

MGMT: 631 --- Management and Organizational Theory

March - 2013

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This booklet contains chapter summaries written by the instructor, mind maps created by students in the course and additional material such as worksheets for small group activities, critical thinking and related curriculum.

People's behavior makes sense if you think about it in terms of their goals, needs, and motives.

--- Thomas Mann

It is amazing how much people get done if they do not worry about who gets the credit.

--- Swahili proverb

It takes a lot of courage to release the familiar and seemingly secure, to embrace the new. But there is no real security in what is no longer meaningful. There is more security in the adventurous and exciting, for in movement there is life, and in change there is power.

--- Alan Cohen

## Ch. 1: Introduction to Organizational Behavior

### Environmental Forces Reshaping Management Practice

- 1) Power: ability to get things done; how managers, technicians work, think; managing human resources.
- 2) Globalism: needs to be understood and leveraged; global competition characterized by networks bringing countries together.
- 3) Cultural Diversity: a cultural diverse workforce is a reality; managers need to be culturally competent; about 30% of American workforce non-white presently.
- 4) Rapidity of Change: the internet, microchips and more demanding consumers who want better products and services at lower prices and on time are the challenges.
- 5) Psychological Contract: an unwritten contract between employer and organization specifying what they expect from each other; employee wants advancements.
- 6) Technology: generally refers to actions, physical and mental that an individual performs upon an object, person or problem to change it in some way; process converting a raw material into something like a product or service; it may be a machine; technology of an organization influences work flow, structure, systems.

Resisting the reality of these forces can create conflict, reduced managerial effectiveness, lost opportunities.

It can lead to job dissatisfaction, poor morale, reduced commitment; lower work quality, poor judgment and other unhealthy consequences.

### Origins of Management:

The Egyptians, Chinese, Greeks noted for managerial feats like building pyramids, organizing governments, planning military maneuvers operating trading companies and controlling an empire.

In England between 1700 and 1785 they experienced Industrial revolution; transformed from rural to industrial-commercial society; emphasis on efficiency, strict controls.

In US around time of Civil War Industrialization given birth to; mechanical industries emerged like railroad, industrial manufacturing emerged.

Scientific Management: in 1886 Frederick Taylor arrives saying maximum good of society attained through cooperation of management and labor and applying scientific methods:

- 1) develop science for each part of an employees work
- 2) scientifically select and train, teach and develop the worker
- 3) strive for equal division of work and responsibility between management and nonmanagement

Henry Fayol – French industrialist created general theory of management. Fayol asserted:

- 1) management separate body of knowledge and can be applied to any organization.
- 2) A theory of management can be learned and taught
- 3) We need to teach management in colleges

### Importance of Studying Organizational Behavior

The study of human behavior, attitudes and performance within an organizational setting; using theory, methods and principles from disciplines like psychology, sociology, political science and cultural anthropology to learn about individuals, groups, structure and process.

It is a multidisciplinary view.

Organizational Behavior is a way of thinking, it is multidisciplinary and is a humanistic orientation toward organizational behavior because we want to know people attitudes, values, learning capacities, thought processes, talents, capabilities.

It is also performance oriented asking why is performance low or high? How can it be improved?

### Leaders and organizational Behavior

Organizations consider being socially responsible; global competitors, ethical, they network and re-engineer. Leaders are asked to focus on these ideas.

Customers want organizations to be responsive to their needs. Leaders are being asked to establish great work teams, departments that can respond and compete, and negotiate globally.

### The Individual in the Organization

There are 3 influences on individual behavior in organizations

- 1) Individual Characteristics: attitudes, perceptions, personality, emotions, values
- 2) Individual Motivation: motivation and ability to work interact to determine performance
- 3) Rewards: these are powerful influences and managers use them to reward or punish to increase desired performance

### Group Behavior

Managers create groups to do assignments and they are called formal groups.

Informal groups also emerge as a result of common interests and friendships; the effect is positive or negative.

### Intergroup Behavior and Conflict

Groups develop unique set of characteristics and structure, cohesiveness, roles, norms and processes. They may compete with other groups

### Power and Politics

Power is ability to get others to do things; it is a reality in organizations, managers derive power from organization and individual sources; from your position in organization.

### Effectiveness in Organizations

Adam Smith – father of modern economics wrote in Wealth of nations that efficiency of operations could be achieved most easily through high degrees of specialization.

We focus on 3 levels here: individual, group and organization.

In 1853—Levi Strauss a Bavarian immigrant came to San Francisco and noticed prospectors wanted sturdy pants during the gold rush of 1853—so created the jean.

His principles for his successful company were: empathy (paying attention to world around us and customers), integrity (honest and trustworthy), behaviors (be open), diversity (diverse work force), recognition (acknowledge great worker contributions), ethical practices, empowerment (increase authority and responsibility of workers)

### Systems Theory

Systems theory enables managers to describe behavior of organizations both internally and externally.

Organizations are seen as one element of a number of elements that act interdependently.

Organization takes resources (inputs) from the larger system (environment) and processes these resources and return them in changed form (output)

### **Organizations change with passage of time—and survival requires adaptation.**

The organization ages—it forms, develops, matures and declines in relation to environmental circumstances.

Quality: J.M. Juran and W. Edwards Deming in 1950 were pioneers of quality improvement.

After WW II – Japan emerged as economic giant making products of superior quality; focused on quality and customer's perception of quality; asked how can we meet customer's needs and expectations?

Juran developed TQM – Total Quality management

Productivity: relationship between inputs (hours worked, effort) and output (customer complaints, trucks loaded)

Efficiency: ratio of outputs to inputs; rate of return on capital or assets, unit cost, scrap, downtime, occupancy rates, cost per patient)

Satisfaction: along with morale are terms referring to the extent to which the organization meets the needs of its employees.

Measures of satisfaction include employee attitudes, turnover, absenteeism, grievances.

Adaptiveness: the extent to which an organization can and does respond to internal and external changes.

Development: the ability of an organization to increase its capacity to deal with environmental demands.



## Ch. 3: page 1: ---→ Individual Differences and Work Behavior

Individual differences have a direct effect on behavior.

Every person is unique because of their background.

Individual characteristics, needs and how they perceive the world and others.

Attraction-Selection-Attrition Framework → attraction to an organization, selection by it and attrition from it result in particular kinds of people being in the organization. These people determine the organizational behavior.

Different people are attracted to different careers and organizations as a function of their abilities, interests and personalities

Organizations select employees on the basis of the needs of the organization.

Needs refers not only to skills and abilities – but also to individual attributes like values and personality.

Attrition occurs when one discovers they do not like being part of the organization and they resign or when the organization determines the individual is not succeeding and he/she leaves.

### The Basis for Understanding work Behavior

Demographic factors like age, sex, race and gender influence individual differences

To understand individual differences—a manager must:

- 1) observe and recognize differences
- 2) study relationships among variables that influence individual behavior

### Individual Differences Influencing Work Behavior

Heredity → provides a genetic explanation of some aspect of human variability; includes gender, race and ethnicity; psychological, mental and moral differences also.

For example men may make better managers because they are more assertive and women less committed to organizational career because of family considerations; men less empathic and sensitive to feelings of others; men can make the tough decisions.

Most of the research indicates that stereotypical differences are not valid.

Diversity → attributes that makes us different from each other; the six primary and stable ones are:

- 1) age
- 2) ethnicity
- 3) gender
- 4) physical attributes
- 5) race
- 6) sexual orientation

Dimensions of diversity that can be changed are:

- 1) educational background
- 2) marital status
- 3) religious beliefs
- 4) health
- 5) work experience

Disability Diversity → Americans with Disabilities Act of 1990 prohibits discrimination against qualified individuals with disabilities

- 1) organizations must make facilities accessible
- 2) organizations can modify work schedule
- 3) organizations can restructure jobs
- 4) organizations can reassign employees

### Attitudes

Determinants of behavior because they are linked to perception, personality, feelings and motivation

A mental state of readiness learned through experience, exerting influence on a person's response to people and situations.

We have attitudes on religion, friends, jobs, education, etc.

Attitudes are learned, some are persistent and enduring – yet some are subject to change.

### Cognitive

This component of an attitude consists of a person's perceptions, opinions and beliefs; emphasis on rationality and logic

### Affect

Is the emotional component of an attitude and is learned from parents, teachers and peer groups.

### Cognitive Dissonance

A discrepancy between attitude and behavior.

If you smoke and know it's bad—but you continue smoking then you're experiencing cognitive dissonance.

### Attitudes and Job Satisfaction

Job satisfaction is an attitude people have about their jobs.

It derives from their perception of their jobs and the degree to which there is a good fit between them and individuals and the organization.

Factors associated with job satisfaction:

- 1) Pay – is it fair for what the person does
- 2) work itself – is the job interesting
- 3) promotion opportunities – how available they are
- 4) supervision – the skills of the supervisor
- 5) co-workers – are co-workers friendly, supportive.
- 6) Working conditions – is physical work environment comfortable
- 7) Job security – is the employees positions secure

### Abilities and Skills

Ability → an individual's talent to perform a mental or physical task; stable over time

Skill → a learned talent that one acquires to perform a task; skills change over time as their training or experience occurs.

Abilities: ones that distinguish high and low performers

- 1) mental ability
- 2) emotional intelligence
- 3) tacit knowledge

\* Mental ability refers to intelligence divided into:

Verbal fluency and comprehension, inductive and deductive reasoning, associative memory and spatial orientation.

\* Emotional Intelligence refers to one's ability to be self-aware of feelings, managing emotions, motivating oneself, expressing empathy and handling relationships with others.

\* Tacit Knowledge refers to work related practical, know-how that employees acquire through observation and direct experience.

Employees with tacit knowledge increase their chances of success in organizations. These individuals:

- 1) capitalize on their own strengths and overcome weaknesses
- 2) realize they aren't good at everything
- 3) overcome negative expectations set by others
- 4) learn from their positive and negative outcomes
- 5) have can-do attitudes

### Personality

A relatively stable set of feelings and behaviors that have been significantly formed by genetic and environmental factors

- 1) appears to be organized into patterns that are observable and measurable
- 2) has superficial aspects such as attitudes toward being a team leader
- 3) involves both common and unique characteristics

Personality is a product of nature and nurture.

Nurture – pattern of life experiences you have; family is nurture

Nature – hereditary forces

Culture – it happens gradually, your culture socializes you into the rituals, religion/spiritual and ethnic makeup, language, dress and eating habits.

Social class – the community you are from, region of the country, social class influences one's self-perception, perception of others, perceptions of work, money, authority.

Locus of Control -- determines the degree to which one believes their behaviors influence what happens to them.

Internal Locus of Control – when one attributes their success to their abilities; they control the course of their life; this employee requires little supervision

External Locus of Control – when one believes he/she is helpless controlled by outside forces they don't have any influence over; when they perform well they attribute it to luck or it was an easy task.

### Self-Efficacy

Relates to personal beliefs regarding competencies and abilities.

Refers to one's belief in their ability to successfully complete a task

If you have high self-efficacy – you firmly believe in your work performance capabilities

Self-efficacy includes 3 dimensions:

- 1) Magnitude – refers to the level of task difficulty you believe you can attain.

Elie may think he can make 8 out of 10 free throws and his friend says he/she can make 10 out of 10 free throws. Elie's friend has a higher magnitude of self-efficacy.

- 2) Strength – refers to whether the belief regarding the magnitude is strong or weak.

- 2) Generality – refers to how generalized across different situations the belief in the capability is. Elie may say he can shoot the free throws with a basketball and volleyball.

Creativity ---> a personality trait that involves the ability to break away from habit bound thinking and produce novel and useful ideas.

Creativity produces innovation and innovation represents the lifeblood in corporations.

Creativity is a personality trait that can be encouraged and developed in organizations by giving people the opportunity to think freely, in unconventional ways .

How to Develop Employee Creativity:

- 1) encourage employees to view old problems from new perspectives
- 2) make certain people know that it's OK to make mistakes
- 3) provide as many people with as many new work experiences as you can
- 4) set an example in your own approach to dealing with problems and opportunities.

**Perception:**

The cognitive process an individual selects, organizes and gives meaning to environmental stimuli; objects and people.

Each of us gives our own meaning to stimuli.

- 1) Selection - focusing on the stimuli that you think is important.
- 2) Translation - We perceive stimuli that satisfy our needs, emotions, attitudes.

**Similar to Me Errors**

People using themselves as benchmarks in perceiving others. So—know yourself well so you see others accurately.

People who are accepting of themselves tend to see favorable aspects of others.

As a manager—understand yourself, have self-awareness and know how your traits and values influence your perception of others; so you can more effectively evaluate their supervisees.

**Situational Factors** - time and urgency affects how you manage and it influences perceptual accuracy; as a manager you may overlook some details and make mistakes.

**Needs and Desires** -- managers and others see what they want to see; distortions are related to needs and desires.

**Attribution Theory**

The process by which people interpret events around them as caused (attributed to) themselves or others.

If I believe I earned a promotion because I'm an outstanding employee—I'll continue working harder to earn more advancements.

However—if I earn promotions—and I believe it's because I'm an outstanding bowler on the company team - then I'll continue practicing to continue being a star bowler on the team.

**Fundamental Attribution Error**

The tendency to underestimate the importance of external factors and overestimate the importance of internal factors when making attributions about the behavior of others.

**Self-Serving Bias** - when you take credit for great work and deny responsibility for poor work.

**Perceptual Grouping**

Individuals categorize and group stimuli so they make sense. The brains wants to seek common patterns

- 1) Law of Nearness: stimuli that are near each other tend to be grouped together
- 2) Law of Familiarity - stimuli similar in size. Color, shape or form tend to be grouped together
- 3) Law of Closure - the tendency to complete a figure so it has consistent overall form
- 4) Law of Figure and Ground - the tendency to group sensations into figures and backgrounds.

**Pygmalion Effect** - a self-fulfilling prophecy that causes a person to behave in a positive manner to meet expectations.

**Golem Effect** - a self-fulfilling prophecy that causes a person to behave in a negative way to meet low expectations.

**Stereotyping**

A translation step in the perceptual process to help one deal with massive information processing demands.

A useful, essential and efficient way of categorizing individuals or events based on limited information or observation.

**Prejudice**

A stereotype that refuses to change when presented with information indicating the stereotype is inaccurate.

Allport says there are 2 sources of prejudice:

- 1) Personal prejudice - members of another group are seen as a threat to one's own interest
- 2) Group Prejudice - when a person conforms to norms of a group he/she belongs to.

Stereotyping can be useful when it increases efficiency in making sense of our environment.

However—it usually leads to perceptual inaccuracies and negative results.

It can create social injustices—result in poor decision making, stifle innovation or cause under-utilization of human resources.

For example—employers stereotypes of disabled workers maybe an important source of employment problems these workers experience.

Stereotypes harmful when qualified employees are not hired because of their race, culture, etc.

**Selective Attention** - when people give messages priority and put others on hold; narrowing of the information channel linking the senses to perception.

**Halo Effect** - when a person/manager allows one important characteristic of another person to bias the evaluation, perception or impression of that person. Example: an employee with tattoos and multiple body piercings maybe considered unreliable and a poor performer.

One or two characteristics of a person usually is a poor predictor of their performance.



**Emotions** – a state of physiological arousal accompanied by changes in facial expressions, gestures, posture and subjective feelings.

The root of the word emotions means to move; the body is aroused when exerting an emotion.

There are 8 primary emotions and they vary by intensity:

- 1) fear
- 2) surprise
- 3) sadness
- 4) joy
- 5) disgust
- 6) anger
- 7) anticipation
- 8) acceptance

**Mood**—mildest form of an emotion; a long lasting emotional state; low intensity; can last hours to days.

### Impression Management

Managers manage impressions of themselves by how they talk, their overall style and how they may furnish their office.

Goffman asserts that impression management is a kind of theater—a dramaturgical process. (dramatizing – like Disney employees have a policy all cast members are on stage performing for audiences and they use a script)

All interpersonal meetings are a theater that involves actors, audience, stage and script.

We modify how we present ourselves—depending on who is in our presence.

We try to be congruent in our impressions to certain individuals.

**There are generally 5 impression management tactics:**

- 1) Ingratiation: flatter others so they see you positively
- 2) Self-Promotion: one touts their abilities and competencies
- 3) Exemplification: one seeks to be viewed as dedicated by going above and beyond the call of duty
- 4) Supplication: one seeks to be viewed as needing help because of their limitations
- 5) Intimidation: one seeks to be viewed as powerful and threatening

### Gender Differences in Impression Management

Females use less aggressive behaviors and more passive approaches and females are less likely to use impression management tactics.

### Emotional Intelligence

Page 109 of our text summarizes Emotional Intelligence as defined by Mayer and Salovey

It's a combination of skills and abilities like self-awareness, self-control, empathy, sensitivity to feelings of others.

Salovey and Mayer contend that emotional intelligence has 4 cognitive components:

- 1) capacity to perceive emotion
- 2) integrate emotion in thought
- 3) understand emotion
- 4) manage emotion effectively

EI may predict success in a career– intelligence predicts 20% of success and EI fills in the rest of the 80%

EI seems to be maturational—and it can learned and developed.



## Ch. 5: Motivation – Page 1

Job performance is function of:

- 1) capacity to perform: does person have the abilities, skills and knowledge
- 2) opportunity to perform: person makes poor decision, poor problem solver
- 3) willingness to perform: does person desire/willing to show effort to attain job performance

This is motivation: willingness

Motivation Theories are either:

- 1) Content: which specific factors
- 2) Process: how behavior is motivated

Maslow's Need Hierarchy

Maslow assumes: employees have a need to grow and develop; to move up the hierarchy. But not all employees want this—right?

Hierarchy consists of 5 levels:

- 1) Physiological: need for food, drinks shelter
- 2) Safety & Security: free from threat.
- 3) Belongingness, social and love: need for friendship, affiliation, and love
- 4) Esteem: need for self-esteem and esteem from others
- 5) Self-Actualization: need to fulfill oneself by maximizing abilities, skills and potential.

**Refer to Page 124 of text**

### **Implications:**

A satisfied need ceases to motivate. What does this mean for a manager?

If your supervisee decides he/she is earning enough pay for their job money loses its power to motivate.

So—what do you do as a manager?

Unsatisfied needs can cause frustration and stress and poor performance.

Motivation composed of 3 pieces:

- 1) Direction: what one chooses to do when presented with options.
  - a) the employee can choose to surf the net or complete the job his/her supervisor assigned them. He employee is motivated in both tasks—but needs to select the right one.
- 2) Intensity: strength of the response once choice is made This refers to effort the employee makes to complete the task.
- 3) Persistence: the staying power of behavior or how long a person will devote effort.

It all starts with the INDIVIDUAL

Needs – deficiencies one experiences which may be:

- 1) physiological (food)
- 2) psychological (need for self-esteem)
- 3) sociological (need for social interaction)

Needs are energizers. We seek to reduce various need deficiencies

Three areas affect employee motivation:

- 1) organizational issues: benefits, opportunities
- 2) job issues: challenging work, work schedules
- 3) leader issues: is supervisor trustworthy

How can your organization employ as many of Maslow's needs to sustain motivation in all employees?

You can motivate by incentives and commission

Being part of a team (belongingness and social needs met)

Recognition (esteem)

Privilege to help others (self-actualization)

As managers advance in an organization—their needs for security decrease and there's increase in need for social interaction, achievement and self-actualization.

Alderfer's ERG Theory -- proposes 3 sets of needs:

- 1) Existence: needs satisfied by food, air, water pay and work conditions
- 2) Relatedness: needs satisfied by meaningful social and interpersonal relationships
- 3) Growth: needs satisfied by an individual making creative or productive contributions.

If an employees needs for growth are blocked because of a company policy or lack of resources—then it's up to the manager to redirect the employee's efforts toward relatedness or existence needs by assigning him/her to teams/projects with employees he/she likes to work with.

Implications: Can anyone in class provide an example of this from their target organization?

There's an avocado in it for you.

### Herzberg's Two Factor Theory of Motivation

Two Factors: 1) Dissatisfiers-Satisfiers (hygiene factors)

Extrinsic Conditions: job context can create dissatisfaction when certain conditions not present.

If the conditions are present though—it doesn't necessarily motivate employees.

These conditions are called dissatisfiers or hygiene factors that are needed to maintain no dissatisfaction.

These include: salary, status, work conditions, quality of interpersonal relations, advancement

Implications for Managers:

1) No job dissatisfaction – high job satisfaction

This employee is paid well, has job security, good relationships with Co-workers

Manager in this situation needs to continue assigning tasks and give accountability to high performing employees, continue supervising this employee effectively and ensure pay raises, job security, etc.

2) No job dissatisfaction – no job satisfaction

This employee is paid well, has job security, good relationships not given challenging tasks and is very bored (motivators are absent so no job satisfaction) and not motivated.

Manager in this situation needs to re-evaluate this employee's job description and enlarge job, more challenging tasks.

3) High job dissatisfaction – no job satisfaction

This employee not paid well, little job security and has poor relationships with co-workers, and is not given challenging tasks and is bored (no motivators)

Manager in this situation need to make drastic changes by adding hygiene factors and motivators (intrinsic conditions)

### McClelland's Need Theory

He believes needs are acquired from culture and they are learned.

Three of the needs are:

- 1) need for achievement
- 2) need for affiliation
- 3) need for power

If you have high need to achieve—you will seek challenging goals and want feedback on your performance

Need for affiliation makes one seek social relations and this takes precedence over task accomplishment.

A high need for power makes one exercise power and authority; likes to influence others.

### Process Approaches

The content approaches focused on needs and incentives that cause behavior.

The process theories of motivation are concerned with how individual behavior is energized, maintained, directed and stopped.

- 1) **Expectancy Theory** – Victor Vroom says motivation is under voluntary control.

First level outcomes result from behavior when doing your job well—includes productivity, turnover, quality

Second level outcomes are rewards and punishment that first level outcomes can produce like merit pay increases, group acceptance, promotion or termination.

- 2) **Equity Theory** – explains how people's perceptions of how fairly they are treated in social exchanges at work can influence their motivation.

The essence of equity theory is employees compare their efforts and rewards with those of others in similar work situations.

4 important concepts in this theory are:

- 1) person
- 2) comparison other
- 3) inputs (the person's skills, experience)
- 4) outcomes (what person gets from job)

If you notice a peer in same position as you got a bigger raise than you—you can change restore equity by changing inputs (dedicate less effort to your job), change outcomes (you talk to your boss for a bigger raise), change reference person (compare yourself to peer who got same raise as you), leave the field (you quit your job), change the input or outcome of the reference person (you tell your peer who got the bigger raise to work harder to justify their big raise)

Organizational Justice - degree to which employees feel fairly treated at their workplace. The following are forms of organizational justice:

- 1) Distributive Justice- perceived fairness of how resources and rewards are distributed in organization
- 2) Procedural Justice – perceived equity or fairness of the organization's processes and procedures used to make resource and allocation decisions. Employees are concerned with the fairness organizations use to make decisions in all areas of work like training, performance appraisal, work group assignments.

Procedural Justice has positive impact on:

- 1) organizational commitment
- 2) intrinsic motivation
- 3) trust in supervisor
- 4) work effort
- 5) task performance

- 3) Interpersonal Justice - refers to judgments made by employees about whether they feel fairly treated by their supervisors in the organization.

Managers need to treat their supervisees with respect and in a dignified way.

- 4) Informational Justice - focuses on whether an employee perceives that decisions and other communication from authorities are explained in a fair manner.

Managers should keep many channels of communication open and provide information about the organization's financial condition and related issues.

Strategies to keep information available to employees include:

- a) creating a webpage that is updated on a daily basis
- b) establish a human resources hotline - 800 number
- c) don't sugarcoat bad news – employees will lose confidence in the decision makers
- d) have informal chats through email, videoconference or in person

### Goal Setting Theory

Goal – a result a person, team or group is attempting to accomplish through behavior and actions. It is a cognitive process that has practical utility.

- 1) Goal Specificity - the degree of quantitative precision (clarity) of the goal
- 2) Goal Difficulty – the degree of proficiency or the level of performance that is sought
- 3) Goal Intensity – the process of setting the goal or of determining how to reach it
- 4) Goal Commitment – the amount of effort used to achieve a goal

A person who is committed to a goal has a drive, intensity and persistence to work hard.

Summary and Implications of Motivation Theory for Managers:

Managers can influence the motivation of their employees—they can intervene and provide training and feedback to improve performance and create an atmosphere that encourages, supports and sustains improvement.

Managers should be sensitive to variations in employee's needs, abilities and goals.

Managers need to continually monitor needs, abilities, goals, preferences of employees

Managers need to work on providing employees with jobs that offer task challenge, diversity and opportunities for need satisfaction.





**Job Requirement** – refers to education, experience, licenses and other characteristics expected of an individual to perform the job content. You can also identify skills, abilities and knowledge

A Position Analysis Questionnaire takes these human factors into account and asks:

- 1) information sources critical to job performance
- 2) information processing and decision making critical to job performance
- 3) physical activity and dexterity required by job
- 4) interpersonal relationships required by the job
- 5) reactions of individuals to working conditions

**Job Context** – refers to factors such as the physical demands and working conditions of the job, amount of accountability and responsibility. It refers to the environment.

**A Job Analysis in a Factory** --> the first job analysis studies were done in factories and guided by scientific management; industrial engineers devised ways to analyze industrial jobs.

Scientific management produced techniques such as motion and time study, work simplification.

**Jobs in the Service Economy** --> we are becoming a service and knowledge management industry now; rapidly changing business and employment conditions, cost containment, downsizing, technological breakthroughs; automation, robotics, digitizing, computer assisted manufacturing, offshoring manufacturing to countries with lower labor costs has reduced jobs in US

High growth jobs are in:

- health care like nursing, home care aids
- Business service, retail, food preparation, office clerks, bookkeeping, accounting, receptionists
- Education, college and elementary schools
- Professional jobs in computer software engineers, auditors
- Janitorial, cleaning, landscaping, truck driving

**Job Range and Job Depth** --->

1) job range refers to number of tasks one performs

2) job depth refers to amount of discretion one has to decide job activities and job outcomes

Look at your job and ask how many tasks are you required to perform (job range) and how much discretion do you have in terms of deciding your job activities and job outcomes (job depth)?

As an instructor/professor, Elie can decide how to conduct his class, what he'll present and how to present it and how he'll evaluate students. This is job depth.

**Designing Job Range ---> Job Rotation and Job Enlargement**

**Job Rotation** – you rotate managers and nonmanagers from one job to another; to develop and increase range of job skills and task variety and this should increase employee satisfaction, reduce mental overload decrease errors due to fatigue and increase production and efficiency

**Job Enlargement** – increase the number of tasks an employee performs and job satisfaction usually increases because you reduce boredom. Some employees cannot comprehend job enlargement because it's too complex to learn for them—and some employees want to be paid more for doing more.



### Designing Job Depth: Job Enrichment

The implementation of job enrichment is done through job depth through the following changes:

- 1) direct feedback – give it in a timely way and be direct
- 2) new learning – a good allows the employee to feel he/she is growing
- 3) scheduling – employees should be able to schedule part of their work
- 4) uniqueness – a job should have a unique quality or feature
- 5) control over resources – employees should have some control over their tasks
- 6) personal accountability – employees should be provided with an opportunity to be accountable for the job

**Self-Managed Teams** – an approach to job redesign – a job enrichment approach to redesign at the group level.

A small group of individuals who are empowered to perform certain activities based on procedures and decisions made within the group with minimum of outside direction.

These are called task forces, project teams, quality circles.

General Motors launched a bold endeavor 25 years ago when they created Saturn who used the team approach to produce automobiles in its state of the art plant in Spring Hill, Tennessee.

They organized 200 SMT's each had the authority to decide how to do its job including who they hired; they had a budget and could choose suppliers.

They achieved their goals--- consistently achieving a high level of production quality previously unequaled by other domestic auto makers.

### Alternative Work Arrangements

One aspect of job enrichment includes asking when the job can be performed or work schedule' giving employees decision making power over when they do their work

- Forms:
- 1) Compressed work week - work four 10 hour days; allows more leisure time; maybe avoid traffic.
  - 2) Flextime – greater control over work week; employee determines when they work at office and when from home or a coffee shop (like Elie does on Fridays and Tuesdays)
  - 3) Job sharing – two or more employees share a job; Elie works from 8-1:00 and Valerie comes in from 1:00-5:00 and they get along real well; or I work a full day on Monday and Wednesday and Valerie works a full day on Tuesday and Thursday—and Ebony works a full day on Friday.
  - 4) Telecommuting – working from home and linking to your office by computer.

**Virtual Teams** - Organizations are attempting to cut cost, decrease product cycle times, increase customer responsiveness and integrate more fully with suppliers— so they create virtual teams.

Virtual Teams defined as a team that relies on interactive technology to work together when separated by physical distance. Use traditional email, instant messaging, teleconferencing, videoconferencing, webcasts, meeting managers, white boards and bulletin boards.

#### Job Embeddedness and Job Design

Job embeddedness refers to an employee's links with other people and teams within the organization; their fit with the job, organization. You may also volunteer at the rescue mission, your Church and you enjoy triathlon.

Managers can increase job embeddedness (and decrease turnover) by placing employees on teams with members who have compatible skill sets and personalities.

Employees who feel a connection to teammates are less likely to leave their job and their community.

### Total Quality Management and Job Redesign

TQM is an organizational culture that is dedicated to continuous improvement and the production of high quality products and service resulting in higher levels of customer satisfaction.

It combines technical knowledge and human knowledge

Employees are empowered with authority to make necessary decisions.

The empowerment process encourages participative management, team-oriented task modules and autonomy.

### Principles Of TQM

- 1- **Be Customer focused:** Whatever you do for quality improvement, remember that ONLY customers determine the level of quality.

Whatever you do to foster quality improvement, training employees, integrating quality into processes management, ONLY customers determine whether your efforts were worthwhile.

- 2- **Insure Total Employee Involvement:** You must remove fear from work place, then empower employee... you provide the proper environment.

- 3- **Process Centered:** Fundamental part of TQM is to focus on process thinking.

- 4- **Integrated system:** All employee must know the business mission and vision. An integrated business system may be modeled.

- 5- **Strategic and systematic approach:** Strategic plan must integrate quality as core component.

- 6- **Continual Improvement:** Using analytical, quality tools, and creative thinking to become more efficient and effective.

- 7- **Fact Based Decision Making:** Decision making must be ONLY on data, not personal or situational thinking.

- 8- **Communication:** Communication strategy, method and timeliness must be well defined.

## Ch. 7: Evaluation, Feedback and Rewards

Rewards ---→ attract and retain employees, they also motivate to achieve at high levels, it challenges employees.

Evaluation of Performance ---- assessing and providing feedback on performance is essential to develop an employee.

Purposes of Evaluation ---→ provide feedback on employee's performance.

- Identify high potential employees
- Validate the effectiveness of employee selection procedures
- Stimulate employee performance improvement
- Evaluate previous training programs
- Develop ways of overcoming obstacles and performance barriers
- Identify training and development opportunities

Focus of Evaluation: effective performance evaluation is a continuous, ongoing process and involves asking 2 questions:

- 1) is the work being done effectively?
- 2) are employee skills and abilities being fully utilized?

Performance evaluations should be focused on job performance—not individuals.

Relevancy includes 3 aspects in terms of the evaluation:

- 1) Deficiency: when evaluation doesn't focus on all aspects of the job
- 2) Contamination – opposite of deficiency when activities not part of the job are included in the evaluation
- 3) Distortion – occurs in the evaluation process when an improper emphasis is given to various job elements.

Improving Evaluations: Are employee evaluations the most important human resources function in an organization? Yes

Suggestions for improving effectiveness of evaluations:

- 1) higher levels of employee participation in the evaluation process --→ results in more satisfaction with the system
- 2) setting specific performance goals to be met results in greater performance improvement than discussing of general goals
- 3) do not just focus on problem areas-- recognize the positive areas
- 4) provide continuous, ongoing feedback throughout the year

Many firms are now using Multisource Feedback; 360 degree approaches because they are more fair, credible and there is clarity.

For example—if you're a manager in a software company, you have your supervisor evaluate you, your supervisees evaluate you, the secretary of the department evaluate you.

Best Practices of 360 degree process:

- 1) use 360 degree feedback primarily for individual development
- 2) integrate the 360 degree feedback with other activities – follow it up with coaching, training, goal setting
- 3) link the feedback process with the overall strategy and direction of the firm – build in customers if the firm's strategy is to become more customer focused.
- 4) Use internal coaches to leverage the investment – coaches can help employees interpret results and create plans for improvement

Reinforcement Theory -----→ learning theorists say reinforcement is the most important principle of learning.

Desirable or reinforcing consequences increases strength of a behavior and increase its probability of being repeated.

Undesirable or punishment/consequences will decrease the strength of a response and decreases its probability of being repeated.

Operant Conditioning --- attempts to influence behavior through the use of reward and punishment.

Reinforcement ----→ managers use positive reinforcers to influence behavior; it is a stimulus that strengthens the probability of a behavior. It has to have value--- be desirable to the employee.

A Negative reinforce can be used ---→ refers to an increase in the frequency of a response following the removal of the negative reinforcers immediately after the response.

Example – Elie makes a great effort to complete his job—and it is negatively reinforced by not having to listen to his nagging boss (undesirable) Doing the job through his increased effort minimizes the likelihood of listening to his nagging boss (negative reinforcer).

Punishment --→ unwanted or uncomfortable consequence for a certain response; example is being demoted or criticized by your manager; it is a form of behavior modification.

Extinction --→ reducing unwanted behavior; when positive reinforcement for a learned response is withheld, individuals will continue to show the behavior for a period of time.

However—after a while if the non-reinforcement continues, the behavior will decrease in frequency and intensity and eventually disappear.

### Reinforcement Schedules

It's important to time the rewards or punishments used in an organization.

Research supports that higher rates of response are usually achieved with ratio rather than interval schedules.

### The main objective of reward programs are to:

- 1) attract qualified people to join the organization
- 2) keep employees coming to work
- 3) motivate employees to achieve high levels of performance

### What determines if an employee will be satisfied with rewards?

- 1) Satisfaction with a reward is a function both of how much is received and of how much the individual feels should be received.
- 2) An individual's feeling of satisfaction are influenced by comparisons with what happens to others.
- 3) Satisfaction is influenced by how satisfied employees are with both intrinsic and extrinsic rewards.
- 4) People differ in the rewards they desire and in how important different rewards are to them.
- 5) Some extrinsic rewards are satisfying because they lead to other rewards.

### Extrinsic and Intrinsic rewards-----→

extrinsic: initiated from outside the person; like praise

Intrinsic: it is self-administered; gives you gratification for a job well done

Extrinsic----→ money is a major extrinsic reward.

However—employees need to see a connection between performance and merit increases otherwise money will not be a powerful motivator.

### Organizations usually offer some type of incentive plan to motivate employees. Here are the issues to consider:

- 1) how effective is it in creating the perception that pay is related to performance?
- 2) How well does it minimize the perceived negative consequences of good performance?
- 3) How well does it contribute to the perception that important rewards other than pay result in good performance? (praise and interest shown in employee)

Implications: should pay systems be private or public in organizations?

### Openness or secrecy?

A totally open system is usually preferred where performance is measured in objective terms.

Interpersonal Rewards - a manager can deliver a reward like status and recognition by assigning employees to prestigious jobs. Giving employees customized key chains is another example—with their name and hire date.

### Administering Rewards - how can a manager administer a reward? Three approaches:

- 1) Positive Reinforcement – you focus on the relationship between the behavior and its consequences; know how your employees respond to the different reward schedules—continuous, fixed-interval and fixed-ratio schedules.
- 2) Modeling and Social Imitation – here we focus on observational learning or imitation. The person needs to observe models receiving reinforcements that are valued.



**Managers can experiment with innovative methods reward programs.**

Examples are:

1) Skill based pay – traditionally workers are based on basis of their job.

In a skill based plan employees are paid at a rate based on their ability to develop and apply personal skills, they receive increases as their skills develop

2) Broadbanding – in this model, a pay system reduces the actual number of pay grades to a relatively few broadly based pay grades. The emphasis is on titles, grades and job descriptions. So—you place all managers in one band, all technicians in another band.

3) Concierge Benefits – some companies are using concierge services like a butler for the employee to use to make a restaurant reservation or finding a mechanic to repair his/her car, personal shopping. About 5% of companies offer this service.

4) Team Based Rewards – we honor individual based rewards and individualism in America.

However—in situations where teams are interdependent —then you can award a region or division.

5) Part-Time Benefits – working less than 35 hours a week is considered part-time and the talent shortage has resulted in more employers relying on part-timers.

About 80% of employers provide vacation, holiday and sick leave benefits UPS and Starbucks provide part-timers with generous benefits packages, including health insurance.

6) Gain Sharing -- this program provides employees with a share of the financial benefits the company accrues from improved operating efficiencies and effectiveness.

In this model—we look at the labor costs to produce goods or services during a time period—and if future labor costs are less, a portion of the savings is shared with the employees responsible for the cost savings.

A safety program is an example of this – where bonus pay is given each month there are no injuries. We call this Gain-Sharing.

7) Employee Stock Ownership Plans – a recent development in reward systems – companies make contributions of stock to employees, it maybe based on seniority, can provide a nice nest egg for employees when it's time to retire.



## Ch. 10: Groups and Teams

Group – two or more people interacting with each other to achieve a goal.

- accountable to a manager and are randomly formed
- have varied mix of skills
- members create and share norms of performance and behavior

Teams – mature groups with a degree of member interdependence and motivation to achieve a common goal.

- are internally accountable to one another
- each member's skills complement other team member's skills
- share a culture, set of rituals and processes and a philosophy of how to work together
- over time teams develop synergy or special energy by leveraging creativity, actions, behaviors

A team could start out as a group, but not all groups become mature and interdependent or a team.

Both groups and teams provide structure for the work and interaction of their members.

Members can perform specific technical, leadership, problem solving and emotional roles.

### The Nature of Groups

We are all members of groups ----→ school work, family, social and religious/spiritual groups.

Some are temporary, permanent, formal or informal, some are and aren't successful groups.

Some groups bring out the best and some the worst in us.

Requirements for a group:

- There must be 2 or more individuals for it to be a group
- There must be some form of exchange or communication between individuals
- There must be a goal to be accomplished; a common purpose

Types of Groups:

Formal Groups – a group formed by management to accomplish goals of the organization

Informal Groups – if members associate on a continuous basis, developed around common interests and friendships rather than around an organizational goal.

Formal Groups: There are 2 types:

- 1) Command – a group of subordinates who report to a supervisor; a manager and supervisees
- 2) Task – group of employees working to complete a task/project.

Informal Groups: natural groupings formed as a result of social needs; they evolve naturally, like this class of folks who are nice and supportive—and enjoy winning avocados and gel pens as incentives. It could be a group of you who agree to volunteer one Saturday a month to visit a homeless shelter to feed the residents.

Informal Groups could be:

- 1) Interest Groups – you and others form a group to present something to management like better benefits.
- 2) Friendship Groups – members have something in common, like age, ethnic background, athletes, etc.

### Why People Form Groups:

- some needs will be satisfied – such as social needs, security, esteem
- proximity and attraction; attraction of people to each other because of perceptual, performance, attitudinal or motivational similarity.
- Groups goals are shared by people
- Economic benefits if the group members work together; if on an assembly line and group paid based on group incentive program--→ where production of the group determines wages for each member. If they work well together—everyone benefits by receiving more pay.

### Stages of Group Development:

- performance of group depends on individual learning and how well members work with one another

Generally—there are 5 stages of development:

- 1) Forming – there's uncertainty about purpose and who is leader; members try to define their roles; patterns of interaction are tried and if not successful are discarded.
- 2) Storming – there's conflict and confrontation here; members compete for desired assignments and disagreements emerge; so some tasks are redefined; members decide if they want to commit to the tasks; conflict needs to be managed effectively.
- 3) Norming – now we have cooperation and collaboration; group cohesion begins now; open exchange of information; it's ok to discuss differences; norms are established and agreed on; leadership and other roles established.
- 4) Performing – group is now fully functional; groups structure is set and roles are understood; group focuses its energy and efforts on completing tasks.
- 5) Adjourning – terminating group activities; the group may be permanent and continue to meet.

### Characteristics of Groups:

**Composition** – the extent to which group members are homogeneous (alike) and share characteristics like race, gender, education, background, skills or work experience.

**Homogeneous groups** tend to be more cohesive than heterogeneous groups; but heterogeneous groups may generate more creative ideas because of the richness of knowledge, information and experience.

**Heterogeneous** – share few or no characteristics.

**Status Hierarchy** – status a function of seniority; this person may have more technical knowledge to share with others

**Roles** – positions have roles—and a leader is expected to lead, organize and control; the person needs to enact the role—meaning they act it out; role conflict can emerge when the person doesn't act effectively in their role.

**Norms** - standards shared by members of group; are respected if they have significance for the group; if production is important then a production norm will evolve; norms are accepted by various degrees by members; they need to apply to all members; norms regulate many aspects of the member's behaviors;

**Norm Conformity** – why do members conform? Variables that influence conformity are:

- 1) personal characteristics of the member – highly intelligent people less likely to conform
- 2) situational factors – group size and structure; conformity less in large groups;
- 3) intergroup relationships – the kind of pressure the group exerts and degree member identifies with the group.

**Leadership** - in formal groups, the leader has legitimate, sanctioned power; can reward or punish.

In self managed teams (SMT's) the members share leadership duties

In informal groups the leader is generally a respected and high status member that embodies the values of the group and enables members to have their needs satisfied.

Cohesiveness – formal and informal groups are close—cohesive is a force and it enables members to be attracted to one another; they are motivated to be together and there's effective group performance; as cohesiveness increases the level of conformity to group norms also increases.

**Cohesiveness and Performance:**

- if cohesiveness is high and if groups accepts organizational goals then group behavior will probably be positive
- if group is highly cohesive but if goals aren't congruent with the organization's goals, then group behavior probably will be negative.
- If group is low in cohesiveness and members have goals not in agreement with management then the results will probably be negative
- If group is low in cohesiveness and member's goals agree with those of the organization, the results will probably be positive but on the individual basis and not on a group basis.

**Groupthink** ----→ the deterioration of mental efficiency, reality testing and moral judgment in the interest of group solidarity.

Characteristics of groupthink:

- illusion of invulnerability (group members believe they are invincible)
- feeling of unanimity – all group members support the leader's decision
- tendency to moralize – if you oppose the group, you are weak, evil or unintelligent
- pressure to conform – discourage discussion of divergent views, pressure put on members to conform
- opposing ideas dismissed – anyone who opposes the decision receives little attention

Example of the tragic doomed space shuttle Challenger on January 28, 1986 maybe an example of groupthink.

**Types of Teams:**

1) Problem Solving Teams -- usually temporary duration and exist to solve problems.

**Quality Circles** are a permanent problem solving team; a team of employees committed to recommending and implementing work and product improvements and solving quality related problems. You have 6-12 employees trained in work processes.

**Cross-Functional Teams** consists of members from different functional departments like engineering, marketing or human resources and they address a specific problem; uses skills, competencies and experience of individuals from diverse areas within a firm can increase camaraderie, trust and performance.

At Boeing – a cross functional team of specialists is stationed in one location to oversee the global production network of the company's twin engine, long haul 787 aircrafts.

**Virtual teams** were created in response to increased competition, need for faster decisions and technological advancements. You work across distances via email, desktop and real time conferencing, videoconferencing, electronic bulletin boards. Virtual teams can be connected via computer and telecommunications technology. The team is geographically separated but assembled through technology to accomplish a specific goal.

## Ch. 11: Managing Conflict and Negotiations

**Conflict is neither inherently good nor bad—but is inevitable.**

You don't want lots of it because of its negative consequences and requires time and resources to deal with it.

Too little conflict can be negative too because it results in apathy and little impetus for change and innovation.

The issue is how to manage conflict

**Functional Conflict** --> confrontation between groups that enhances and benefits the organization's performance.

- It can lead to increased awareness of problems needing to be addressed, result in broader and more productive searches for solutions and facilitate positive change, adaptation and innovation.

**Dysfunctional Conflict** --> any confrontation or interaction between groups that harms the organization or hinders achievement of organizational goals.

Every organization has an optimal level of conflict that is considered functional—meaning it can generate positive reinforcement.

If conflict level is low----> performance can suffer--> innovation and change less likely to occur.

If conflict level becomes too high -----> it can threaten the organization's survival.

Stages of Conflict -

Perceived Conflict: the first stage of the conflict process; there is cognitive awareness on the part of at least one party that events have occurred or that conditions exist favorable to creating overt conflict.

Perceived conflict may or may not lead to Felt Conflict where there's an escalation with emotional involvement; anxiety, tension hostility is felt; it can have positive or negative outcomes.

Manifest Conflict - the last stage and it's perceived and felt—and acted on.

In manifest conflict --- groups are actively in conflict through verbal, written or physical attacks.

Manifest conflict is likely to have longer lasting effects than perceived or felt conflict.

**What Causes Intergroup Conflict?**

- 1) Work Interdependence ----> occurs when two or more organizational groups depend on one another to complete tasks.

There are 3 types of interdependence among groups:

- Pooled Interdependence: interdependence that requires no interaction between groups because each group performs separately.
- Sequential Interdependence: interdependence that requires one group to complete its task before another group can complete its task; you see this in manufacturing plants, assembly lines.
- Reciprocal Interdependence: interdependence that requires the output of each group in an organization to serve as input to other groups in the organization. In a hospital—the anesthesiology staff, nursing staff, technician staff and surgeons must interact effectively with each other. They are a high level of reciprocal interdependence.



## Ch. 12: Power, Politics and Empowerment

What is Power?

It's a pervasive part of the fabric or organizational life.

We need to understand it, how and when to use it and being able to anticipate its probable effects.

### THE CONCEPT OF POWER

To understand how organizations operate—we need to understand power.

Power and influence can be used interchangeably .

But—there is a difference because influence is a transaction—where you are induced to change as a result of another person's influence on you.

Power is the capability to get someone to do something.

Power is the potential to influence: you may have power (the capacity to influence) but not use it

Influence is the power in action - you cannot influence anyone without power.

SYMMETRICAL ---→ some power relationships in organizations are symmetrical; both parties are equal—have same amount of power

Symmetry can be changed—people and groups gain or lose power. Other power relationships are assymetrical (unequal)

### WHERE DOES POWER COME FROM?

It can come from many places in an organization.

Power facilitates an organization's adaptation to its environment the people and groups in it assist the organization in adapting—so they hold the power.

Interpersonal and Structural

### INTERPERSONAL POWER

There are 5 bases of power according to French and Raven:

- 1) Legitimate: capacity to influence derived from the position of a manager in the organizational hierarchy; subordinates need to comply.

This person has authority—the ability to influence others based on the perceived power of his/her position in the organization.

- 2) Reward Power: based on a person's ability to reward a follower for compliance .

It occurs when someone has a resources that another person wants and is willing to exchange that resource in return for a certain behavior. Examples of rewards: recognition, pay raise, The reward obviously needs to have value for the individual. An avocado may not be valued by employees—but a gel pen might.

- 3) Coercive Power: this is the opposite of reward power—it's the power to punish. Followers may comply out of fear.

A manager may block a promotion or criticize an employee for poor performance.

- 4) Expert Power: the capacity to influence related to some expertise, special skill or knowledge; the expertise may be technical, administrative; a salesperson has a knack of landing new accounts; the software developer that solves our problems; the more tough it is to replace the expert—the more valuable he/she is and the more power they have.

- 5) Referent Power: power based on a subordinate's identification with a charismatic superior; you may be influenced by a person's personality or behavioral style; by the charisma of the person; a person with charisma is admired because of their characteristics.

Charisma is what Jack Welch has; the former CEO of General Electric and Steve Jobs. Any other charismatic leaders?



**STRUCTURAL POWER** -----→ power is prescribed by the structure of the organization.

The structure of the organization is the control mechanism by which the organization is governed.

In the organization's structural arrangements—decision making discretion is given to certain positions.

Structure also affects patterns of communication and flow of information.

Example: in a bank, the loan officer has formal power and authority to reject a loan application.

Every organization has its unique structure and power will be distributed in different ways.

Organizations with fewer levels of management have more distributed power than more traditional multilevel organizations with several layers of management.

**RESOURCES**-----→ power stems from access to resources, information, support, ability to get cooperation for necessary work.

Power results from open channels to resources like money, human resources, technology, materials, customers.

Top level folks have more power to allocate resources than do other managers further down the hierarchy.

**INFORMATION POWER** ---→ knowledge is considered more powerful sometimes-- more so than any part or structure of an organization.

Knowledge is defined as a conclusion or analysis derived from data and information.

Data are facts, statistics.

Microsoft, Google, Walmart, Amazon and Nokia did not become profitable companies because they were richer than Chrysler, General Foods or Sears,

They utilized and leveraged their intellectual capital more effectively.

They used their knowledge, information, experience and creativity of employees to gain a competitive advantage.

**EMPOWERMENT** -----→ encouraging and/or assisting individuals and groups to make decisions that affect their work environment.

A process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information.

What is self-efficacy? It is a belief in one's effectiveness, if you are high in self-efficacy—you are confident, self-assured and likely to be successful in whatever endeavors you undertake.

Organizations try to increase their employee's self-efficacy and empowerment.

Self-efficacy strengthens effort-performance expectancies.

Organizations want to create a culture of contribution—where each employee has decision-making authority and the success of the company depends on the contribution the employee makes.

Empowerment is not usually embraced because of the following:

- managers fear the loss of power, control and authority
- employees are not able to make responsible decisions
- empowering employees was attempted before and it failed
- sharing proprietary information means leaking ideas, plans and knowledge to competitors.
- Not everyone wants to be empowered

**COPING WITH UNCERTAINTY**-----→ there are 3 types of coping activities;

- coping by prevention --- where a subunit works at reducing the probability that that some problem will arise.  
An example is designing a new product to prevent lost sales because of new competition in the marketplace.
- coping by information --- the use of forecasting is an example here.  
Possessing timely forecasting information enables a subunit to deal with such events as competition, strikes, shortages of materials and shifts in consumer demand.
- coping by absorption --- dealing with uncertainty as it impact the subunit; one example is when a subunit takes a problem employee from another subunit and attempt to retrain them. This is done as a favor so that the other subunit will not have to go through the pain of terminating or continuing to tolerate the employee.

**POLITICAL STRATEGIES AND TACTICS** -----→ \* behavior that is outside the legitimate, recognized power of units

- behavior designed to benefit an individual at the expense of the organization
- behavior that is intentional and designed to acquire and maintain power

Political skills broken down into the following 4 factors:

- social astuteness
- interpersonal influence
- networking ability
- apparent sincerity

Social astuteness is the strongest predictor of supervisor ratings and leadership effectiveness – being sensitive to needs of others.

**POLITICAL INFLUENCE TACTICS** -----→

- consultation: used to gain support for an action you want to take
- rational persuasion: used to convince you an action is logical; in your best interest
- inspirational appeals: used to gain support by appealing to your values or ideals
- ingratiating tactics: used to create a sense of obligation because someone is doing something nice for you
- coalition tactics: used to gain your support by seeking the help of others to persuade you
- pressure tactics: used to gain your support through demands, intimidation or threats
- legitimating: used to gain your support by claiming the authority to ask for your support—is consistent with organizational policy
- personal appeals: used to appeal to your feelings of loyalty and friendship to gain your support
- exchange tactics: used to gain your support by the promise that you will receive a reward or benefit if you comply.

Inspirational appeals and consultation tend to be most effective.

**Research shows that individuals who use: ingratiating and logic to convince others of an action have a greater chance of succeeding in their careers than others who don't use them.**

An individuals use of pressure tactics resulted in positive and negative outcomes.

Their use had a negative effect on the individual's supervisory assessment but a positive effect on the employee's receipt of pay and promotions.

Individuals who aggressively seek out and ask for pay increases and promotions are more likely to receive them.

**IMPRESSION MANAGEMENT** --→ a political strategy that refers to actions individuals take to control impressions others form of them.

Impression management is universal; it helps you gain favorable outcomes; don't convey a false impression though; mislead.

You want to emphasize the positive; self-promotion by explaining your accomplishments is OK

Self-Handicapping: when you do something in advance of an outcome that is designed to be an excuse for failure.

**ETHICS, POWER AND POLITICS ----->**

If the use of power is outside the bounds of formal authority, policies, procedures and organizational goals--- it is political in nature.

Ethical issues may be present now---> such as bribing government officials, lying to employees and customers, polluting the environment.

Managers confront ethical dilemmas in their jobs—and they have an ethical responsibility to do the right thing.

The manager's behavior must satisfy certain criteria to be ethical:

- 1) Utilitarian Outcomes: the manager's behavior results in optimization of satisfaction of people inside and outside the organization; results in the greatest good for the greatest number of people.
- 2) Individual Rights: manager's behavior respects the rights of all affected parties; respects human rights of free consent, free speech, freedom of conscience, privacy, due process
- 3) Distributive Justice: manager's behavior respects the rules of justice; it does not treat people arbitrarily but rather equitable and fairly.

## Chapter 15: Leadership

We'd like to know why some organizational members have become leaders while other haven't

Why some leaders are successful while others are not.

Remember—leadership qualities in one situation may be different than ones required in another situation.

Leaders need to deal with 3 variables:

- 1) people being led
- 2) task people they are performing
- 3) the environment of the people and task

Leadership: process of influencing people to facilitate the attainment of organizationally relevant goals.

There are 4 characteristics leaders share:

- 1) provide direction and meaning to people they are leading
- 2) generate trust
- 3) the favor action and risk taking
- 4) they instill hope, in tangible and symbolic ways they reinforce they will succeed

### Why behavioral and trait approaches fall short?

Primarily because they don't take into account the task and environmental considerations.

## TRAIT THEORIES OF LEADERSHIP

Identifying specific characteristics such as physical, mental personality that are associated with leadership success; relies on research that relates various traits to success criteria.

We look at intellectual, emotional, physical and other traits of effective leaders.

- 1) Intelligence: leaders tend to be more intelligent than followers; however you don't want extreme differences in IQ between leader and followers; emotional intelligence is a better predictor of leadership ability in certain contexts
- 2) Personality: ability to initiate action independently was related to respondent's level in an organization, the higher the person went in the organization, the more important this trait became; self-assurance related to position in organization; one's who showed individuality were most effective leaders;
- 3) Physical characteristics: we have contradictory results here looking at age, height, weight and appearance in relation to effective leadership; some believe a physically large person is needed to get compliance from others; using coercive power; yet Gandhi, Truman, Napoleon, Stalin were small who were powerful leaders.

Other traits include drive, motivation, integrity, self-confidence, ambition, honesty.

BEHAVIORAL APPROACHES ----- here we look at leader behavior and its impact on performance and satisfaction of the followers.

Job centered and employee centered leadership:

- 1) job centered leader focuses on encouraging employees to complete tasks and uses close supervision so employees perform their tasks using acceptable and timely procedures.
- 2) Employee centered leader focuses on having employees complete their work and believes in delegating decision making and aiding employees in satisfying their needs by creating a supportive work environment.

The employee centered leader is concerned with the follower's personal development, advancement, and achievement.

SITUATIONAL APPROACHES ---> we need to focus on the situational factors;

Fiedler's Contingency Leadership Model

The focus here is on how the performance of groups is dependent on the interaction between leadership style and situational favorableness.

There are 3 factors that determine how favorable a leader's environment is:

- 1) leader member relations: degree of confidence, trust, respect the followers have in their leader
- 2) task structure: the extent to which the tasks the followers are engaged in are structured; do followers have clearly specified tasks?
- 3) Position power: the power inherent in the leadership position; generally greater authority equals greater position power

Having all 3 creates the most effective favorable situation for the leader.

You also look at whether leaders are task or relationship oriented.



**Vroom-Jago Leadership Model** --- a normative model – provides norms for leaders making decisions in different situations; they assumed no one single leadership style was best; rather the leader needed to be flexible enough to change leadership styles to fit specific situations.

These are the assumptions they made:

- 1) model should be of value to managers in determining which leadership styles they should use in various situations
- 2) no single style is applicable to all situations
- 3) the main focus is on the problem to be solved and the situations it occurs in
- 4) the leadership style in one situation should not constrain the styles used in other situations
- 5) several social processes influence the amount of participation by subordinates in problem solving

There are 3 pieces to consider here:

- 1) decision effectiveness – to select the decision making process you need:
  - a) decision quality: the degree to which the decision impacts job performance
  - b) subordinate commitment – refers to how important it is for the subordinate to be committed to accept the decision so it can be implemented successfully.

Decision Styles: there are 2 types of decision situations:

- 1) individual Decision Situations: where the solution only affects one of the leader's followers.
- 2) Group: decision situations that affect several followers

There are the following Leadership Styles:

- 1) Autocratic: leader makes decisions without input from subordinates or leader gets input from subordinates
- 2) Consultative: subordinates have some input—but leader makes the decision
- 3) Group: group makes the decision; the leader is just a group member
- 4) Delegated: you give exclusive responsibility to subordinates

Diagnostic Procedure: to determine the most appropriate decision making style for a given situation consider the following:

- 1) HOW IMPORTANT IS THE TECHNICAL QUALITY OF THE DECISION?
- 2) HOW IMPORTANT IS SUBORDINATE COMMITMENT TO THE DECISION?
- 3) DO YOU HAVE SUFFICIENT INFORMATION TO MAKE A HIGHQUALITY DECISION?
- 4) IS THE PROBLEM WELL STRUCTURED?
- 5) IF YOU MADE THE DECISION YOURSELF—WILL YOUR SUBORDINATES BE COMMITTED TO THE DECISION?
- 6) DO SUBORDINATES HAVE SUFFICIENT INFORMATION TO MAKE A HIGH LEVEL QUALITY DECISION?

**Path-Goal Leadership Model** ----> attempts to predict leadership effectiveness in different situations.

In this model—leaders are effective because of their positive impact on followers' motivation, ability to perform and satisfaction

The leader influences the follower's perceptions of work goals, self-development goals and paths to goal achievement.

Path Clarification – the leader's efforts to clarify for employees the kind of behavior most likely to result in goal accomplishment.

We look at personal characteristics of subordinates; environmental pressures, demands subordinates work under to get work done; satisfaction.

**Hersey-Blanchard Situational Leadership Theory** ---> this theory advocates leaders understand their own behavior and the readiness of their followers; requires diagnostic skills in human behavior on part of the leader

Emphasis here is on the maturity level of leader; leader needs to be intuitive and know the readiness level of followers,

Readiness is job and psychological if high in job readiness—has knowledge and ability to perform job without manager's guidance

If high in psychological readiness--- they have self-motivation and desire to do quality work

There are 4 leadership styles

- 1) Telling- leader defines roles, tells followers how, what, when to do tasks
- 2) Selling – leader gives followers structured instructions and is supportive
- 3) Participating – leader and followers share in decision making to do quality work
- 4) Delegating – leader provides little, specific direction or support

Charismatic Leadership ---→ examples are JFK, Walt Disney, Winston Churchill and Ray Kroc.

They had a charisma about them—kind of like how Ahmed and Valerie; a gift of exceptional qualities, enabling them to motivate followers to outstanding performance.

They play a vital role in creating change.

Some charismatic leaders are perceived as heroes. They create an atmosphere of motivation based on an emotional commitment, other identify with them and their philosophy.

Charisma is Greek for “gift” it suggests having charm and personal magnetism to the degree that others will endorse your vision and follow you.

Charismatic Leaders have the ability to inspire, a dominating personality, vision and they are great communicators.

However—you don't need to be charismatic to be a great leader—such as with Bill Gates who is not charismatic.

He is analytical, innovative and efficient and successful.

TWO TYPES OF CHARISMATIC LEADERS ----→ Visionary and Crisis-Based

Visionary: vision is about what the future can be; communicating effectively, leader links follower's needs/goals to organizational goals.

Crisis-Based: these leaders have an impact when the system must handle a situation for which existing knowledge, resources or procedures aren't adequate.

Example: Tylenol laced with cyanide—1982—Johnson & Johnson CEO James Burke handled crisis very well in Chicago -- when 5 people died from Extra Strength Tylenol with cyanide. Burke recalled the product immediately. Lab results showed capsules were laced with cyanide. The perpetrator was never found.

Burke had a 3 phase company effort: 1) determine what happened  
2) assess and curtail the damage  
3) restore Tylenol back into market

#### TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP

Transactional Leader --- helps the follower identify what must be done to accomplish desired results and ensures employees have resources to do the job well.

This leader relies on contingent rewards, reinforcement that is extrinsic

Interestingly—not all employees want a small pay increase, letter from the CEO, etc.

TRANSFORMATIONAL LEADERSHIP ----→ motivates followers to work for goals instead of short term, self-interest or security.

Here - the reward is self-actualization and internal. The leader articulates the vision and followers follow him/her; these leaders may overhaul the organizations structures, philosophy, mission and culture.

This leader uses charisma and attitudinal strategies. The following are characteristics of transformational leaders:

- 1) charisma- leader instills a sense of value, respect and pride to articulate vision
- 2) individual attention – leader pays attention to follower's needs and assigns projects so they grow
- 3) intellectual stimulation – leader helps followers to think in rational ways to look at things, fosters creativity
- 4) contingent reward – leader permits followers to work on tasks and doesn't intervene unless goals aren't accomplished in reasonable time and cost

Transformational Leadership found to be linked to an organization's socially oriented initiatives.

Corporate Social Responsibility – actions a corporation takes to promote the public good beyond what is required by law or interest of stakeholders.

Ben & Jerry's donates over a million a year to support community initiatives and Newman's Own donated \$280 million last 26 years to charitable causes

## Ch. 16: Organizational Structure and Design

Managers are responsible for coordinating design – coordinating effort through the design of a structure of task and authority relationships.

Managers make a conscious effort to predetermine how employees do their work.

Structure refers to relatively stable relationships and processes of the organization.

The structure of an organization is a framework – looking at the differentiation of positions, rules and procedures and prescription of authority.

Structure regulates and reduces uncertainty in employee behavior.

Organizations are goal oriented and purposive. What does this mean?

How does management contribute to organizational effectiveness?

How are structural decisions reflective of organizational values, ethics and environmental considerations?

**ORGANIZATIONAL DESIGN** ----> a specific organizational structure that results from managers' decisions and actions.

Is this what you do as a manager?

- 1) decide how to divide the overall task into smaller jobs; divide work into specialized abilities and responsibilities; focus on degree of specialization.
- 2) Managers decide how to group individual jobs; which groups do certain jobs.
- 3) Managers decide the size of the group; look at span of control and decide if should be narrow or wide.
- 4) Managers distribute authority among the jobs; all jobs contain some degree of the right to make decisions within prescribed limits;

**DIVISION OF LABOR** ----> the extent to which jobs are specialized; managers divide the total task of the organization into specific jobs with specified activities.

**REMEMBER** ----> as societies become more and more industrialized and urbanized craft production gives way to mass production.

Mass production depends on the ability to obtain the economic benefits of specialized labor and the most effective means for obtaining specialized labor is through organizations.

**DIVISION OF LABOR IN ORGANIZATIONS OCCURS IN 3 WAYS:**

- 1) Personal Specialties --- this includes folks who are lawyers, scientists, software engineers, accountants who work for organizations.
- 2) Natural Sequence of Work – manufacturing plants divide work into fabricating and assembly; also called horizontal specialization.
- 3) Vertical Plane --- all organizations have a hierarchy of authority from the lowest level manager to the highest level manager.

Managers can alter an organization's structure by changing the degree of specialization of jobs.

**DELEGATION OF AUTHORITY** ---> managers decide how much authority is delegated to each job and each jobholder.

Delegation of Authority refers to making decisions; the process by which authority is distributed downward in an organization.

**REASONS TO DECENTRALIZE AUTHORITY** ---→ organizations that decentralize authority enable managers to make significant decisions, gain skills, and advance in company.

Managers are allowed to make decision on broad range of issues. It gives them training and opportunities to make important decisions and upper management can better evaluate their performance.

Also—high delegation of authority can lead to a competitive climate within the organization. Managers are motivated to contribute in this competitive atmosphere since they're compared to their peers on various performance measures.

For example, the manager can compete on sales, cost reduction, employee development targets

Managers with high authority can exercise more autonomy and satisfy their desires to participate in problem solving.

It can lead to managerial creativity and ingenuity—contributing to adaptiveness and development of the organization and managers.

**REASONS TO CENTRALIZE AUTHORITY** --→

- 1) Because managers must be trained to make decisions consistent with delegated authority.
- 2) Managers are accustomed to making decisions and resist delegating authority to subordinates.
- 3) Administrative costs are incurred because new or altered accounting and performance systems must be developed to provide top management with information about the effects of their subordinates decisions.
- 4) Centralization is sometimes preferred because decentralization tends to duplicate functions.

Each autonomous unit must be truly self-supporting to be independent and this involves a likely high cost for duplication.

**DEPARTMENTAL BASES** ---→ bases are created throughout the organization to coordinate work; specialized jobs must be coordinated but not by a single manager.

**DEPARTMENTALIZATION** -----→ the manner in which an organization is structurally divided; some of the more publicized divisions are by function, territory, product, customer and project.

- 1) **Functional Departmentalization** ---→ when managers combine jobs based on the functions of the organization.

Example: functions of a manufacturing firm are:

- a) production
- b) marketing
- c) finance
- d) accounting
- e) human resources

The firm needs to do this to sell a product, create and produce it.

What are the functions of the organization you work for?

Manufacturing organizations have functions like:

- a) engineering
- b) accounting
- c) reliability
- d) human resources
- e) finance
- f) purchasing
- g) public relations
- h) distribution

**GEOGRAPHIC DEPARTMENTALIZATION** ----→ the activities of a certain region are assigned to a manager who is in charge of operations; managers may be assigned to territories and they are evaluated on their ability to manage effectively and they report to a regional manager.



**PRODUCT DEPARTMENTALIZATION** -----> managers of large organizations group jobs based on product

All jobs related to producing and selling a product will be placed under direction of one manager.

As a company grows it is difficult to coordinate the various functional departments and its advantageous to establish product units.

Question: how has the organizational structure of using products as the basis of departments been a key development for modern capitalism?

Discuss Milton Friedman briefly and his theoretical formulations—specifically:

*Economic freedom is a precondition for civil and political freedom. Why?*

**CUSTOMER DEPARTMENTALIZATION** -----> customers can be a basis for grouping jobs.

Examples of customer oriented departments are the organizational structures of educational institutions.

Some colleges have day and evening classes and extension divisions.

The loan department in a bank is another example of customer departmentalization.

Loan officers are associated with industrial, commercial or agricultural loans.

Some department stores are departmentalized on a customer basis; they have groupings such as retail store customers, mail order customers, government customers.

**THE MATRIX MODEL OF ORGANIZATIONAL DESIGN** -----> attempts to maximize the strength and minimize weaknesses of functional and product bases.

Public health and social service agencies are matrix organizations.

Matrix organizations achieve the desired balance by superimposing a horizontal structure of authority, influence and communication on the vertical structure.

For example—an employee is assigned to a functional department and a particular product or project.

For example—manufacturing, marketing, engineering and finance specialists are assigned to work on one or more projects or products.

#### ADVANTAGES OF MATRIX ORGANIZATIONS

- 1) efficient use of resources each project or product unit can share resources and there's less duplication
- 2) flexibility in conditions of change and uncertainty; there's more timely responses to change because info. and communication is available to the right employees; information goes horizontal and vertical; employees exchange technical knowledge resulting in quicker response to competitive conditions.
- 3) Technical excellence; technical specialists interact with other specialists, encourages cross fertilization of ideas.
- 4) Freeing top management for long term planning; top management not as involved with day to day operations.
- 5) Improving motivation and commitment; project and product teams with specialized knowledge make decisions that are participative and democratic and this fosters higher levels of motivation and commitment.
- 6) Providing opportunities for personal development; employees get exposed to and appreciate the different points of view and are more aware of the total organization.

**SPAN OF CONTROL** -----> the number of subordinates reporting to a superior; the span is a factor that affects the shape and height or an organizational structure.

Ask—how many employees can a manager oversee? Will the organization be more effective if the span of control is wide or narrow?

Here's the issue: what we need to do is not concern ourselves with the number of employees the manager supervises--- but the frequency and intensity of the actual relationships that are important.

Three factors need to be identified: 1) Required Contact                      2) degree of Specialization                      3) Ability to Communicate

**Required Contact:** in research and development and medical and production work, there is a need for frequent contact between manager and supervisee. It all depends on the service or product.

**Degree of Specialization:** the span of control is determined by degree of specialization; manager at the lower organizational level can oversee more subordinates because work at the lower level is less specialized and less complicated.

**Ability to Communicate:** instructions, guidelines and policies must be communicated verbally to subordinates; the need to discuss job related functions influences span of control.

If you have high emotional intelligence—you can communicate clearly and concisely with more subordinates and you can manage more people compared to managers who have poor communication skills.

**DIMENSIONS OF STRUCTURE** -----→ There are 3 dimensions: formalization, centralization and complexity

**Formalization** -----→ the extent to which expectations regarding the means and ends of work are specified, written and enforced.

A highly formalized organization has rules and procedures to prescribe what employees are doing.

Formalization is the result of: high specialization of labor, high delegation of authority, using functional departments and wide spans of control.

Example: high specialization of labor: auto industry where worker has little voice regarding his work.

High delegation of authority: need checks and reporting on how authority is used

Functional departments: jobs with similarities; jobs brought together like accountants, engineers and machinists.

Wide spans of control: this discourages one on one supervision; too many employees to supervise; so reports are given to manager.

**Centralization** -----→ refers to the location of decision making authority in hierarchy of organization; decision making and control.

The higher the specialization of labor --→ the greater the centralization.

The less authority that is delegated--→ the greater the centralization.

The greater use of functional departments ----→ the greater the centralization because using functional departments means more activities need to be coordinated.

The wider the spans of control ---→ the greater the centralization.

**Complexity** -----→ the direct outgrowth of dividing work and creating departments; refers to the number of different jobs or units in an organization.

The more the units and divisions---- the more complicated managerial and organizational problems become.

The greater the specialization of labor ----. The greater the complexity.

The greater the delegation of authority the greater the complexity of the organization.

The greater use of geographic, customer and product bases the greater the complexity.

Narrow spans of control are associated with high complexity; narrow spans are necessary when jobs are different and specialized.

## ORGANIZATIONAL DESIGN MODELS

- 1) **Mechanistic Model** -----→ a type of organizational design emphasizes the importance of production and efficiency; it is highly formalized, centralized and complex.

We define principles that guide managers in doing their work; control and planning.

**Henri Fayol**—one of the pioneers of management—wrote about the following principles:

- a) **Specialization:** Fayol said specialization was the best way of using people and groups.
- b) **Unity of direction:** jobs should be grouped according to specialty; engineers with engineers, salespeople with salespeople.
- c) **Authority and responsibility:** manager should be delegated authority to carry our assignments;
- d) **Scalar chain principle:** you get this when you implement the 3 preceding principles----

Scalar chain is the natural route for all vertical communication in an organization.

**Bureaucracy**-----→ Max Weber coined this term and it speaks to the particular ways to organize collective activities.

Weber was interested in the ways that society develops hierarchies of control so one group can dominate another group.

Organizational design involves domination in the sense that authority involves the legitimate right to get obedience from others.

Weber said to achieve the maximum benefit from a bureaucratic design – organizations needed the following characteristics:

- 1) all tasks divided into highly specialized jobs
- 2) each task performed according to a system of abstract rules to ensure conformity and coordination of different tasks
- 3) each employee is accountable for job performance to one manager
- 4) each employee relates to other employees in an impersonal, formal manner—maintaining a social distance with subordinates and clients.
- 5) Employment in the bureaucratic organization is based on technical qualifications and is protected against arbitrary dismissal.

The Mechanistic Model achieves high levels of production and efficiency because:

- a) its highly complex because of its emphasis on specialization of labor
- b) its highly centralized because of its emphasis on authority and accountability
- c) its highly formalized because of its emphasis on function as the basis for departments.

UPS is based on the mechanistic model. Why? They stress efficiency through automation and organizational design.

They have specialization and formalization reflect it's structure.

Jobs are clearly defined--- and explicit chain of command.

Jobs are truck washers and maintenance workers to top management and there is a hierarchy of authority consisting of 8 managerial levels.

The high degree of specialization enables managers to get many written reports and daily worksheets that show each worker's quotas and performance.

Company policies and practices are in written form and used in hiring and promoting decisions.

UPS has more than 1,000 industrial engineers who design jobs and set standards for how UPS employees do their jobs.

For example—engineers concluded hat it should take drivers three seconds to walk three feet per second to walk to the front door.

**THE ORGANIC MODEL** ----→ this model is different than the mechanistic which seeks to maximize efficiency and production.

The Organic Model seems to maximize satisfaction, flexibility and development.

- Organic Model:
- 1) flexible to changing environmental demands because its design encourages greater utilization of human potential
  - 2) Managers encourage to adopt practices that tap full range of human motivation through job design that stresses personal growth and responsibility.
  - 3) Decision making, control and goal setting is decentralized and shared at all levels of the organization
  - 4) Communication flows through the organization – not through chain of command

The overarching idea is this: the organization will be effective **TO THE EXTENT** that its structure is such as to ensure a maximum probability that in all interactions and in all relationships with the organization, each member, in the light of his/her background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains a sense of personal worth and importance”

Here's what the organization needs to do:

- 1) de-emphasize specialization and emphasize increasing job range
- 2) to decentralize because it emphasizes delegation of authority and increasing job depth.
- 3) Become informal because it emphasizes product and customer as bases for departments

#### MULTINATIONAL STRUCTURE AND DESIGN

Remember---- factors that influence organizational functioning and design are:

- 1) social
- 2) political
- 3) cultural
- 4) legal
- 5) economic environments

So—multinational organizations operate in divergent environments.

A multinational organization consists of a group of geographically dispersed organizations with different national subsidiaries.

One approach to setting up a foreign subsidiary:

- 1) using the same organizational structure and operating policies in the new location as in the domestic location

For example—when setting up its foreign subsidiaries Proctor & Gamble created an exact replica overseas because it strongly believed that if they're successful in US—they will be successful in new location.

The challenge is to better understand the degree of similarity and difference across national boundaries.

The geographical piece --- national and regional partners report to headquarters; each office has the resources to produce and market the service or product.

MNC's with a diversified product line have certain advantages in the product based organizational structure.

This structure assigns worldwide responsibility for a product line to a single office and all foreign and domestic units connected to the product report to the corporate product office.

Eastman Kodak uses this model to assign worldwide research and development, manufacturing, marketing and distribution of its products.

The Line of Business --- makes its own decisions. Eastman Kodak believes this model allows their managers to respond more quickly to market conditions.



**VIRTUAL ORGANIZATIONS** -----→ a team, office or alliance—a collection of geographically distributed, functionally or culturally diverse aggregation of individuals that are linked through electronic forms of communication.

The units are assembled and disassembled according to their needs.

A fast growing model involves forms in cooperative relationships with their suppliers, distributors.

Enables firms to be efficient and to exploit advantages of the mechanistic and organic models.

Cooperative relationships allow the primary organization to rely on the smaller, closer to the market partner to determine impending changes in the environment and to respond at the local level.

Barclay's global bank is a virtual organization.

They are a global network created by electronically linking networks of small, regional banks.

Customers of the regional banks feel like they are part of a large entity because they get worldwide services and access.

**BOUNDARYLESS ORGANIZATIONS** -----→ firms where the chains of command are eliminated, span of control are unlimited and rigid departments are replaced with empowered teams.

The assumption is -----→ the rigid structure and too much specificity creates barriers in a firm and also between the firm and its suppliers and customers.

Minimizing layers creates a flatter hierarchy.

If there's still a hierarchy --→ then there's less distance between top level managers and employees.

The boundaryless organization emphasizes participative decision making, multiple hierarchy teams, teambuilding and coordination.

Xerox uses multidisciplinary teams that work on a single project from start to finish instead of using departmental units.

This model means there needs to be trust between employees, honesty in interactions, employees not taking advantage of others, employees being competent so managers don't need to monitor their work.

Finally----- the boundaryless organization removes barriers with external agents.

For example— strategic alliances can be created to break down barriers.

The Japanese keiretsu relationship is an example of a vertical alliance between organizations and suppliers.

The organization takes a minority ownership in a supplier.

Now—the two firms are bonded and there is mutual gain.

Coca Cola and Apple have created these sorts of alliances.

### *Questions for a Group to Clarify Values*

- What do we stand for? \_\_\_\_\_  
\_\_\_\_\_
- What behaviors would mirror these values? \_\_\_\_\_  
\_\_\_\_\_
- How do we treat our employees? \_\_\_\_\_  
\_\_\_\_\_
- How do we treat our customers? \_\_\_\_\_  
\_\_\_\_\_
- What do we mean by ethical behavior? \_\_\_\_\_  
\_\_\_\_\_
- What are the core values that are more important to us than profits? \_\_\_\_\_  
\_\_\_\_\_
- How do we want to treat each other at work? \_\_\_\_\_  
\_\_\_\_\_
- What do we offer our employees for their work effort? \_\_\_\_\_  
\_\_\_\_\_
- How do we want to be seen by the community? \_\_\_\_\_  
\_\_\_\_\_
- What attitudes and behavior in employees do we want to reward? \_\_\_\_\_  
\_\_\_\_\_

**Small Group Activity: BSB 485      Elie Levy, Instructor**

Group Members:

Reporter:

In your small group, please select one organization a student is employed at followed by analyzing and responding to the following questions.

Name of Organization and what it does:

**In terms of core capabilities**—are there additional capabilities you can think of besides the usual such as:

- |               |    |    |
|---------------|----|----|
| 1) People     | 4) | 7) |
| 2) Technology | 5) | 8) |
| 3) Processes  | 6) | 9) |

Please offer examples of how fostering an environment of innovation, investing aggressively in leading edge metrics, methodologies, tools and your employees can improve your organization's performance:

## **Organizational Transformation**

How can your organization better align its employees with business strategies to influence your organization's ability to reach its transformation objectives?

Will you consider using data and analytics to deliver strategic change, organization strategies and technology adoption solutions to foster success of the organization's transformational goals?

## **Organization Strategies**

How can the organization execute business strategies, improve operations and performance, and optimize roles and responsibilities of employees?

## **Strategic Change**

How can executive management assist in the implementation of strategy, achieve business initiatives, organizational and cultural changes, stakeholder and employee engagement, large scale program design, organization performance, and communication?



**Imagine being a manager for this organization—how could you achieve the following:**

Manage the development of systems that support improved client relations:

Apply behavioral tools to assess the impact of change on your organization, using assessments of organizational culture, performance, and readiness for change:

Prepare comprehensive change and workforce transition plans and programs, including strategies to support change and transition initiatives:

## How and Why Should Your Organization Change?

### Outline for Managing Organizational Change Paper

Elie Levy, Instructor for MGMT 631: Management and Organizational Theory

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#### **Organizational change is inevitable.**

Microsoft is an example of an organization that "looked into the future".  
Many firms take the position that stability helps them cope with an unpredictable future.  
Stability provides a sense of direction for the firm and provides clarity about what it is trying to accomplish.  
Firms are finding that stability in core values is crucial to their success.  
Companies face many pressures to change including planned and unplanned forces.

#### **What Should Be Changed?**

##### Strategic Change:

Firms often change goals and tactics  
Corporate examples discussed include GE, IBM, Pepsi, and Xerox  
Strategic change is one major option for organizational transformation.

##### Technological Change:

This type of change can also range from minor to colossal.  
Technological changes include:  
Computerization  
Inventory management systems  
Cellular manufacturing technologies  
Technological change is one of the most common ways in which organizations are transformed.

##### Structural Change:

A common change involves flattening a firm to reduce bureaucratic red tape and increase employee initiative.  
Reengineering and downsizing are options for structural change.  
Structural adjustment often follows technological or other change.

##### People Change:

There is often considerable resistance to change among employees and managers alike.  
Plans for people-related change should be integrated into corporate strategy and can include:  
Training opportunities.  
Hiring new people or firing existing ones.  
This area of change is referred to as organizational development.

#### **Forces for Change**

##### **External forces are beyond management's control.**

The external environment includes economic, technological, social/political forces that trigger a change process.

For example, competitors introduce a new product, increase their advertising, reduce their process increase customer service. A response is required by your organization.

##### **Internal forces operate inside the firm and are generally within the control of management.**

Internal forces for change within the organization are traced to process and behavioral problems. For example, it may be a breakdown in decision making and communication, decisions are of poor quality, communication is inadequate, tasks not being completed in a timely way—or of poor quality.

## **Implementing Change: The Tough Part**

### **Creating Readiness for Change:**

The real trick is to create a sense of readiness to change while things still seem to be going well.

Methods to increase readiness include long-term (i.e. education), short-term (i.e. co-option), and extreme methods (i.e. doomsday management).

A more positive approach has been taken by some maverick organizations. These organizations are called learning organizations.

### **Identifying Resistance to Change:**

The failure to recognize and deal with sources of resistance is an important predictor of a stalled or collapsed change effort.

Diagnosing the correct reason for the resistance to change can help determine how you should deal with the resistance.

#### **Individual-Level Resistance to Change:**

Fear of the unknown is a common source of resistance.

Another related reason is the economic threat it poses to people.

Selective perception also plays a part in the individual's resistance to change.

Habit is another individual-level factor that can cause resistance.

The individual feels the threat of loss of position, power, status, quality of life, authority, economic insecurity.

#### **Organizational-Level Resistance to Change:**

Company inertia is the organizational-level equivalent to habit.

The organizational structure and culture, itself, can reinforce existing company habits and make change all the more difficult.

Mechanistic structures and stable cultures tend to create some resistance to change.

Change also represents a threat to existing power structures.

A more common example of a threat to power is the employee involvement movement among American firms.

Perceived threats to the power balance in the organization.

Another organizational-level threat is previous failed attempts to change.

### **Overcoming Resistance to Change**

The range of individual and organizational resistance factors involves fear, anxiety, team behavior, politics and uncertainty.

The more involved people at all levels of the hierarchy are in the change planning, implementation and monitoring—the higher the likelihood of success.

Learning organizations have the following characteristics:

- a) Open discussions and accessibility to information and data
- b) Clear vision expressed at all levels
- c) Strong emphasis on interdependence, worth, and importance of each person and unit.
- d) Clear goals and concepts of performance expectations
- e) Commitment to learning, improving and personal growth
- f) Concern for measurable results whenever possible
- g) A curiosity to try new methods and experiment, and acceptance of failure

Managers sometimes underestimate the tenacity with which people resist change.

Education and Communication:

This is one of the most common ways to overcome resistance.

Communication programs can be especially useful in overcoming resistance when:

Resistance seems to be based on either misinformation about the change or an inadequate circulation of relevant information.

Participation and Involvement:

Refers to listening and including the employees and managers who will be affected by a change.

Participation can help the affected employees buy into the proposed changes.

Participation is probably the best way to deal with resistance when top management lacks the same hands-on grasp of operational details as those employees who are lower in the ranks.

Facilitation and Support:

Another way to dodge employee resistance to change is to be supportive.

Ways to be supportive include such things as simply listening and empathizing to providing material support for the problems associated with organizational change.

Choices of how to be supportive will vary from firm to firm.

Negotiations and Agreements:

A good way to deal with resistance of any sort is to negotiate an agreement that provides pluses for both those who want change and those who will be affected by it.

Negotiation may also prove helpful when organizational inertia accounts for the resistance to change.

Perhaps the best application of negotiation might be after you have analyzed the effects of proposed changes and found that some person or group might lose out as a result.

Negotiation requires skill

Manipulation and Co-optation:

Covert attempts to eliminate resistance to change are probably more common than most people think.

Manipulation can involve doling out information selectively.

Co-optation is related to manipulation because it usually involves getting someone involved in the change effort not because their input is really wanted, but to subvert their resistance.

Manipulation may work when everything else has failed.

These methods may have to be resorted to when time is of the essence.



Coercion:

Coercion is usually a blatant use of force.

Narcissistic leaders usually prefer this method.

Managerial Implications:

Some suggestions for choosing the method that best matches the situation include:

Consider the magnitude of resistance.

Consider how much you need others.

Consider what is at stake.

Consider using more than one method.

**Using Outside Consultants:**

Managers often assume the role of change agent.

Outsiders can provide a fresher more dispassionate analysis of the firm, its context, and its employees that can ultimately lead, in consultation with management, to a plan for executing change efforts.

A consultant is called an External Change Agent who is assigned to initiate change.

An Internal Change Agent is usually a manager or non-manager working in the organization who initiates change.

**Techniques That Can Promote Change:**

**Structural Approach** – in this method to organizational change, managerial actions are taken to improve effectiveness through formal policies and procedures. Generally—the goal is to create flatter and more organic organizations. The organization may downsize, attempt a merger or acquisition.

One commonly used technique that is structural is called MBO – Management by Objectives where superiors and subordinates jointly set goals for a specific time period then meet again to evaluate the subordinate's performance in terms of those previously established goals.

MBO is a process of a series of interdependent and interrelated steps designed to facilitate planning and control, decision making and other important managerial functions.

Guidelines for Implementing MBO include:

- a) superiors and subordinates meet to discuss objectives that contribute to overall goals.
- b) Superiors and subordinates jointly establish attainable objectives for the subordinates.
- c) Superiors and subordinates meet at a predetermined later date to evaluate the subordinate's progress toward the objectives.

**Reengineering Approach** – creating radical changes in processes, systems and structures that meet customer needs efficiently and are economically sound.

Reengineering consists of 3 strategies:

- a) Streamlining – breaking down core processes into segments to eliminate waste, delays, response time.
- b) Integrating – unifying processes, systems work related activities across functional lines
- c) Transforming – benchmarking to locate best in class organizations; ask what do employees want?

**Task and Technological Approach** – focuses directly on the work itself performed in the organization, looking at job design changes, job enlargement, job enrichment.

Technological changes emphasize changes in the flow of work; modifying the layout of the plant for example, changes in office design.

There are some tried and true methods for promoting change.

These techniques can be targeted at the interpersonal, group, or organizational level.

Interpersonal Methods:

These techniques focus on people who are having problems fitting in with others or dealing with change and include:

Sensitivity training

Introspection development – companies take time for reflection and giving employees time to reflect on the planned and unplanned change.

Introspection means closely examining one's thoughts and feelings; allowing employees to take sabbaticals to Renew and recharge themselves.

Goals of Introspection:

- a) developing objectivity
- b) learning
- c) improving self confidence
- d) increased sense of personal responsibility
- e) action taking
- f) achieving balance in life

Group Methods:

The purpose of group techniques is to get a handle on group performance problems.

Team-building techniques--- to create effective work groups, improve performance, setting team goals and priorities, analyzing how the group operates, looking at the group's norms and communication effectiveness and decision making.

### **Evaluating Change Efforts**

Given all the time and money involved, you may be surprised to learn that very few companies actually systematically evaluate the success or failure of their efforts.

Most experts suggest building in an evaluation component from the start.

Develop goals for the program at the outset

Specify the criteria or measures that should be affected by your change efforts.

Evaluation Model should contain the following

- a) determine the objectives of the program
- b) describe the activities undertaken to achieve the objective
- c) measure the effects of the program
- d) establish baseline points against which change can be compared.
- e) control extraneous factors
- f) detect unanticipated consequences

The biggest lesson for any organization to learn is to be as precise as possible in defining the goals of any particular OD program.

## Ch. 3: Clarify Values

- What do Martin Luther King, Jr, Abraham Lincoln and Eleanor Roosevelt have in common?
- Did they have strong beliefs in matters of principle? An unwavering commitment to a clear set of values-- passionate about their causes.
- People expect their leaders to speak out on matters of values and conscience.
- To clarify values-- a leader must:
  - Find their voice
  - Affirm shared values
  - You can't believe in the messenger if you don't know what the messenger believes
  - You can't be the messenger until you're clear about what you believe

A credible leader comprehends fully their deeply held beliefs, values, principles, ethics and ideals that drive their behavior.

• You only speak the truth when speaking in your own voice-- and to get to it you need to explore your inner soul and heart; know what you care about; be authentic when you lead based on the principles and values that matter most to you. Otherwise-- it's an act and others will know it.

You must act with integrity; know what you stand for.

• Values are guides, the moral compass we need; influence every aspect of our lives; our commitments, personal and organizational goals as leaders; values motivate us; keep us focused.

• Values are instrumental and terminal; means and ends

Instrumental in that they are approaches to getting what we want

• Terminal in that they are our end goals



- **Leaders Affirm Shared Values**

Leaders build on agreement; they need to gain consensus on a common cause and common set of principles; build and affirm on shared values; recognition of shared values gives people a common language; when employees care about what they are doing, they are more effective and satisfied; have less stress and are more loyal; foster pride in company; foster teamwork, encourage ethical behavior.

- **Write a Tribute to Yourself**

Write some descriptive adjectives about yourself by responding to these questions:

1. What do you stand for?
2. What do you believe in? Why?
3. What brings you suffering? Why?
4. What makes you jump for joy?

5. What are you passionate about? Why?
6. What keeps you awake at night? Why?
7. What's grabbed you and won't let go? Why?
8. What do you want for your life? Why?

## Kouzes & Posner: The Leadership Challenge

- Chapter 1: The Five Practices of Exemplary Leadership
  - The five practices common to personal best leadership experiences
    1. Model the way
    2. Inspire a shared vision
    3. Challenge the process
    4. Enable others to act
    5. Encourage the heart

These five practices have stood the test of time.

## ■ Model the Way

Leaders know that if they want to gain commitment and achieve the highest standards, they must be models of behavior they expect from others

They need to clarify their values and know their guiding principles-- and they need to forge agreements around common principles and common ideals.

Leaders set an example through their daily actions that demonstrate they are deeply committed to their beliefs; they are confident in their abilities to make extraordinary things happen

Leaders inspire a shared vision; they envision exciting and ennobling possibilities; leaders inspire commitment-- not command commitment.

Leaders have to enlist others in a common vision

For leaders to enlist support, leaders must have intimate knowledge of people's dreams, hopes, aspirations, visions and values.



Leaders forge a unity of purpose by showing others how the dream is for the common good.

## ■ Challenge the Process

Leaders venture out; not waiting for cluck to strike and create things.

Leaders who are innovative-- become so from listening rather than telling; they create an environment for others to share, experiment, recognize good ideas, supporting ideas and willingness to challenge the system to get new products, processes, services, and systems.

Leaders know that innovation and change involve experimenting and taking risks.

## ■ Enable Others to Act

Leaders foster collaboration and build trust; trust is built with customers, peers, managers, suppliers-- people who have a stake in the vision

Leaders make it possible for others to do good work

Leaders work to make people feel strong, capable and committed; they strengthened everyone's capacity to deliver on the promises they make.

## ■ Encourage the Heart

Climbing to the top is tough; folks get exhausted, frustrated and disenchanted; they may give up.

Leaders encourage the heart of their people to carry on by recognizing contributions made; the leader shows appreciation for contributions and creates a culture of celebrating values and victories

Leaders know that celebrations and rituals, when done in authentic ways; from the heart; build a strong sense of collective identity and community spirit that carries a group of folks through tough times.

## Leadership is a Relationship

Leadership is not a gene-- and it's not an inheritance

It is an identifiable set of skills and abilities that are available to all of us.

Leadership is a relationship between those who aspire to lead and those who choose to follow.

## Leadership Styles

From Mahatma Gandhi to Winston Churchill to Martin Luther King to Rudolph Giuliani, there are as many leadership styles as there are leaders. Fortunately, businesspeople and psychologists have developed useful and simple ways to describe the main styles of leadership, and these can help aspiring leaders understand which styles they should use.

So, whether you manage a team at work, captain a sports team, or lead a major corporation, which approach is best? Consciously, or subconsciously, you'll probably use some of the leadership styles in this article at some point. Understanding these styles and their impact can help you develop your own, personal leadership style – and help you become a more effective leader.

With this in mind, there are many different frameworks that have shaped our current understanding of leadership, and many of these have their place, just as long as they're used appropriately. This article looks at some of the most common frameworks, and then looks at popular styles of leadership.

## Leadership Theories

### 1. Trait theories – What type of person makes a good leader?

Trait theories argue that leaders share a number of common personality traits and characteristics, and that leadership emerges from these traits. Early trait theories promoted the idea that leadership is an innate, instinctive quality that you either have or don't have. Thankfully, we've moved on from this approach, and we're learning more about what we can do as individuals to develop leadership qualities within ourselves and others.

What's more, traits are external behaviors that emerge from things going on within the leader's mind – and it's these internal beliefs and processes that are important for effective leadership.

Trait theory does, however, help us identify some qualities that are helpful when leading others and, together, these emerge as a generalized leadership style. Examples include empathy, assertiveness, good decision-making, and likability. In our article [Building Tomorrow's Leaders](#), we discuss a series of attributes that are important for all types of leaders to develop. However, none of these traits, nor any combination of them, will guarantee success as a leader. You need more than that.

### 2. Behavioral theories – What does a good leader do?

Behavioral theories focus on how leaders behave. Do they dictate what needs to be done and expect cooperation? Or do they involve the team in decisions to encourage acceptance and support?

In the 1930s, Kurt Lewin developed a leadership framework based on a leader's decision-making behavior. Lewin argued that there are three types of leaders:

**Autocratic leaders** make decisions without consulting their teams. This is considered appropriate when decisions genuinely need to be taken quickly, when there's no need for input, and when team agreement isn't necessary for a successful outcome. ☐

**Democratic leaders** allow the team to provide input before making a decision, although the degree of input can vary from leader to leader. This type of style is important when team agreement matters, but it can be quite difficult to manage when there are lots of different perspectives and ideas. ☐

**Laissez-faire leaders** don't interfere; they allow the team to make many of the decisions. Typically this happens when the team is highly capable and motivated, and it doesn't need close monitoring or supervision.

Similar to Lewin's model, the [Blake-Mouton Managerial Grid](#) helps you decide how best to lead, depending on your concern for people versus your concern for production. The model describes five different leadership styles: impoverished, country club, team leader, produce or perish, or middle of the road. The descriptions of these will help you understand your own leadership habits and adapt them to meet your team's needs.

John Adair's [Action-Centered Leadership](#) model is another framework that's consistent with behavioral theories of leadership. Using this model, the "best" leadership style is determined by balancing task, team, and individual responsibilities. Leaders who spend time managing each of these elements will likely be more successful than those who focus mostly on only one element.

Clearly, then, how leaders behave impacts on their effectiveness. Researchers have realized, though, that many of these leadership behaviors are appropriate at different times. So, the best leaders are those who can use many different behavioral styles and use the right style for each situation.



### 3. Contingency theories – How does the situation influence good leadership?

The realization that there isn't one correct type of leader led to theories that the best leadership style is contingent on, or depends on, the situation. These theories try to predict which leadership style is best in which circumstance.

When a decision is needed fast, which style is preferred? When the leader needs the full support of the team, is there a better way to lead? Should a leader be more people oriented or task oriented? These are all examples of questions that contingency leadership theories try to address.

A popular contingency-based framework is the Hersey-Blanchard Situational Leadership Theory, which links leadership style with the maturity of individual members of the leader's team.

### 4. Power and influence theories – What is the source of the leader's power?

These theories of leadership take an entirely different approach. They're based on the different ways in which leaders use power and influence to get things done, and the leadership styles that emerge as a result. Perhaps the most well known of these theories is French and Raven's Five Forms of Power. This model distinguishes between using your position to exert power, and using your personal attributes to be powerful.

French and Raven identified three types of positional power – legitimate, reward, and coercive – and two sources of personal power – expert and referent (your personal appeal and charm). The model suggests that using personal power is the better alternative and, because Expert Power (the power that comes with being a real expert in the job) is the most legitimate of these, that you should actively work on building this. Similarly, leading by example is another highly effective way to establish and sustain a positive influence with your team.

Another valid leadership style that's supported by power and influence theories is Transactional Leadership. This approach assumes that work is done only because it is rewarded, and for no other reason, and it therefore focuses on designing tasks and reward structures. While it may not be the most appealing leadership strategy in terms of building relationships and developing a long-term motivating work environment, it does work, and it's used in most organizations on a daily basis to get things done.

Within all of these theories, frameworks, and approaches to leadership, there's an underlying message that leaders need to have a variety of factors working in their favor. Effective leadership is not simply based on a set of attributes, behaviors, or influences. You must have a wide range of abilities and approaches that you can draw upon.

Having said this, however, there's one leadership style that is appropriate in very many corporate situations – that of Transformational Leadership. A leader using this style:

- Has integrity.
- Sets clear goals.
- Clearly communicates a vision.
- Sets a good example.
- Expects the best from the team.
- Encourages.
- Supports.
- Recognizes good work and people.
- Provides stimulating work.
- Helps people see beyond their self-interests and focus more on team interests and needs.
- Inspires.

In short, transformational leaders are exceptionally motivating, and they're trusted. When your team trusts you, and is really "fired up" by the way you lead, you can achieve great things!

The transformational leadership style is the dominant leadership style taught in our How to Lead: Discover the Leader Within You program, although we do recommend that other styles are brought in as the situation demands.

Having said that Transformational Leadership suits very many circumstances in business, we need to remember that there may be situations where it's not the best style. This is why it's worth knowing about the other styles shown below so that you have a greater

chance of finding the right combination for the situation you find yourself in.

## Popular Leadership Styles – A Glossary

The leadership theories and styles discussed so far are based on research. However, many more terms are used to describe approaches to leadership, even if these don't fit within a particular theoretical system. It's worth understanding these!

### 1. Autocratic leadership

Autocratic leadership is an extreme form of transactional leadership, where leaders have absolute power over their workers or team. Staff and team members have little opportunity to make suggestions, even if these would be in the team's or the organization's best interest.

Most people tend to resent being treated like this. Therefore, autocratic leadership usually leads to high levels of absenteeism and staff turnover. For some routine and unskilled jobs, the style can remain effective because the advantages of control may outweigh the disadvantages.

### 2. Bureaucratic leadership

Bureaucratic leaders work "by the book." They follow rules rigorously, and ensure that their staff follows procedures precisely. This is a very appropriate style for work involving serious safety risks (such as working with machinery, with toxic substances, or at dangerous heights) or where large sums of money are involved (such as handling cash).

### 3. Charismatic leadership

A charismatic leadership style can seem similar to transformational leadership, because these leaders inspire lots of enthusiasm in their teams and are very energetic in driving others forward. However, charismatic leaders can tend to believe more in themselves than in their teams, and this creates a risk that a project, or even an entire organization, might collapse if the leader leaves. In the eyes of the followers, success is directly connected to the presence of the charismatic leader. As such, charismatic leadership carries great responsibility, and it needs a long-term commitment from the leader.

### 4. Democratic leadership or participative leadership

Although democratic leaders make the final decisions, they invite other members of the team to contribute to the decision-making process. This not only increases job satisfaction by involving team members, but it also helps to develop people's skills. Team members feel in control of their own destiny, so they're motivated to work hard by more than just a financial reward.

Because participation takes time, this approach can take more time, but often the end result is better. The approach can be most suitable when working as a team is essential, and when quality is more important than speed to market or productivity.

### 5. Laissez-faire leadership

This French phrase means "leave it be," and it's used to describe leaders who leave their team members to work on their own. It can be effective if the leader monitors what's being achieved and communicates this back to the team regularly. Most often, laissez-faire leadership is effective when individual team members are very experienced and skilled self-starters. Unfortunately, this type of leadership can also occur when managers don't apply sufficient control.

### 6. People-oriented leadership or relations-oriented leadership

This is the opposite of task-oriented leadership. With people-oriented leadership, leaders are totally focused on organizing, supporting, and developing the people in their teams. It's a participative style, and it tends to encourage good teamwork and creative collaboration.

In practice, most leaders use both task-oriented and people-oriented styles of leadership.

### 7. Servant leadership

This term, created by Robert Greenleaf in the 1970s, describes a leader who is often not formally recognized as such. When someone, at any level within an organization, leads simply by meeting the needs of the team, he or she is described as a "servant leader."

In many ways, servant leadership is a form of democratic leadership, because the whole team tends to be involved in decision making.

Supporters of the servant leadership model suggest that it's an important way to move ahead in a world where values are increasingly

important, and where servant leaders achieve power on the basis of their values and ideals. Others believe that in competitive leadership situations, people who practice servant leadership can find themselves left behind by leaders using other leadership styles.

## **8. Task-Oriented leadership**

Highly task-oriented leaders focus only on getting the job done, and they can be quite autocratic. They actively define the work and the roles required, put structures in place, plan, organize, and monitor. However, because task-oriented leaders don't tend to think much about the well-being of their teams, this approach can suffer many of the flaws of autocratic leadership, with difficulties in motivating and retaining staff.

## **9. Transactional leadership**

This style of leadership starts with the idea that team members agree to obey their leader totally when they accept a job. The "transaction" is usually the organization paying the team members in return for their effort and compliance. The leader has a right to "punish" team members if their work doesn't meet the pre-determined standard.

Team members can do little to improve their job satisfaction under transactional leadership. The leader could give team members some control of their income/reward by using incentives that encourage even higher standards or greater productivity. Alternatively, a transactional leader could practice "management by exception" – rather than rewarding better work, the leader could take corrective action if the required standards are not met.

Transactional leadership is really a type of management, not a true leadership style, because the focus is on short-term tasks. It has serious limitations for knowledge-based or creative work.

## **10. Transformational leadership**

As we discussed earlier, people with this leadership style are true leaders who inspire their teams constantly with a shared vision of the future. While this leader's enthusiasm is often passed onto the team, he or she can need to be supported by "detail people." That's why, in many organizations, both transactional and transformational leadership are needed. The transactional leaders (or managers) ensure that routine work is done reliably, while the transformational leaders look after initiatives that add value.

### **Key Points**

While the transformational leadership approach is often highly effective, there's no one "right" way to lead or manage that fits all situations. To choose the most effective approach for yourself, consider the following:

- The skill levels and experience of your team.
- The work involved (routine, or new and creative).
- The organizational environment (stable or radically changing, conservative or adventurous).
- Your own preferred or natural style.

Good leaders often switch instinctively between styles, according to the people they lead and the work that needs to be done. Establish trust – that's key to this process – and remember to balance the needs of the organization against the needs of your team.

MGMT 631: Organizational Behavior/Management

Small Group Exercise Instructor: Elie Levy

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Imagine you are the CEO of the organization you work for—and I ask you the following question: How realistically can you help build a learning organization where employees continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured—where collective aspiration is set free—and where employees are continually learning how to learn together? What are some of your responses? Is the business problem you studied for your capstone related to your organization's CEO and his/her inability to foster any of the above objectives? Explain:

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Do you believe that the organizations that will excel in the future will be organizations that discover how to tap people's commitment and capacity to learn at all levels of an organization? Again—if you're the CEO in your target organization—how you can achieve this objective in your organization?

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Mental models are deeply ingrained assumptions, generalizations or images we hold that influence how we understand the world and how we take action. Usually—we aren't consciously aware of our mental models or the effects they have on our behavior. As the CEO of your target organization, how can you begin to challenge your hidden mental models? How can you begin to scrutinize your mental models against reality and allow others to influence you?

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Building a shared vision: Let's talk about a shared vision and a vision statement.

A genuine vision compels employees to excel and learn not because they are told to—but because they want to. The problem is that leaders and CEO's have personal visions that never get translated into a shared vision that galvanizes an organization. Do you agree? Usually—an organization's shared vision revolves around the charisma of the CEO or around a crisis that mobilizes everyone temporarily. Do you agree? Again—if you're the CEO of your target organization, how can you articulate a genuine vision and get employees to accept it rather than be forced to comply to it?

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What does this mean:

Don't push growth—remove the factors limiting growth

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How does this happen? A team of committed managers with individual IQs above 120 have a collective IQ of 63?

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How can the organization:

Enable you to achieve real learning?

Enable you to recreate yourself through learning?

Enable you to do something you might have never done before?

Enable you to re-perceive the problem at work and your relationship to it?

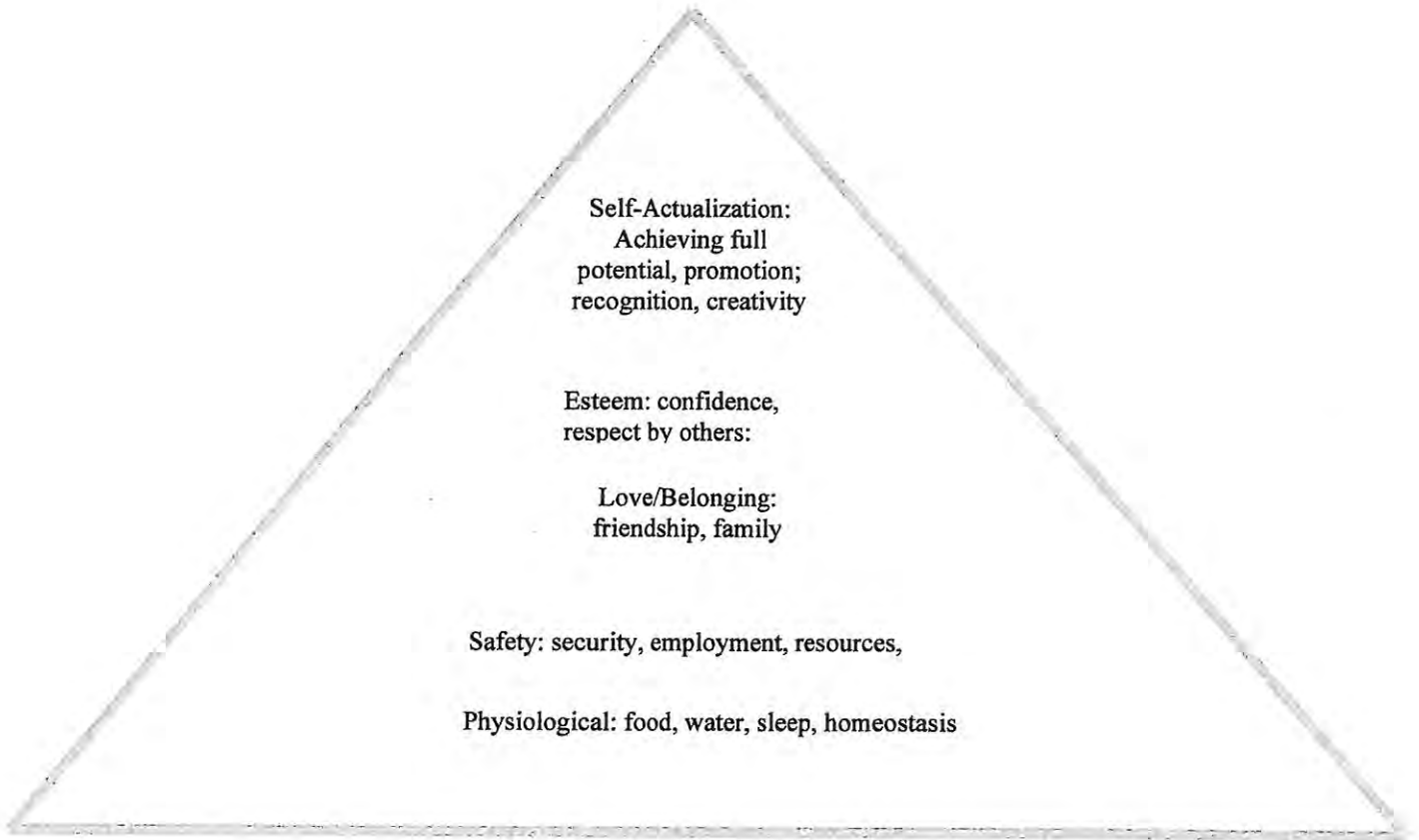
Enable you to extend your capacity to create, be part of a generative process?

Enable you to take a role in helping your organization continually expand its capacity to create its future? How?

In the end—will you have helped your organization learn? A type of learning that enhances your organization's capacity to create its future?



## Maslow's Need Ladder – Hierarchy of Needs



Group Members:

Reporter:

In your small group, please select one organization a student is employed at followed by responding to the following questions.

Name of Organization and what it does:

**In terms of core capabilities**—are there additional capabilities you can think of besides the usual such as:

- |               |    |    |
|---------------|----|----|
| 1) People     | 4) | 7) |
| 2) Technology | 5) | 8) |
| 3) Processes  | 6) | 9) |

Please offer examples of how fostering an environment of innovation, investing aggressively in leading edge metrics, methodologies, tools and your employees can improve your organization's performance:

### **Organizational Transformation**

How can your organization better align its employees with business strategies to influence your organization's ability to reach its transformation objectives?

Will you consider using data and analytics to deliver strategic change, organization strategies and technology adoption solutions to foster success of the organization's transformational goals?

### **Organization Strategies**

How can the organization execute business strategies, improve operations and performance, and optimize roles and responsibilities of employees?

### **Strategic Change**

How can executive management assist in the implementation of strategy, achieve business initiatives, organizational and cultural changes, stakeholder and employee engagement, large scale program design, organization performance, and communication?

**Imagine being a manager for this organization—how could you achieve the following:**

Manage the development of systems that support improved client relations:

Apply behavioral tools to assess the impact of change on your organization, using assessments of organizational culture, performance, and readiness for change:

Prepare comprehensive change and workforce transition plans and programs, including strategies to support change and transition initiatives: