the actual team members that are chosen, and there are several caveats to keep in mind. Hiring relatives or close friends because they are trusted may seem like the right idea in the beginning, but the long-term hazards (per current research) outweigh the benefits. Family and friends may think too similarly, and the team misses the benefit of other perspectives and connections. Roles are important because you have to think about the division of labor and skills, as well as who is in the right roles for decision-making. The startup team needs to think through the implications of assigning people to specific roles, as that may dictate their decision power and status. Finally, defining the rewards can be difficult for the startup team because it essentially means that they are splitting the pie—i.e., both short-term and long-term compensation. For startup founders, this can be a very difficult decision when they have to weigh the balance of giving something away versus gaining human capital that may ultimately help the business to succeed. Thinking through the tradeoffs and keeping alignment between the “three Rs” is important because it challenges the startup team to think of the long-term consequences of some of their early decisions. It is easy to bring family and friends into the startup equation due to trust factors, but a careful analysis of the “three Rs” will help a startup leadership team make decisions that will pay off in the long term.

discussion questions

1. Why might it be a bad decision to hire someone for a key startup role based only on the fact that the person is close family or a friend? What are the potential tradeoffs to the business?
2. What does it mean for the “three Rs” to be in alignment? What is the potential risk of these not being in alignment? What could go wrong?

concept check

1. What are the four stages of team development?
2. What can cause a team to regress in its development?

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5.1.3: Things to Consider When Managing Teams

Learning Objectives

1. What are some key considerations in managing teams?

For those of us who have had the pleasure of managing or leading a team, we know that it can feel like a dubious distinction. Leading a team is fulfilling—especially if the task or organizational mandate at hand is so critical to the organization that people are happy to be a part of the team that drives things forward. It can also be an exercise in frustration, as the charge is to lead a group composed of various individuals, which at various times will act both like a group and like a bunch of individuals. Managing teams is no small feat, and the most experience managers truly understand that success ultimately depends on their ability to build a strong and well-functioning team. In J.J. Gabarro's *The Dynamics of Taking Charge* (HBS Press, 1987, pp. 85–87), he quotes a manager who had successfully worked to turn around a number of organizations:[4]

"People have to want to work together; they have to see how to do it. There has to be an environment for it and that takes time. It's my highest priority right now but I don't write it down anywhere because it's not like other priorities. If I told corporate that building a team was my prime goal they'd tell me, so what? They'd expect that as part of making things better."

I love this quotation because it's so indicative of the state of most organizations today. The focus is on corporate goals and priorities—very task-driven and outcome-driven—but it is the people dynamics and how people work together in the company and in TEAMS that can make a real difference to the goals and outcome.

MANAGERIAL LEADERSHIP

Who Am I Managing?

Making the jump from individual contributor to manager is never easy, and it doesn't take long for a new manager to realize that what got him there is much different than what is needed to be successful in the future. Individual contributors that have been recently promoted would probably say that they have strong technical skills in their area, and that they were very good at doing what they were doing. In a more savvy organization that recognizes leadership competencies, individual contributors would probably say that they have strong technical skills AND that they showed some behaviors and potential to lead others. When new managers enter their new roles, they expect that they will be managing people—that is, the people on their teams. Few new managers fully realize that the challenge ahead is not just in managing their people, but in managing all the other stakeholders and constituencies that want to and need to weigh in.

One of the key challenges that faces new managers is figuring out to balance all of the multiple demands from both the team and the stakeholders and constituencies external to the team. Linda A. Hill, the Wallace Brett Donham Professor of Business Administration at Harvard Business School, states that "among all the challenges facing new managers, the need to reconcile different constituencies' expectations and interests is probably the most difficult." She asserts that the demands that the new manager's direct reports, his peers, his boss, and the company's customers place on the new manager will cause conflict at times. Having teams of their own, new managers may think that managing their direct reports is the most important role to play, even at the exclusion of managing other stakeholders. This is incorrect. A new manager needs to "manage his other consistencies just as carefully." ("Helping New Managers Succeed," Lauren Keller Johnson, *HBR* 2008).

Whenever I started a new role, I always created a quick stakeholder checklist for myself. This document is essentially a list of all the stakeholders (beyond the team I am managing) with whom I need to build a relationship in order to be successful. I listed the names of my boss, my boss's boss, my peers, and any other key influencers or internal customers from the business. This is a quick checklist of the people that I need to immediately have a "meet and greet" with and then possibly even set up a regular meeting with at a certain cadence. I have learned over the years that each of these stakeholders will have some input and impact on my success, and the quicker and more effectively I engage them in the work my team is performing, the better the chance of my team's success. Some of the questions I will ask myself when figuring out my stakeholder list include:

- Whose support will I need?

- Who needs my support? What do they need from me or my team?
- Who can keep me and my team from being successful?
- What is my ongoing influencing strategy?

Some new managers will feel that these strategies for building stakeholder support are too "political" and they don't feel right. Trust me when I tell you that this is a necessary part of the new manager role, because now the role and the work call for greater interdependence and relation building in order to be successful. It is no longer just about individual technical skills, but more about building and managing relationships with people who will support you and your team to get your work done. So, if you are a new manager asking "Who am I managing?" ... the answer is EVERYONE.

discussion questions

1. Do you agree with the statement that "what got you there isn't what will make you successful in the future"? Why or why not?
2. Who would be on your stakeholder checklist? Which stakeholders are you already engaging and building relationships with?

In Linda A. Hill's *Harvard Business Review* article "Managing Your Team"[5] (HBR 1995), she discusses that managing a team means managing paradox. Paradox exists in the fact that teams have both individual and collective identities and goals. Each individual has goals and ideas as to what he wants to accomplish—on the project, in one's career, and in life. The team itself, of course, has goals and success metrics that it needs to meet in order to be successful. Sometimes these can be in conflict with each other. Competition may arise among team members, and a win-loss attitude may take place over a collaborative and problem-solving team dynamic. The team manager may need to step in to help integrate all of the individual differences to enable them to productively pursue the team goal. Therein lies the primary paradox—balancing individual differences and goals AND the collective identity and goals. Other paradoxes include:

- Fostering support AND confrontation among team members
- Focusing on performance AND learning and development
- Balancing managerial authority AND team member discretion and autonomy
- Balancing the Triangle of Relationships—manager, team, and individual

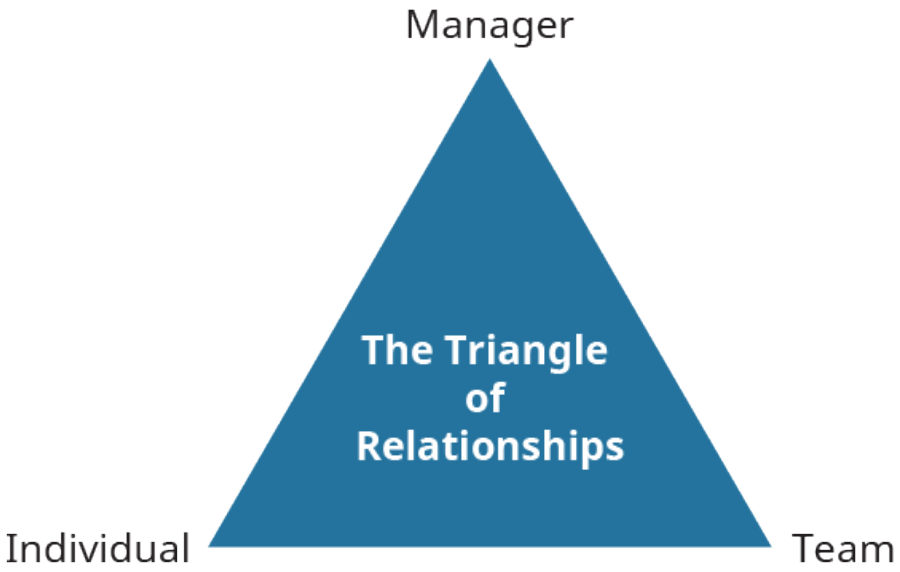

Figure 5.1.3.1: The Triangle of Relationships (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Managing a team also means managing its boundaries. Managing the team's boundaries—or space between the team and its external forces, stakeholders, and pressures—is a delicate balance of strategy, stakeholder management, and organizational

behavior. The team manager must serve, in part, as a buffer to these external factors so that they don't derail or distract the team from its goals. However, the manager must also understand enough about the external environment and have enough emotional intelligence to understand which forces, players, or situations must be synthesized within the team for its own benefit. Think about any medium or large-scale change initiative that you have been a part of in your career. Ideally, there is generally a vision for change and a level of sponsorship at the senior levels of the organization that is supposed to pave the way for that change to take root. The project team is officially "blessed" to kick off the team, create a charter, and identify the needed actions to drive the initiative to successful completion.

The dynamic that ensues after the kickoff is really what will determine the success of the team. There are numerous stakeholders in any organization, and many will be pro-change initiative, but others may be against the initiative—either due to lack of understanding or concerns about losing power, territory, etc. The external environment and business strategy may not be particularly well suited for a change initiative to take place, and so there may be the feeling of forces opposing the project team efforts. A strong team manager needs manage these "boundaries" with the organization to help the team navigate through and with the organizational complexities, goals, nuances, and egos that are a part of any organization. In Linda A. Hill's *Harvard Business Review* article "Exercising Influence," she states that "managers also need to manage relationships with those who are outside their team but inside their organizations.[6] To do so, they must understand the power dynamics of the larger organization and invest time and energy in building and maintaining relationship with those on who the team is dependent." It is also, in her view, "the manager's job, at a minimum, to educate other about organizational structures, systems, or politics that interfere with the team's performance." With all of the potential external influences on a team, managing a team's boundaries can truly mean the difference between success and failure.

The final element of managing a team is to manage the team itself—both the people elements and the process elements, or task at hand. The process-focused elements include managing the work plan to reach the overall goal, as well as the incremental meetings and milestones that are a part of the team's journey to reach the longer-term goal. Keeping the team focused on its objectives—beginning with setting agendas all the way to managing project tasks and celebrating milestones—assures that the team will stay on track. Projects and initiatives vary in size, scope, and complexity, and so the project management tools shouldn't be prescribed in a general sense. The important takeaway here is to choose an approach and a tool that works for the culture of the team and the organization, and that helps the team understand where they are, where they need to go, and what resources are a part of that process.

In managing the team members and interpersonal dynamics, there is the important element of selecting the right team members, shaping the team's norms and culture (how are decisions made, what are our rules, how do we manage conflict, etc.), and coaching the team. Defining the right skill sets, functions, perspectives, and expertise of the members will ensure a solid foundation. Helping the team to identify and formalize the ground rules for team engagement will help manage in the face of adversity or team conflict in the future. Finally, playing a role as a supportive coach will help both the individual team members and the group entity think through issues and make progress towards goals. A coach doesn't solve the individual/team problem, but helps the team think through a solution and move forward. Teams may need guidance on how to work things out within the team, and the manager must provide feedback and hold team members accountable for their behavior and contribution. Continuous improvement is the name of the game. A team may not start out as high performing, but they can certainly achieve that goal if everyone is focused on incremental improvements to communication, collaboration, and performance.

concept check

1. Discuss the paradox(es) of a team.
2. How can a leader manage team boundaries?

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5.1.4: Opportunities and Challenges to Team Building

Learning Objectives

1. What are the benefits of conflict for a team?

There are many sources of conflict for a team, whether it is due to a communication breakdown, competing views or goals, power struggles, or conflicts between different personalities. The perception is that conflict is generally bad for a team and that it will inevitably bring the team down and cause them to spiral out of control and off track. Conflict does have some potential costs. If handled poorly, it can create distrust within a group, it can be disruptive to group progress and moral, and it could be detrimental to building lasting relationships. It is generally seen as a negative, even though constructive conflicts and constructive responses to conflicts can be an important developmental milestone for a team. Some potential benefits of conflict are that it encourages a greater diversity of ideas and perspectives and helps people to better understand opposing points of view. It can also enhance a team's problem-solving capability and can highlight critical points of discussion and contention that need to be given more thought.

Another key benefit or outcome of conflict is that a team that trusts each other—its members and members' intentions—will arise from conflict being a stronger and higher-performing team. Patrick Lencioni, in his bestselling book *The Five Dysfunctions of a Team* (2002, p. 188), writes:[7]

"The first dysfunction is an absence of trust among team members. Essentially, this stems from their unwillingness to be vulnerable within the group. Team members who are not genuinely open with one another about their mistakes and weaknesses make it impossible to build a foundation for trust. This failure to build trust is damaging because it sets the tone for the second dysfunction: fear of conflict. Teams that lack trust are incapable of engaging in unfiltered and passionate debate of ideas. Instead, they resort to veiled discussions and guarded comments."

Lencioni also asserts that if a team doesn't work through its conflict and air its opinions through debate, team members will never really be able to buy in and commit to decisions. (This lack of commitment is Lencioni's third dysfunction.) Teams often have a fear of conflict so as not to hurt any team members' feelings. The downside of this avoidance is that conflicts still exist under the surface and may resurface in more insidious and back-channel ways that can derail a team. How can a team overcome its fear of conflict and move the team forward? Lencioni names a few strategies that teams can use to make conflict more common and productive. Mining is a technique that can be used in teams that tend to avoid conflict. This technique requires that one team member "assume the role of a 'miner of conflict'—someone who extracts buried disagreements within the team and sheds the light of day on them. They must have the courage and confidence to call out sensitive issues and force team members to work through them." Real-time permission is another technique to "recognize when the people engaged in conflict are becoming uncomfortable with the level of discord, and then interrupt to remind them that what they are doing is necessary." This technique can help the group to focus on the points of conflict by coaching the team not to sweep things under the rug.

The team leader plays a very important role in the team's ability to address and navigate successfully through conflicts. Sometime a leader will have the attitude that conflict is a derailer and will try to stymie it at any cost. This ultimately leads to a team culture in which conflict is avoided and the underlying feelings are allowed to accumulate below the surface of the discussion. The leader should, by contrast, model the appropriate behavior by constructively addressing conflict and bringing issues to the surface to be addressed and resolved by the team. This is key to building a successful and effective team.

There are a variety of individual responses to conflict that you may see as a team member. Some people take the constructive and thoughtful path when conflicts arise, while others may jump immediately to destructive behaviors. In *Managing Conflict Dynamics: A Practical Approach*, Capobianco, Davis, and Kraus (2005) recognized that there are both constructive and destructive responses to conflict, as well as active and passive responses that we need to recognize. In the event of team conflict, the goal is to have a constructive response in order to encourage dialogue, learning, and resolution.[8] Responses such as perspective taking, creating solutions, expressing emotions, and reaching out are considered active and constructive responses to conflict. Reflective thinking, delay responding, and adapting are considered passive and constructive responses to conflict. See Figure 15.4.1 for a visual of the constructive responses, as well as the destructive responses, to conflict.

	Constructive	Destructive
Active	• Perspective taking • Creating solutions • Expressing emotions • Reaching out	• Winning • Displaying anger • Demeaning others • Retaliating
Passive	• Reflective thinking • Delay responding • Adapting	• Avoiding • Yielding • Hiding emotions • Self-criticizing

Figure 5.1.4.1: Responses to Conflict (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

In summary, conflict is never easy for an individual or a team to navigate through, but it can and should be done. Illuminating the team about areas of conflict and differing perspectives can have a very positive impact on the growth and future performance of the team, and it should be managed constructively.

concept check

1. What are some techniques to make conflict more productive?
2. What are some destructive responses to conflict?

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5.1.5: Team Diversity

Learning Objectives

1. How does team diversity enhance decision-making and problem-solving?

Decision-making and problem-solving can be much more dynamic and successful when performed in a diverse team environment. The multiple diverse perspectives can enhance both the understanding of the problem and the quality of the solution. As I reflect on some of the leadership development work that I have done in my career, I can say from experience that the team activities and projects that intentionally brought diverse individuals together created the best environments for problem-solving. Diverse leaders from a variety of functions, from across the globe, at varying stages of their careers and experiences with and outside of the company had the most robust discussions and perspectives. Diversity is a word that is very commonly used today, but the importance of diversity and building diverse teams can sometimes get lost in the normal processes of doing business. Let's discuss why we need to keep these principles front of mind.

In the *Harvard Business Review* article "Why Diverse Teams are Smarter" (Nov. 2016), David Rock and Heidi Grant support the idea that increasing workplace diversity is a good business decision.[9] A 2015 McKinsey report on 366 public companies found that those in the top quartile for ethnic and racial diversity in management were 35% more likely to have financial returns above their industry mean, and those in the top quartile for gender diversity were 15% more likely to have returns above the industry mean. Similarly, in a global analysis conducted by Credit Suisse, organizations with at least one female board member yielded a higher return on equity and higher net income growth than those that did not have any women on the board.

Figure 5.1.5.1: Teams made up of diverse members tend to perform better than teams of similar backgrounds. Here, the Women of Color in Technology work on a project. The tech industry has been criticized for the lack of diversity among its ranks, and groups like the Women of Color in Technology are looking to change that. (Credit: WOCin Tech Chat/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Additional research on diversity has shown that diverse teams are better at decision-making and problem-solving because they tend to focus more on facts, per the Rock and Grant article.[10] A study published in the *Journal of Personality and Social Psychology* showed that people from diverse backgrounds "might actually alter the behavior of a group's social majority in ways that lead to improved and more accurate group thinking." It turned out that in the study, the diverse panels raised more facts related to the case than homogenous panels and made fewer factual errors while discussing available evidence. Another study noted in the article showed that diverse teams are "more likely to constantly reexamine facts and remain objective. They may

also encourage greater scrutiny of each member's actions, keeping their joint cognitive resources sharp and vigilant. By breaking up workforce homogeneity, you can allow your employees to become more aware of their own potential biases—entrenched ways of thinking that can otherwise blind them to key information and even lead them to make errors in decision-making processes." In other words, when people are among homogeneous and like-minded (nondiverse) teammates, the team is susceptible to groupthink and may be reticent to think about opposing viewpoints since all team members are in alignment. In a more diverse team with a variety of backgrounds and experiences, the opposing viewpoints are more likely to come out and the team members feel obligated to research and address the questions that have been raised. Again, this enables a richer discussion and a more in-depth fact-finding and exploration of opposing ideas and viewpoints in order to solve problems.

Diversity in teams also leads to greater innovation. A Boston Consulting Group article entitled "The Mix that Matters: Innovation through Diversity" explains a study in which BCG and the Technical University of Munich conducted an empirical analysis to understand the relationship between diversity in managers (all management levels) and innovation. The key findings of this study show that:[11]

- The positive relationship between management diversity and innovation is statistically significant—and thus companies with higher levels of diversity derive more revenue from new products and services.
- The innovation boost isn't limited to a single type of diversity. The presence of managers who are either female or are from other countries, industries, or companies can cause an increase in innovation.
- Management diversity seems to have a particularly positive effect on innovation at complex companies—those that have multiple product lines or that operate in multiple industry segments.
- To reach its potential, gender diversity needs to go beyond tokenism. In the study, innovation performance only increased significantly when the workforce included more than 20% women in management positions. Having a high percentage of female employees doesn't increase innovation if only a small number of women are managers.
- At companies with diverse management teams, openness to contributions from lower-level workers and an environment in which employees feel free to speak their minds are crucial for fostering innovation.

When you consider the impact that diverse teams have on decision-making and problem-solving—through the discussion and incorporation of new perspectives, ideas, and data—it is no wonder that the BCG study shows greater innovation. Team leaders need to reflect upon these findings during the early stages of team selection so that they can reap the benefits of having diverse voices and backgrounds.

concept check

1. Why do diverse teams focus more on data than homogeneous teams?
2. How are diversity and innovation related?

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5.1.6: Multicultural Teams

Learning Objectives

1. What are some challenges and best practices for managing and working with multicultural teams?

As globalization has increased over the last decades, workplaces have felt the impact of working within multicultural teams. The earlier section on team diversity outlined some of the highlights and benefits of working on diverse teams, and a multicultural group certainly qualifies as diverse. However, there are some key practices that are recommended to those who are leading multicultural teams so that they can parlay the diversity into an advantage and not be derailed by it.

People may assume that communication is the key factor that can derail multicultural teams, as participants may have different languages and communication styles. In the *Harvard Business Review* article "Managing Multicultural Teams," the authors point out four key cultural differences that can cause destructive conflicts in a team.[12] The first difference is *direct versus indirect communication*. Some cultures are very direct and explicit in their communication, while others are more indirect and ask questions rather than pointing out problems. This difference can cause conflict because, at the extreme, the direct style may be considered offensive by some, while the indirect style may be perceived as unproductive and passive-aggressive in team interactions.

The second difference that multicultural teams may face is *trouble with accents and fluency*. When team members don't speak the same language, there may be one language that dominates the group interaction—and those who don't speak it may feel left out. The speakers of the primary language may feel that those members don't contribute as much or are less competent. The next challenge is when there are *differing attitudes toward hierarchy*. Some cultures are very respectful of the hierarchy and will treat team members based on that hierarchy. Other cultures are more egalitarian and don't observe hierarchical differences to the same degree. This may lead to clashes if some people feel that they are being disrespected and not treated according to their status. The final difference that may challenge multicultural teams is *conflicting decision-making norms*. Different cultures make decisions differently, and some will apply a great deal of analysis and preparation beforehand. Those cultures that make decisions more quickly (and need just enough information to make a decision) may be frustrated with the slow response and relatively longer thought process.

These cultural differences are good examples of how everyday team activities (decision-making, communication, interaction among team members) may become points of contention for a multicultural team if there isn't adequate understanding of everyone's culture. The authors propose that there are several potential interventions to try if these conflicts arise. One simple intervention is adaptation, which is working with or around differences. This is best used when team members are willing to acknowledge the cultural differences and learn how to work with them. The next intervention technique is structural intervention, or reorganizing to reduce friction on the team. This technique is best used if there are unproductive subgroups or cliques within the team that need to be moved around. Managerial intervention is the technique of making decisions by management and without team involvement. This technique is one that should be used sparingly, as it essentially shows that the team needs guidance and can't move forward without management getting involved. Finally, exit is an intervention of last resort, and is the voluntary or involuntary removal of a team member. If the differences and challenges have proven to be so great that an individual on the team can no longer work with the team productively, then it may be necessary to remove the team member in question.

There are some people who seem to be innately aware of and able to work with cultural differences on teams and in their organizations. These individuals might be said to have cultural intelligence. Cultural intelligence is a competency and a skill that enables individuals to function effectively in cross-cultural environments. It develops as people become more aware of the influence of culture and more capable of adapting their behavior to the norms of other cultures. In the *IESE Insight* article entitled "Cultural Competence: Why It Matters and How You Can Acquire It" (Lee and Liao, 2015), the authors assert that "multicultural leaders may relate better to team members from different cultures and resolve conflicts more easily.[13] Their multiple talents can also be put to good use in international negotiations." Multicultural leaders don't have a lot of "baggage" from any one culture, and so are sometimes perceived as being culturally neutral. They are very good at handling diversity, which gives them a great advantage in their relationships with teammates.

In order to help employees become better team members in a world that is increasingly multicultural, there are a few best practices that the authors recommend for honing cross-cultural skills. The first is to "broaden your mind"—expand your own

cultural channels (travel, movies, books) and surround yourself with people from other cultures. This helps to raise your own awareness of the cultural differences and norms that you may encounter. Another best practice is to "develop your cross-cultural skills through practice" and experiential learning. You may have the opportunity to work or travel abroad—but if you don't, then getting to know some of your company's cross-cultural colleagues or foreign visitors will help you to practice your skills. Serving on a cross-cultural project team and taking the time to get to know and bond with your global colleagues is an excellent way to develop skills. In my own "past life," I led a global human resources organization, and my team included employees from China, India, Brazil, Hungary, the Netherlands, and the United States. We would have annual meetings as a global HR team, and it was so rewarding to share and learn about each other's cultures. We would initiate the week with a gift exchange in a "show and tell" format from our various countries, so that everyone would learn a little bit more about the cultures in which our fellow colleagues were working. This type of interaction within a global team is a great way to facilitate cross-cultural understanding and communication, and to sharpen everyone's cultural intelligence.

MANAGING CHANGE

Understanding Our Global Colleagues

If you are a part of a global team, there are so many challenges that confront you even before you talk about people dynamics and cultural differences. You first may have to juggle time zone differences to find an adequate meeting time that suits all team members. (I used to have a team call with my Chinese colleagues at 8 p.m. my time, so that I could catch them at 8 a.m. in China the next day!) Language challenges can also pose a problem. In many countries, people are beginning to learn English as one of the main business languages. However, as I have experienced, people don't always speak their language the same way that you might learn their language in a book. There are colloquialisms, terms, and abbreviations of words that you can't learn in a classroom—you need to experience how people speak in their native countries.

You also need to be open-minded and look at situations from the perspective of your colleagues' cultures, just as you hope they will be open-minded about yours. This is referred to as cultural intelligence. Whenever I would travel globally to visit my colleagues in other countries, I would see foods, traditions, situations, and behaviors that were very "foreign" to me. Although my first response to experiencing these might be to think "wow, that's strange," I would try to think about what some of my global colleagues find "foreign" when they come to visit me in the United States. For example, my travel to China would put me in contact with chicken feet, a very popular food in China and one that I dislike immensely. Whenever I was offered chicken feet, I would turn them down in the most polite way possible and would take another food that was offered instead. I started to wonder about what my Chinese colleagues thought about the food when they'd come to visit me in the United States. Every year, I would host a global HR meeting in the United States, and a bit part of that meeting was the camaraderie and the sharing of various meals together. When I asked my Chinese colleagues what foods they thought were unpleasant, they mentioned cheese and meat. I was surprised about the meat, and when I asked, they said that it wasn't the meat itself necessarily, but it was the giant portions of meat that Americans will eat that, to them, is pretty unappetizing. Again, it is so important to check yourself and your own culture every so often, and to think about those elements that we take for granted (e.g., gigantic meat portions) and try to look at them from the eyes of another culture. It really makes us smarter and better partners to our global colleagues around the world.

In the *HBR* article "Getting Cross-Cultural Teamwork Right," the author states that three key factors—mutual learning, mutual understanding, and mutual teaching—build trust with cross-cultural colleagues as you try to bridge cultural gaps. With mutual learning, global colleagues learn from each other and absorb the new culture and behaviors through listening and observation. In mutual understanding, you try to understand the logic and cultural behaviors of the new culture to understand why people are doing what they do. This, of course, requires suspending judgment and trying to understand and embrace the differences. Finally, mutual teaching involves instructing and facilitating. This means trying to bridge the gap between the two cultures and helping yourself and others see where different cultures are coming from in order to resolve misunderstandings.

Understanding and finding common ground with your global colleagues isn't easy, and it takes patience and continuous improvement. In the end, however, I think that you will find it one of the most rewarding and enlightening things you can do. The more we work to close the multicultural "gap" and make it a multicultural advantage, the better off we will be as professionals and as people.

discussion questions

1. What are some multicultural experiences that you've had in which you feel that there was a very wide gap between you and an individual from another culture? How did you handle it?
2. Has economic globalization helped people to bridge these cultural gaps? Why or why not?

Once you have a sense of the different cultures and have started to work on developing your cross-cultural skills, another good practice is to "boost your cultural metacognition" and monitor your own behavior in multicultural situations. When you are in a situation in which you are interacting with multicultural individuals, you should test yourself and be aware of how you act and feel. Observe both your positive and negative interactions with people, and learn from them. Developing "cognitive complexity" is the final best practice for boosting multicultural skills. This is the most advanced, and it requires being able to view situations from more than one cultural framework. In order to see things from another perspective, you need to have a strong sense of emotional intelligence, empathy, and sympathy, and be willing to engage in honest communications.

In the *Harvard Business Review* article "Cultural Intelligence," the authors describe three sources of cultural intelligence that teams should consider if they are serious about becoming more adept in their cross-cultural skills and understanding. These sources, very simply, are head, body, and heart. One first learns about the beliefs, customs, and taboos of foreign cultures via the head. Training programs are based on providing this type of overview information—which is helpful, but obviously isn't experiential. This is the cognitive component of cultural intelligence. The second source, the body, involves more commitment and experimentation with the new culture. It is this physical component (demeanor, eye contact, posture, accent) that shows a deeper level of understanding of the new culture and its physical manifestations. The final source, the heart, deals with a person's own confidence in their ability to adapt to and deal well with cultures outside of their own. Heart really speaks to one's own level of emotional commitment and motivation to understand the new culture.

The authors have created a quick assessment to diagnose cultural intelligence, based on these cognitive, physical, and emotional/motivational measures (i.e., head, body, heart).

Please refer to Table 15.1 for a short diagnostic that allows you to assess your cultural intelligence.

Assessing Your Cultural Intelligence	
Give your responses using a 1 to 5 scale where 1 means that you strongly disagree and 5 means that you strongly agree with the statement.	
	Before I interact with people from a new culture, I wonder to myself what I hope to achieve.
	If I encounter something unexpected while working in a new culture, I use that experience to build new ways to approach other cultures in the future.
	I plan on how I am going to relate to people from a different culture before I meet with them.
	When I come into a new cultural situation, I can immediately sense whether things are going well or if things are going wrong.
	Add your total from the four questions above.
	Divide the total by 4. This is your ***Cognitive Cultural Quotient***.
	It is easy for me to change my body language (posture or facial expression) to suit people from a different culture.
	I can alter my expressions when a cultural encounter requires it.
	I can modify my speech style by changing my accent or pitch of voice to suit people from different cultures.
	I can easily change the way I act when a cross-cultural encounter seems to require it.
	Add your total from the four questions above.
	Divide the total by 4. This is your ***Cognitive Physical Quotient***.
Generally, scoring below 3 in any one of the three measures signals an area requiring improvement. Averaging over 4 displays strength in cultural intelligence.	
Adapted from "Cultural Intelligence," Earley and Mosakowski, *Harvard Business Review*, October 2004	

Assessing Your Cultural Intelligence	
	I have confidence in my ability to deal well with people from different cultures than mine.
	I am certain that I can befriend people of different cultural backgrounds than mine.
	I can adapt to the lifestyle of a different culture with relative ease.
	I am confident in my ability to deal with an unfamiliar cultural situation or encounter.
	Add your total from the four questions above.
	Divide the total by 4. This is your ***Emotional/Motivational Cognitive Quotient***.
Generally, scoring below 3 in any one of the three measures signals an area requiring improvement. Averaging over 4 displays strength in cultural intelligence.	
Adapted from "Cultural Intelligence," Earley and Mosakowski, *Harvard Business Review*, October 2004	

Table 15.1

Cultural intelligence is an extension of emotional intelligence. An individual must have a level of awareness and understanding of the new culture so that he can adapt to the style, pace, language, nonverbal communication, etc. and work together successfully with the new culture. A multicultural team can only find success if its members take the time to understand each other and ensure that everyone feels included. Multiculturalism and cultural intelligence are traits that are taking on increasing importance in the business world today.[14] By following best practices and avoiding the challenges and pitfalls that can derail a multicultural team, a team can find great success and personal fulfillment well beyond the boundaries of the project or work engagement.

concept check

1. What are some of the challenges of a multicultural team?
2. Explain the cultural intelligence techniques of head, body, and heart.

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5.1.7: Summary

key terms

knowledge economy available at the end of this section.

working group available at the end of this section.

emotional intelligence available at the end of this section.

ground rules available at the end of this section.

collaboration available at the end of this section.

Forming available at the end of this section.

Storming available at the end of this section.

Norming available at the end of this section.

Performing available at the end of this section.

paradox available at the end of this section.

boundaries available at the end of this section.

mining available at the end of this section.

real-time permission available at the end of this section.

adaptation available at the end of this section.

structural intervention available at the end of this section.

managerial intervention available at the end of this section.

exit available at the end of this section.

cultural intelligence available at the end of this section.

cognitive complexity available at the end of this section.

head, body, and heart available at the end of this section.

15.1 Teamwork in the Workplace

1. What is a team, and what makes teams effective?

A team is defined as “people organized to function cooperatively as a group.” Some of the characteristics of a team are that it has a common commitment and purpose, specific performance goals, complementary skills, commitment to how the work gets done, and mutual accountability.

Some of the practices that make a team effective are that they have a sense of urgency and direction; they set clear rules of behavior; they spend lots of time together; and they utilize feedback, recognition, and reward.

15.2 Team Development Over Time

2. How do teams develop over time?

Teams go through different stages of team development, which were coined in 1977 as Tuckman's Stages of Group Development by educational psychologist Bruce Tuckman. Tuckman's model includes these four stages: Forming, Storming, Norming, and Performing. A fifth stage, Adjourning, was added later to explain the disbanding and closure of a team at the end of a project.

Forming begins with team members being happy and polite as they get to know each other and understand the work they'll do together. Storming starts once the work is underway and the team is getting to know each other, and conflicts and project stress begins to seep in. During Norming, the team starts to set rules of the road and define how they want to work together. Performing means that the team is underway and is having some successes and gaining traction. This is definitely not a linear process. Teams can regress to earlier stages if there are changes in team members or work orders that cause disruption and loss of momentum and clarity.

15.3 Things to Consider When Managing Teams

3. What are some key considerations in managing teams?

Managing a team is often more complex than people would admit. Although a team and the team leader may be focused on the task or project work, it is actually the people dynamics and how the team works together that will make a real difference to the goals and outcomes. Managers need to remember that most of their time will be spent managing the people dynamics—not the tasks.

Managing teams also means a certain amount of paradox. A team has both individual and collective goals that need to be managed effectively. A manager needs to foster both team supportiveness and the ability to engage in conflict and confrontation. A team manager also needs to help the team with its boundaries and act as a buffer, a stakeholder manager, or a strategist when the situation calls for each. Exercising influence with key stakeholder groups external to the project group is one of the most critical functions in managing a team.

15.4 Opportunities and Challenges to Team Building

4. What are the benefits of conflict for a team?

Conflict during team interactions can feel like it derails progress, but it is one of the most important experiences that a team can have together. A team that can productively work through conflict will end up stronger, building more trust and being more open to sharing opinions. Team members will feel safe buying in and committing to decision-making as a team.

One of the other key benefits of conflict is that it encourages a greater diversity of ideas and perspectives, and it helps people to better understand opposing points of view. If a team doesn't work through conflict well and doesn't feel comfortable with the sharing and debating of ideas, it loses the opportunity to effectively vet ideas and potential solutions. The result is that the decision or solution will be limited, as team members haven't fully shared their concerns and perspectives.

15.5 Team Diversity

5. How does team diversity enhance team decision-making and problem-solving?

Decision-making and problem-solving is so much more dynamic and successful when performed in a diverse team environment. Much like the benefits of conflict, diversity can bring forward opposing points of view and different perspectives and information that might not have been considered if the team were more homogeneous. Diverse teams are thus made "smarter" by bringing together an array of information, sources, and experiences for decision-making.

Other research on diversity indicates that diverse teams excel at decision-making and problem-solving because they tend to focus more on facts. Studies indicate that diverse team members may actually sway the team's behavior to focus more on proven data—possibly because of the prospect of having to explain and back up one's perspectives if a conflict should erupt on the team. In a more homogenous team, there is more risk of "groupthink" and the lack of challenging of ideas.

15.6 Multicultural Teams

6. What are some challenges and best practices for managing and working with multicultural teams?

With the increase in globalization over the years, teams have seen the addition of multicultural individuals on their teams, who bring with them their own diverse backgrounds and perspectives. There are very positive aspects that result from the added diversity, as discussed in the previous questions. There are also challenges that we need to be aware of when we are managing these teams.

Challenges can arise from communication styles and accents, but can also appear in the form of decision-making norms and attitudes toward hierarchy. There are some team manager interventions that are best practices for addressing these challenges. There are also some best practices for building the cultural intelligence that will make the team more adept at understanding and dealing with differences among cultures.

chapter review questions

1. What are the key differences between a team and a working group?
2. At what stage of team development does the team finally start to see results?
3. What can cause a team to digress to an earlier stage of team development?
4. What can a team leader do to manage the team's boundaries?
5. How does managing conflict help a team learn and grow?
6. What are some strategies to make conflict more productive?
7. Why are diverse teams better at decision-making and problem-solving?
8. Why do diverse teams utilize data more often than homogeneous teams?
9. What are some of the challenges that multicultural teams face?
10. What are the key sources of cultural intelligence?

management skills application exercises

1. Do you agree with Katzenbach and Smith's key practices that make teams effective? Why or why not? Which of these practices have you personally experienced? Are there any additional practices that you would add?
2. Have you ever been part of a team that made it through all four stages of team development? In which stage did the team remain the longest? In which stage did the team remain the shortest amount of time? What did you learn?
3. Why do you think it is so important to manage a team's boundaries? How can external stakeholders impact the function and performance of the team? Why is emotional intelligence such an important skill to have when managing a team?
4. In your experience, have you ever been in a situation in which conflict became a negative thing for a team? How was the conflict handled? How can a team manager ensure that conflict is handled constructively?
5. What is the difference between cultural intelligence and emotional intelligence? How can the cultural intelligence of a team improve performance? Have you ever been on a multicultural team that was high on cultural intelligence? How about a team that was low on cultural intelligence? What were the impacts?

managerial decision exercises

1. You are a manager of a team that is taking a long time to move through the Storming stage. There are two individuals on the team that seem to be unproductive when dealing with conflict and are holding the team back. What would you do to help the team move through conflict management and begin Norming and Performing?
2. One of your direct reports on your team is very focused on his own personal development. He is a strong employee individually, but hasn't had as much experience working in a team environment on a project. He wants to do well, but isn't exactly sure how to work within this context. How would you instruct him?
3. You are leading a team responsible for a very important strategic initiative at your company. You have launched the project, and your team is very motivated and excited to move forward. You have the sense, however, that your sponsor and some other stakeholders are not fully engaged. What do you do to engage them?

4. You are the project manager of a cross-functional team project that was just approved. You have been given several good team members who are from different functions, but many of them think similarly and are unlikely to question each other on team decisions. You have the choice of keeping a homogeneous team that will probably have few team issues or building a diverse team that may well engage in conflict and take much longer to come to decisions. What choice would you make? What other information would you want to know to make the decision?
5. You are the director of a multicultural team with employees across the globe. Your team rarely has the opportunity to meet in person, but you have been given the budget to bring everyone together for a week-long global team meeting and team building. How would you structure the time together? What are some of the activities you would suggest to build stronger relationships among team members?

Critical Thinking Case

Diverse Teams Hold Court

Diverse teams have been proven to be better at problem-solving and decision-making for a number of reasons. First, they bring many different perspectives to the table. Second, they rely more on facts and use those facts to substantiate their positions. What is even more interesting is that, according to the *Scientific American* article "How Diversity Makes Us Smarter," simply "being around people who are different from us makes more creative, diligent, and harder-working."

One case in point is the example of jury decision-making, where fact-finding and logical decision-making are of utmost importance. A 2006 study of jury decision-making, led by social psychologist Samuel Sommers of Tufts University, showed that racially diverse groups exchanged a wider range of information during deliberation of a case than all-white groups did. The researcher also conducted mock jury trials with a group of real jurors to show the impact of diversity on jury decision-making.

Interestingly enough, it was the mere presence of diversity on the jury that made jurors consider the facts more, and they had fewer errors recalling the relevant information. The groups even became more willing to discuss the role of race case, when they hadn't before with an all-white jury. This wasn't the case because the diverse jury members brought new information to the group—it happened because, according to the author, the mere presence of diversity made people more open-minded and diligent. Given what we discussed on the benefits of diversity, it makes sense. People are more likely to be prepared, to be diligent, and to think logically about something if they know that they will be pushed or tested on it. And who else would push you or test you on something, if not someone who is different from you in perspective, experience, or thinking. "Diversity jolts us into cognitive action in ways that homogeneity simply does not."

So, the next time you are called for jury duty, or to serve on a board committee, or to make an important decision as part of a team, remember that one way to generate a great discussion and come up with a strong solution is to pull together a diverse team.

critical thinking questions

1. If you don't have a diverse group of people on your team, how can you ensure that you will have robust discussions and decision-making? What techniques can you use to generate conversations from different perspectives?
2. Evaluate your own team at work. Is it a diverse team? How would you rate the quality of decisions generated from that group?

sources

Adapted from Katherine W. Phillips, "How Diversity Makes Us Smarter," *Scientific American*, October 2014, p. 7–8.

Answers

key terms

The information society, using knowledge to generate tangible and intangible values

key terms

Group of experts working together to achieve specific goals; performance is made up of the individual results of all members

key terms

The capability of individuals to recognize their own emotions and others' emotions

key terms

Basic rules or principles of conduct that govern a situation or endeavor

key terms

The action of working with someone to produce or create something

key terms

The first stage of team development—the positive and polite stage

key terms

The second stage of team development—when people are pushing against the boundaries

key terms

The third stage of team development—when team resolves its differences and begins making progress

key terms

The fourth stage of team development—when hard work leads to the achievement of the team's goal

key terms

A self-contradictory statement or situation

key terms

Lines that make the limits of an area; team boundaries separate the team from its external stakeholders

key terms

To delve in to extract something of value; a technique for generating discussion instead of burying it

key terms

A technique for recognizing when conflict is uncomfortable, and giving permission to continue

key terms

Technique of working with or around differences

key terms

Technique of reorganizing to reduce friction on a team

key terms

Technique of making decisions by management and without team involvement

key terms

Technique of last resort—removal of a team member

key terms

A skill that enables individuals to function effectively in cross-cultural environments

key terms

The ability to view situations from more than one cultural framework

key terms

Techniques for becoming more adept in cross-cultural skills—learning about cultures (head), physical manifestations of culture (body), and emotional commitment to new culture (heart)

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5.2: Characteristics of an Effective Team

Readings

Read the 2 articles attached at the bottom of the page to learn more about characteristics of an effective team.

Article titles:

- 4 Characteristics of an Effective Team
- 7 Characteristics of Effective Teams with Benefits

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5.3: What It Takes To Be a Successful Team

Watch

On a basketball court and in a workplace, teamwork is essential to achieving goals. But what makes a successful team? Watch as former NBA star Derrick Coleman discusses the key to successful teamwork

YouTube Video

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5.4: How To Build Great Teams

Watch

A great team starts with a leader who understands the importance of teamwork and supports their team members to be successful. Watch this video to find out what a retired Navy SEAL officer can share about building a great team.

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5.5: Conflict - Use It, Don't Defuse It

Watch

Even the best teams will experience conflict at times. Your job as a manager is to help the team use that conflict in the best way. Watch this video to learn more.

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5.6: Cross-Cultural Management

Watch

This video describes the 3R approach to working effectively in a cross-cultural environment. The 3Rs consist of (1) Recognizing cross-cultural differences, (2) Respecting differences, and (3) Reconciling differences. Work teams are often diverse in nature. Watch this video to learn more about managing a diverse team.

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6: MODULE 6 - CONFLICT RESOLUTION

6.1: Chapter Introduction

6.1.1: Conflict in Organizations- Basic Considerations

6.1.2: Causes of Conflict in Organizations

6.1.3: Resolving Conflict in Organizations

6.2: Workplace Conflict

6.3: The Do's and Don'ts of Workplace Conflict

6.4: Addressing Conflict with Simon Sinek

6.5: The 5 Conflict Styles

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6.1: Chapter Introduction

Figure 6.1.1. **Strike** (Credit: Charles Edward Miller/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

Learning Outcomes

After reading this chapter, you should be able to answer these questions:

1. How does conflict arise in organizations?
2. How do you recognize and respond to cultural differences in negotiation and bargaining strategies?

Exploring managerial careers

Conflict at Google

Over the past two years at Google, 48 people have been terminated for sexual harassment. There is a firm policy at Google pertaining to this type of misconduct, but when the effects of these types of events cause an uproar based on reports that a former top executive was paid millions of dollars after leaving Google despite misconduct and harassment allegations, it's important to get to the point of conflict and face it head on.

That's exactly why Chief Executive Officer Sundar Pichai did just that. In an attempt to get ahead of the storm, Pichai wrote an email to explaining that none of the individuals that were asked to leave were given severance packages. Despite this, employees are still feeling upset over such claims.

"The culture of stigmatization and silence *enables* the abuse by making it harder to speak up and harder to be believed," Liz Fong-Jones, who is quoted in the *Times's* story, wrote on Twitter. "It's the abuse of power relationships in situations where there was no consent, or consent was impossible."

After the article came out in the *New York Times* reporting that Google gave Andy Rubin, former Android chief, a $90 million exit package, it was not just employees that were upset; there was external conflict between the company and Rubin. The media was heavily involved, including Bloomberg, and Rubin used social channels as well, making it even more complicated to counteract the negative comments or come to a resolution. Since the reports of Rubin's actions as well as additional reports regarding Google's permissive culture became public, Google has taken actions to update its policy on relationship disclosure.

This stance from the Google executive team is just one step in the right direction to address a culture that suggests a high level of conflict due to the protection of executives over the safety and well-being of the employees, who may be less likely to report incidents of abuse of power.

Sources

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A. Panchadar, "Alphabet Harassment," *New York Times*, October 25, 2018, www.nytimes.com/reuters/2018...arassment.html.

In all organizations, including Google, some conflict is inevitable. Simply making a decision to do A instead of B often alienates the supporters of B, despite the soundness of the reasons behind the decision. Moreover, the consequences of conflict (and failed negotiations) can be costly to an organization, whether the conflict is between labor and management, groups, individuals, or nations. In an era of increasing business competition both from abroad and at home, reducing conflict is important. For these reasons, contemporary managers need a firm grasp of the dynamics of intergroup and interorganizational conflict and of negotiation processes.

We begin with a discussion of the conflict process, followed by a look at negotiations both within and between organizations.

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6.1.1: Conflict in Organizations- Basic Considerations

1. How do you recognize and resolve short- and long-term conflicts among group members and among groups?

By any standard of comparison, conflict in organizations represents an important topic for managers. Just how important it is can be seen in the results of a study of how managers spend their time. It was found that approximately 20 percent of top and middle managers' time was spent dealing with some form of conflict. In another study, it was found that managerial skill in handling conflict was a major predictor of managerial success and effectiveness.

A good example of the magnitude of the problems that conflict can cause in an organization is the case of General Concrete, Inc., of Coventry, Rhode Island. Operations at this concrete plant came to a halt for more than three weeks because the plant's one truck driver and sole member of the Teamsters Union began picketing after he was laid off by the company. The company intended to use other drivers from another of their plants. In response to the picketing, not a single employee of General Concrete crossed the picket line, thereby closing the plant and costing the company a considerable amount in lost production and profit. Could this problem have been handled better? We shall see.

In the sections that follow, several aspects of conflict in organizations are considered. First, conflict is defined, and variations of conflict are considered by type and by level. Next, constructive and destructive aspects of conflict are discussed. A basic model of the conflict process is then examined, followed by a look at several of the more prominent antecedents of conflict. Finally, effective and ineffective strategies for conflict resolution are contrasted. Throughout, emphasis is placed on problem identification and problem resolution.

There are many ways to determine conflict as it relates to the workplace. For our purposes here, we will define **conflict** as the process by which individuals or groups react to other entities that have frustrated, or are about to frustrate, their plans, goals, beliefs, or activities. In other words, conflict involves situations in which the expectations or actual goal-directed behaviors of one person or group are blocked—or about to be blocked—by another person or group. Hence, if a sales representative cannot secure enough funds to mount what she considers to be an effective sales campaign, conflict can ensue. Similarly, if A gets promoted and B doesn't, conflict can emerge. Finally, if a company finds it necessary to lay off valued employees because of difficult financial conditions, conflict can occur. Many such examples can be identified; in each, a situation emerges in which someone or some group cannot do what it wants to do (for whatever reason) and responds by experiencing an inner frustration.

Types of Conflict

If we are to try to understand the roots of conflict, we need to know what type of conflict is present. At least four *types of conflict* can be identified:

1. *Goal conflict*. **Goal conflict** can occur when one person or group desires a different outcome than others do. This is simply a clash over whose goals are going to be pursued.
2. *Cognitive conflict*. **Cognitive conflict** can result when one person or group holds ideas or opinions that are inconsistent with those of others. This type of conflict is evident in political debates.
3. *Affective conflict*. This type of conflict emerges when one person's or group's feelings or emotions (attitudes) are incompatible with those of others. **Affective conflict** is seen in situations where two individuals simply don't get along with each other.
4. *Behavioral conflict*. **Behavioral conflict** exists when one person or group does something (i.e., behaves in a certain way) that is unacceptable to others. Dressing for work in a way that "offends" others and using profane language are examples of behavioral conflict.

Each of these types of conflict is usually triggered by different factors, and each can lead to very different responses by the individual or group.

Levels of Conflict

In addition to different types of conflict, there exist several different *levels* of conflict. *Level* refers to the number of individuals involved in the conflict. That is, is the conflict within just one person, between two people, between two or more groups, or between

two or more organizations? Both the causes of a conflict and the most effective means to resolve it can be affected by level. Four such levels can be identified:

1. *Intrapersonal conflict*. **Intrapersonal conflict** is conflict within one person. We often hear about someone who has an approach-avoidance conflict; that is, she is both attracted to and repelled by the same object. Similarly, a person can be attracted to two equally appealing alternatives, such as two good job offers (approach-approach conflict) or repelled by two equally unpleasant alternatives, such as the threat of being fired if one fails to identify a coworker guilty of breaking plant rules (avoidance-avoidance conflict). In any case, the conflict is within the individual.
2. *Interpersonal conflict*. Conflict can also take form in an **interpersonal conflict**, where two individuals disagree on some matter. For example, you can have an argument with a coworker over an issue of mutual concern. Such conflicts often tend to get highly personal because only two parties are involved and each person embodies the opposing position in the conflict. Hence, it is sometimes difficult to distinguish between the opponent's position and her person.
3. *Intergroup conflict*. Third, conflict can be found between groups. **Intergroup conflict** usually involves disagreements between two opposing forces over goals or the sharing of resources. For example, we often see conflict between the marketing and production units within a corporation as each vies for more resources to accomplish its subgoals. Intergroup conflict is typically the most complicated form of conflict because of the number of individuals involved. Coalitions form within and between groups, and an "us-against-them" mentality develops. Here, too, is an opportunity for groupthink to develop and thrive.
4. *Interorganizational conflict*. Finally, we can see **interorganizational conflict** in disputes between two companies in the same industry (for example, a disagreement between computer manufactures over computer standards), between two companies in different industries or economic sectors (for example, a conflict between real estate interests and environmentalists over land use planning), and even between two or more countries (for example, a trade dispute between the United States and Japan or France). In each case, both parties inevitably feel the pursuit of their goals is being frustrated by the other party.

The Positive and Negative Sides of Conflict

People often assume that all conflict is necessarily bad and should be eliminated. On the contrary, there are some circumstances in which a moderate amount of conflict can be helpful. For instance, conflict can lead to the search for new ideas and new mechanisms as solutions to organizational problems. Conflict can stimulate innovation and change. It can also facilitate employee motivation in cases where employees feel a need to excel and, as a result, push themselves in order to meet performance objectives.

Conflict can at times help individuals and group members grow and develop self-identities. As noted by Coser:

Conflict, which aims at a resolution of tension between antagonists, is likely to have stabilizing and integrative functions for the relationship. By permitting immediate and direct expression of rival claims, such social systems are able to readjust their structures by eliminating their sources of dissatisfaction. The multiple conflicts which they experience may serve to eliminate the causes for dissociation and to reestablish unity. These systems avail themselves, through the toleration and institutionalization of conflict, of an important stabilizing mechanism.

Conflict can, on the other hand, have negative consequences for both individuals and organizations when people divert energies away from performance and goal attainment and direct them toward resolving the conflict. Continued conflict can take a heavy toll in terms of psychological well-being. As we will see in the next chapter, conflict has a major influence on stress and the psychophysical consequences of stress. Finally, continued conflict can also affect the social climate of the group and inhibit group cohesiveness.

Thus, conflict can be either functional or dysfunctional in work situations depending upon the nature of the conflict, its intensity, and its duration. Indeed, both too much and too little conflict can lead to a variety of negative outcomes, as discussed above. This is shown in Figure $6.1.1.1$. In such circumstances, a moderate amount of conflict may be the best course of action. The issue for management, therefore, is not how to eliminate conflict but rather how to manage and resolve it when it occurs.

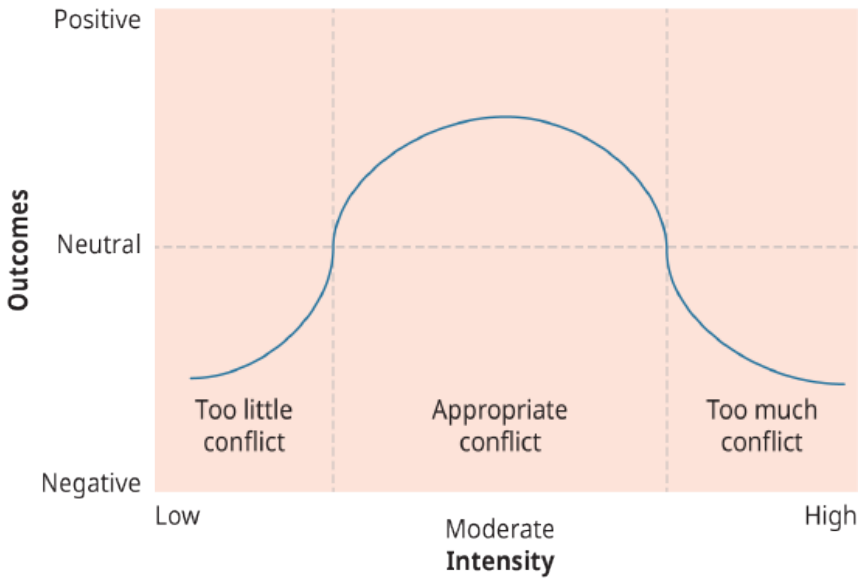

Figure 6.1.1.1 **The Relationship Between Conflict Intensity and Outcomes** *Source*: Adapted from L. David Brown, *Managing Conflict at Organizational Interfaces*, 1986 by Addison-Wesley Publishing Co., Inc., Reading, Massachusetts, Figure 1.1, p.8. (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

managerial leadership

Executive Conflict Resolution Strategies

A good way to see how conflict can be functional or dysfunctional is to observe the behaviors of many of America's CEOs. Classic examples include the cases of Jack Welch, former chairman of General Electric, and Fred Ackman, former chairman of Superior Oil. Welch enjoyed a good fight and took pleasure in the give-and-take of discussions and negotiations. On one occasion, he engaged a senior vice president in a prolonged and emotional shouting match over the merits of a certain proposal. Several managers who were present were embarrassed by the confrontation. Yet after the argument, Welch thanked the vice president for standing up to him and defending his views. This is what Welch calls "constructive conflict," also termed **constructive confrontation.**

On the other hand, according to one account, Fred Ackman approached conflict quite differently. Ackman has been accused of being autocratic—he often refused even to discuss suggestions or modifications to proposals he presented. Disagreement was seen as disloyalty and was often met with an abusive temper. As one former subordinate said, "He couldn't stand it when someone disagreed with him, even in private. He'd eat you up alive, calling you a dumb S.O.B. . . . It happened all the time."

Many today will suggest that Jack Welch's management approach and the conglomerate approach of GE has led to the company's fiscal problems, while others fault the direction that Jack Welch's successor Jeff Immelt. Others say that leaders at other companies, such as Apple's Tim Cook, are making the same leadership errors as Jack Welch.

Questions:

1. How do you feel you respond to such conflict?
2. Would your friends agree with your assessment?

Sources:

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concept check

1. How can the use of power help and harm organizations?

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6.1.2: Causes of Conflict in Organizations

2. How does conflict arise in organizations?

Here we will examine two aspects of the conflict process. First, several factors that have been found to contribute to conflict will be identified. After this, a model of conflict processes in organizations will be reviewed.

Why Organizations Have So Much Conflict

A number of factors are known to facilitate organizational conflict under certain circumstances. In summarizing the literature, Robert Miles points to several specific examples. These are as follows:

Task Interdependencies. The first antecedent can be found in the nature of **task interdependencies.** In essence, the greater the extent of task interdependence among individuals or groups (that is, the more they have to work together or collaborate to accomplish a goal), the greater the likelihood of conflict if different expectations or goals exist among entities, in part because the interdependence makes avoiding the conflict more difficult. This occurs in part because high task interdependency heightens the intensity of relationships. Hence, a small disagreement can very quickly get blown up into a major issue.

Status Inconsistencies. A second factor is **status inconsistencies** among the parties involved. For example, managers in many organizations have the prerogative to take personal time off during workdays to run errands, and so forth, whereas nonmanagerial personnel do not. Consider the effects this can have on the nonmanagers' view of organizational policies and fairness.

Jurisdictional Ambiguities. Conflict can also emerge from **jurisdictional ambiguities**—situations where it is unclear exactly where responsibility for something lies. For example, many organizations use an employee selection procedure in which applicants are evaluated both by the personnel department and by the department in which the applicant would actually work. Because both departments are involved in the hiring process, what happens when one department wants to hire an individual, but the other department does not?

Communication Problems. Suffice it to say that the various *communication problems* or ambiguities in the communication process can facilitate conflict. When one person misunderstands a message or when information is withheld, the person often responds with frustration and anger.

Dependence on Common Resource Pool. Another previously discussed factor that contributes to conflict is *dependence on common resource pools*. Whenever several departments must compete for scarce resources, conflict is almost inevitable. When resources are limited, a zero-sum game exists in which someone wins and, invariably, someone loses.

Lack of Common Performance Standards. Differences in performance criteria and reward systems provide more potential for organizational conflict. This often occurs because of a *lack of common performance standards* among differing groups within the same organization. For example, production personnel are often rewarded for their efficiency, and this efficiency is facilitated by the long-term production of a few products. Sales departments, on the other hand, are rewarded for their short-term response to market changes—often at the expense of long-term production efficiency. In such situations, conflict arises as each unit attempts to meet its own performance criteria.

Individual Differences. Finally, a variety of *individual differences*, such as personal abilities, traits, and skills, can influence in no small way the nature of interpersonal relations. Individual dominance, aggressiveness, authoritarianism, and tolerance for ambiguity all seem to influence how an individual deals with potential conflict. Indeed, such characteristics may determine whether or not conflict is created at all.

A Model of the Conflict Process

Having examined specific factors that are known to facilitate conflict, we can ask how conflict comes about in organizations. The most commonly accepted model of the conflict process was developed by Kenneth Thomas. This model, shown in Figure $6.1.2.1$, consists of four stages: (1) frustration, (2) conceptualization, (3) behavior, and (4) outcome.

Stage 1: Frustration. As we have seen, conflict situations originate when an individual or group feels **frustration** in the pursuit

of important goals. This frustration may be caused by a wide variety of factors, including disagreement over performance goals, failure to get a promotion or pay raise, a fight over scarce economic resources, new rules or policies, and so forth. In fact, conflict can be traced to frustration over almost anything a group or individual cares about.

Stage 2: Conceptualization. In stage 2, the conceptualization stage of the model, parties to the conflict attempt to understand the nature of the problem, what they themselves want as a resolution, what they think their opponents want as a resolution, and various strategies they feel each side may employ in resolving the conflict. This stage is really the problem-solving and strategy phase. For instance, when management and union negotiate a labor contract, both sides attempt to decide what is most important and what can be bargained away in exchange for these priority needs.

Stage 3: Behavior. The third stage in Thomas's model is actual *behavior*. As a result of the conceptualization process, parties to a conflict attempt to implement their resolution mode by competing or accommodating in the hope of resolving problems. A major task here is determining how best to proceed strategically. That is, what tactics will the party use to attempt to resolve the conflict? Thomas has identified five modes for conflict resolution, as shown in Figure 6.1.2.1. These are (1) competing, (2) collaborating, (3) compromising, (4) avoiding, and (5) accommodating. Also shown in the exhibit are situations that seem most appropriate for each strategy.

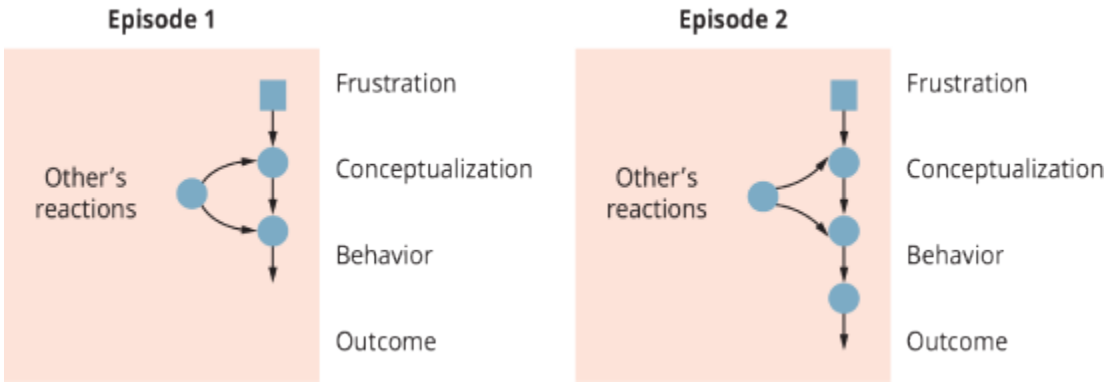

Figure 6.1.2.1. **A Model of the Conflict Process** *Source*: Adapted from Kenneth Thomas, "Conflict and Conflict Management," in M. D. Dunnette (ed.), *Handbook of Industrial and Organizational Behavior* (New York: Wiley, 1976), p. 895. (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

The choice of an appropriate conflict resolution mode depends to a great extent on the situation and the goals of the party. This is shown graphically in Figure 6.1.2.2. According to this model, each party must decide the extent to which it is interested in satisfying its own concerns—called **assertiveness**—and the extent to which it is interested in helping satisfy the opponent's concerns—called **cooperativeness**. Assertiveness can range from assertive to unassertive on one continuum, and cooperativeness can range from uncooperative to cooperative on the other continuum.

Once the parties have determined their desired balance between the two competing concerns—either consciously or unconsciously—the resolution strategy emerges. For example, if a union negotiator feels confident she can win on an issue that is of primary concern to union members (e.g., wages), a direct competition mode may be chosen (see upper left-hand corner of Figure 6.1.2.2). On the other hand, when the union is indifferent to an issue or when it actually supports management's concerns (e.g., plant safety), we would expect an accommodating or collaborating mode (on the right-hand side of the exhibit).

Five Modes of Resolving Conflict	
Conflict-Handling Modes	**Appropriate Situations**
Competing	1. When quick, decisive action is vital—e.g., emergencies 2. On important issues where unpopular actions need implementing—e.g., cost cutting, enforcing unpopular rules, discipline 3. On issues vital to company welfare when you know you're right 4. Against people who take advantage of noncompetitive behavior
Collaborating	1. When trying to find an integrative solution when both sets of concerns are too important to be compromised 2. When your objective is to learn 3. When merging insights from people with different perspectives 4. When gaining commitment by incorporating concerns into a consensus 5. When working through feelings that have interfered with a relationship
Compromising	1. When goals are important but not worth the effort or potential disruption of more assertive modes 2. When opponents with equal power are committed to mutually exclusive goals 3. When attempting to achieve temporary settlements to complex issues 4. When arriving at expedient solutions under time pressure 5. As a backup when collaboration or competition is unsuccessful
Avoiding	1. When an issue is trivial, or when more important issues are pressing 2. When you perceive no chance of satisfying your concerns 3. When potential disruption outweighs the benefits of resolution 4. When letting people cool down and regain perspective 5. When gathering information supersedes immediate decision 6. When others can resolve the conflict more effectively 7. When issues seem tangential or symptomatic of other issues
Accommodating	1. When you find you are wrong—to allow a better position to be heard, to learn, and to show your reasonableness 2. When issues are more important to others than yourself—to satisfy others and maintain cooperation 3. When building social credits for later issues 4. When minimizing loss when you are outmatched and losing 5. When harmony and stability are especially important. 6. When allowing subordinates to develop by learning from mistakes.
Source: Adapted from K. W. Thomas, "Toward Multidimensional Values in Teaching: The Example of Conflict Behaviors," *Academy of Management Review 2* (1977), Table 1, p. 487.	

Table 6.1.2.1 (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

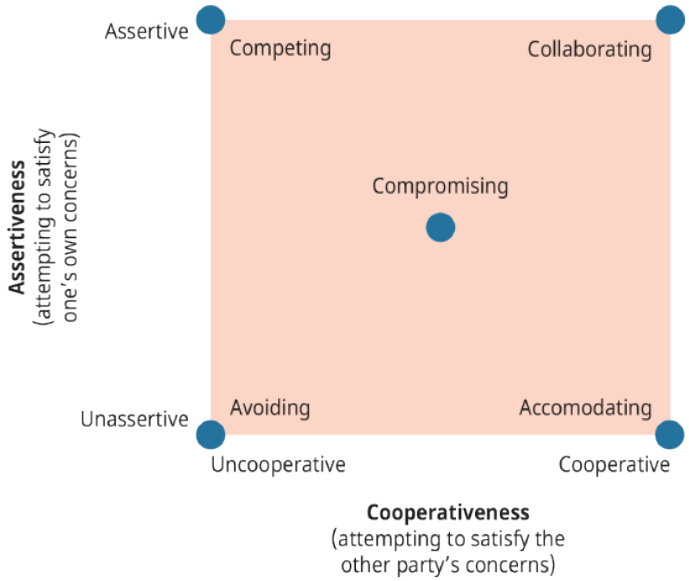

Figure 6.1.2.2 **Approaches to Conflict Resolution** *Source*: Adapted from Kenneth Thomas, "Conflict and Conflict Management," in M. D. Dunnette (ed.), *Handbook of Industrial and Organizational Behavior* (New York: Wiley, 1976), p. 900. (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

What is interesting in this process is the assumptions people make about their own modes compared to their opponents'. For example, in one study of executives, it was found that the executives typically described themselves as using collaboration or compromise to resolve conflict, whereas these same executives typically described their opponents as using a competitive mode almost exclusively. In other words, the executives underestimated their opponents' concern as uncompromising. Simultaneously, the executives had flattering portraits of their own willingness to satisfy both sides in a dispute.

Stage 4: Outcome. Finally, as a result of efforts to resolve the conflict, both sides determine the extent to which a satisfactory resolution or outcome has been achieved. Where one party to the conflict does not feel satisfied or feels only partially satisfied, the seeds of discontent are sown for a later conflict, as shown in the preceding Figure 14.1.1. One unresolved conflict episode can easily set the stage for a second episode. Managerial action aimed at achieving quick and satisfactory resolution is vital; failure to initiate such action leaves the possibility (more accurately, the probability) that new conflicts will soon emerge.

concept check

1. Describe the process of the conflict model.

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6.1.3: Resolving Conflict in Organizations

3. When and how do you negotiate, and how do you achieve a mutually advantageous agreement?

We have discovered that conflict is pervasive throughout organizations and that some conflict can be good for organizations. People often grow and learn from conflict, as long as the conflict is not dysfunctional. The challenge for managers is to select a resolution strategy appropriate to the situation and individuals involved. A review of past management practice in this regard reveals that managers often make poor strategy choices. As often as not, managers select repressive or ineffective conflict resolution strategies.

Common Strategies that Seldom Work

At leave five conflict resolution techniques commonly found in organizations prove to be ineffective fairly consistently. In fact, not only do such techniques seldom work—in many cases, they actually serve to increase the problem. Nonetheless, they are found with alarming frequency in a wide array of business and public organizations. These five ineffective strategies are often associated with an avoidance approach and are described below.

Nonaction. Perhaps the most common managerial response when conflict emerges is *nonaction*—doing nothing and ignoring the problem. It may be felt that if the problem is ignored, it will go away. Unfortunately, that is not often the case. In fact, ignoring the problem may serve only to increase the frustration and anger of the parties involved.

Administrative Orbiting. In some cases, managers will acknowledge that a problem exists but then take little serious action. Instead, they continually report that a problem is "under study" or that "more information is needed." Telling a person who is experiencing a serious conflict that "these things take time" hardly relieves anyone's anxiety or solves any problems. This ineffective strategy for resolving conflict is aptly named **administrative orbiting**.

Due Process Nonaction. A third ineffective approach to resolving conflict is to set up a recognized procedure for redressing grievances but at the same time to ensure that the procedure is long, complicated, costly, and perhaps even risky. The **due process nonaction** strategy is to wear down the dissatisfied employee while at the same time claiming that resolution procedures are open and available. This technique has been used repeatedly in conflicts involving race and sex discrimination.

Secrecy. Oftentimes, managers will attempt to reduce conflict through *secrecy*. Some feel that by taking secretive actions, controversial decisions can be carried out with a minimum of resistance. One argument for pay secrecy (keeping employee salaries secret) is that such a policy makes it more difficult for employees to feel inequitably treated. Essentially, this is a "what they don't know won't hurt them" strategy. A major problem of this approach is that it leads to distrust of management. When managerial credibility is needed for other issues, it may be found lacking.

Character Assassination. The final ineffective resolution technique to be discussed here is **character assassination**. The person with a conflict, perhaps a woman claiming sex discrimination, is labeled a "troublemaker." Attempts are made to discredit her and distance her from the others in the group. The implicit strategy here is that if the person can be isolated and stigmatized, she will either be silenced by negative group pressures or she will leave. In either case, the problem is "solved."

Strategies for Preventing Conflict

On the more positive side, there are many things managers can do to reduce or actually solve dysfunctional conflict when it occurs. These fall into two categories: actions directed at conflict *prevention* and actions directed at conflict *reduction*. We shall start by examining conflict prevention techniques, because preventing conflict is often easier than reducing it once it begins. These include:

1. *Emphasizing organization-wide goals and effectiveness*. Focusing on organization-wide goals and objectives should prevent goal conflict. If larger goals are emphasized, employees are more likely to see the big picture and work together to achieve corporate goals.
2. *Providing stable, well-structured tasks*. When work activities are clearly defined, understood, and accepted by employees, conflict should be less likely to occur. Conflict is most likely to occur when task uncertainty is high; specifying or structuring jobs minimizes ambiguity.

3. *Facilitating intergroup communication*. Misperception of the abilities, goals, and motivations of others often leads to conflict, so efforts to increase the dialogue among groups and to share information should help eliminate conflict. As groups come to know more about one another, suspicions often diminish, and greater intergroup teamwork becomes possible.
4. *Avoiding win-lose situations*. If win-lose situations are avoided, less potential for conflict exists. When resources are scarce, management can seek some form of resource sharing to achieve organizational effectiveness. Moreover, rewards can be given for contributions to overall corporate objectives; this will foster a climate in which groups seek solutions acceptable to all.

These points bear a close resemblance to descriptions of the so-called Japanese management style. In Japanese firms, considerable effort is invested in preventing conflict. In this way, more energy is available for constructive efforts toward task accomplishment and competition in the marketplace. Another place where considerable destructive conflict is prevented is Intel.

Managerial leadership

Sustainability and Responsible Management: Constructive Conflict that Leads to Championships

Dealing with conflict lies at the heart of managing any business. Confrontation—facing issues about which there is disagreement—is avoided only at a manager's peril. Many issues can be postponed, allowed to fester, or smoothed over; eventually, they must be solved. They are not going to disappear. This philosophy not only applies to business but to sports dynamics as well.

Take two NBA all-stars, Kobe Bryant and Shaquille O'Neal. Although they are world-renowned athletes now, when they first started in the NBA, there was plenty of conflict that could have caused their careers to take a much different path.

In 1992, O'Neal was the first play taken in by the NBA draft, he dominated the court with his size and leadership from day one. Four years later, Kobe Bryant, the youngest player to start in the NBA was brought onto the same team: the Los Angeles Lakers. The two were not fast friends, and the trash talk started as Bryant publicly criticized his teammate—and continued for years.

Ultimately in 1999, Phil Jackson was brought in to coach the LA Lakers, and his creative approach to their conflict changed everything. Instead of seeing this tension and ignoring it, or chastising the players for their feud, he used their skills to develop a new way of playing the game. O'Neal brought power and strength to the court, while Bryant was fast and a great shooter. Jackson developed a way of playing that highlighted both of these talents, and he built a supporting cast around them that brought out the best in everyone. The outcome: three NBA championships in a row.

While many may have just ignored or tried to separate the two superstars, Jackson was innovative in his approach, saw the opportunity in using the conflict to create a new energy, and was able to build a very successful program.

Questions:

1. What was the key to the success for Phil Jackson and his team?
2. How would you have approached the two players (or employees) that were in conflict and causing tension on your team?
3. What strategies would have been important to employ with these two individuals to resolve the conflict?

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Strategies for Reducing Conflict

Where dysfunctional conflict already exists, something must be done, and managers may pursue one of at least two general approaches: they can try to change employee *attitudes*, or they can try to change employee *behaviors*. If they change behavior, open conflict is often reduced, but groups may still dislike one another; the conflict simply becomes less visible as the groups are separated from one another. Changing attitudes, on the other hand, often leads to fundamental changes in the ways that groups get along. However, it also takes considerably longer to accomplish than behavior change because it requires a fundamental change in social perceptions.

Nine conflict reduction strategies are shown in Figure \({6{.}1{.}3{.}\eatSpaces{Exhibit 14.5. The techniques should be viewed as a continuum, ranging from strategies that focus on changing behaviors near the top of the scale to strategies that focus on changing attitudes near the bottom of the scale.

1. Physical separation. The quickest and easiest solution to conflict is physical separation. Separation is useful when conflicting groups are not working on a joint task or do not need a high degree of interaction. Though this approach does not encourage members to change their attitudes, it does provide time to seek a better accommodation.
2. Use of rules and regulations. Conflict can also be reduced through the increasing specification of rules, regulations, and procedures. This approach, also known as the bureaucratic method, imposes solutions on groups from above. Again, however, basic attitudes are not modified.
3. Limiting intergroup interaction. Another approach to reducing conflict is to limit intergroup interaction to issues involving common goals. Where groups agree on a goal, cooperation becomes easier. An example of this can be seen in recent efforts by firms in the United States and Canada to work together to “meet the Japanese challenge.”
4. Use of integrators. Integrators are individuals who are assigned a boundary-spanning role between two groups or departments. To be trusted, integrators must be perceived by both groups as legitimate and knowledgeable. The integrator often takes the “shuttle diplomacy” approach, moving from one group to another, identifying areas of agreement, and attempting to find areas of future cooperation.
5. Confrontation and negotiation. In this approach, competing parties are brought together face-to-face to discuss their basic areas of disagreement. The hope is that through open discussion and negotiation, means can be found to work out problems. Contract negotiations between union and management represent one such example. If a “win-win” solution can be identified through these negotiations, the chances of an acceptable resolution of the conflict increase. (More will be said about this in the next section of this chapter.)
6. Third-party consultation. In some cases, it is helpful to bring in outside consultants for third-party consultation who understand human behavior and can facilitate a resolution. A third-party consultant not only serves as a go-between but can speak more directly to the issues, because she is not a member of either group.
7. Rotation of members. By rotating from one group to another, individuals come to understand the frames of reference, values, and attitudes of other members; communication is thus increased. When those rotated are accepted by the receiving groups, change in attitudes as well as behavior becomes possible. This is clearly a long-term technique, as it takes time to develop good interpersonal relations and understanding among group members.
8. Identification of interdependent tasks and superordinate goals. A further strategy for management is to establish goals that require groups to work together to achieve overall success—for example, when company survival is threatened. The threat of a shutdown often causes long-standing opponents to come together to achieve the common objective of keeping the company going.
9. Use of intergroup training. The final technique on the continuum is intergroup training. Outside training experts are retained on a long-term basis to help groups develop relatively permanent mechanisms for working together. Structured workshops and training programs can help forge more favorable intergroup attitudes and, as a result, more constructive intergroup behavior.

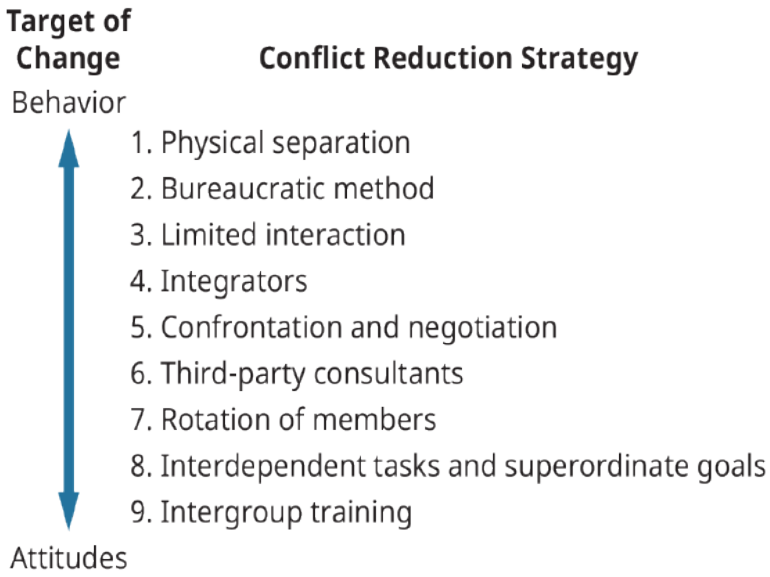

Figure Extra close brace or missing open brace. **Conflict Reduction Strategies** *Source:* Adapted from concepts in E. H. Neilsen, "Understanding and Managing Conflict," in J. Lorsch and P. Lawrence, eds., *Managing Group and Intergroup Relations* (Homewood, III.: Irwin, 1972). (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

concept check

1. What are the strategies that managers can use that can reduce conflict?

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6.2: Workplace Conflict

Readings

Read the 2 articles attached at the bottom of the page to learn more about workplace conflict.

Article titles:

- 6 Workplace Conflict Examples with Useful Resolutions
- Common Workplace Conflicts and How to Overcome Them

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6.3: The Do's and Don'ts of Workplace Conflict

Watch

Watch this video about conflict in the workplace. Consider what methods you already use, and others you could try in your next situation.

YouTube Video

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6.4: Addressing Conflict with Simon Sinek

Watch

As you watch this video, think about a conflict you've had with someone. Looking back, would some of these tips have helped you resolve the conflict quicker and/or better? What do you think of the FBI method? (4:24)

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Now watch another video from Simon Sinek about conflict in the workplace, and how to address negativity. (3:14)

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6.5: The 5 Conflict Styles

Watch

This video discusses the 5 conflict styles people use when it comes to dealing with conflict in interpersonal relationships. Conflict is a natural part of human interaction, and understanding the different types of conflict resolution or conflict management styles can help you navigate challenging situations. Which of these styles are you already familiar with? Which ones do you think will require a little more practice?

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INDEX

A

affective conflict
6.1.1: Conflict in Organizations- Basic Considerations

apprenticeship
3.2: Employee Training and Development

assessment center
3.2.1: Techniques of Performance Appraisal

B

behavioral conflict
6.1.1: Conflict in Organizations- Basic Considerations

behavioral observation scale
3.2.1: Techniques of Performance Appraisal

behaviorally anchored rating scale
3.2.1: Techniques of Performance Appraisal

C

central tendency error
3.1: Performance Appraisal Systems

cognitive conflict
6.1.1: Conflict in Organizations- Basic Considerations

conflict
6.1.1: Conflict in Organizations- Basic Considerations

consumer surplus
1.2: The Difference Between Managers and Leaders

contingent worker
2.1.1: Achieving High Performance through Human Resources Management

critical incident technique
3.2.1: Techniques of Performance Appraisal

D

deadweight loss
1.2: The Difference Between Managers and Leaders

E

economic surplus
1.2: The Difference Between Managers and Leaders

F

feedback to employees
3.1: Performance Appraisal Systems

G

goal conflict
6.1.1: Conflict in Organizations- Basic Considerations

H

halo effect
3.1: Performance Appraisal Systems

I

intergroup conflict
6.1.1: Conflict in Organizations- Basic Considerations

interorganizational conflict
6.1.1: Conflict in Organizations- Basic Considerations

interpersonal conflict
6.1.1: Conflict in Organizations- Basic Considerations

intrapersonal conflict
6.1.1: Conflict in Organizations- Basic Considerations

J

job analysis
2.1.1: Achieving High Performance through Human Resources Management

job description
2.1.1: Achieving High Performance through Human Resources Management

job fair
2.1.2: Employee Recruitment

job rotation
3.2: Employee Training and Development

job specification
2.1.1: Achieving High Performance through Human Resources Management

M

management by objectives
3.2.1: Techniques of Performance Appraisal

mentoring
3.2: Employee Training and Development

O

orientation
3.2: Employee Training and Development

P

performance appraisals
3.1: Performance Appraisal Systems

personal biases
3.1: Performance Appraisal Systems

personnel decisions
3.1: Performance Appraisal Systems

producer surplus
1.2: The Difference Between Managers and Leaders

R

recency error
3.1: Performance Appraisal Systems

recruitment branding
2.1.2: Employee Recruitment

reward systems
3.1: Performance Appraisal Systems

S

selection
2.1.3: Employee Selection

selection interview
2.1.3: Employee Selection

simulation
3.2: Employee Training and Development

social surplus
1.2: The Difference Between Managers and Leaders

strictness or leniency error
3.1: Performance Appraisal Systems

succession planning
2.1.1: Achieving High Performance through Human Resources Management

T

training and development
3.1: Performance Appraisal Systems
3.2: Employee Training and Development

V

validity
3.1: Performance Appraisal Systems

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GLOSSARY

S

Sample Word 1 | Sample Definition 1

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    - 1.2: The Difference Between Managers and Leaders - *CC BY 4.0*
    - 1.3: Leadership - *CC BY 4.0*
      - 1.3.1: Introduction - *CC BY 4.0*
      - 1.3.2: The Nature of Leadership - *CC BY 4.0*
      - 1.3.3: The Leadership Process - *CC BY 4.0*
      - 1.3.4: Types of Leaders and Leader Emergence - *CC BY 4.0*
      - 1.3.5: The Trait Approach to Leadership - *CC BY 4.0*
      - 1.3.6: Behavioral Approaches to Leadership - *CC BY 4.0*
      - 1.3.7: Situational (Contingency) Approaches to Leadership - *CC BY 4.0*
      - 1.3.8: Substitutes for and Neutralizers of Leadership - *CC BY 4.0*
      - 1.3.9: Transformational, Visionary, and Charismatic Leadership - *CC BY 4.0*
      - 1.3.10: Leadership Needs in the 21st Century - *CC BY 4.0*
      - 1.3.11: Summary - *CC BY 4.0*
    - 1.4: WATCH- Bases of Power - *CC BY 4.0*
    - 1.5: WATCH- Why Good Leaders Make You Feel Safe - *CC BY 4.0*
  - 2: Module 2 - Selection and Hiring, and Employee Training - *CC BY 4.0*
    - 2.1: Introduction - *CC BY 4.0*
      - 2.1.1: Achieving High Performance through Human Resources Management - *CC BY 4.0*
      - 2.1.2: Employee Recruitment - *CC BY 4.0*
      - 2.1.3: Employee Selection - *CC BY 4.0*
      - 2.1.4: Employee Onboarding and Orientation - *CC BY 4.0*
      - 2.1.5: Onboarding, New Hire Training, and Coaching and Mentoring - *CC BY 4.0*
    - 2.2: 4 Criteria of Workforce Planning - *CC BY 4.0*
    - 2.3: Discussion Topic - *CC BY 4.0*
    - 2.4: Human Resources Documents - *CC BY 4.0*
    - 2.5: The Pursuit of Happyness Job Interview - *CC BY 4.0*
    - 2.6: Legal Considerations in Selection - *CC BY 4.0*
    - 2.7: The Power of Effective Onboarding - *CC BY 4.0*
  - 3: Module 3 - Employee Evaluation and Counseling - *CC BY 4.0*
    - 3.1: Performance Appraisal Systems - *CC BY 4.0*
    - 3.2: Employee Training and Development - *CC BY 4.0*
      - 3.2.1: Techniques of Performance Appraisal - *CC BY 4.0*
      - 3.2.2: Feedback - *CC BY 4.0*
    - 3.3: Performance Management - *CC BY 4.0*
    - 3.4: Performance Reviews Then and Now - *CC BY 4.0*
    - 3.5: Identifying Poor Performers - *CC BY 4.0*
    - 3.6: Identifying the Causes of Poor Performance - *CC BY 4.0*
    - 3.7: Laws Impacting Performance Management - *CC BY 4.0*
    - 3.8: How to Coach An Underperforming Employee - *CC BY 4.0*
  - 4: Module 4 - Employee Motivation and Communication - *CC BY 4.0*
    - 4.1: Motivation - Questions to Consider - *CC BY 4.0*
      - 4.1.1: Motivation - Direction and Intensity - *CC BY 4.0*
      - 4.1.2: Content Theories of Motivation - *CC*

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- 4.1.3: Process Theories of Motivation - *CC BY 4.0*
- 4.1.4: Recent Research on Motivation Theories - *CC BY 4.0*
- 4.1.5: Summary - *CC BY 4.0*
- 4.2: REVIEW and WATCH - Goal Theory - *CC BY 4.0*
- 4.3: Managerial Communication - *CC BY 4.0*
  - 4.3.1: The Process of Managerial Communication - *CC BY 4.0*
  - 4.3.2: Types of Communications in Organizations - *CC BY 4.0*
  - 4.3.3: Factors Affecting Communications and the Roles of Managers - *CC BY 4.0*
  - 4.3.4: Managerial Communication and Corporate Reputation - *CC BY 4.0*
- 4.4: Maslow - *CC BY 4.0*
- 4.5: Business Stakeholders - *CC BY 4.0*
- 4.6: Stakeholder Communication - *CC BY 4.0*

5: Module 5 - Managing Teams - *CC BY 4.0*
- 5.1: Managing Teams - *CC BY 4.0*
  - 5.1.1: Teamwork in the Workplace - *CC BY 4.0*
  - 5.1.2: Team Development Over Time - *CC BY 4.0*
  - 5.1.3: Things to Consider When Managing Teams - *CC BY 4.0*
  - 5.1.4: Opportunities and Challenges to Team Building - *CC BY 4.0*
  - 5.1.5: Team Diversity - *CC BY 4.0*
  - 5.1.6: Multicultural Teams - *CC BY 4.0*
  - 5.1.7: Summary - *CC BY 4.0*
- 5.2: Characteristics of an Effective Team - *CC BY 4.0*
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- 5.5: Conflict - Use It, Don't Defuse It - *CC BY 4.0*
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6: Module 6 - Conflict Resolution - *CC BY 4.0*
- 6.1: Chapter Introduction - *CC BY 4.0*
  - 6.1.1: Conflict in Organizations- Basic Considerations - *CC BY 4.0*
  - 6.1.2: Causes of Conflict in Organizations - *CC BY 4.0*
  - 6.1.3: Resolving Conflict in Organizations - *CC BY 4.0*
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- 6.3: The Do's and Don'ts of Workplace Conflict - *CC BY 4.0*
- 6.4: Addressing Conflict with Simon Sinek - *CC BY 4.0*
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    - 2.1: Introduction - *CC BY 4.0*
      - 2.1.1: Achieving High Performance through Human Resources Management - *CC BY 4.0*
      - 2.1.2: Employee Recruitment - *CC BY 4.0*
      - 2.1.3: Employee Selection - *CC BY 4.0*
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  - 6.1.1: Conflict in Organizations- Basic Considerations - *CC BY 4.0*
  - 6.1.2: Causes of Conflict in Organizations - *CC BY 4.0*
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