

Organizational Behaviour

Notes and Tips

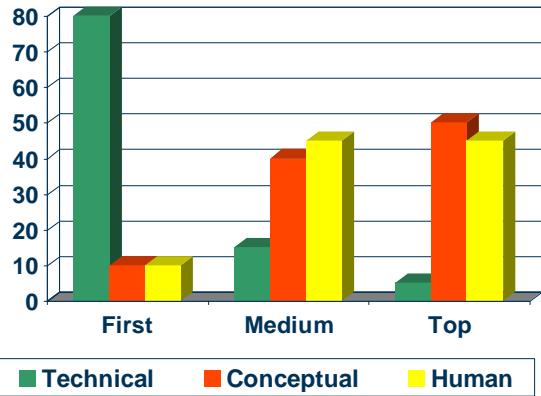
1. Basics of OB

1. OB vs. Management
 1. Management Roles
 2. New perspectives on managers' job
 3. Human Behaviour in Organization
 4. Human and Org Needs
2. Values
 1. Values in Global Organization
3. Traits of Personality
 1. Locus of Control
 2. Organization & Locus of control
 3. Extroversion vs Introversion
 4. Org & Extroversion and Introversion
 5. Machiavellian Personality
 6. Organization & "High Mach"
 7. Social Needs, Psychometric Tests (16F Questionnaire, Dr. Cattell)
4. Job Satisfaction
 1. Meaning of Job Satisfaction
 2. Determinates and consequences
 3. Job Satisfaction & Performance
 4. Measuring Job Satisfaction
5. Work Attitudes
 1. Organizational Commitment
 2. Job Involvement, Maintain work attitudes

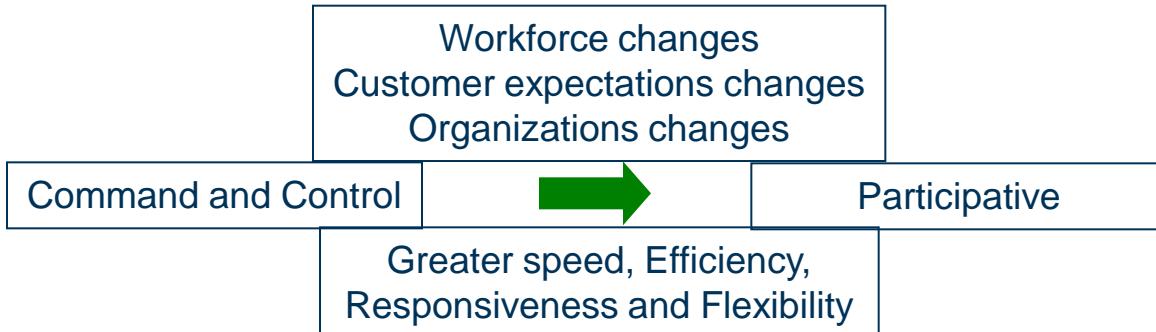
1.1 OB vs. Management

- Organizational behavior describes organizational phenomena
- Management applies problem-solving skills that sustain the firm's competitive advantage.

1.1.1 Management Roles

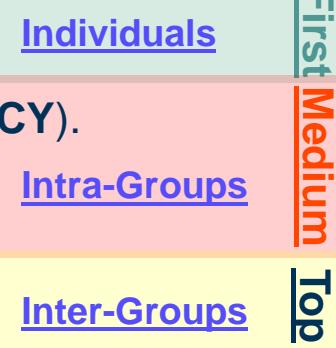
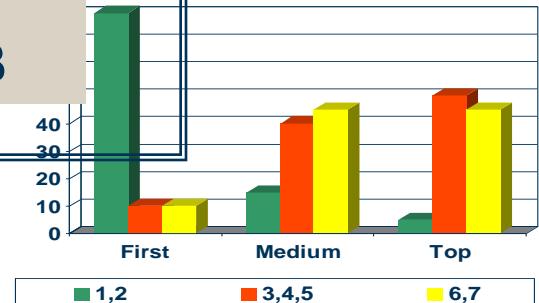


1.1.2 New perspectives on managers' job



OB helps in solving people issues
Understands OB development
Understand the proposed solutions in improve OB

- Segments, 5% of tasks > 1 hr
- ALL managers do 7 things
 1. Managing individual performance (**SUPERVISING**).
 2. Instructing subordinates (**TEACHING AND TRAINING**).
 3. Presenting one's staff (**REPRESENTATION AND ADVOCACY**).
 4. Managing group performance (**FACILITATION**).
 5. Planning and allocating resources (**DECISION-MAKING**).
 6. Coordinating interdependent groups (**COLLABORATION**).
 7. Monitoring the business environment (**SCANNING**).



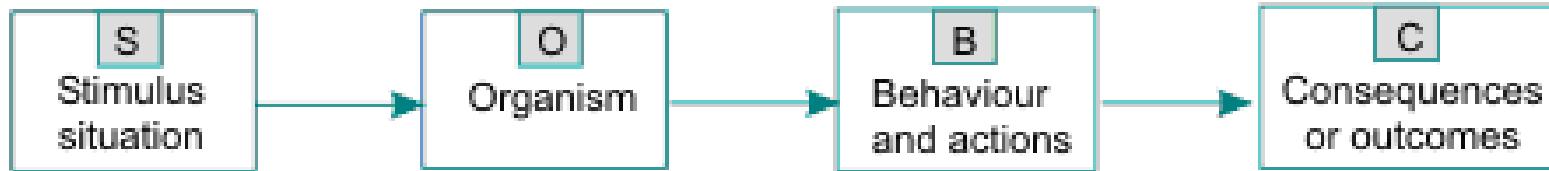
1.1.3 Human Behaviour in Organization

$$B=f(P,E)$$

B: Behaviour

P: Person

E: Environment



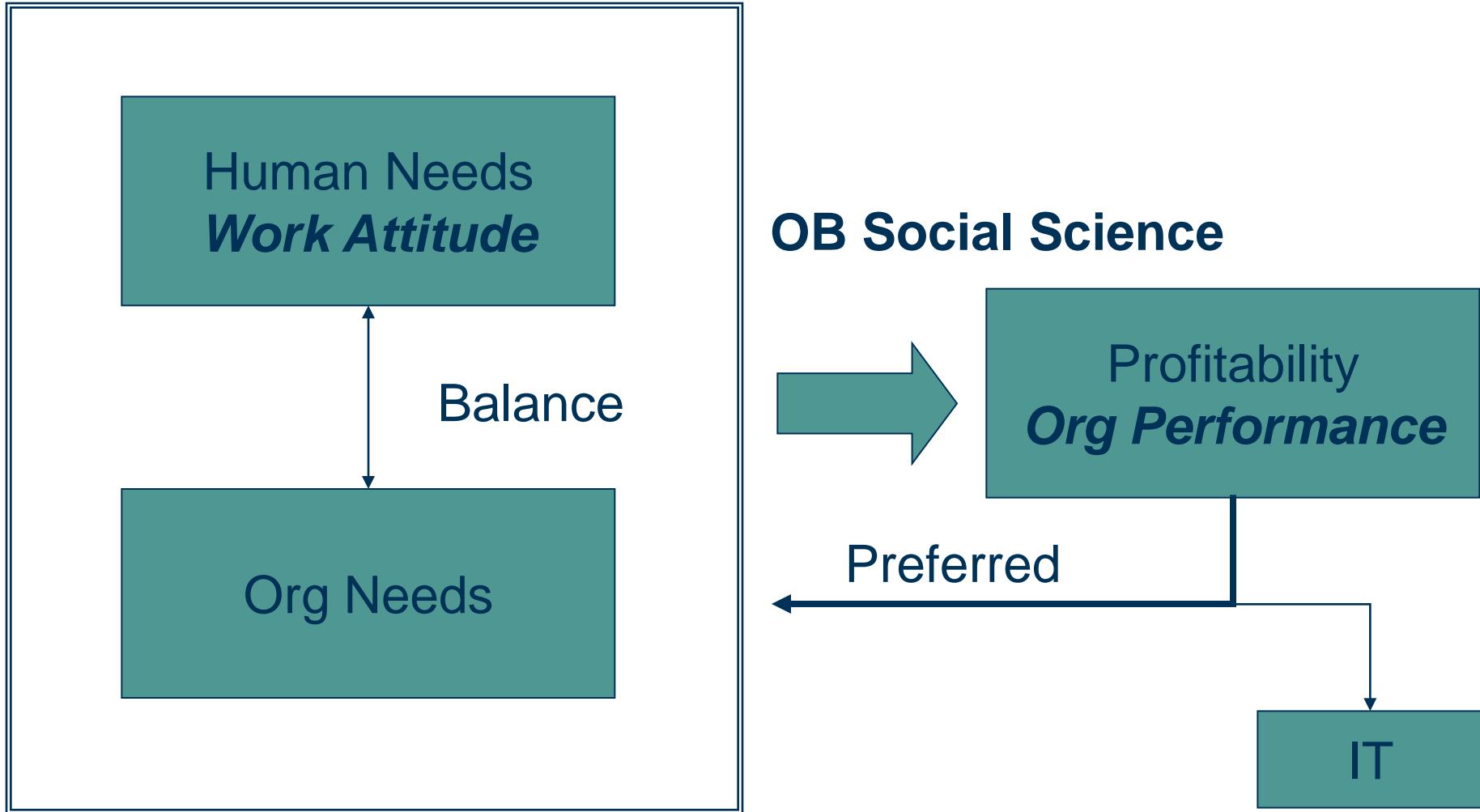
S: All sensations from the environment which trigger human perception. In OB these include all features of the work environment which activate employee behaviour.

O: The finite capacities of the individual which are governed by heredity, maturity and biological needs. These capacities also include knowledge, skills, attitudes, intentions, sentiments and values.

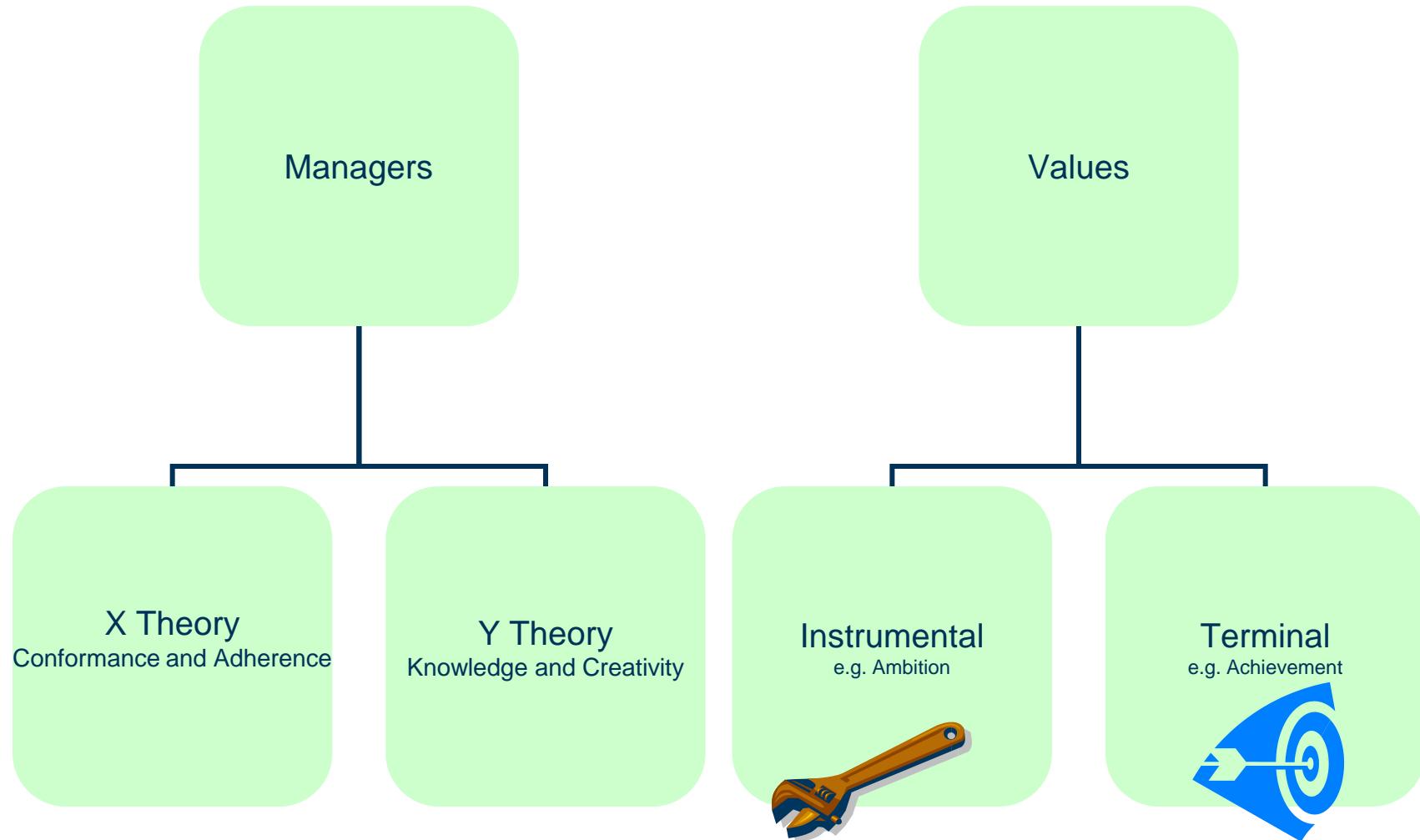
B: Overt behaviours and actions like performance or emotional responses and internal conceptual activities.

C: The outcomes of behaviour and performance such as recognition and need satisfaction. The outcomes represent the activity triggered in the environment by the behaviours under study.

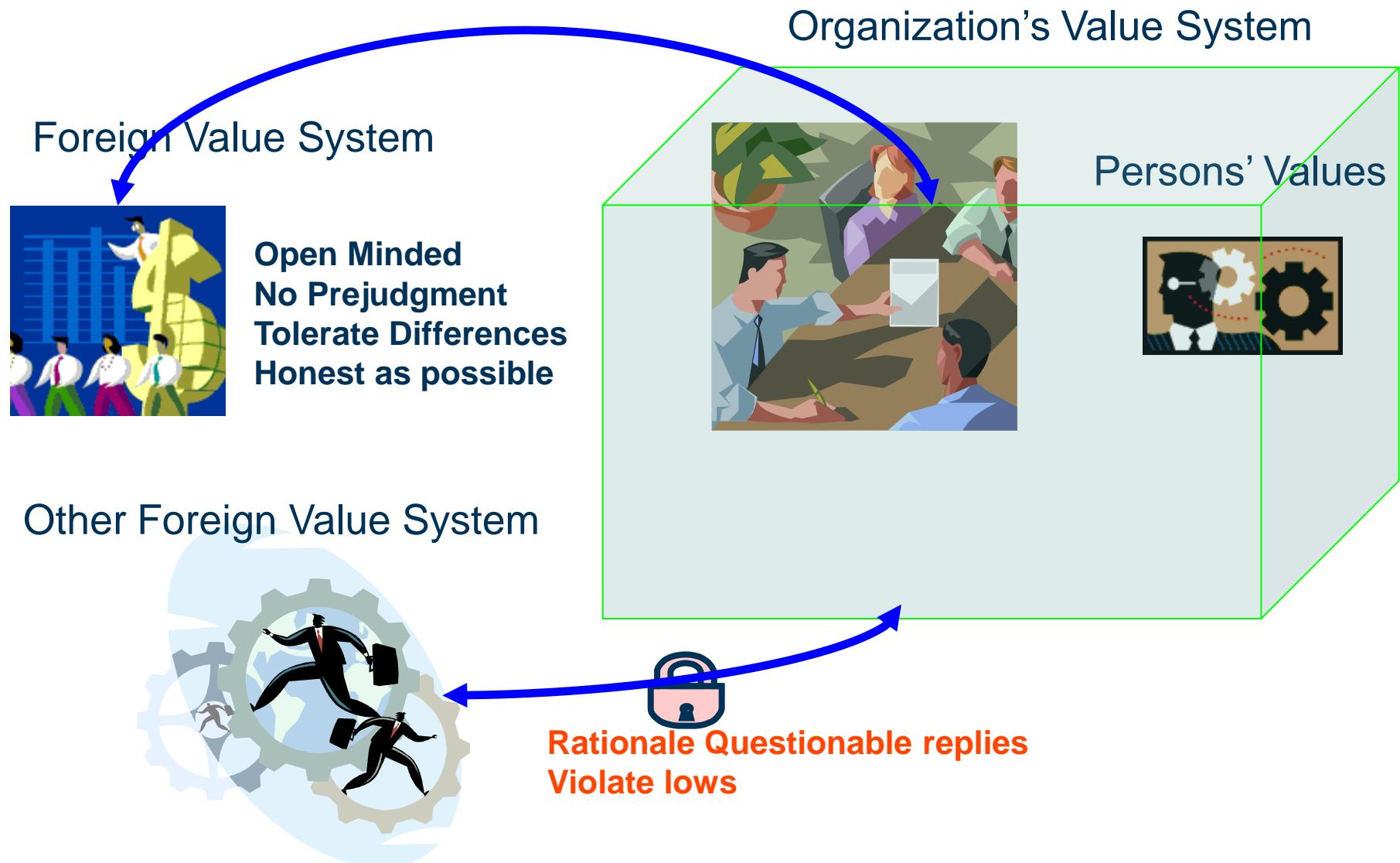
1.1.4 Human and Org Needs



1.2 Values



1.2.1 Values in Global Organization

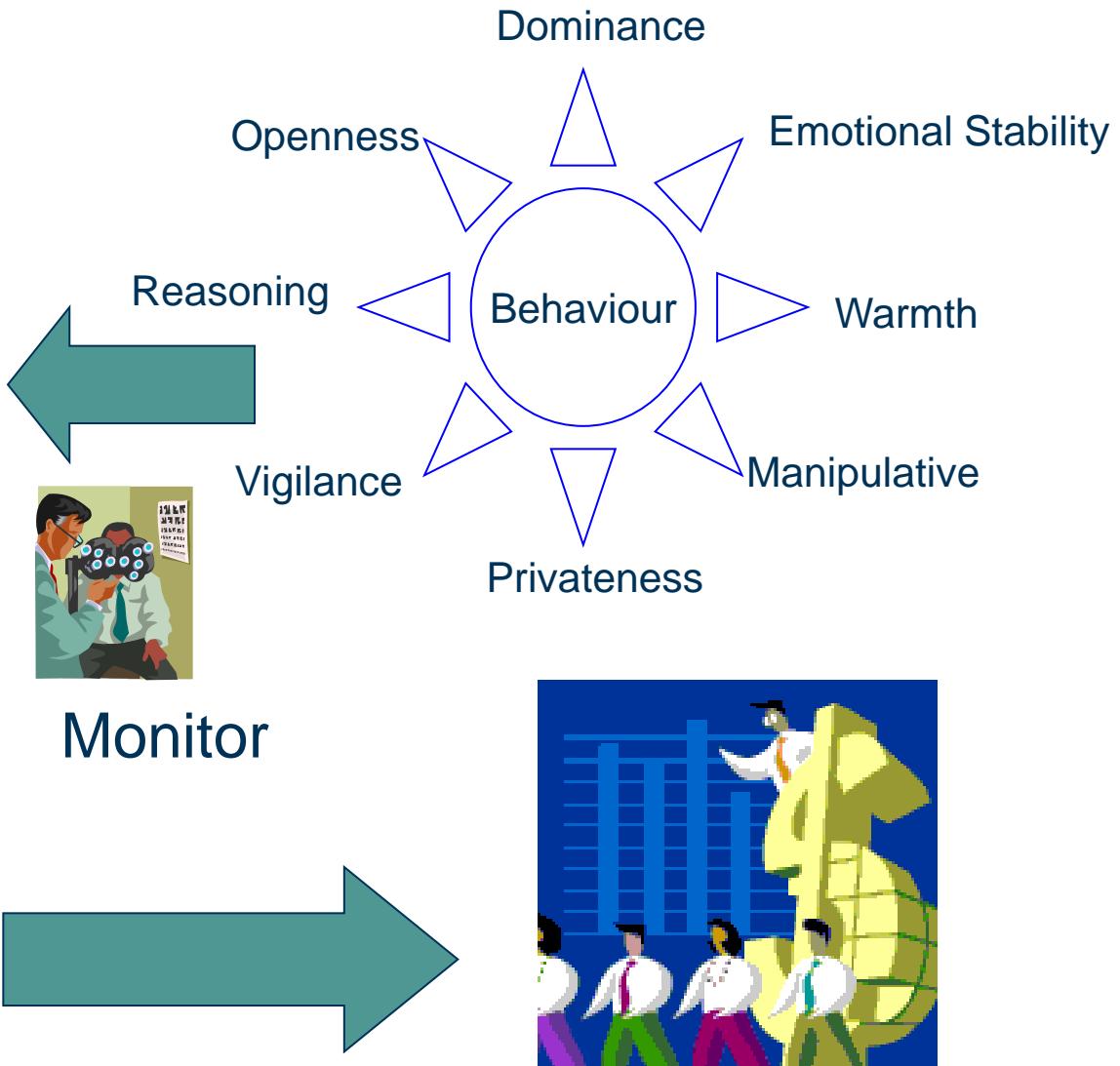


1.3 Traits of Personality

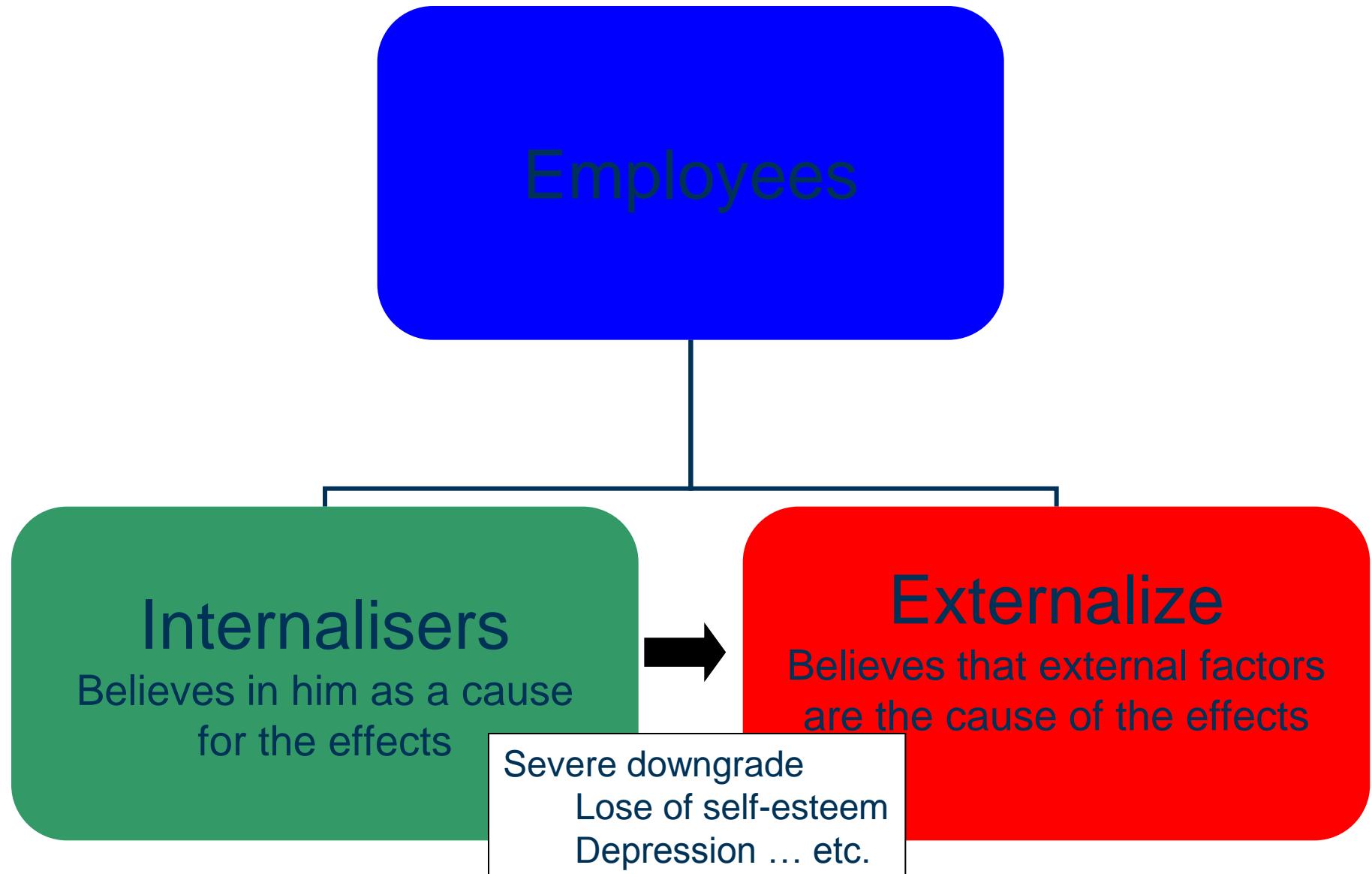
Create



Guide



1.3.1 Locus of Control



1.3.2 Organization & Locus of control

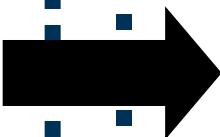
Self-motivated
Study hard
Creative
Challenge taker

Helpless
Unmotivated
Careless
Resistant to Change

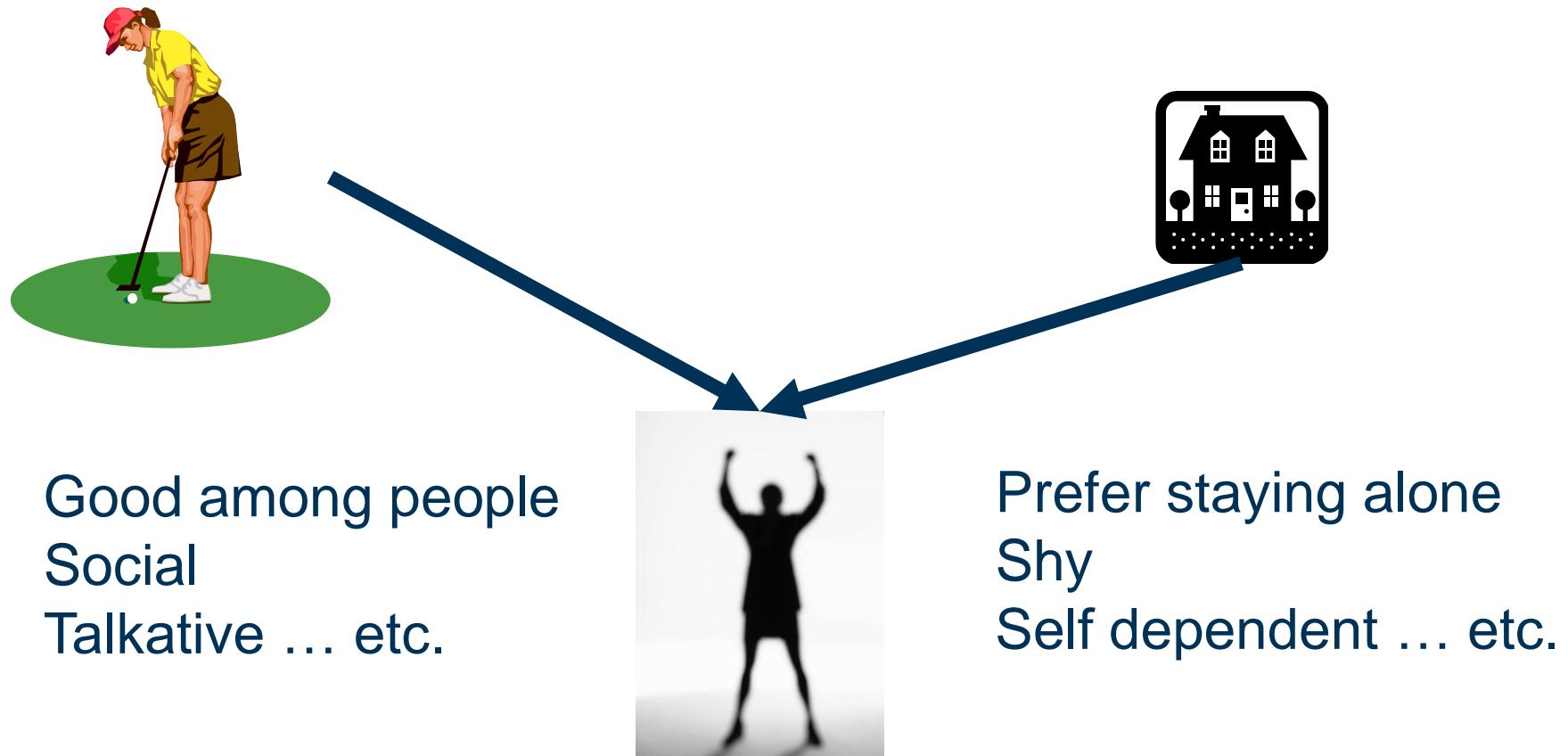


Subjective Evaluation
Lack of Challenges .. etc.

If



1.3.3 Extroversion vs Introversion



We all have mixture with different ingredients.

1.3.4 Org & Extroversion and Introversion



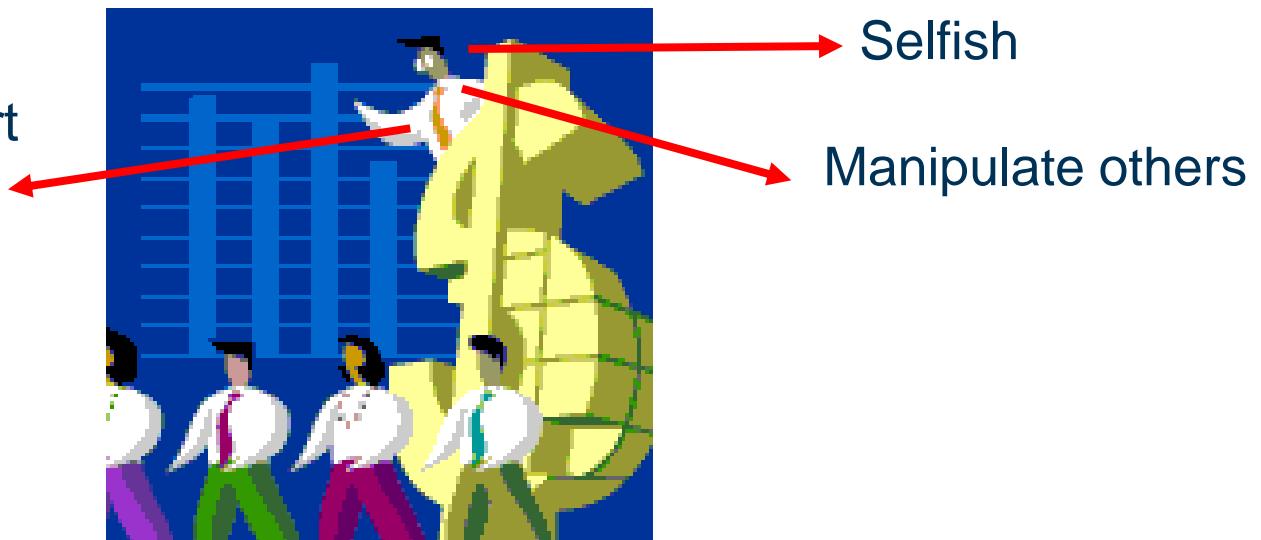
Social Rewards
Events Participation
Group Assignments



Avoid social intervention
More self driven assignments

1.3.5 Machiavellian Personality

Turns others' effort
to his end



Selfish

Manipulate others

The end justifies the means

1.3.6 Organization & “High Mach”

TL



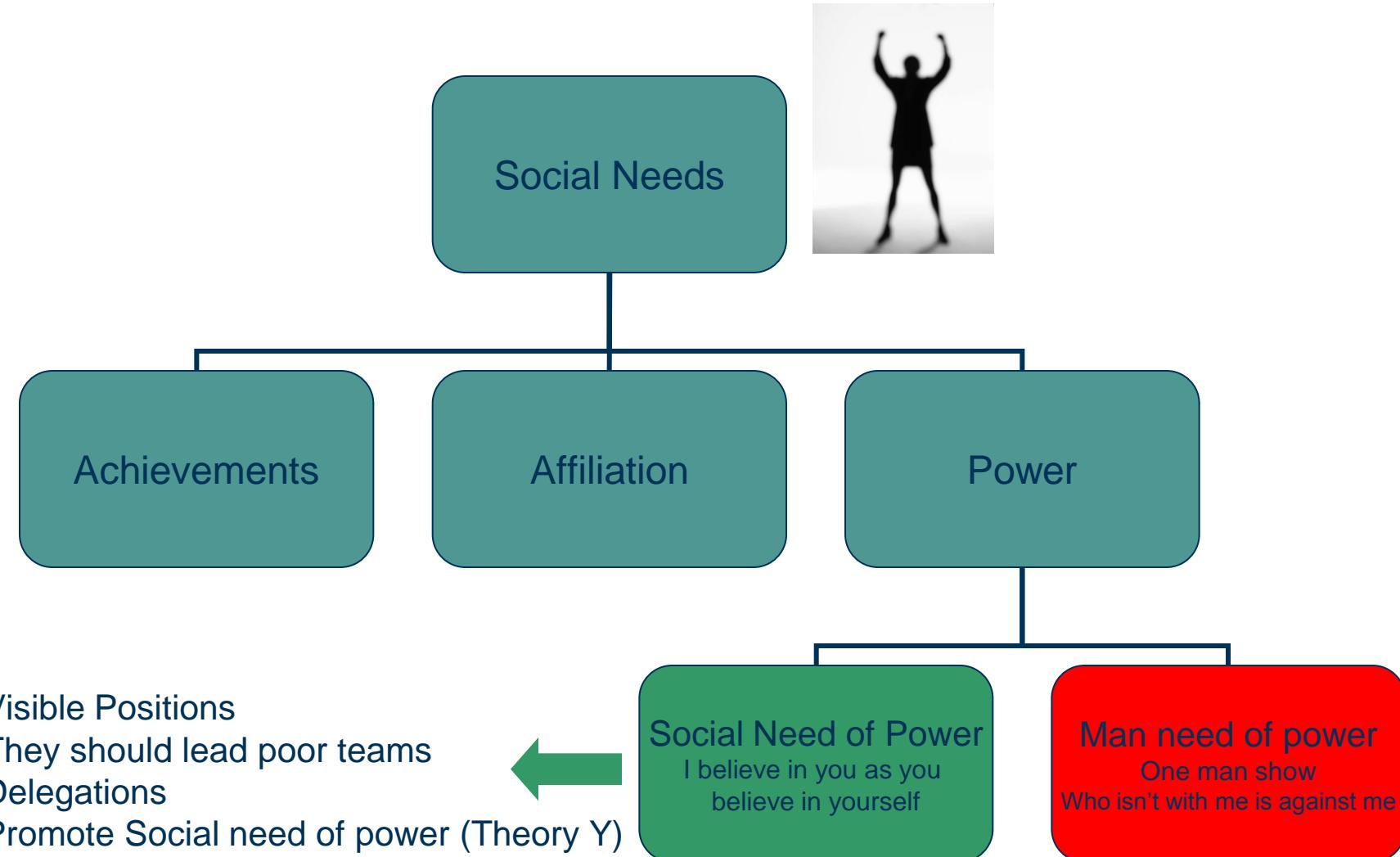
CEO



Give in return of
unprofessional favours
we have done you

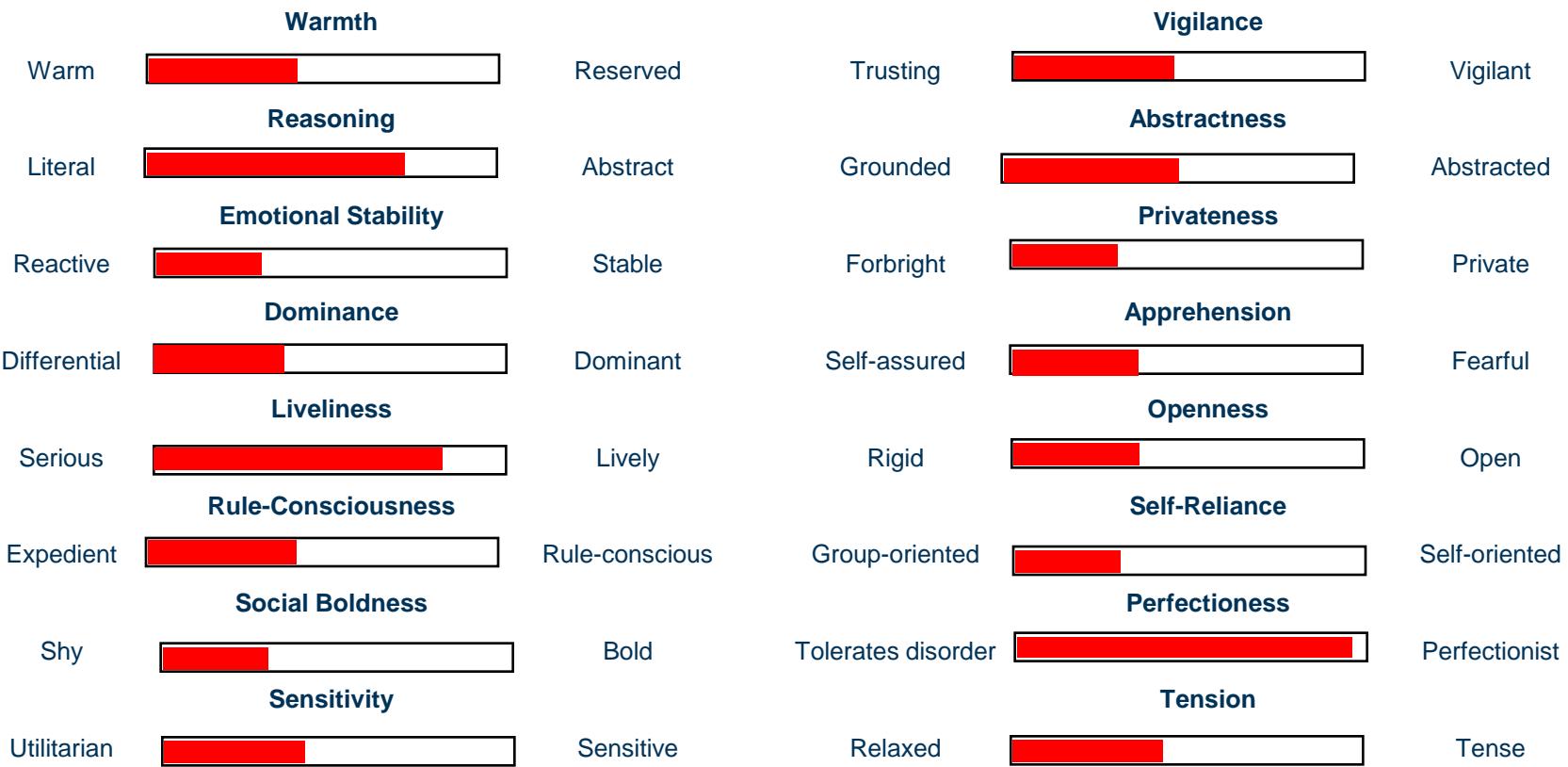
Firm business fails

1.3.7 Socially Acquired Needs (McClelland)

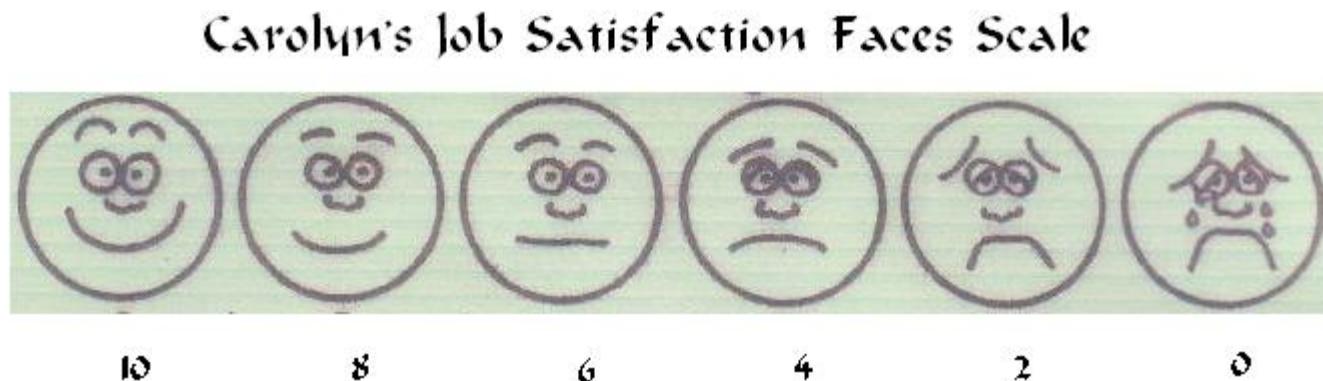


Psychometric Tests

(16F Questionnaire, Dr. Cattell)

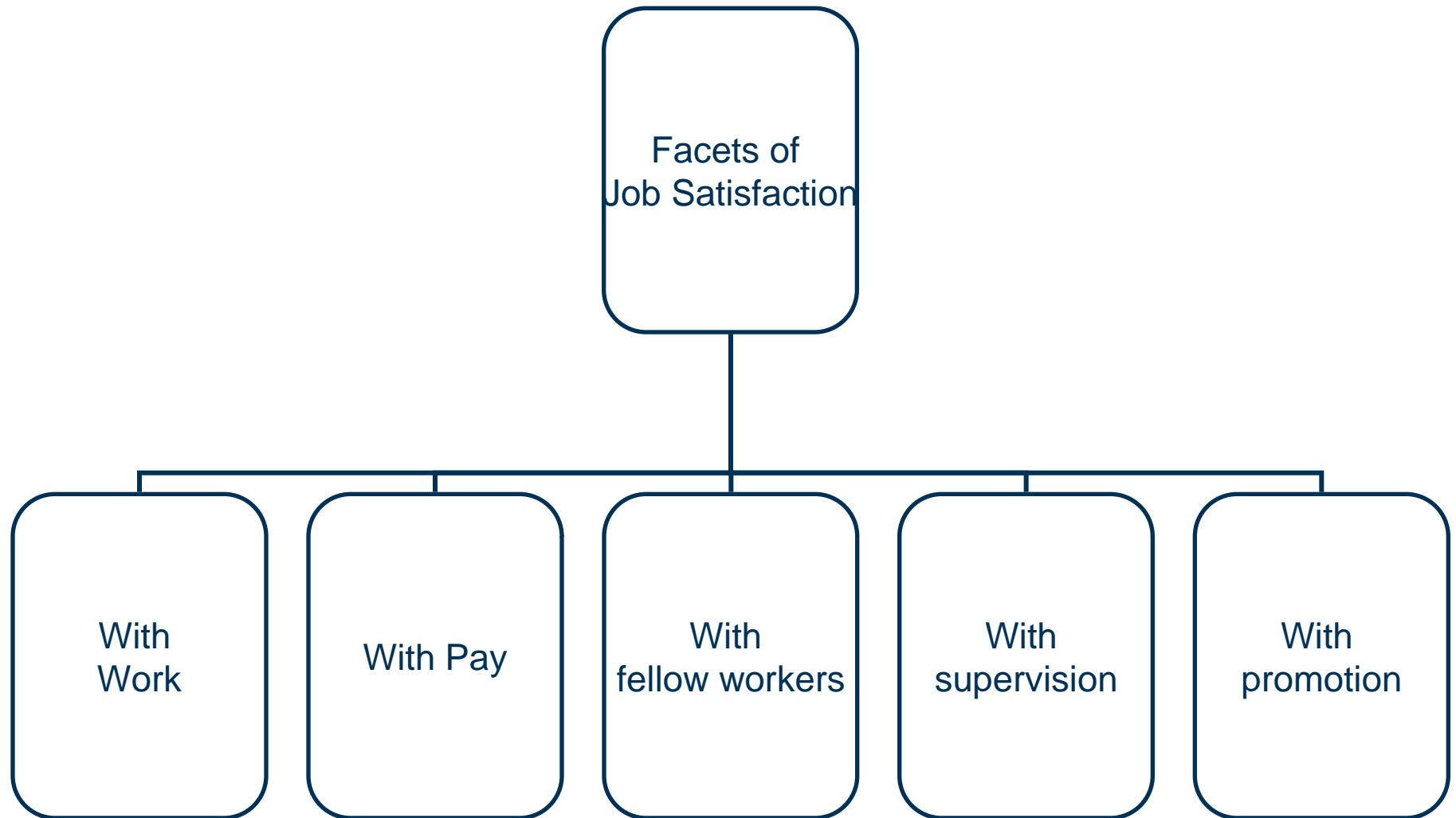


1.4 Job Satisfaction

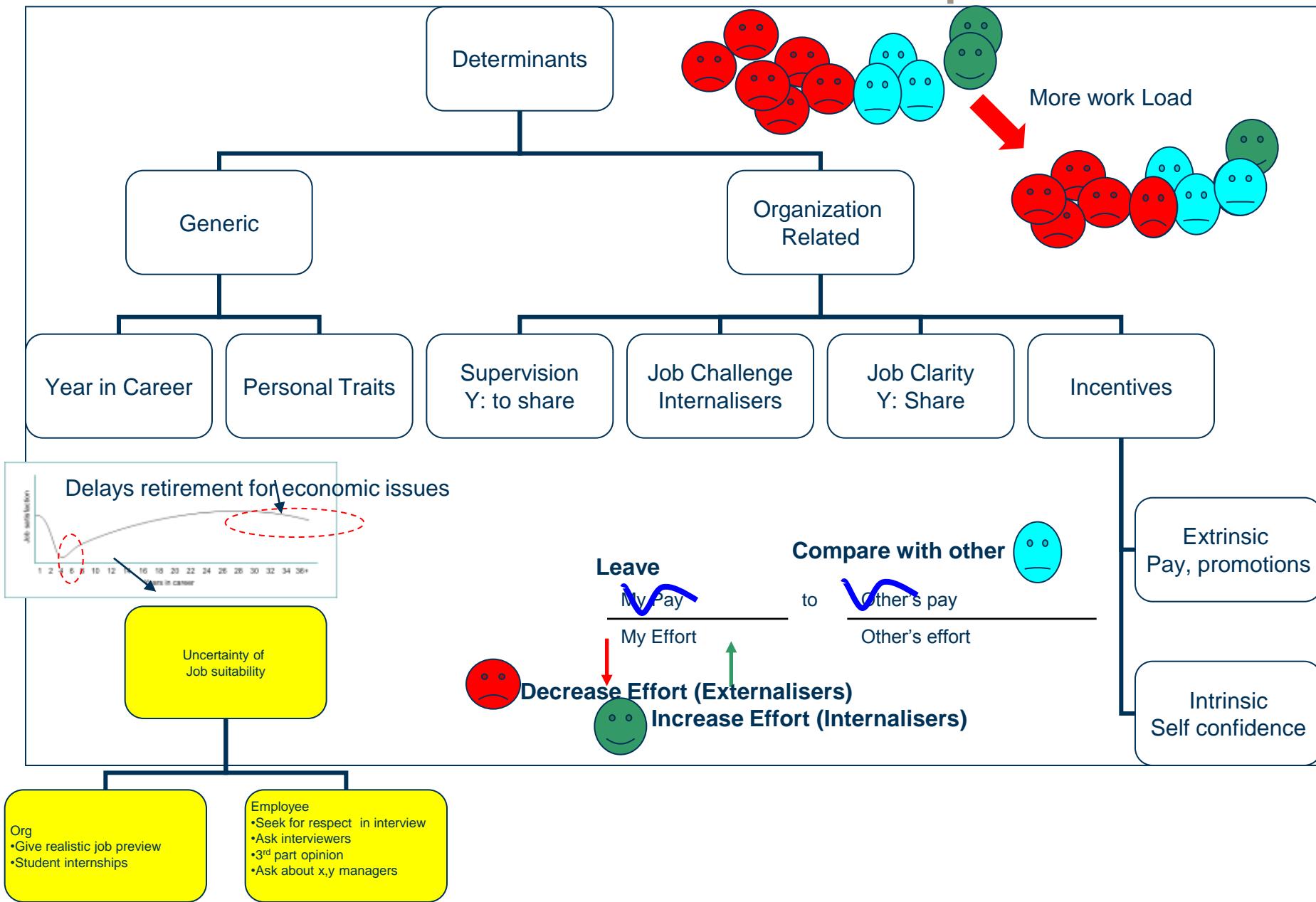


Job satisfaction continuously shapes all employees perceptions of events at work.

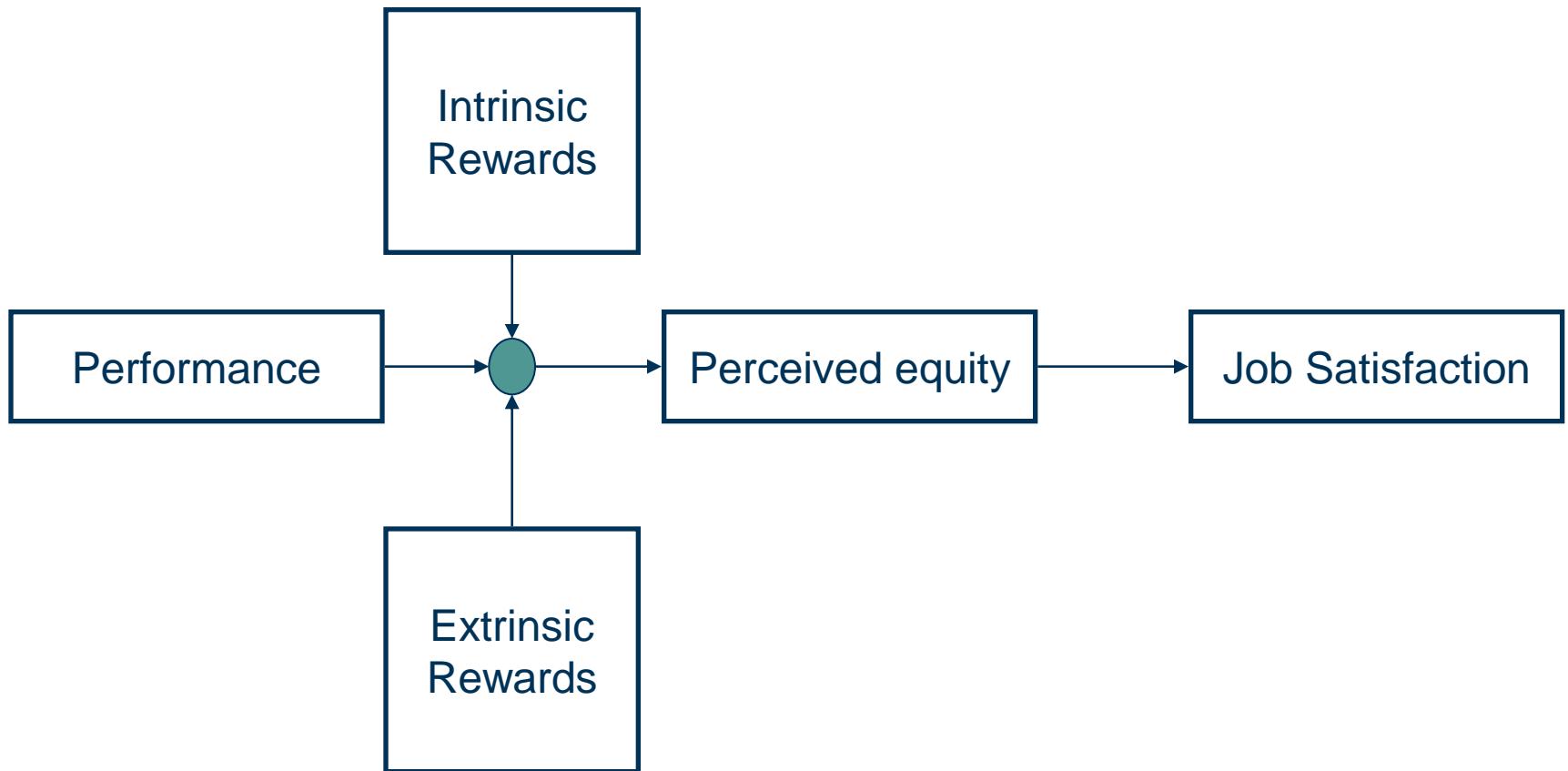
1.4.1 Meaning of Job Satisfaction



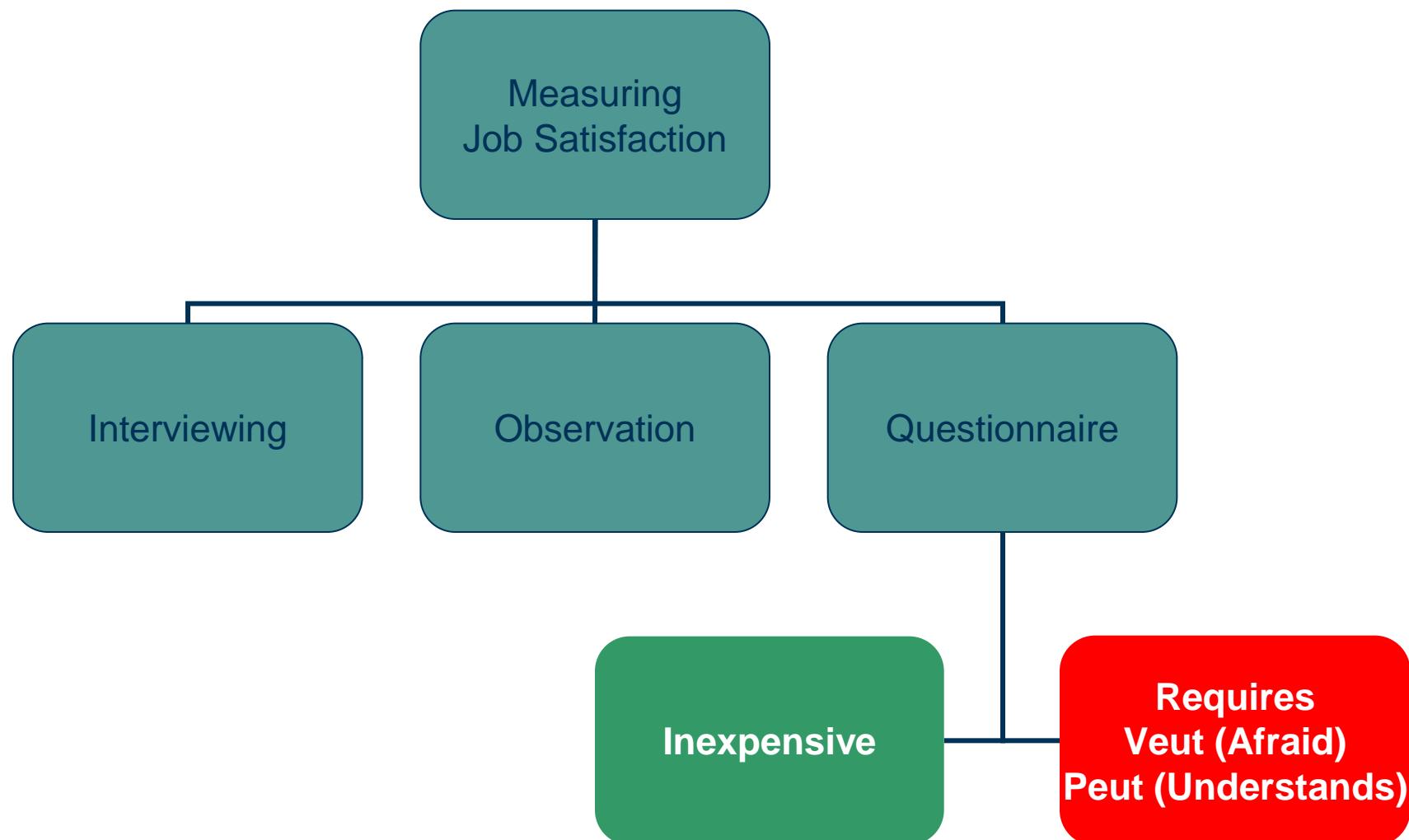
1.4.2 Determinates and Consequences



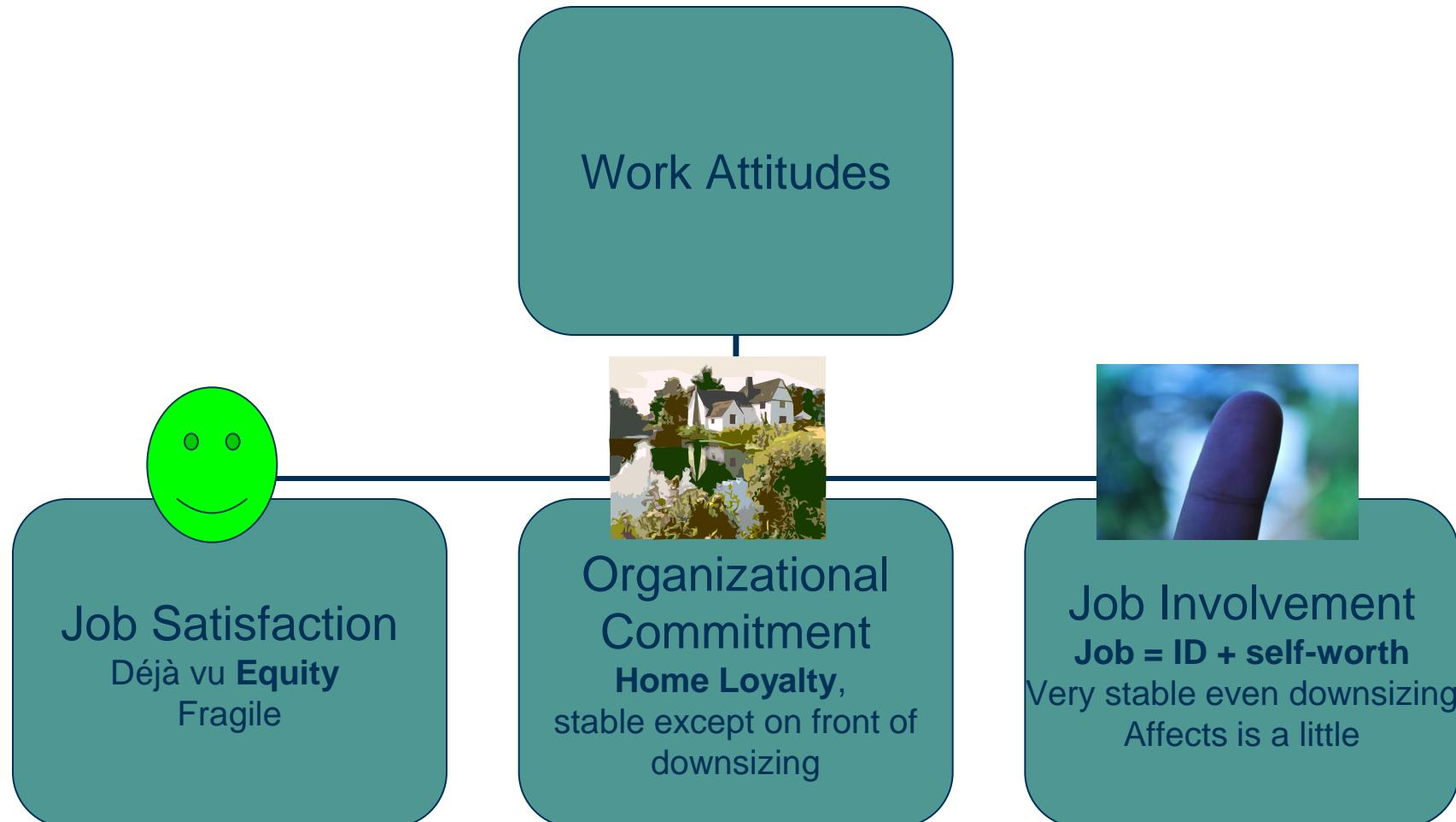
1.4.3 Job Satisfaction & Performance



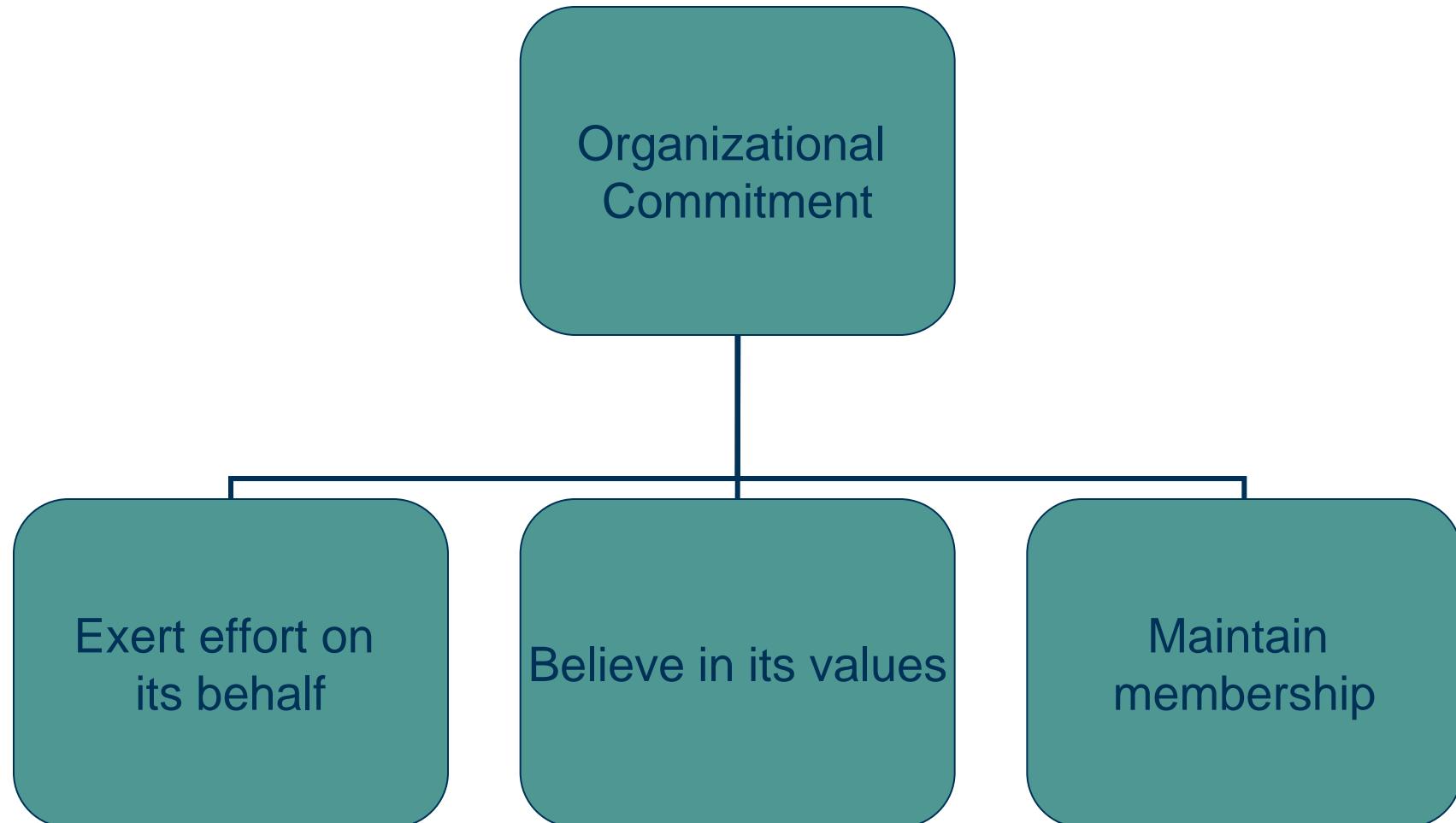
1.4.4 Measuring Job Satisfaction



1.5 Work Attitudes

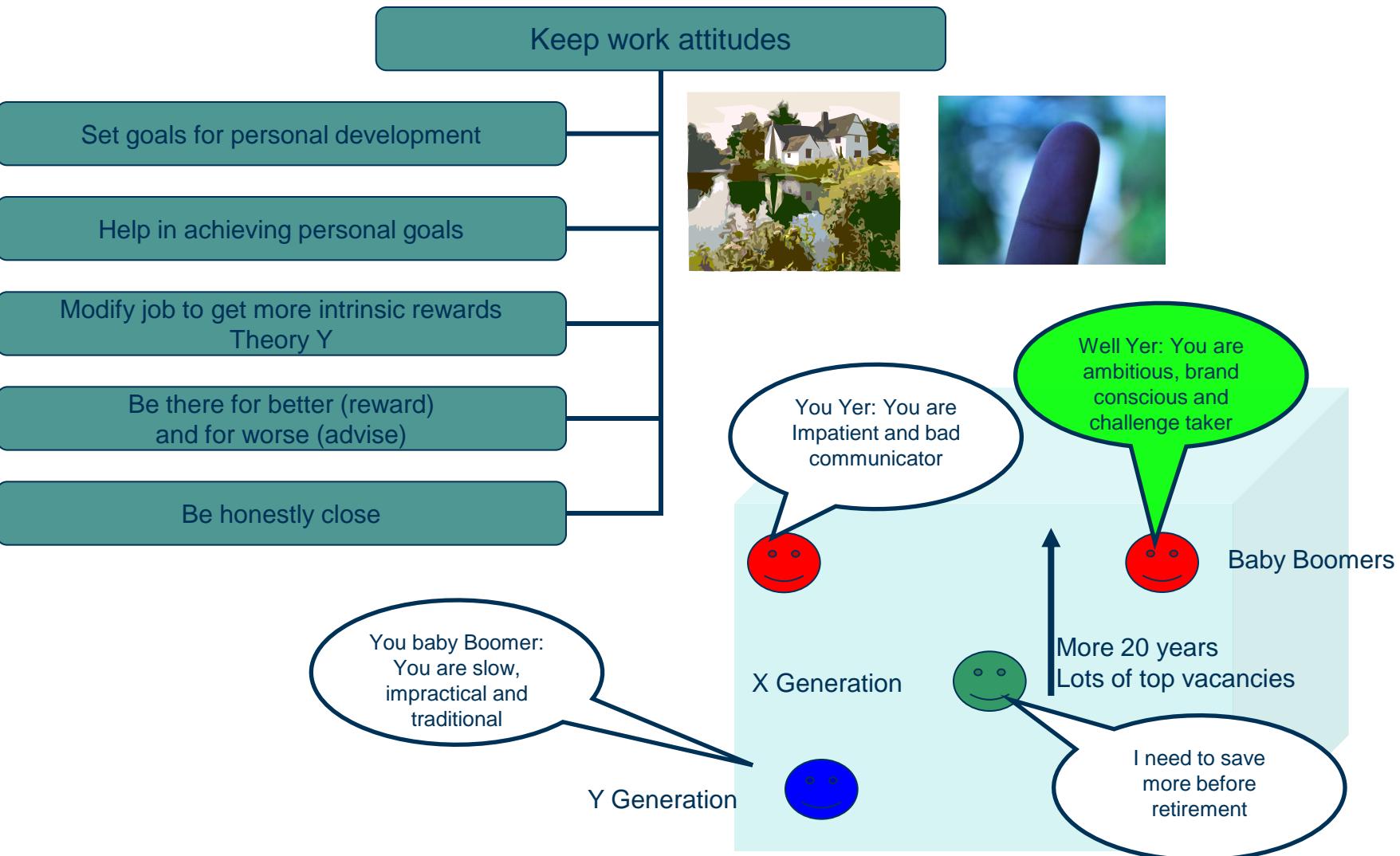


1.5.1 Organizational Commitment



1.5.2 Job Involvement

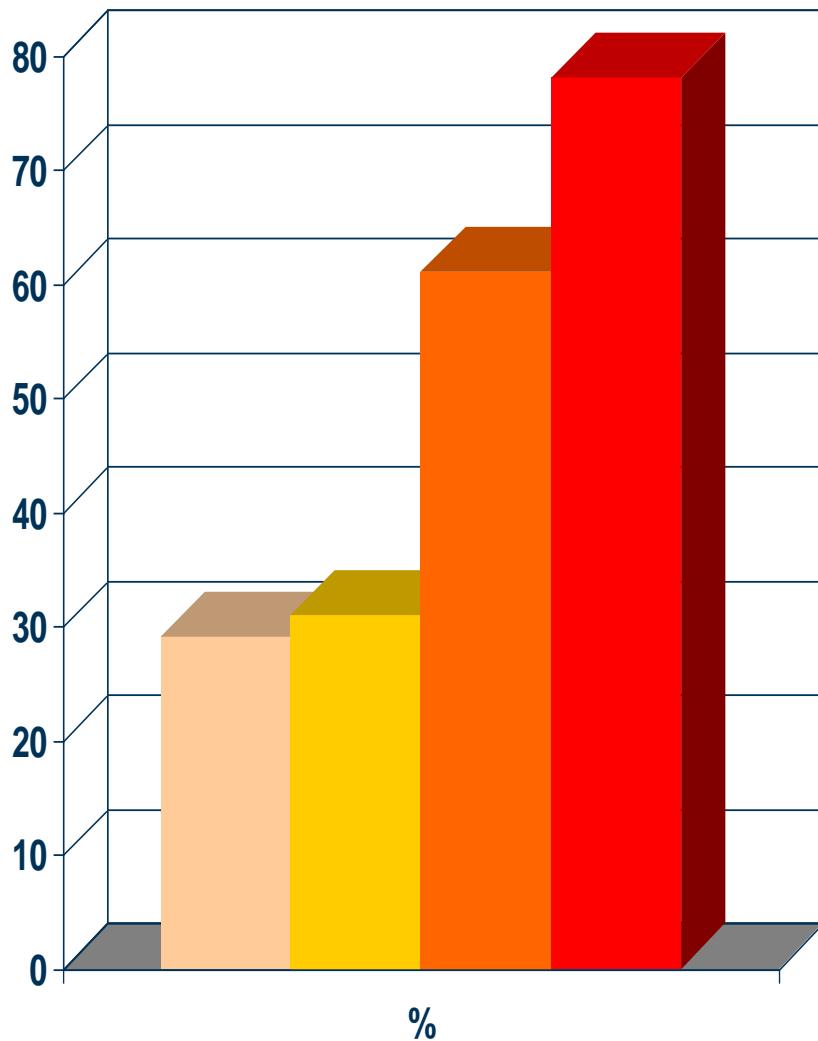
Maintain work attitudes



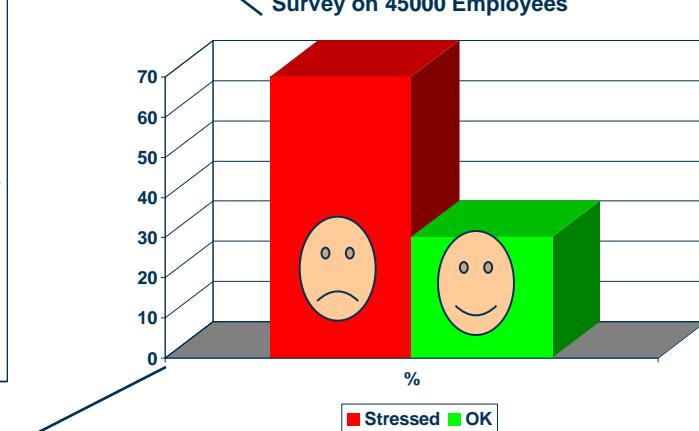
2. Stress and Wellbeing

1. Introduction
 1. Stress goes global
2. Job Stress and its components
3. Causes and consequences
 1. Environmental Causes
 2. Organizational Causes
 3. Individual Causes
 4. Individual Differences
 5. Consequences of stress
4. Individual Stress management
5. Organizations Stress Management
6. Downsizing as Insecurity Factor
 1. Domestic Goes Global
 2. Merger Mania
 3. Government Spending in Labour markets
 4. Small is beautiful
 5. Restless Shareholders
7. Semi-Last word on Downsizing

2.1 Introduction



Bosses
Co-Workers
Job-Authority
Technical Interruption

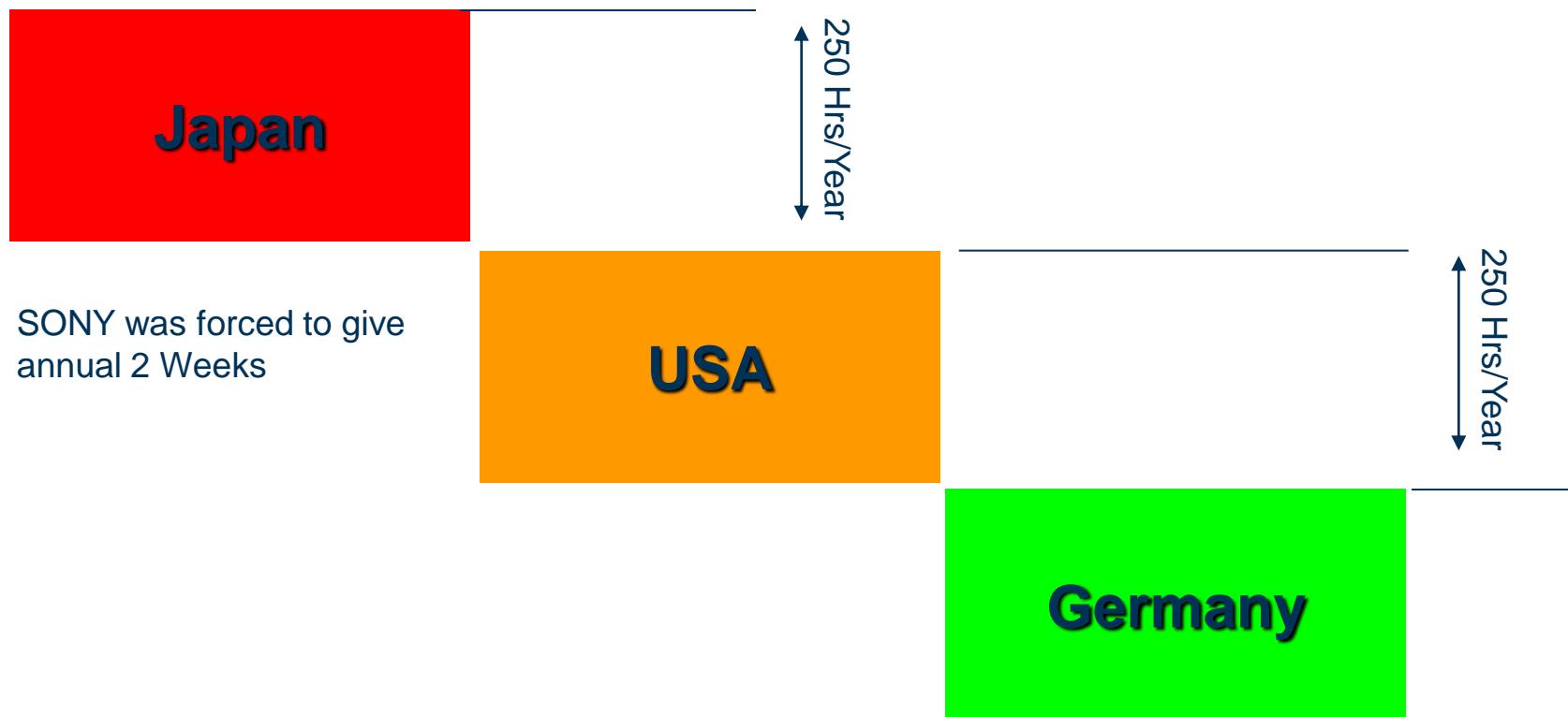


More health issues
Less productivity
Outbursts on job
Turnovers

Survey on 45000 Employees

2.1.1 Stress Goes Global

- Karoshi (Japanese: *Work yourself to death*)



2.2 Job Stress and its Components

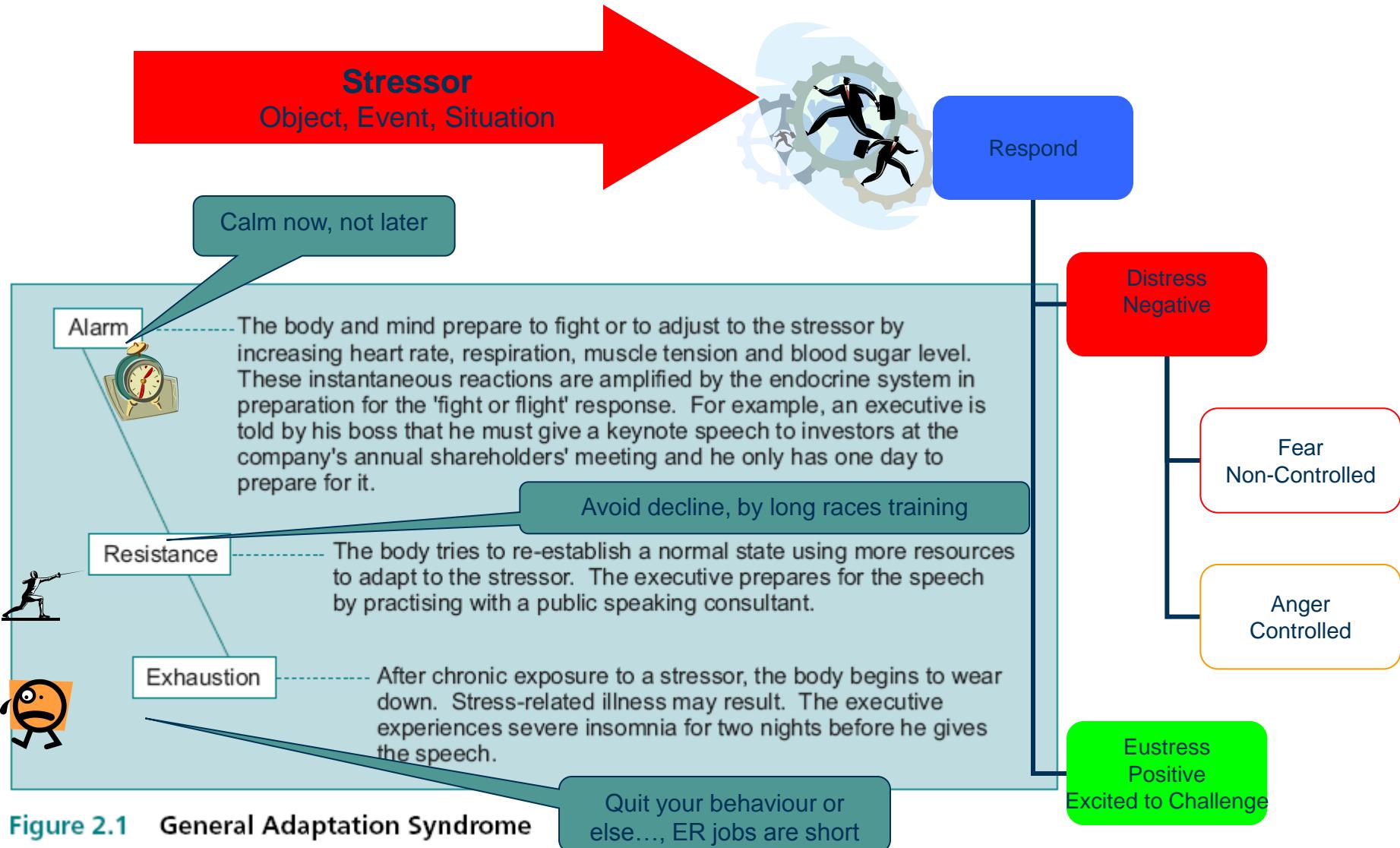


Figure 2.1 General Adaptation Syndrome

2.3 Cause and Consequences

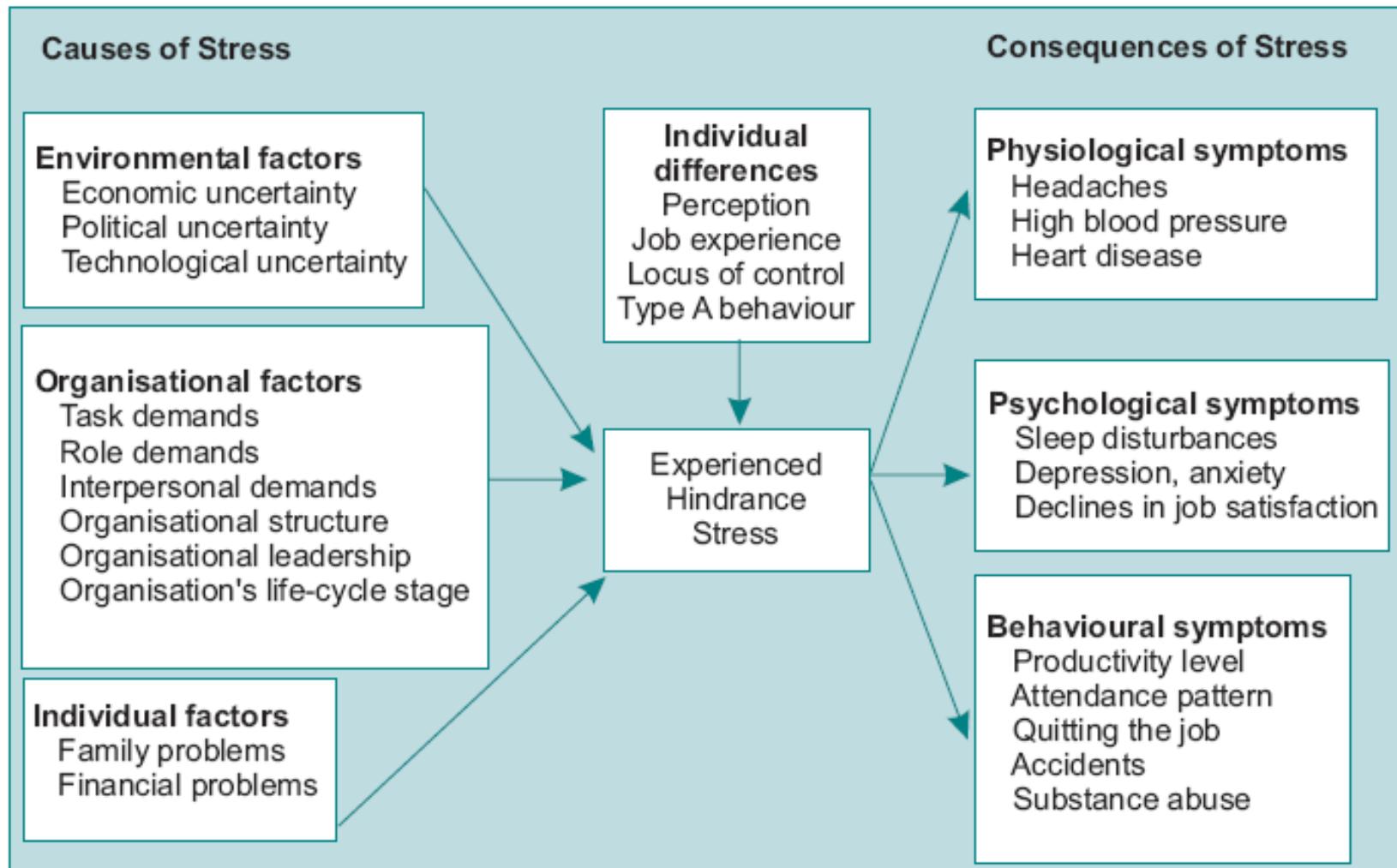
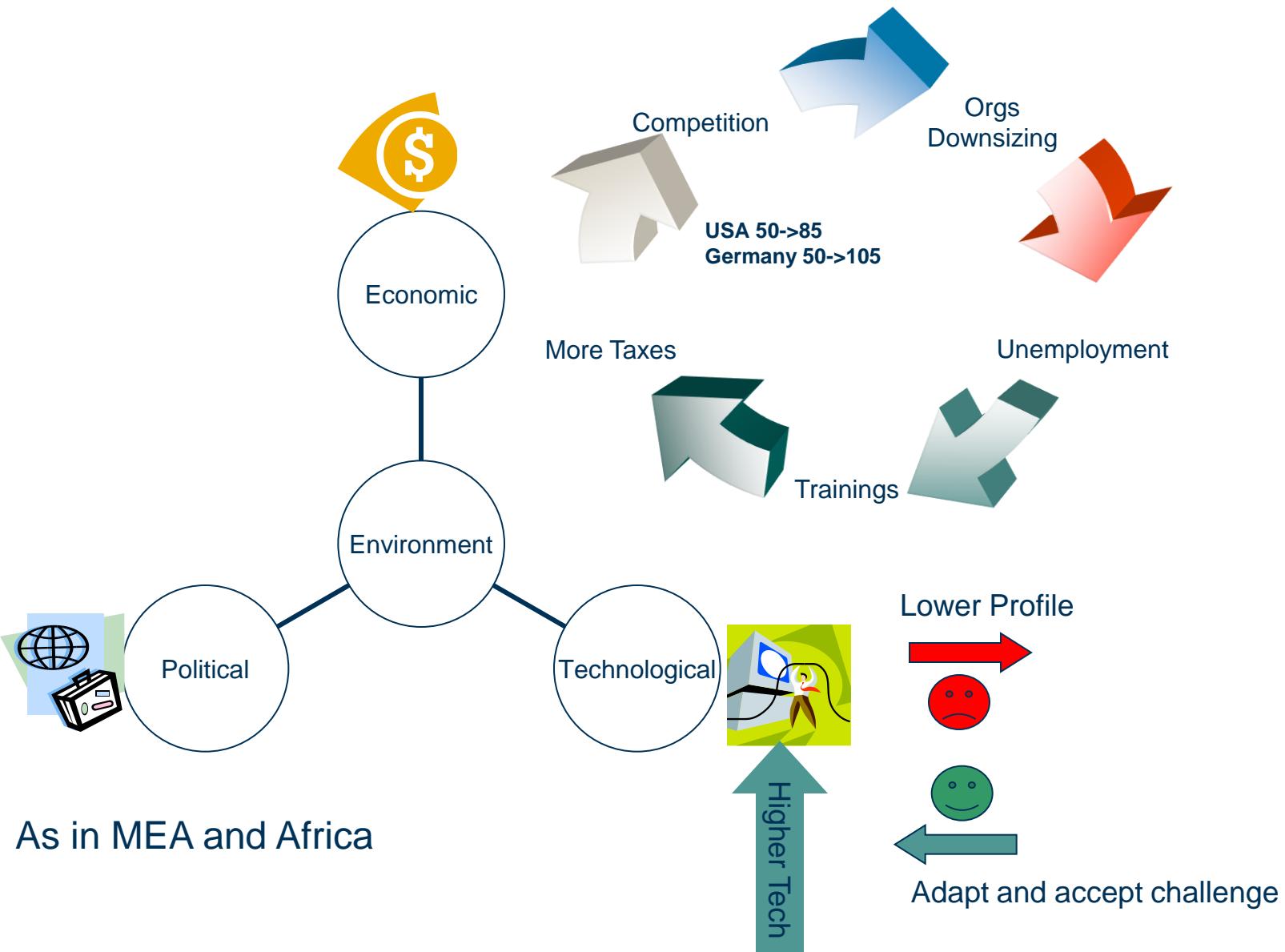
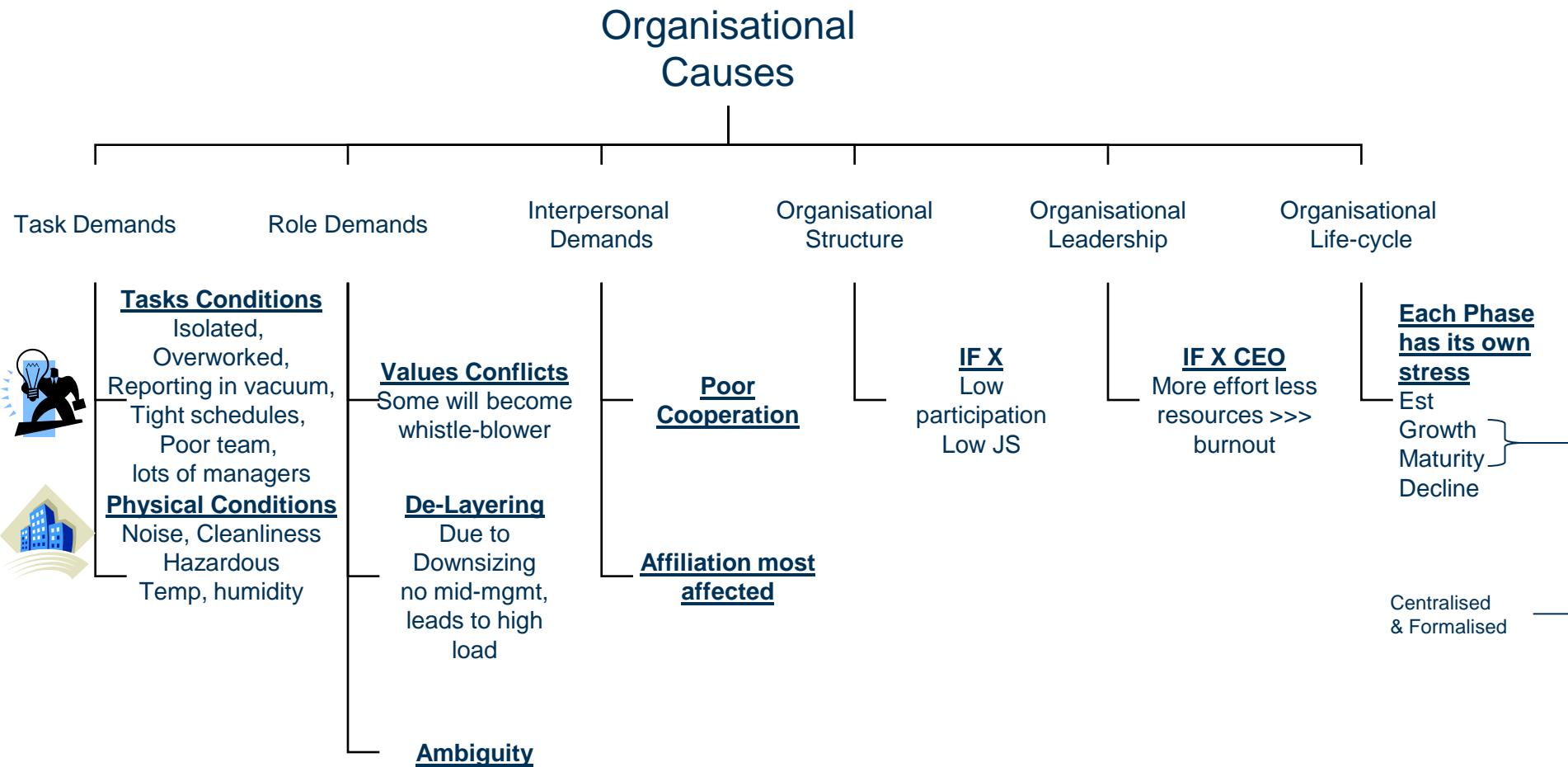


Figure 2.2 The stress model

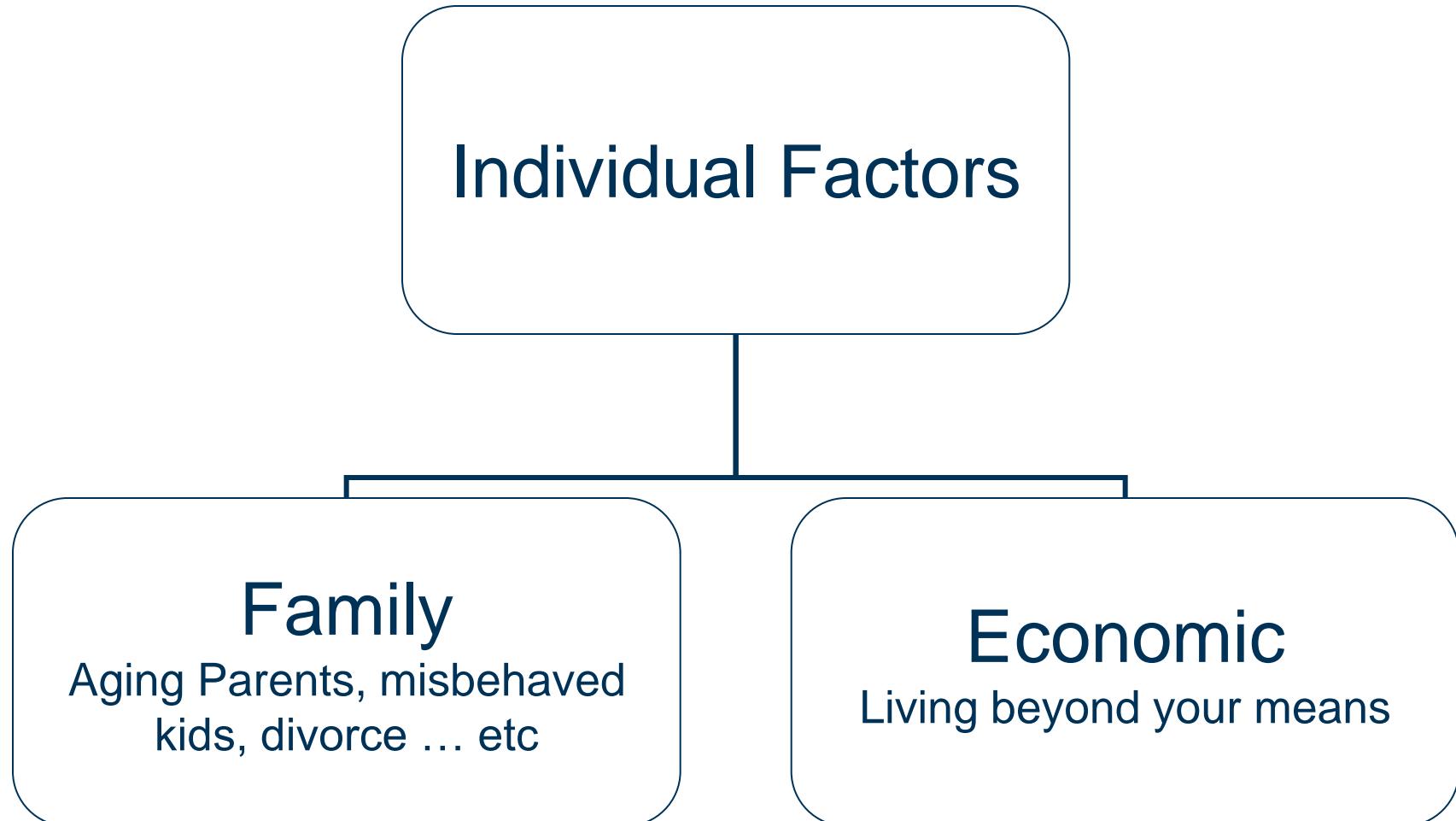
2.3.1 Environmental Causes



2.3.2 Organizational Causes

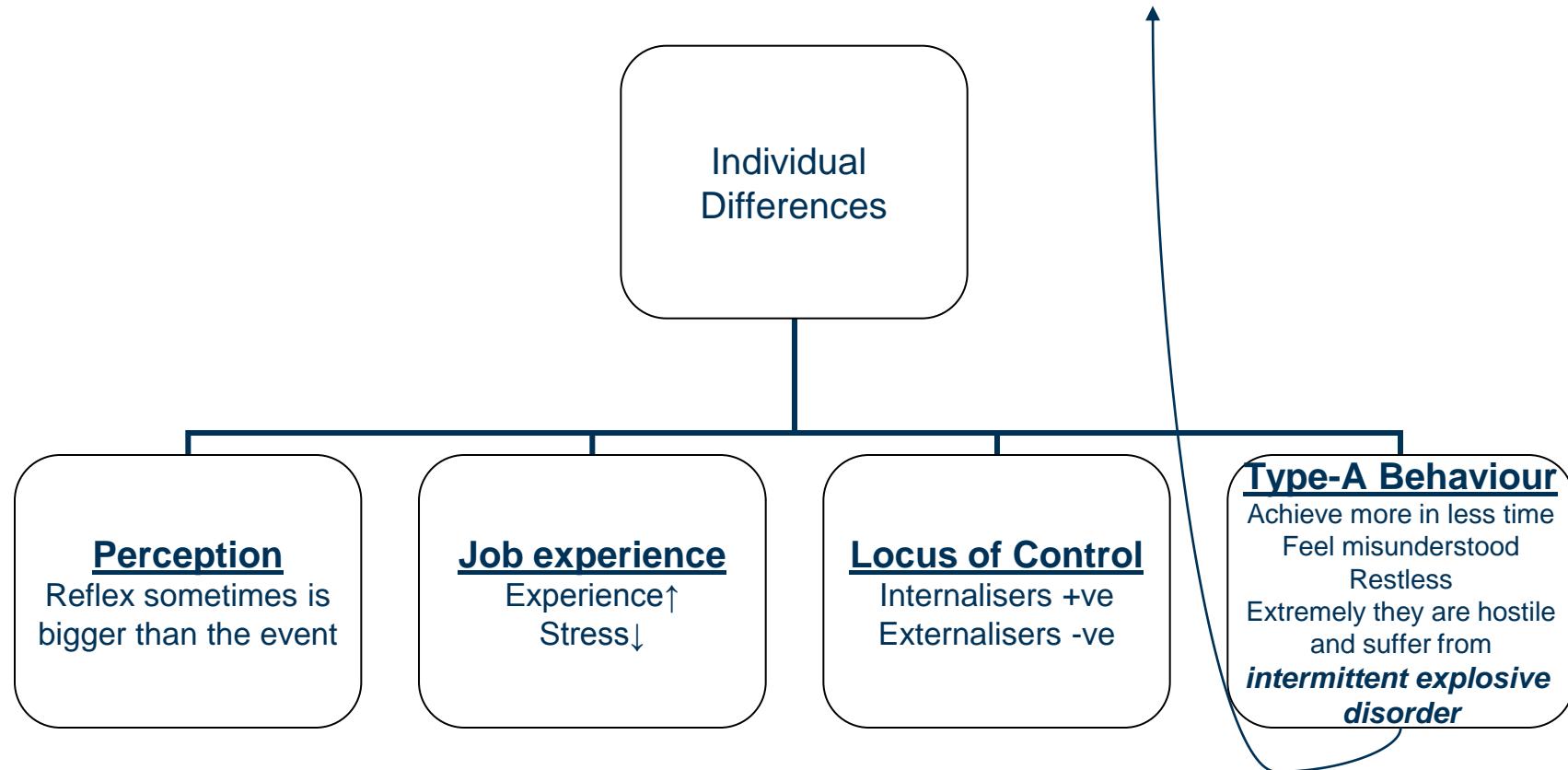


2.3.3 Individual Factors

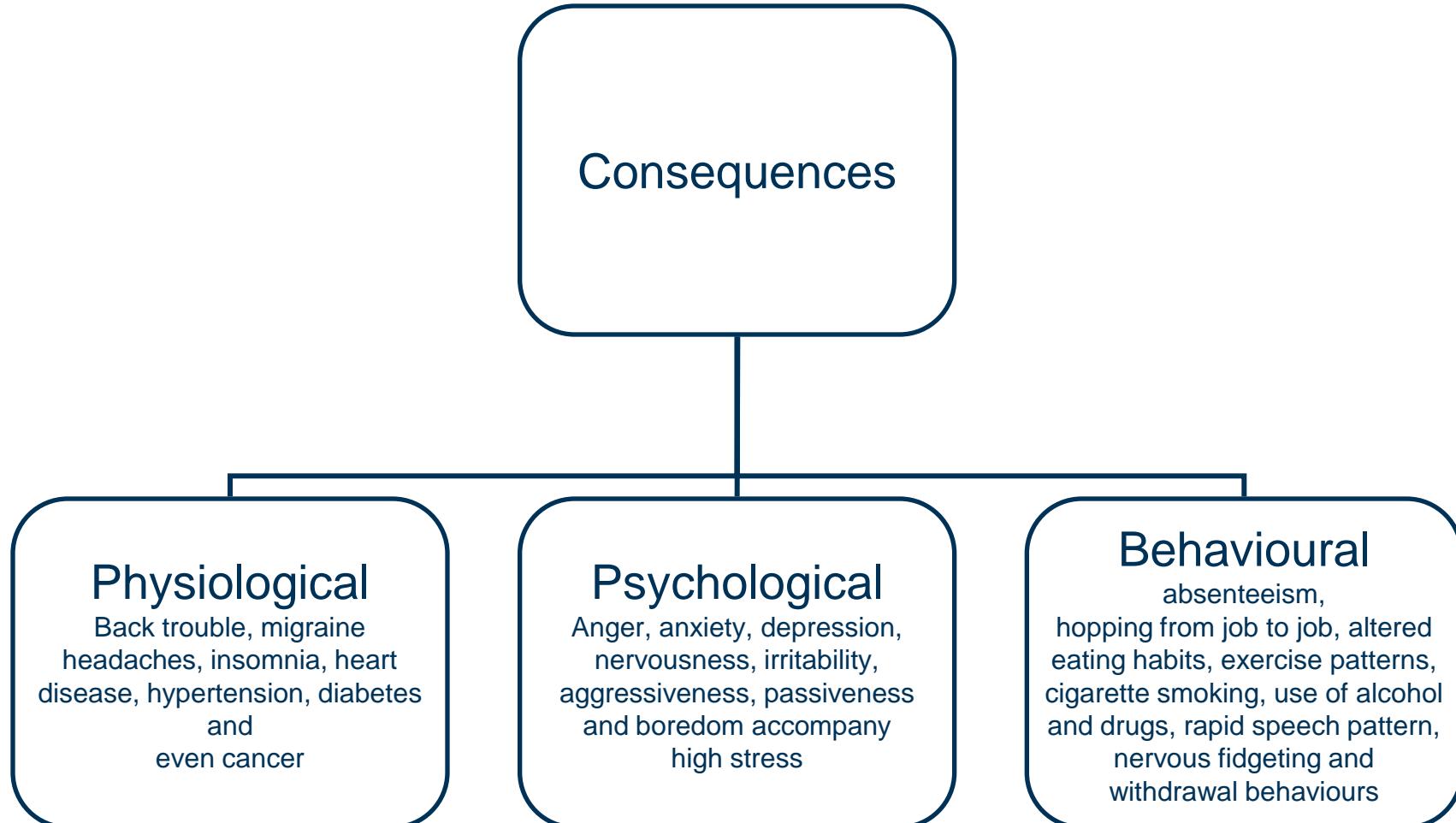


2.3.4 Individual Differences

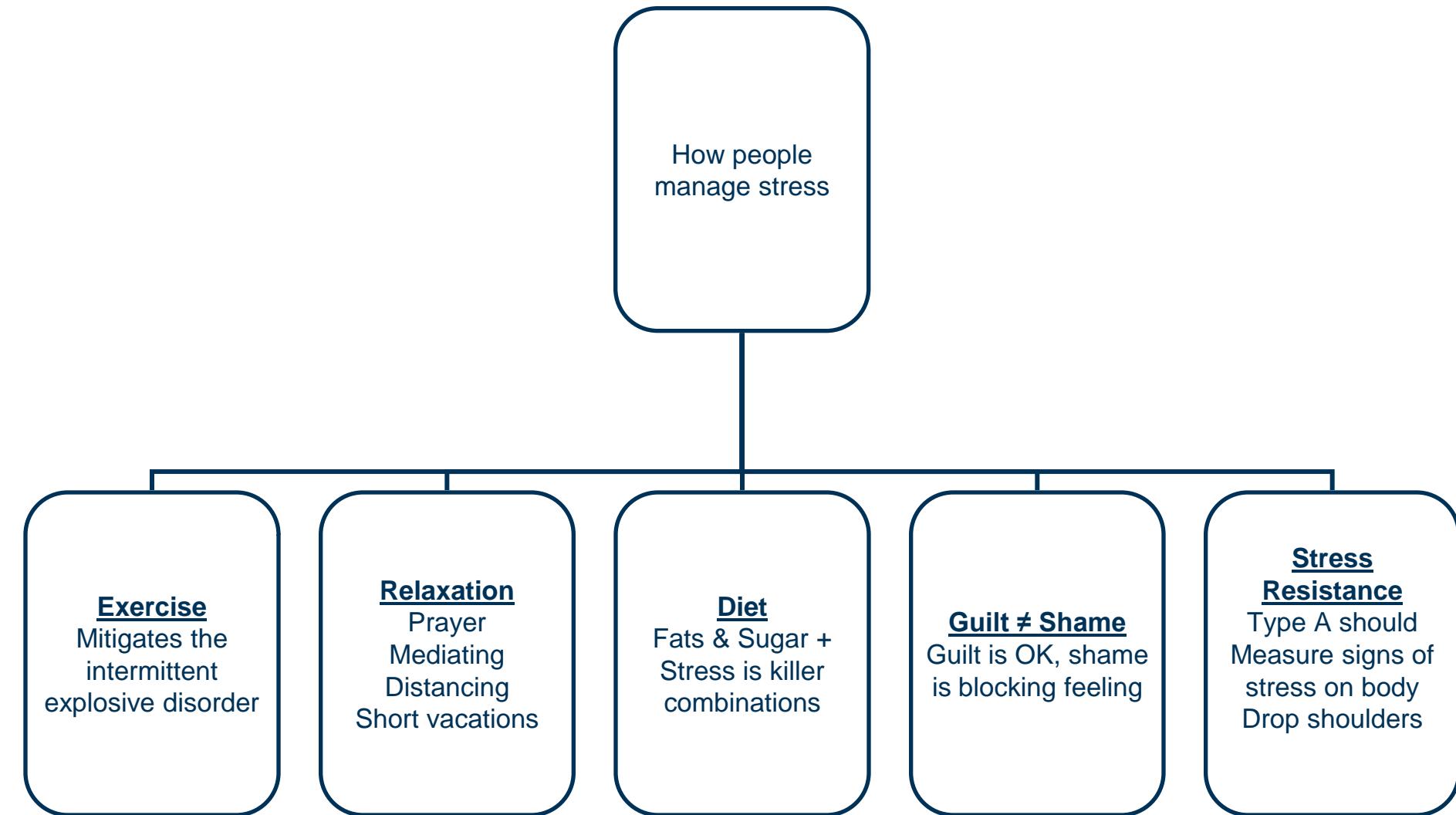
1. is suspicious of other people's motives,
2. instigates of arguments with others (agitators),
3. quickly angers in lines or traffic jams (intermittent explosive disorder),
4. acts defensively in non-threatening situations (generalised inferiority), and
5. believes other people are not pulling their weight.



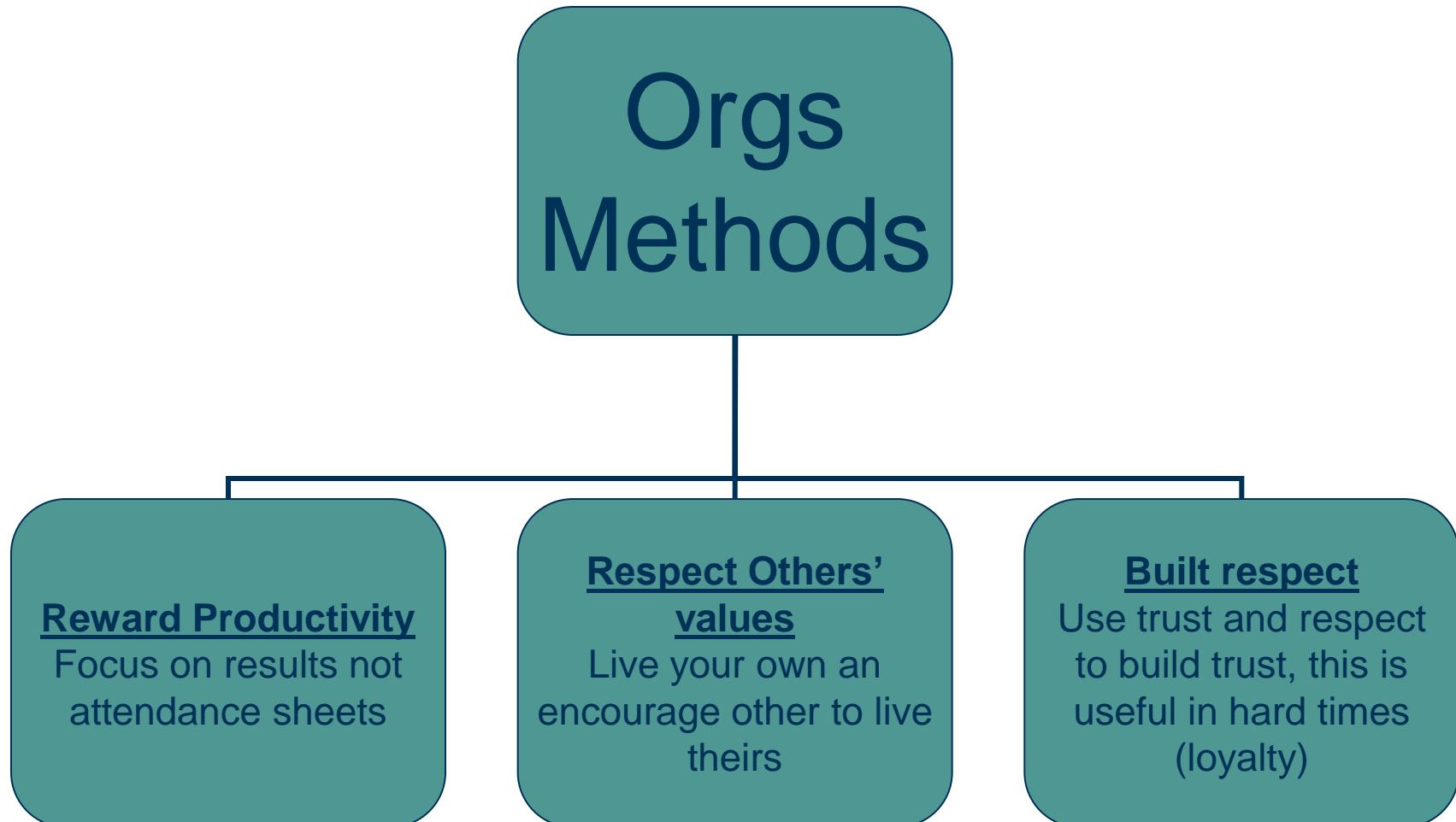
2.3.5 Consequences of Stress



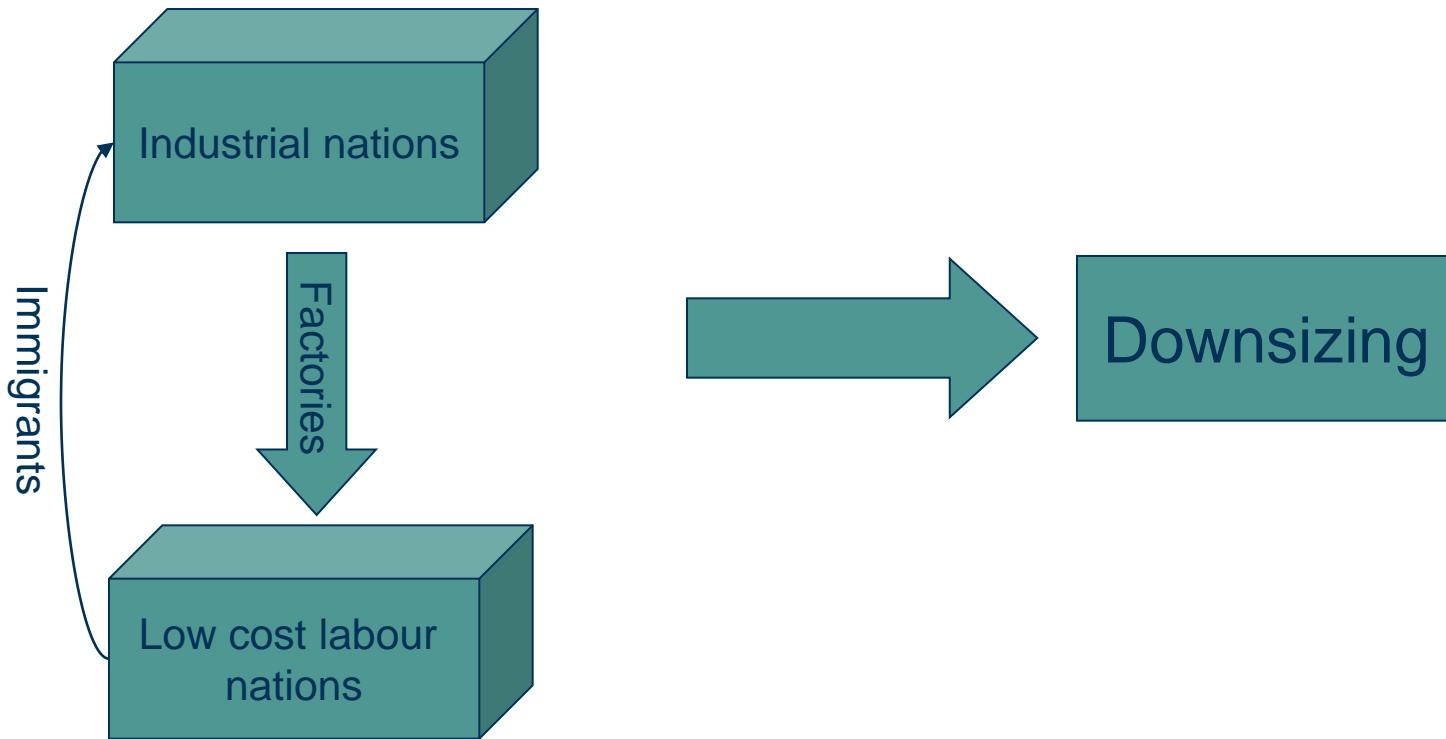
2.4 Individual Stress Management



2.5 Organizations Stress Management



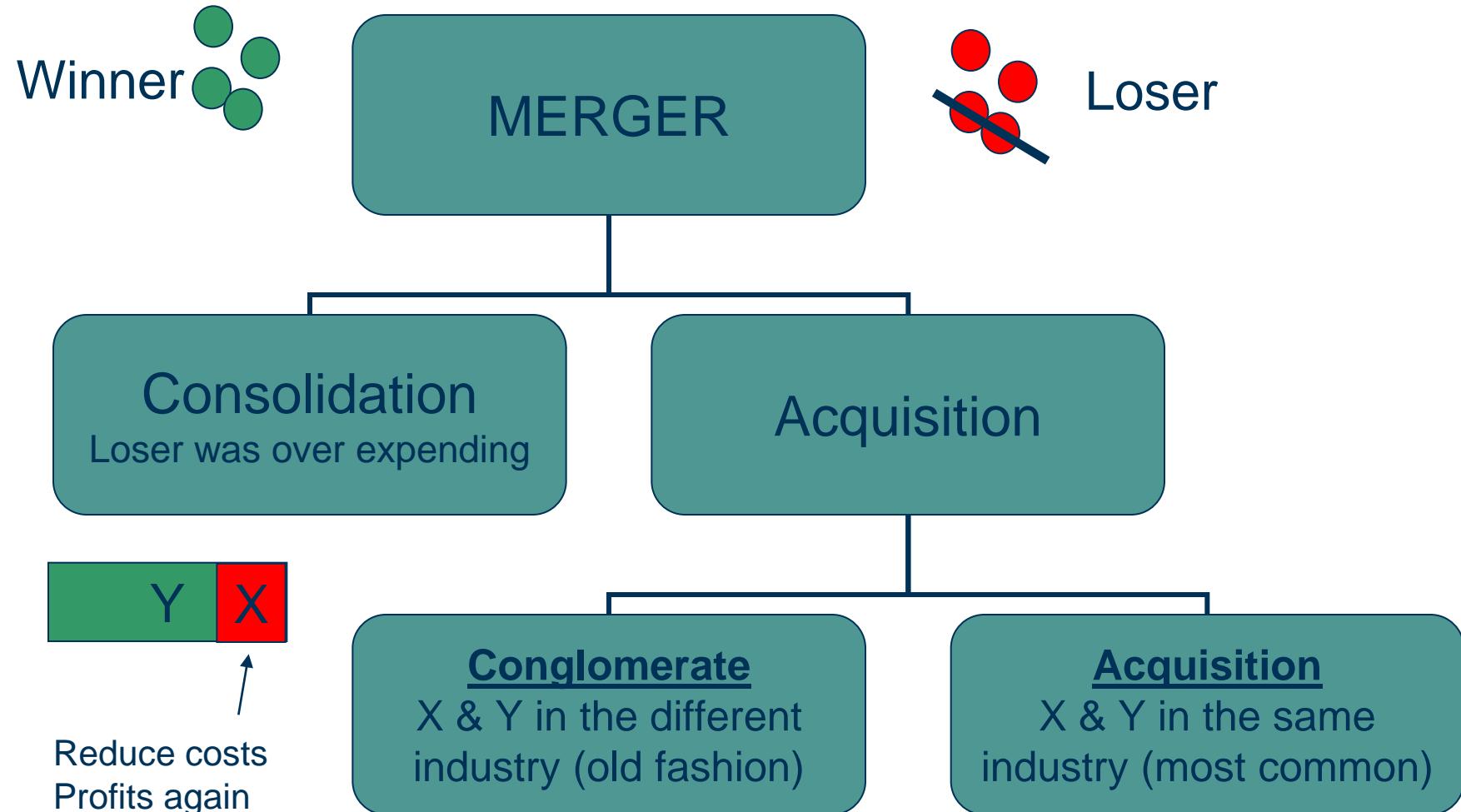
2.6 Downsizing as Insecurity Factor



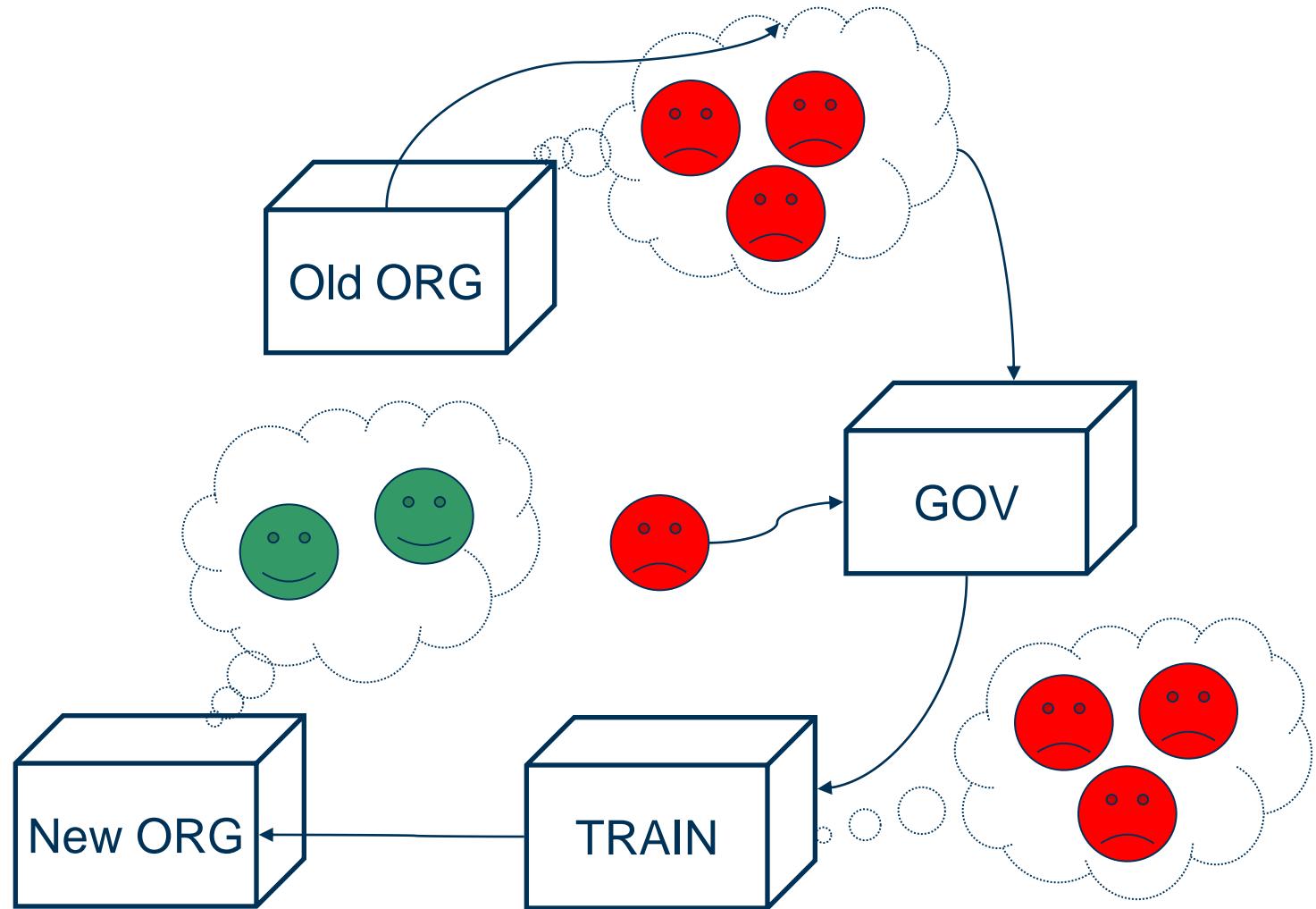
2.6.1 Domestic Goes Global

- Toyota is building cars in USA
- Only short-sighted politician who think that they can shield their countries from global aggressive hungry invaders

2.6.2 Merger Mania



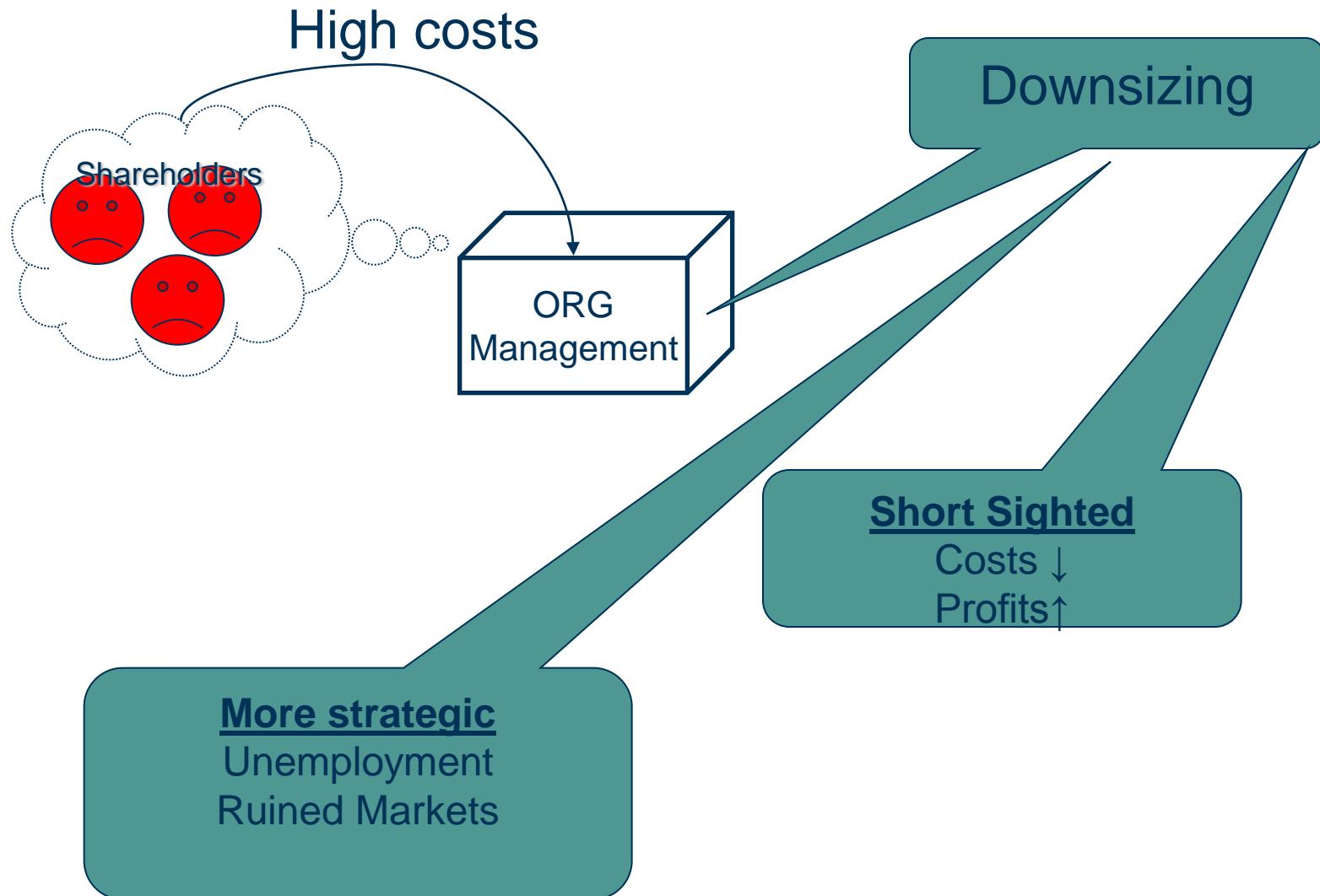
2.6.3 Government spending and Labour market involvement



2.6.4 Small is beautiful

- Entrepreneurship makes you think like;
 - Share credit
 - Ask for forgiveness than permission
 - Willing to be fired every day (be brave)
 - Follow intuition in building teams
 - Ask for advice before resources
 - Only bet on your races
 - Stay the course and be realistic in achieving goals
 - Honour your sponsors

2.6.5 Restless Shareholders



2.7 Semi-Last word on Downsizing

- Although it is the NO.1 cost cutter as seen by executives, 68% of downsized were not back to profitability
- Do it considering;
 - Give good release package
 - Encourage outsourcing
 - Minorities and women rights

3. Contemporary Theories of Motivation Contents 1/2

1. Introduction

1. What Stimulates Human Behaviour
2. Motivation vs. Performance
3. Different types of motivation theories

2. Content theories of motivations

1. Maslow's Hierarchy
2. Applying the need hierarchy
3. Herzberg Two factors motivation theories
4. Maslows vs. Herzberg

3. Process theories of motivation

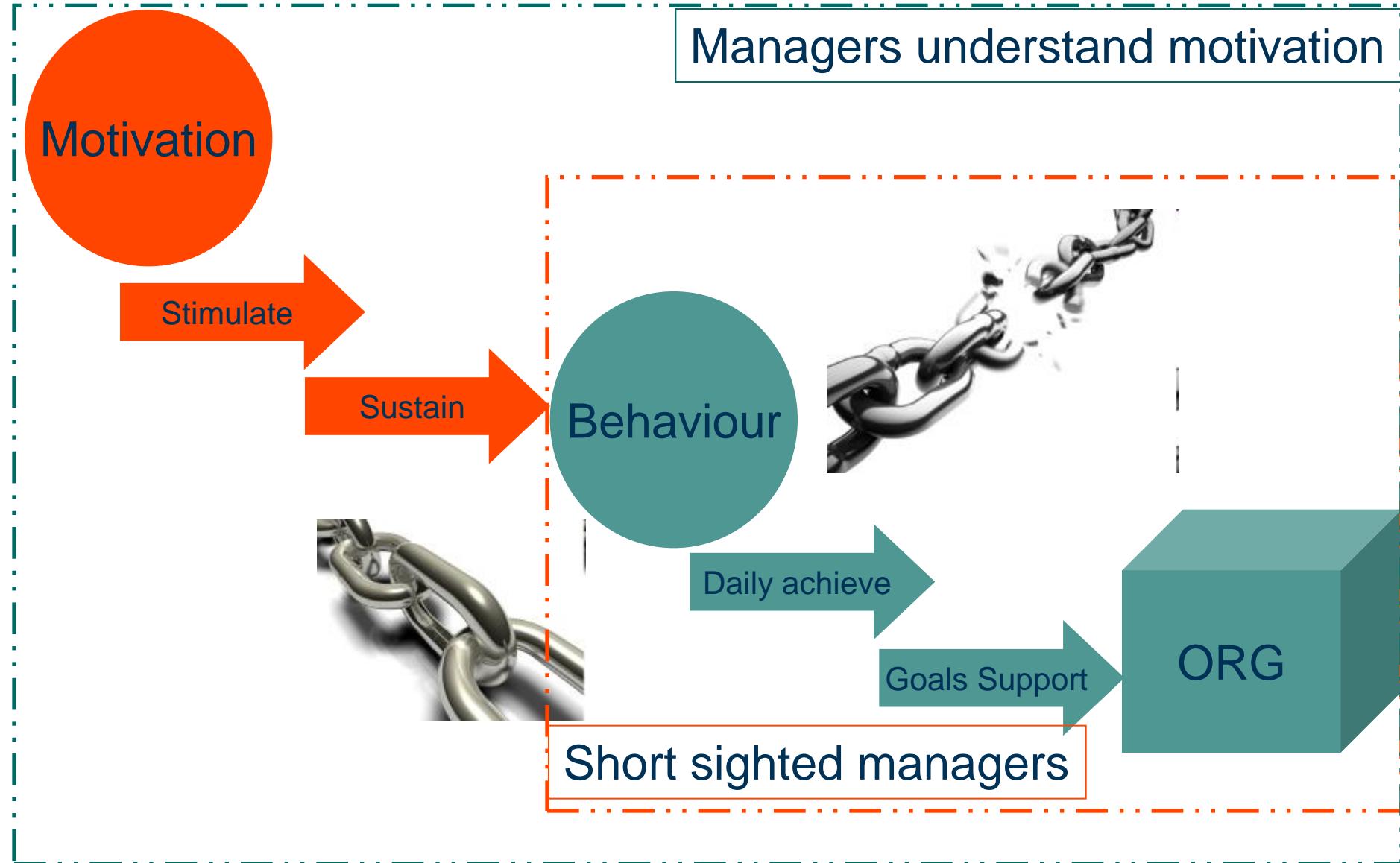
1. Equity Theory
2. New research lights on equity theory
3. Concept of Expectancy theory
4. Applying Expectancy theory
5. Expectancy theory to individual and organizations

3. Contemporary Theories of Motivation Contents 2/2

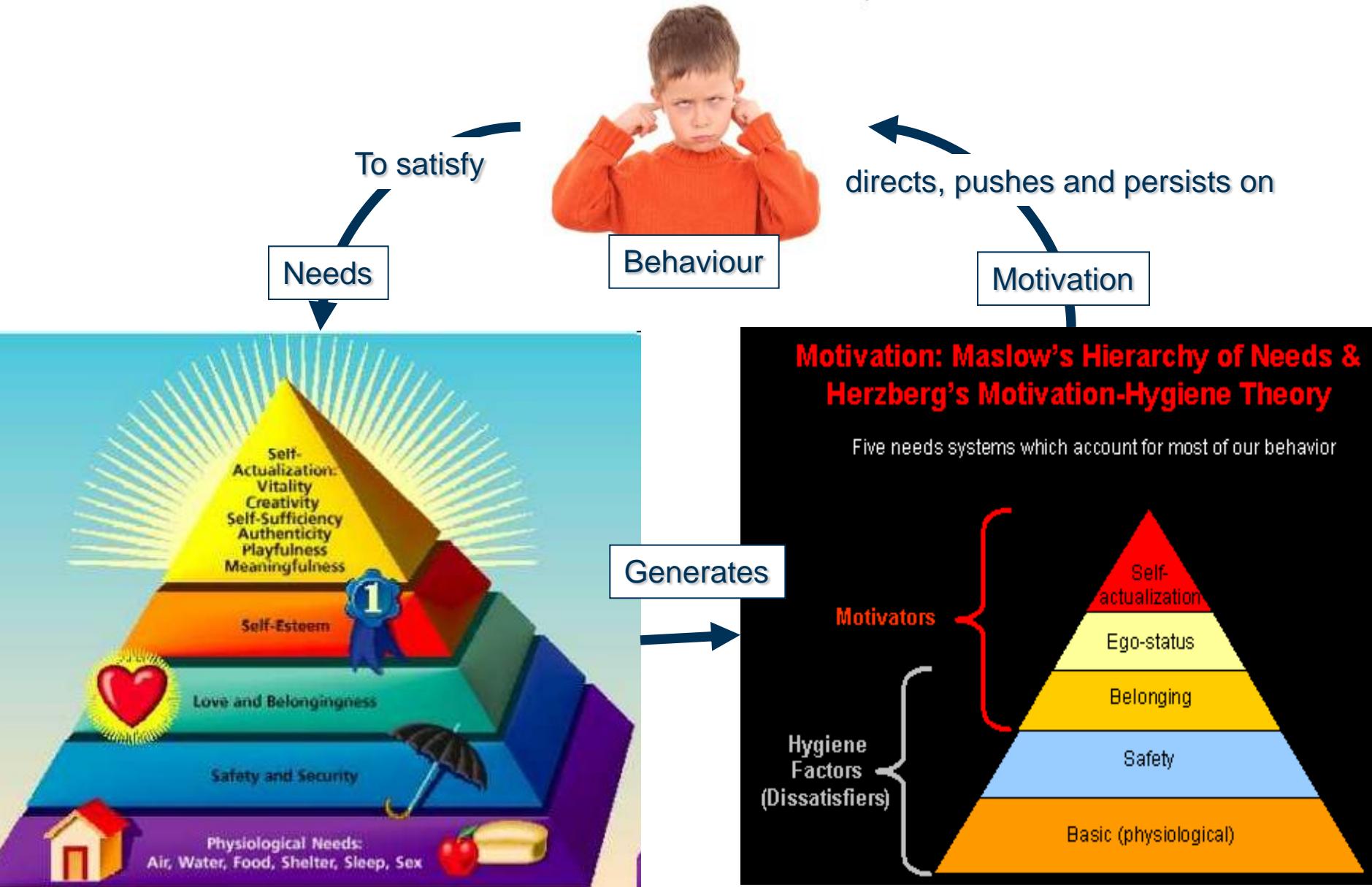
5. Cultural Differences in Motivations

1. Behaviour Modification [BMod]
 1. Positive Reinforcement
 2. Negative Reinforcement
 3. Extinction
 4. Punishment
 5. Behavioural Shaping and Employees
2. Making Sense of Schedules of Reinforcement
 1. How Partial Reinforcement Schedules Influence Employee Behaviour
 2. Characteristics of Partial Reinforcement Schedules
 3. Stretching the Ratio and Interval of Reinforcement
 4. Is Stretching Ratios or Intervals a Way to Use Fewer Rewards?
3. BMod in Perspective
4. Understanding the Role of Punishment in Management Practices
 1. Why Punishment Receives so Little Attention in Management Circles
 2. What Has Happened in this Episode?
 3. Why Is Punishment so Common?
 4. The Positive Side of Punishment in Organisations
 5. How Can Punishment Be Used Effectively?
5. Setting up a BMod Programme
 1. Some Reminders about Initiating a Behaviour Modification Programme

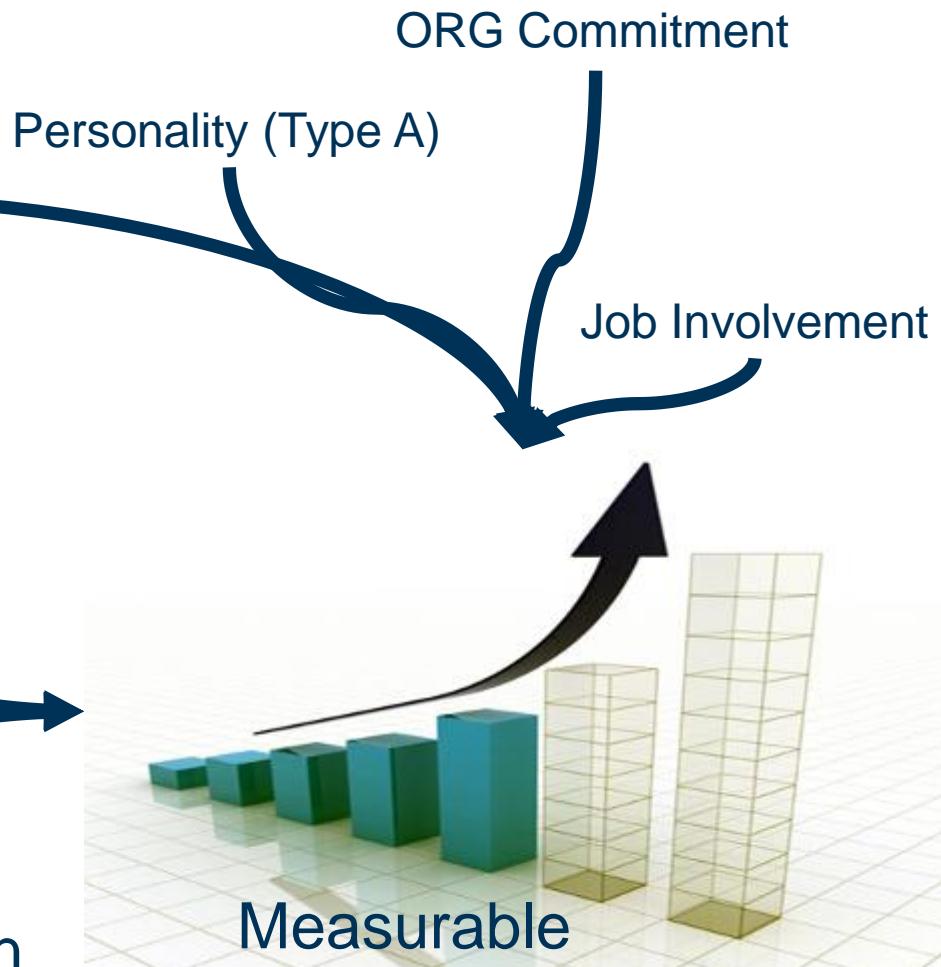
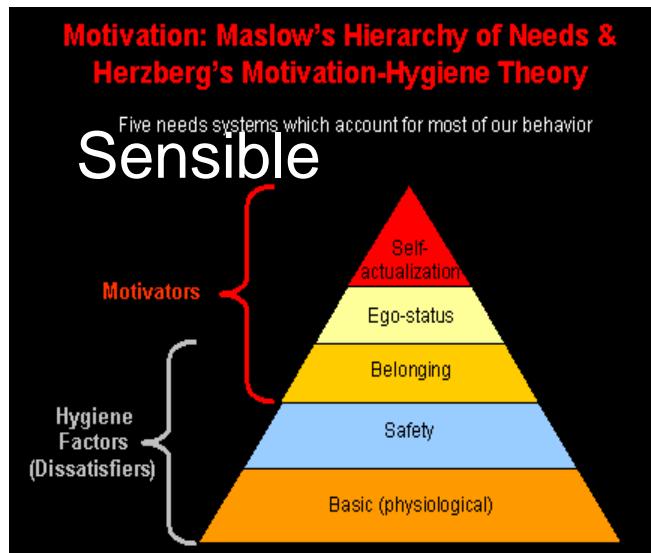
3.1 Introduction



3.1.1 What Stimulate Human Behaviour



3.1.2 Is there a Distinction between Motivation and Performance?



Only one factor, no direct relation

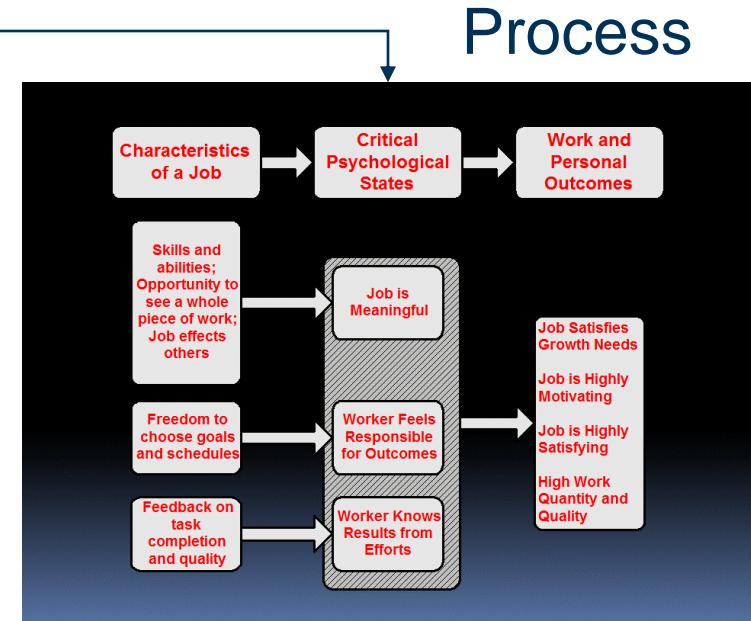
3.1.3 Are there Different Types of Motivation Theory?



Contents

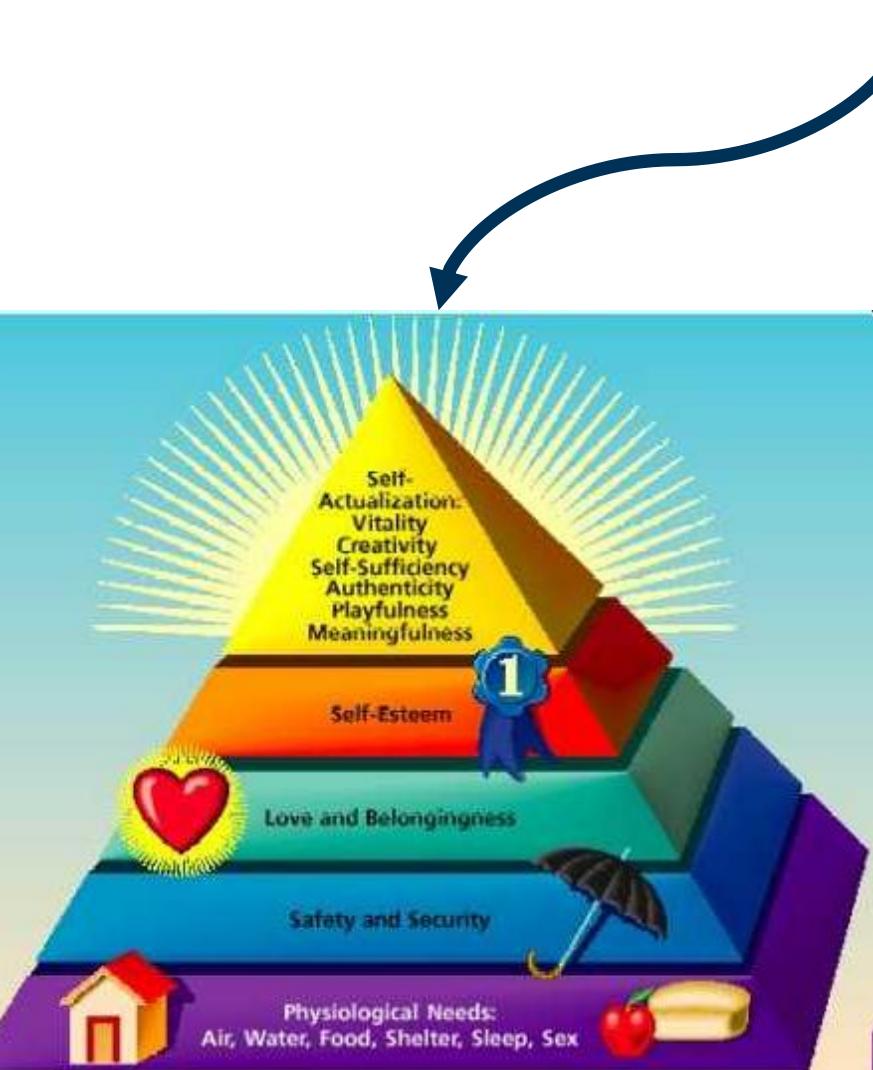


WHAT



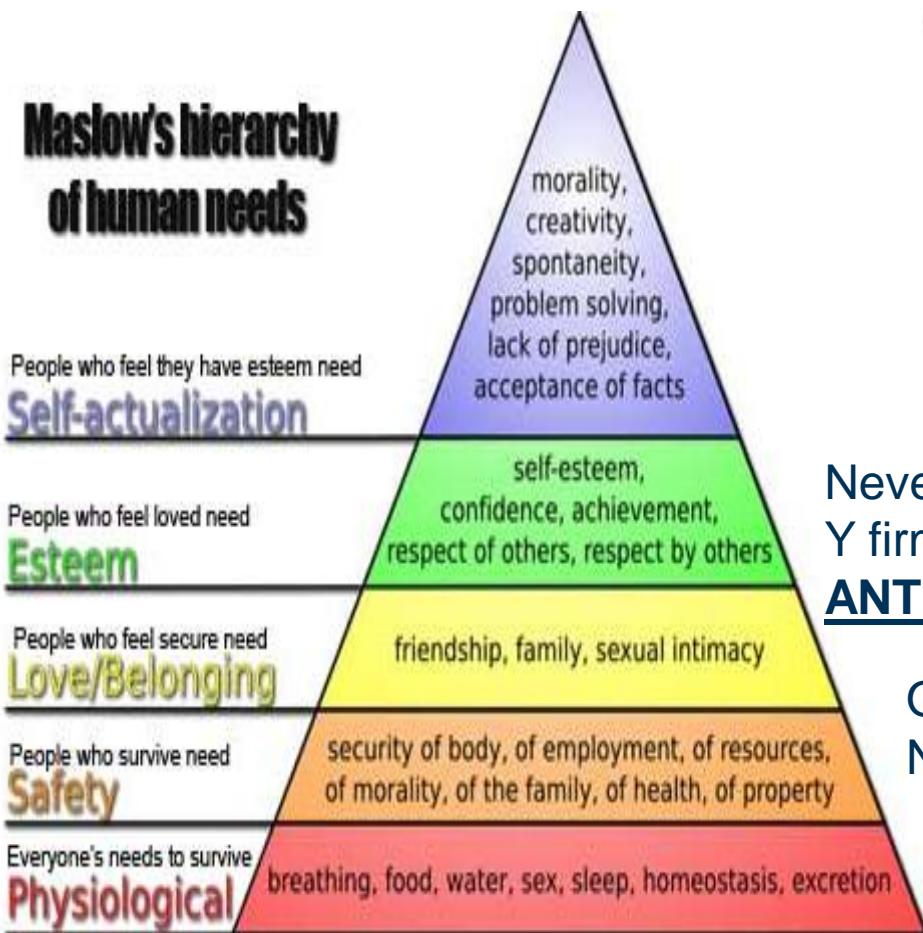
HOW

3.2 Content Theories of Motivation



Maslow	Herzberg
self-actualisation	
self-esteem	motivators
social	
safety	
physiological	hygiene

3.2.1 A Question of Needs: Maslow's Hierarchy



Never fully satisfied
Y firms are better satisfying and motivating
ANTICIPATION NATURE

OK: forget about
NOK: SHOULD be OK again

Criticism: The 5 levels could be emerged into two main levels: Physiological and Psychological, when aggregating lots of questionnaires, and 5 levels show again when personalized (Logical!)

3.2.2 Applying the Need Hierarchy



Along Career, firstly individual
Then firm if became executive
Senior become mentors
Self-determination is important

Profession ID Individual and firm,
also promotions and picking assignments

Some fulfilled
And some along career

Early Years (5 or so)
Secure position, learn ORG values ... etc

Normally fulfilled

Maslow's hierarchy of human needs

People who feel they have esteem need
Self-actualization

morality, creativity, spontaneity, problem solving, lack of prejudice, acceptance of facts

People who feel loved need
Esteem

self-esteem, confidence, achievement, respect of others, respect by others

People who feel secure need
Love/Belonging

friendship, family, sexual intimacy

People who survive need
Safety

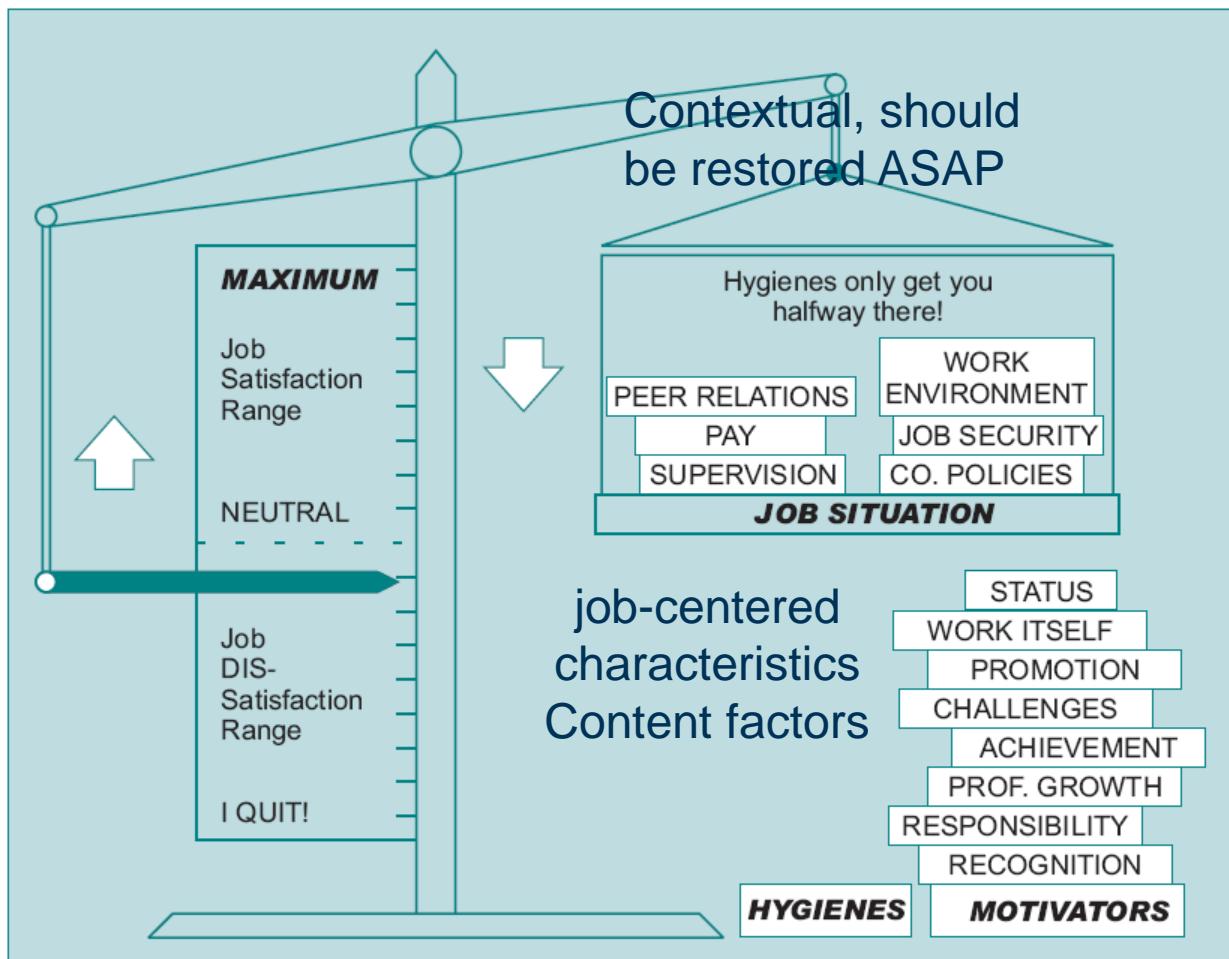
security of body, of employment, of resources, of morality, of the family, of health, of property

Everyone's needs to survive
Physiological

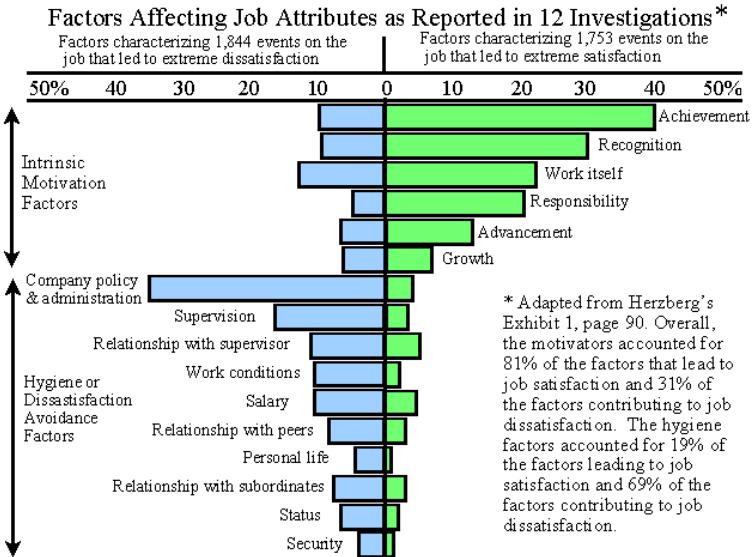
breathing, food, water, sex, sleep, homeostasis, excretion

3.2.3 Herzberg's Two-Factor Theory of Motivation

Useful in job analysis and design, lets managers put intrinsic motivators in job requirements



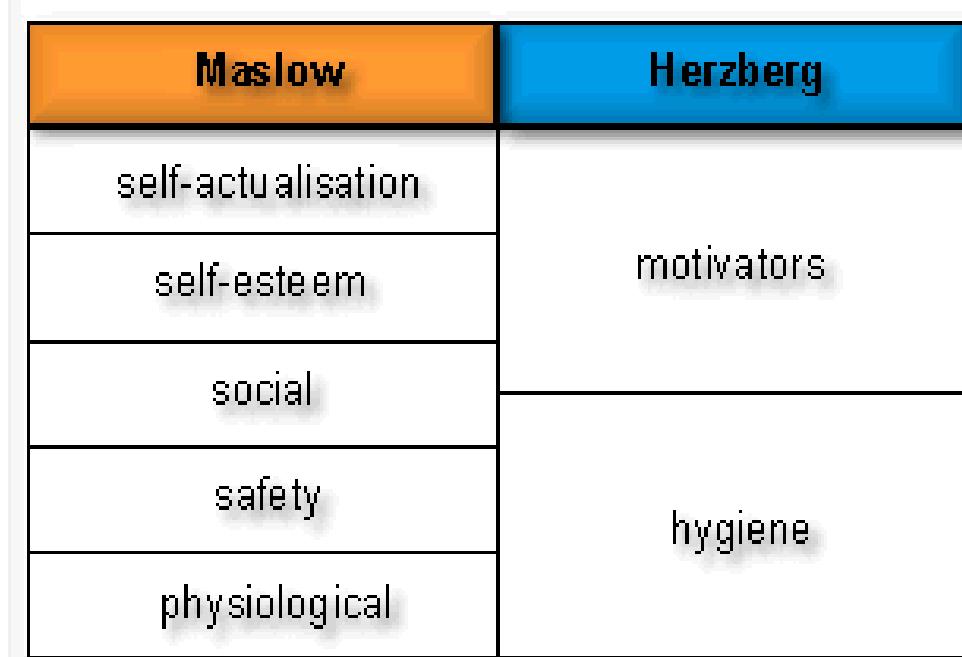
3.2.4 Comparing Maslow's and Herzberg's Models



Special Application

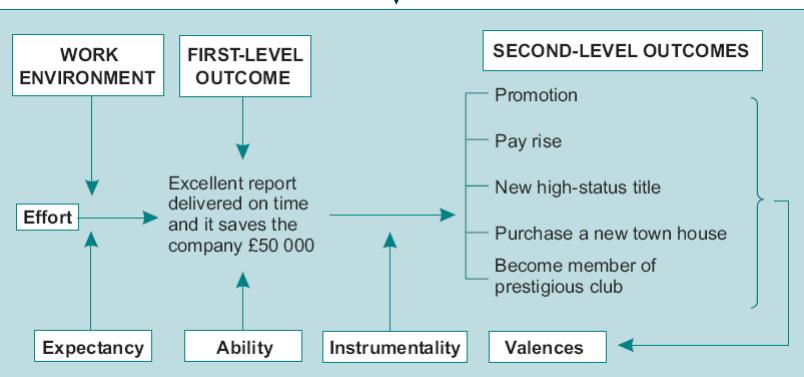
They performed retrospective researches and oversimplified motives

Yes they should work more on it



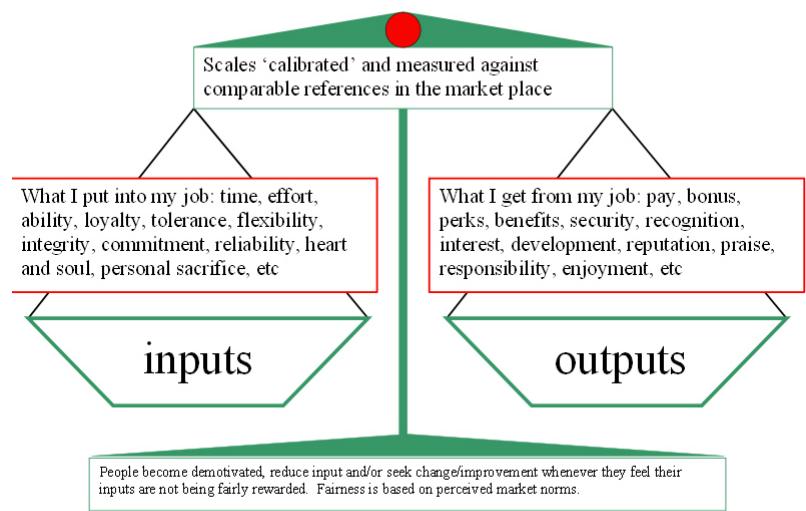
3.3 Process Theories of Motivation

Expectancy



Equity

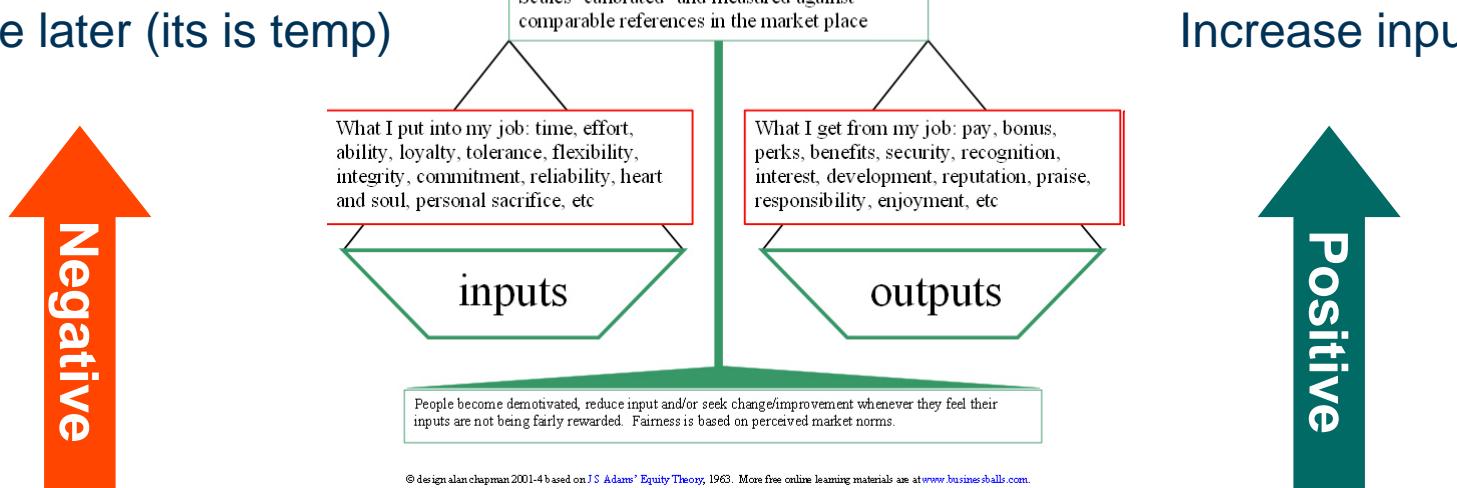
Adams' Equity Theory diagram - job motivation



3.3.1 Equity Theory: Social Comparisons in the Work Setting

Reduce input
Leave
Consider other scale
Advise others reducing inputs
Measure later (its is temp)

Adams' Equity Theory diagram - job motivation



Less but still motivating imbalance

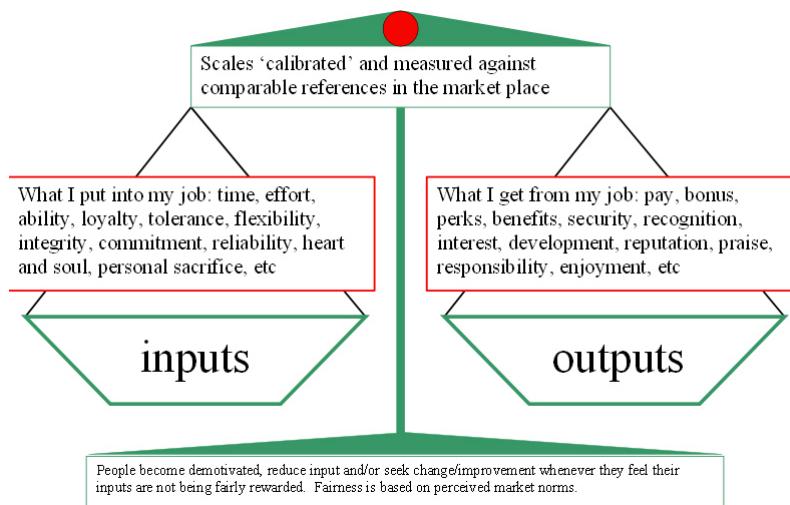
More motivating imbalance

3.3.2 New Research Light on Equity Theory Applications

Managers should expect the three responses

Pay ranges and increases opportunities are unhidden

Pay Policies are no secrets, BUT sharing numbers is unadvisable



Positive

Benevolent
High need for affiliation

Entitled, Slacker
No guilt

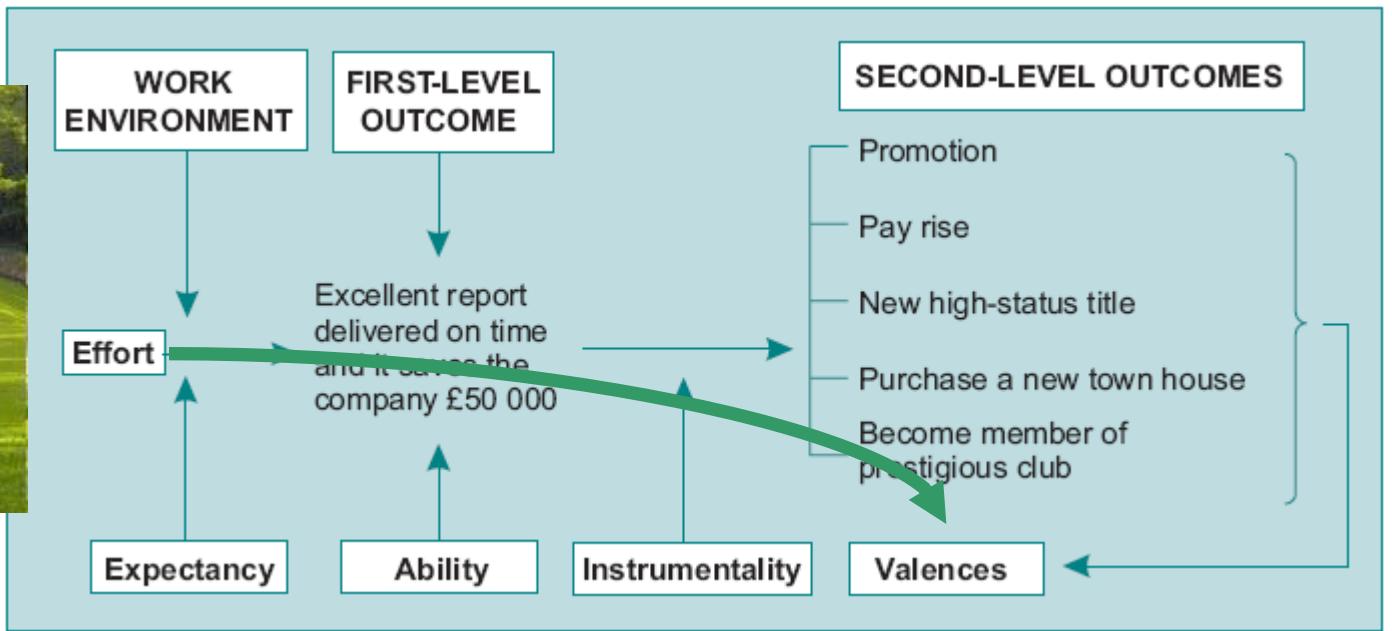
Equity Sensitive
No Change please

3.3.3 Understanding the Basics of Expectancy Theory

Tolman, Behavior is purposeful and probability defines it

Vroom, Expectancy Theory

Line of sight



3.3.4 Applying Expectancy Theory



Hey, will you give me a hand?

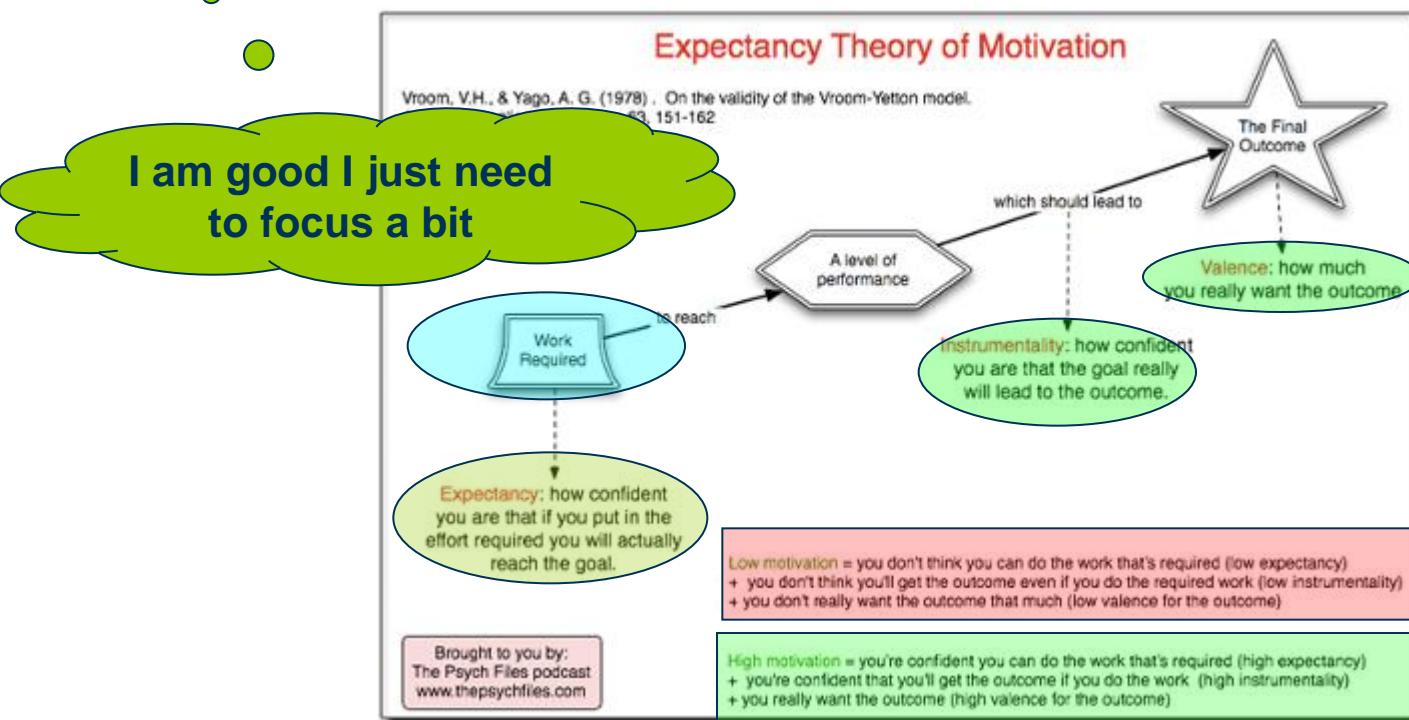
Sorry I am busy doing my job

OK, just fyi I will promote you for a TL

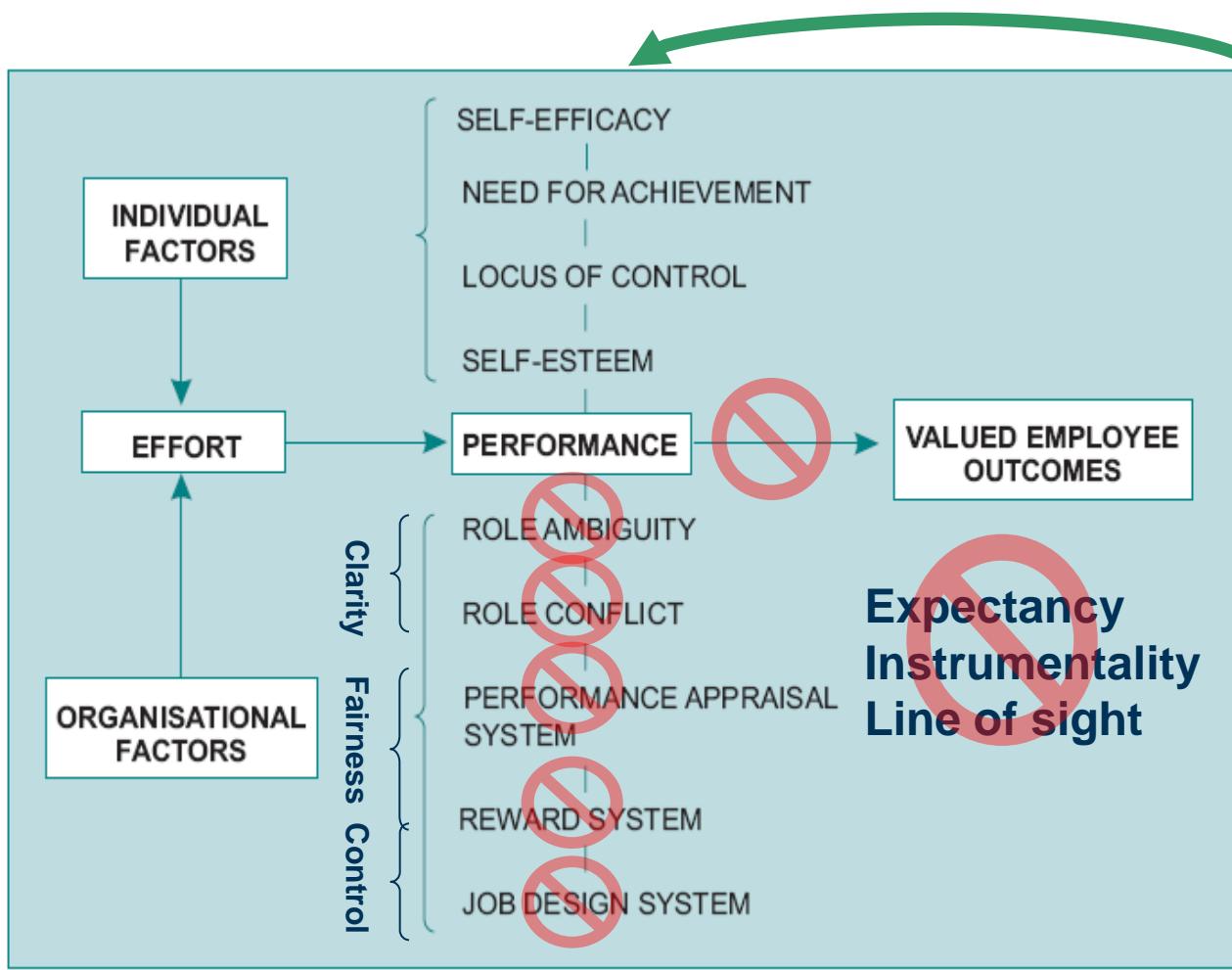
Really

Sure I know you will be helpful for us

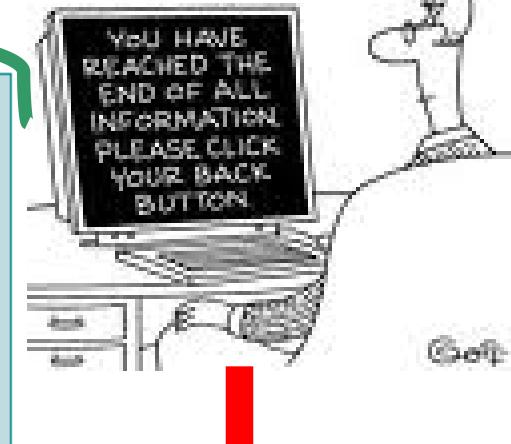
Thanks man, what you want me to do?



3.3.5 Extending Expectancy Theory to the Individual and the Organisation

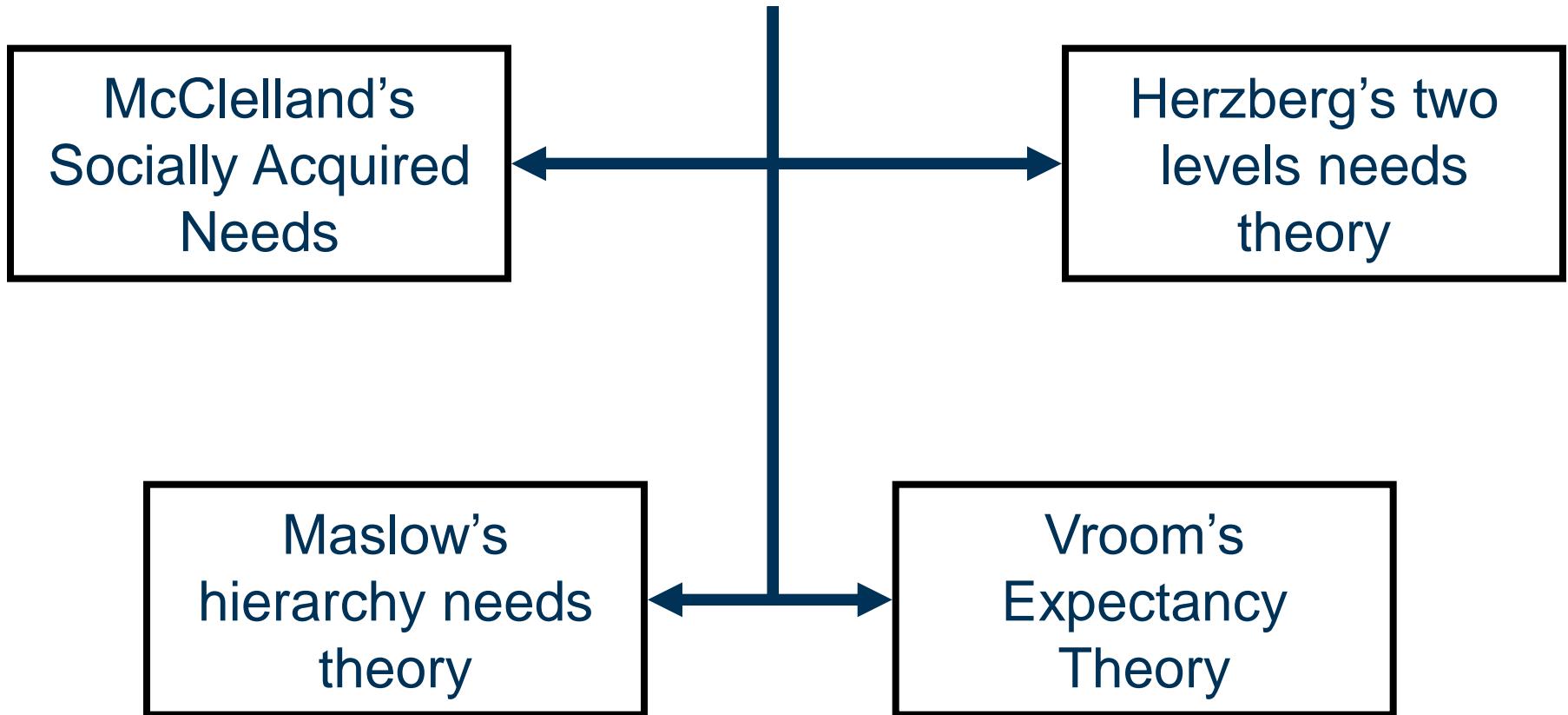


Mr. Achiever



Mr. Competitor

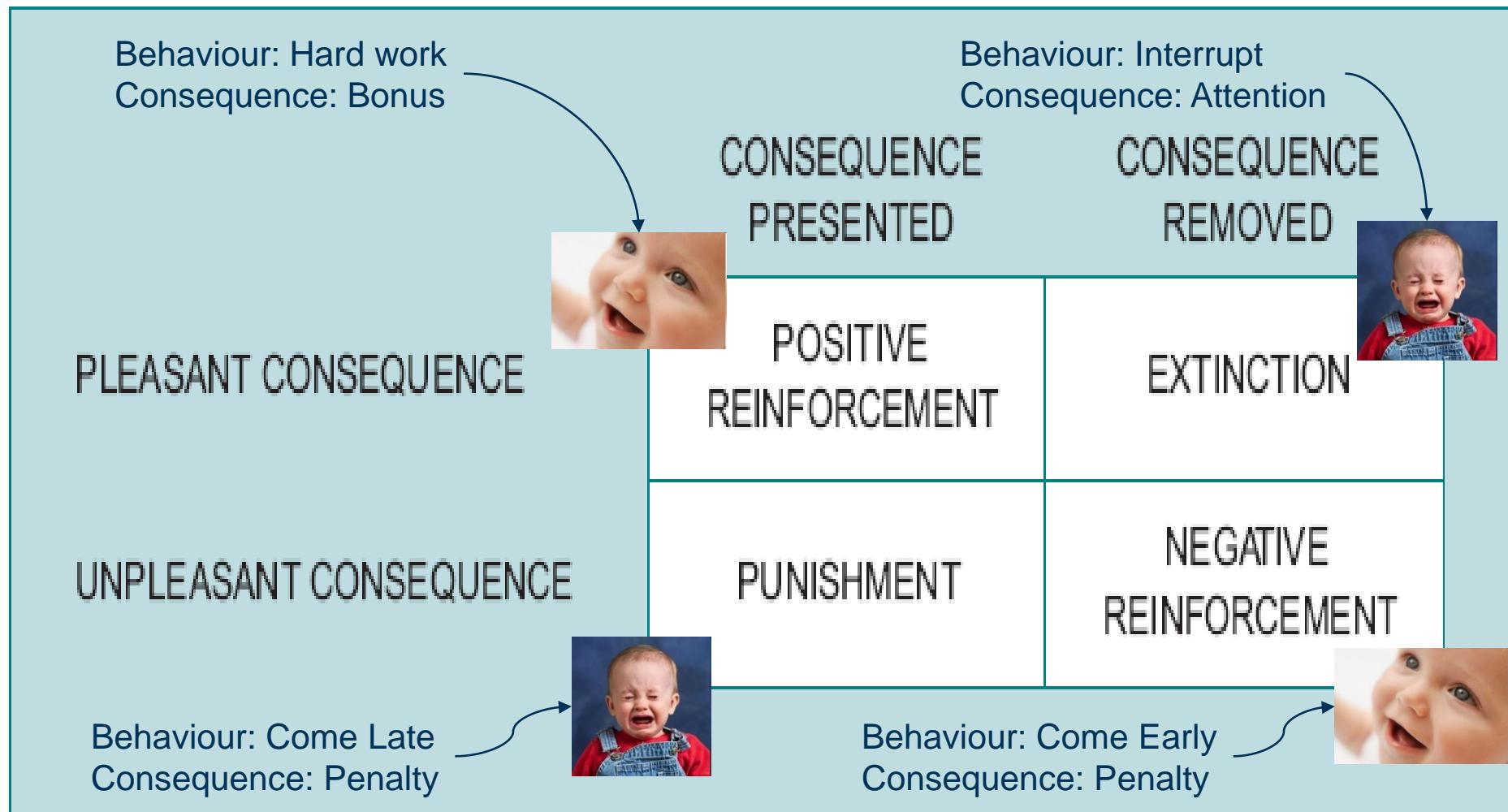
3.4 Cultural Differences in Motivation



Different nations have different beliefs, needs and priorities

3.4.1 Behaviour Modification

(BMod, Prof. Skinner)



Too much praise is not recommended for “approximately right” behaviour shaping

3.4.1 Behaviour Modification (BMod, Prof. Skinner), continued

Key concept	Definition
Operant conditioning	Reinforcement which modifies behaviour through its consequences
Law of effect	Tendency to repeat behaviours which cause favourable consequences, and not to repeat behaviours which cause unfavourable consequences
Positive reinforcers	Favourable or pleasant consequences
Negative reinforcers	Unfavourable or unpleasant consequences
Neutral reinforcers	Consequences which are not favourable or unfavourable
Positive reinforcement	Strengthening a behaviour by occurrence of a pleasant consequence
Negative reinforcement	Strengthening a behaviour by removing an unpleasant consequence
Punishment	Weakening a behaviour by occurrence of an unpleasant consequence
Extinction	Weakening a behaviour with occurrence of a neutral consequence or removal of a positive consequence
Behavioural shaping	Successively closer and closer approximations of desired behaviour
Schedule of reinforcement	Frequency with which reinforcement accompanies behaviour
Stretching the ratio	Altering the rate of reinforcement

3.4.2 Making Sense of Schedules of Reinforcement

Schedule	Description	Example
Continuous	Consequence follows each response	Co-worker comments each time an employee comes to work late.
Partial	Consequence does not follow every response	
<i>Types of partial reinforcement schedules:</i>		
Fixed Ratio (FR) Produces a very high behaviour response rate	A fixed number of behaviours must occur before reinforcement occurs	After testing 25 units, a technician is eligible for a bonus of one on each additional unit tested
Variable Ratio (VR) Produces extremely durable and persistent behaviours once they are well learned.	A variable number of behaviours (around some average number) must occur before reinforcement	A service technician might get rewarded after handling five accounts then he might be rewarded again after handling seven accounts
Fixed Interval (FI) Produces response rates that are punctuated by bursts of high and low activity	After a given amount of time has elapsed, reinforcement occurs.	Co-workers get together for a tea break at 10 a.m. and 2 p.m.
Variable Interval (VI)	After a variable amount of time (varying around an average time) has elapsed, reinforcement occurs.	In one instance, a superior disciplines an employee after two days; in the next instance, he lets four days elapse before he disciplines the employee.

Stretching the Ratio and Interval of Reinforcement



Level Three
The required target

Level 2
Interval Reinforcement

Level 1
Ratio Reinforcement

To keep Potency, and not to lose meaningfulness of rewarding
Not as a way to escape rewarding

3.4.3 BMod in Perspective

It measures real behaviour not just expectancies, also it improves instrumentality and LOS

It helps in designing effective reward systems, and stimulates higher performance by improving instrumentality

Like this you just simplify human behaviour and erodes creativity

Where is the respect and dignity in this theory, it works for simple routine jobs, not for creative when initiatives are needed nor machine-paced when specific behaviour is dictated

So manipulative, ratomorphism,

You are so naïve; manipulations happen anyway

I know people are different than rats, but you know

And come here; if the employee is involved where is the manipulation you claim is here



3.4.4 Understanding the Role of Punishment in Management Practices



Okay, if I punished him they will say that my team is misbehaving, I treat them badly or I couldn't hire right in the first place



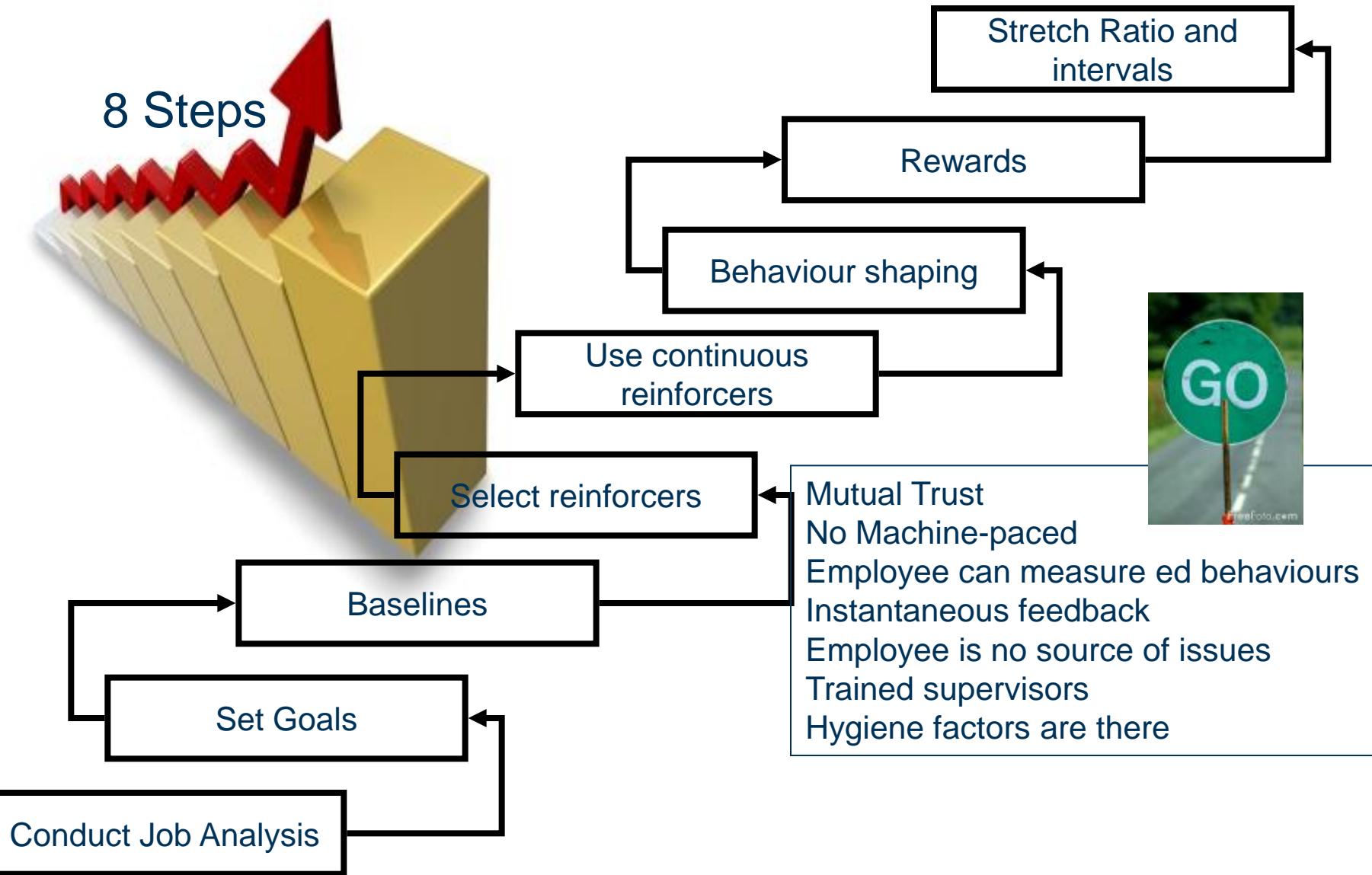
Punishment requires type x, It makes them fearful, reject responsibilities, and nervous, and after all it will never eliminate bad behaviour instead weaken it for a while



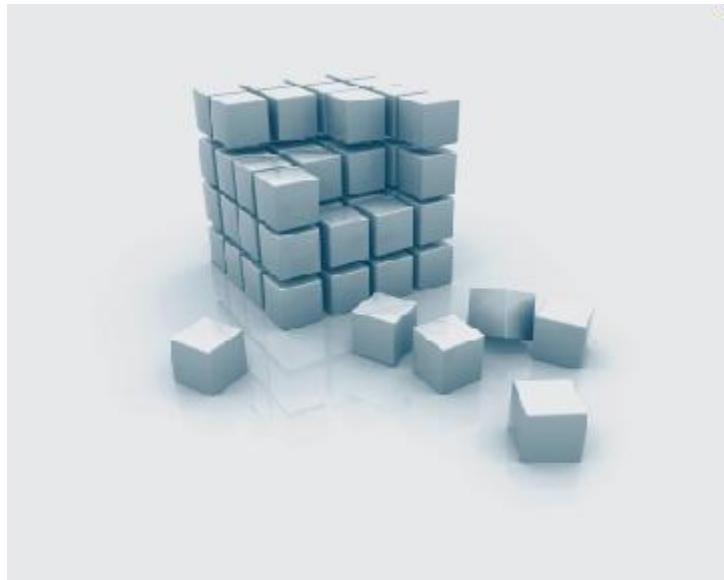
You can just ignore till they give up, reengineer the workplace, or reward the good behaviour that contradicts with the bad one

Sorry punishment is needed when there is no other alternative, just make it rapid, intense, focused, informative, equitable across people and infraction, private and don't feel that guilty to the extent of following it with reward. And make sure that he understood the reason, not insulted, wasn't defensive, and has corrective plan

3.4.5 Setting up a BMod Programme



4. Organisational Control and Reward Systems



4.1 Why Organisations Need to Assess Employees' performance

Understand job requirement

Know relation between my performance and org goals

Where I am from the org performance standards

Now I know that the system is fair and objective

I will be rewarded fairly and objectively



Fair, timely and accurate

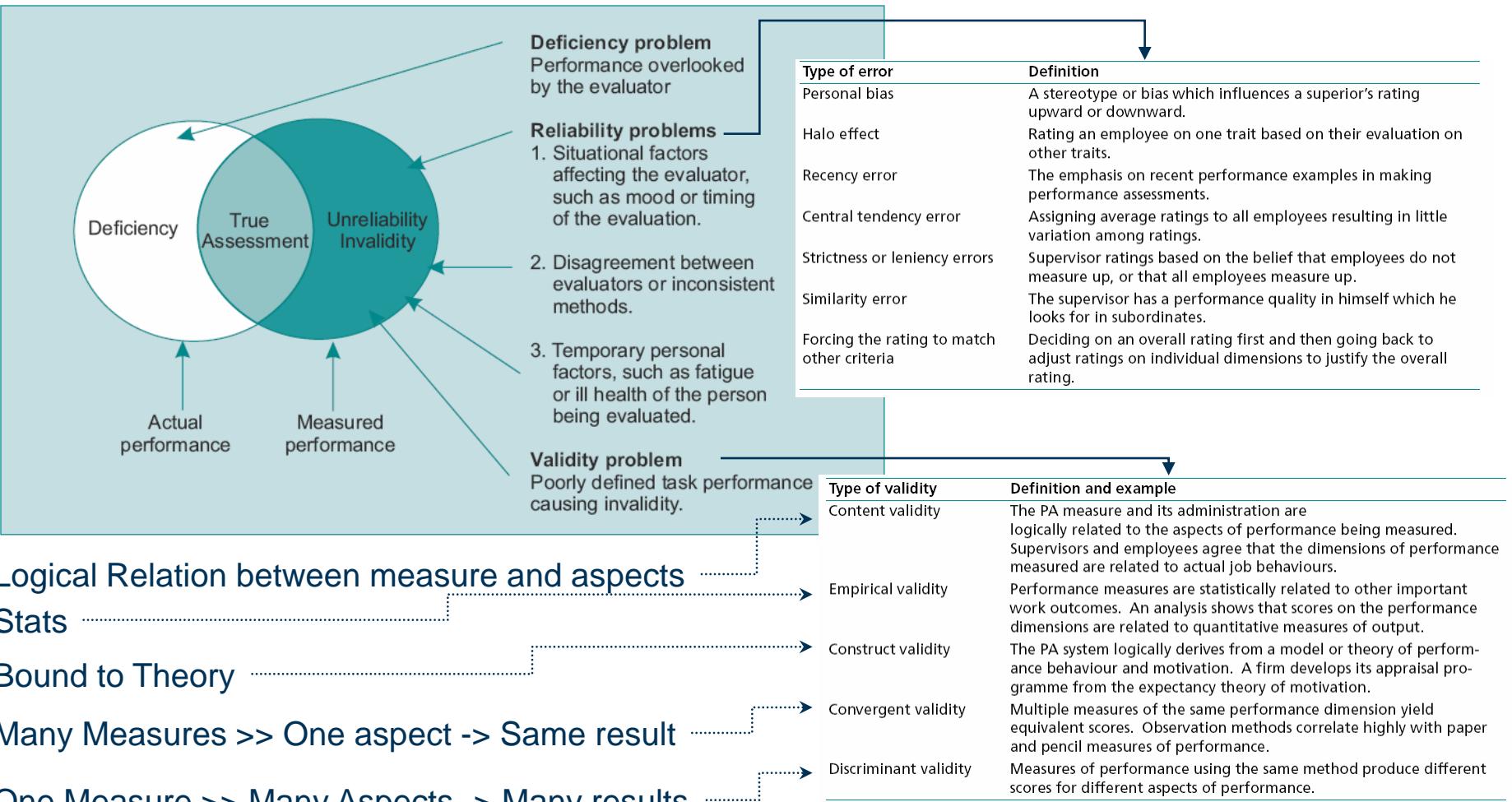
For the organisation

- Performance improvement
- Validation of the selection system
- Employee counselling
- Training and development
- Clarification of job expectations
- Help in goal-setting
- Development of employee potential
- Manpower planning
- Documentation of existing performance
- Improved customer service
- Product and process improvement

For the employee

- Need fulfilment (security, social, self-esteem)
- Job satisfaction
- Organisational commitment
- Job involvement
- Satisfaction with supervisors
- Satisfaction with pay
- Achievement of promotions
- Greater responsibility
- Personal career goals
- Improved self-efficacy

4.1.1 Performance Appraisal Issues and Practices



4.1.2 Overcoming Reliability Errors in PA

Use multiple criteria

The complex the job is the more behaviour criteria it needs to assess

Emphasise behaviours rather than traits

Even we are talking about loyalty, commitment, seniority ... etc.

They have little bearing to performance and might be subjective

Use several raters

Distribute possible errors, like the 360 degrees where

employees assess themselves, their peers, their managers, and managers
assess their staff

Train the raters

Halo, and leniency errors vanish rapidly, others might take two
days of training

4.1.3 Improving Performance Measures with Job Analysis



LOS



Isolate key performance behaviour

State Duties (JD)

Define required skills, knowledge and education

Common skills to do the job

Common tasks in time and place as per technological coordinated

Use professional definitions, union demands, and licensing examinations

Use Firm's organisational culture

4.1.4 PA Methods

NAME SUPERVISOR..... DATE OF HIRING.....
TIME IN POSITION

Please tick the YES or NO box beside each performance dimension

	YES	NO
Exhibits good manners (is polite and tactful)	<input type="checkbox"/>	<input type="checkbox"/>
Has intelligence and good judgement	<input type="checkbox"/>	<input type="checkbox"/>
Shows stamina and resilience	<input type="checkbox"/>	<input type="checkbox"/>
Is committed to the company	<input type="checkbox"/>	<input type="checkbox"/>
Shows self-confidence	<input type="checkbox"/>	<input type="checkbox"/>
Exhibits leadership qualities	<input type="checkbox"/>	<input type="checkbox"/>
Is enthusiastic	<input type="checkbox"/>	<input type="checkbox"/>
Co-operates with other employees	<input type="checkbox"/>	<input type="checkbox"/>
Demonstrates initiative	<input type="checkbox"/>	<input type="checkbox"/>
Persists until the job is done	<input type="checkbox"/>	<input type="checkbox"/>

NAME DEPARTMENT..... JOB TITLE.....
PERFORMANCE PERIOD SUPERVISOR'S NAME.....

INSTRUCTIONS: circle a number which best describes the employee

Employee Characteristic	Excellent	Good	Average	Below average	Poor
1. Dependability	5	4	3	2	1
2. Co-operativeness	5	4	3	2	1
3. Customer courtesy	5	4	3	2	1
4. Willingness to accept responsibility	5	4	3	2	1

Inventory control and management: Includes all those behaviours the assistant demonstrates when working with store inventory

- 7 If the manager asks this assistant about the level of stocking for a product, the assistant can immediately pinpoint the item on the computerised inventory report.
- 6 You could expect this assistant to ask another employee how to use the computerised inventory report.
- This assistant would be unaware of reordering dates for items in inventory.
- 4 When asked by the manager, this assistant could be expected not to know which products are currently out of stock.
- 3 This assistant can be expected not to know the names of products in the store's inventory.
- 2 This assistant does not know where the store's inventory is located.
- 1 This assistant does not ask where the store's inventory is located.

Absolute Standards

Very high probability of strictness/ leniency error

Graphic Scales Rating System

Still tendency of strictness/ leniency error

Behaviour Anchored Rating Scale (BARS)

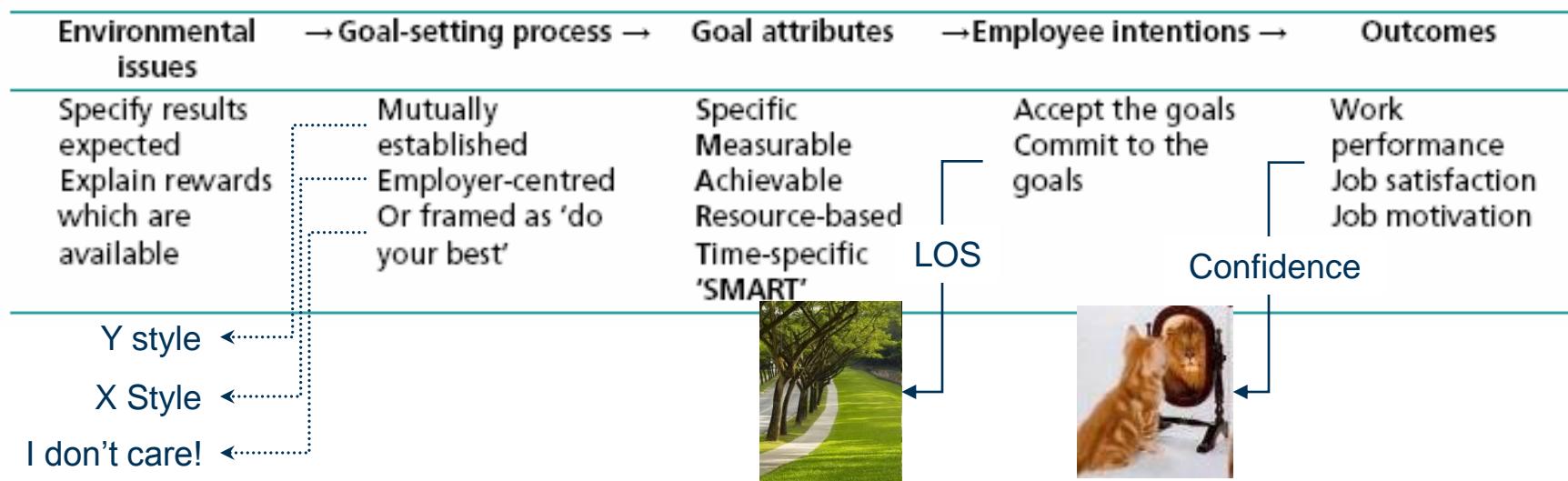
They provide concrete, observable examples of behaviours related to a performance dimension

But it takes time to prepare and no good for creativity needing jobs (scientists, professors, lawyers, or physicians)

4.2 Goal-Setting and Management by Objectives (MBO)

Specified difficult goals stimulate better performance than generic ones

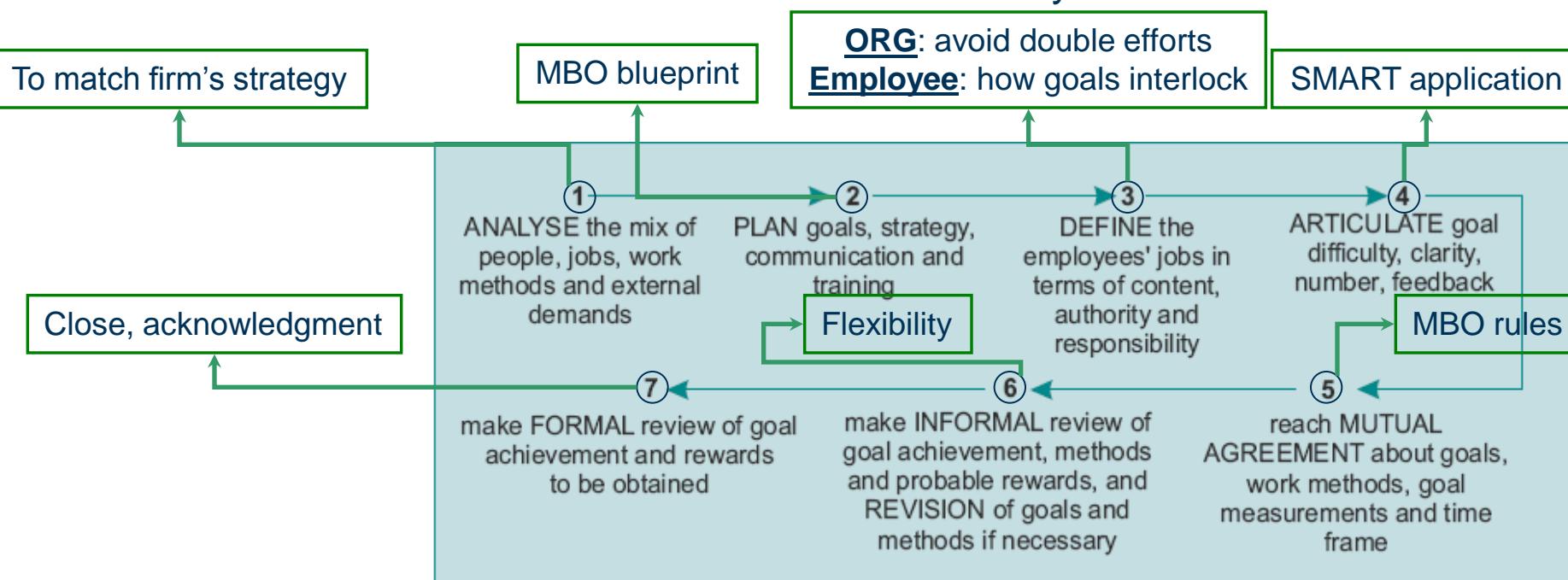
- Increases work motivation
- Reduce the stress resulted by confusion and misunderstanding
- Improve validity of used PA systems



4.2.1 How Does Goal-Setting Work from the Employee's Perspective?

MBO is an organizational application of goal setting theory

- Performance is better with clearer LOS ensured by MBO
- MBO secures self determination which is higher order needs fulfilment
- MBO improve equity
- MBO feedbacks is considered as intrinsic reward by itself



4.2.2 Observing Caution in the Use of MBO Systems



- Top management is involved, committed and interested
- MBO is a routine management activities, supported by organizational assets
- Blend in personal goals
- Train to keep MBO on track
- MBO should be customized per department
- 80-20 rule: 20% of goals require 80% of work
- Feedback is in discussion besides evaluation for no manipulation (avoid x type)
- Stay flexible, to re-invent when needed, listen to subordinates

4.3 Rewards and Reward Systems

- **Perceived equity**

The way rewards are perceived outweighs the rewards themselves

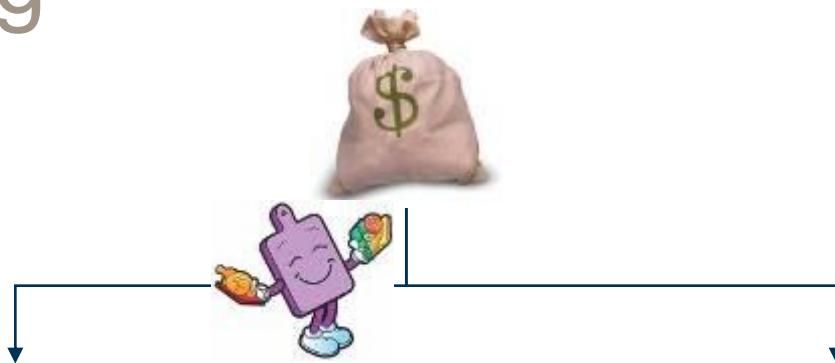
- **LOS**

The rewards distribution system improves expectancy and instrumentality

4.3.1 Classifying Rewards in the Work Setting

SEPERATE

The firm needs to be clear about extrinsic rewards and managers must consider the implications of their decisions and behaviour regarding the distribution of intrinsic rewards



Intrinsic

The reward in the job/task itself
Local and ephemeral

Extrinsic

Doesn't occur as the work unfolds
Should be clear

Direct Compensation

Related to performance, salary, bonuses, stock ...

Indirect Compensation

Not related to performance, given to specific levels (loans, medical ... etc.)

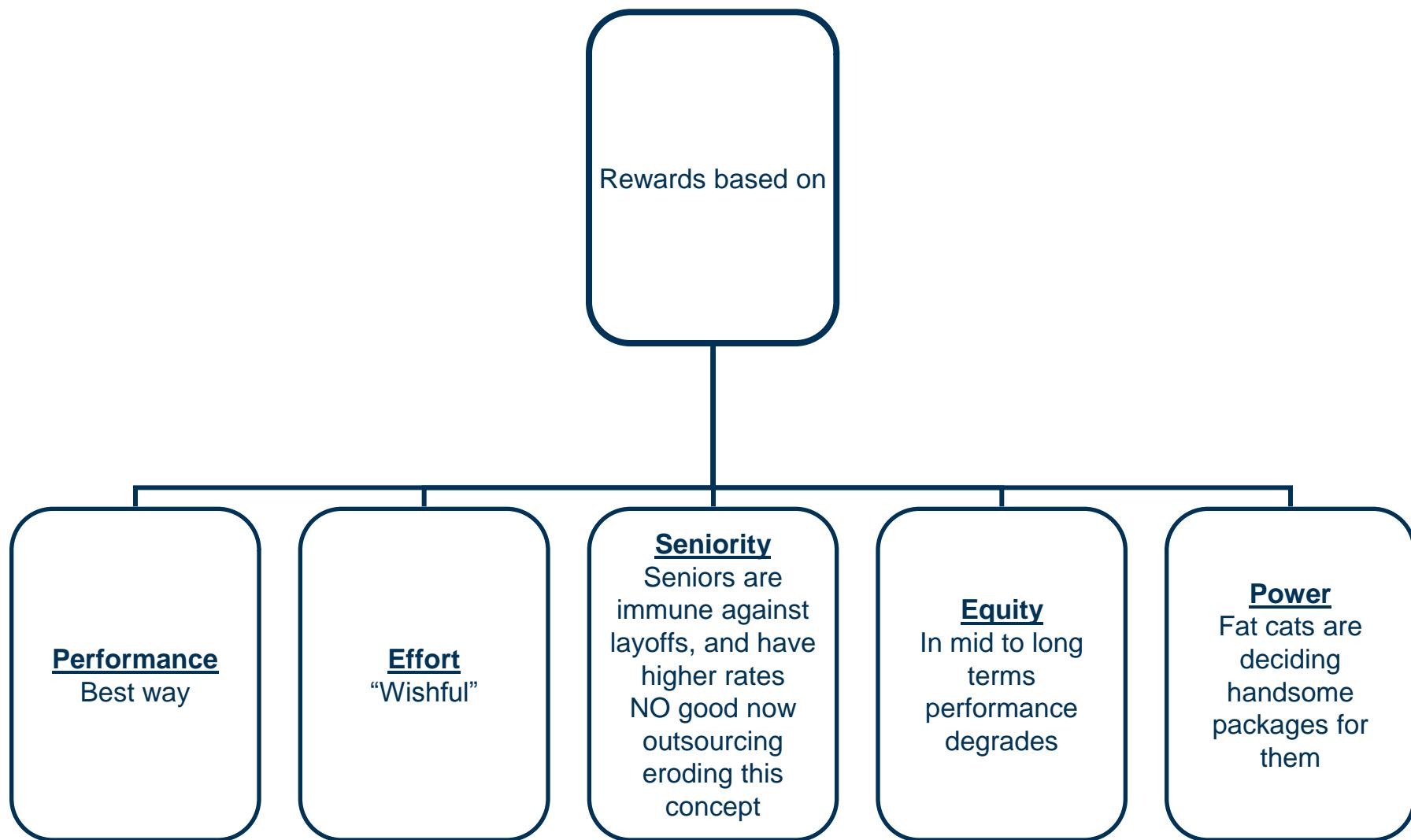
Non financial

Creative executives' solutions for their own sake

4.3.1 Classifying Rewards in the Work Setting, SUMMARY

Intrinsic rewards	Extrinsic rewards		
	Direct compensation	Indirect compensation	Non-financial rewards
Participation in decision-making	Basic salary or wage Performance bonuses	Job protection programmes	Preferred office locations
More responsibility	Stock options	Time off with pay	Choice parking spaces
Opportunities for personal growth	Overtime and holiday pay		Impressive titles Preferred lunch hours
More interesting work			Own secretary
Variety of job activities			Cellular phone, fax machine

4.3.2 Distributing Rewards in Organisations



4.3.2 Distributing Rewards, Jobs Classifications



BUT

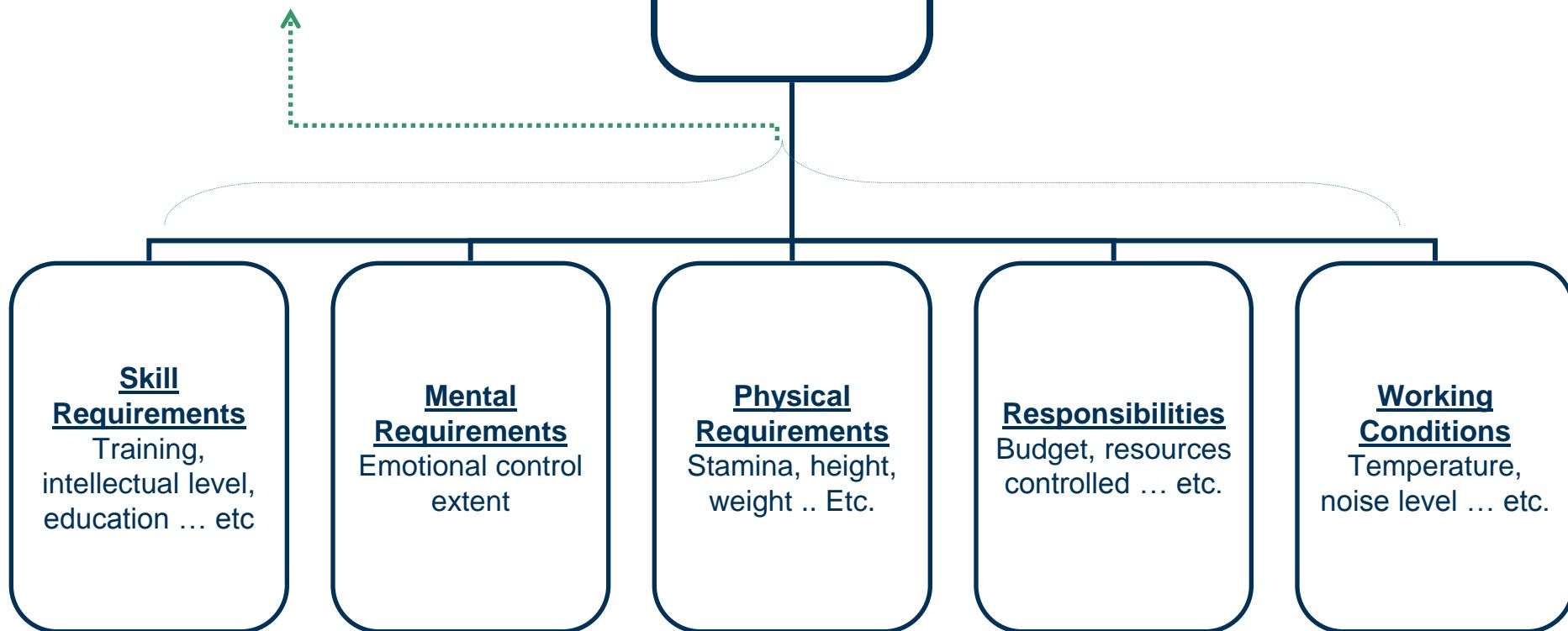
Σ Points (Job value to firm strategy)
+ Salary survey
pay brackets



Rare skilled people
Gets more than pay bracket



Layoff times
Gets Less than pay bracket



4.3.3 Employees' Perceptions of Pay Rises

Factors believed to cause pay rises	Top management	Exempt salaried*	Non-exempt salaried**	Hourly non-union	Hourly union
Worker productivity	4	7	5	3	9
Company's profits	1	2	3	5	7
Company's potential profits	2	3	4	4	5
Fairness of pay among employee groups	6	5	6	6	8
Pay increases by top industry competitors	5	6	8	7	4
Salary surveys	3	1	1	1	6
Difficulty in filling position	7	8	7	10	10
Union agreements	9	10	10	8	2
Union demands	10	9	9	9	1
Cost-of-living index	8	4	3	2	3

* Not paid for overtime. ** Paid for overtime.

Source: Adapted from D. A. Weeks, 1997. *Compensating Employees: Lessons of the 1990s*, Report No. 310: New York: The Conference Board.

Almost the opposite. However though the CEO get rises even the company's performance was not OK

4.4 Components of Executive Compensation



Sin

Complex pay package
Profits are opaque to
shareholders

Board Justification

They are good for economy, we should
attract the best
Our man should have no less than theirs

4.4.1 What Are the Current Trends in Executive Compensation?

Trend 1

Debunking the myth

Acquisition, ephemeral market value

Accepted Drain

Better than peers

Profitability predicts in case CEO is the owner

Trend 2

Expanding Slice

In One decade top 1500 executive had 122b\$

Twice as previous decade

CXO = 414x employees

In 60s it was only 44x

Trend 3

GB US Gap

English CEO = $\frac{1}{2}$ American one

USA: \$6.0m, Britain: \$4.9m, Germany: \$1.6m, France: 1.3m and Italy: \$1.0m.

Europe has better restrictions

Trend 4

Net Income

	Proportion of compensation			
	1988	1994	1999	2000
Annual salary	.4	.4	.2	.2
Annual bonus	.2	.3	.3	.3
Long-term incentive	.4	.3	.5	.5

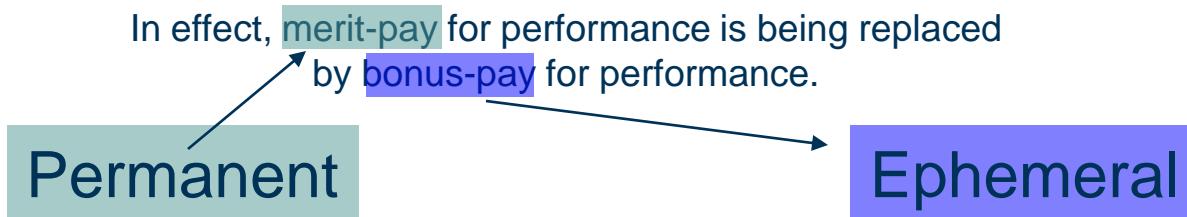
Trend 5

ISO and backdating

Instant profit on paper

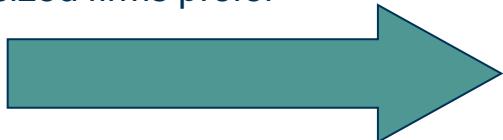


4.4.2 How are Compensation Plans Changing for Non-executive Employees?



Merit-Base

- Becomes Part of the base salary
- So it influences the \Rightarrow Pension plan
- COLs undermines the freedom of rewarding excellent services workers
- For this downsized firms prefer



Bonus Pays

- Not part of the base salary
- No future cost
- Performance bound
- Freedom to reward great achievers
- Improve LOS

4.5 A Comparison of Company Pay Practices

Cafeteria-Style Fringe Benefits

Free style, Young employee prefer money, older prefers health insurance extended privileges

Lump-Sum

Take it one shot in cash (weekly ⇒ Yearly)

Skill-Based

New acquired business related skill ⇒ direct or indirect compensation (might be in the form of tuition reimbursement)

Accumulating Time-off

Turns money into extra days off, this is attractive to employees with more family duties

All-Salaries Team

All who is working to the firm is paid the same way (salaries, no more hourly wages)

It improves loyalty and commitment, BUT might decrease the creativity and initiatives especially for the covered employees

Open salary information

Be aware of perceived equity, managers can broadcast policies, grades, ranges, and LOS

Competitors can use this information to have an idea about the firm's costs, so they can put secrecy problems on these info

4.5.1 Making Intelligent Choices about Company Pay Plans

Table 4.10 Examining reward practices in firms

Reward practice	Employee perspective	Implementation issues
Cafeteria-style fringe benefits	Creates balance between family needs and benefits package	Installation costs and administration are increasingly outsourced to other providers
Lump-sum pay	Nice to receive a large bonus, but it may not be clear to the employee what he or she did to earn it	Likely to be abandoned during business downturns. Can upset shareholders
Skill-based compensation	A good incentive for learning new job-related skills. It shows that the firm values a skilled and cross-trained work force	Works best if skill gains are measurable, documented and verified. Do not tie this compensation to external educational or management training programme achievement
Accumulating time off	Helps balance family, work, child and elder care demands on employees	Strengthens organisational commitment and loyalty. More difficult to implement in self-directed teams
The all-salaried team	A workable plan if team performance is fairly measured and teams are empowered	Easier to implement as union influence declines. Validity of the team appraisal system must be high. Can reinforce 360-degree PA
Open-salary information	Greater perceived pay equity and job satisfaction with work and with supervision	Computer-based and outsourced control system make implementation easy. Requires stable pay brackets and market-based, fair starting salaries

Preferred attributes (all or some of them should be realised)

Captures the attention of employees

Employees should understand it

The plan should improve the communication, understand how their effort influence the firm's competitive advantage

The plan should be implemented whenever needed by the employee

The plan should improve the firm's performance

4.5.1 Making Intelligent Choices about Company Pay Plans

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Fixed attributes (Mandatory)

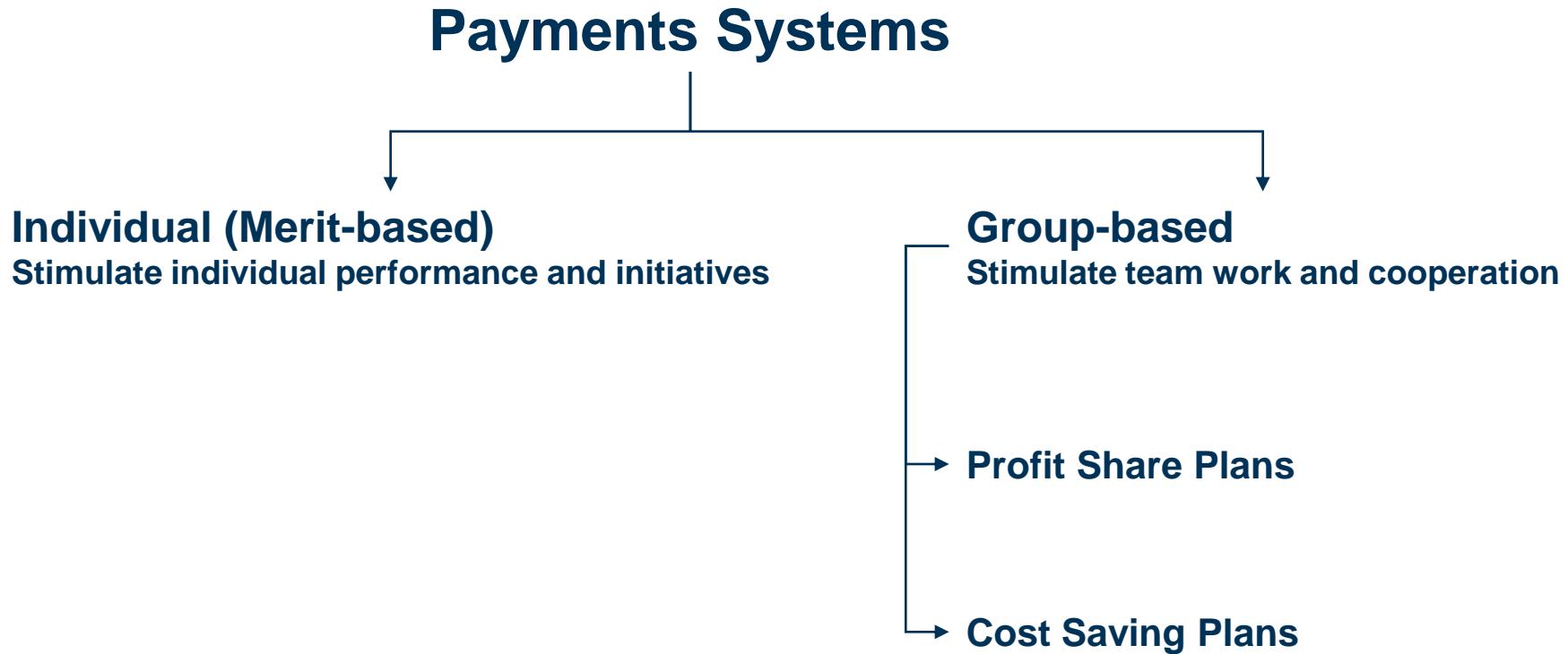
Line of sight, rewards are tied to performance

Customised to meet personal needs of employee

Aligned to the firm's methods and structure (e.g. team based, products rate ... etc.)

The pay system should match the firm's culture

4.6 Group-Based Reward Systems



It is normal to have both systems

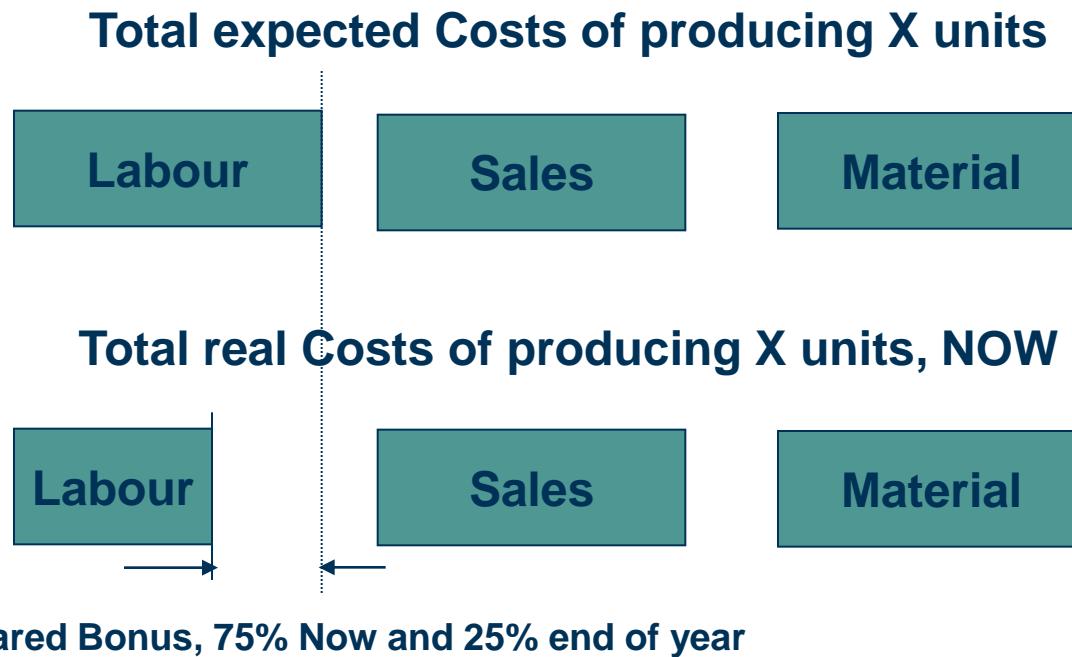
4.6.1 Cost-Savings Plans, Scanlon



Prerequisites

1. Documented Solid history
2. Seasonal products are out of equation
3. Ensure that the extra output is convertible to profit margin
4. Proved Y style
5. Management commitment to the program

4.6.2 The Rucker Plan: an Incentive System that Works in the Self-Directed Team Environment



Benefits

- Increase productivity
- Improve participation (I am not the free broader)
- Less Formal
- Has shorter life-cycle

Features

- Excellent for firms that have just finished downsizing
- Lots of innovations are required in purchasing, distribution, warehousing, inventory control and accounts control so it is perfect for **SDTs**

4.6.3 Design and Timing Issues for the Installation of a Rucker Plan in a Delayered Firm Using Self-directed Teams

Again, downsizing is not the answer

Table 4.11 Consequences of downsizing and delayering

Delayering and company downsizing	Team/employee consequence	Feature consequence
Reduction in number of middle managers	More responsibility for work process control	Fewer candidates for senior management positions, less systems know how
Changes in job rankings (value of the job to the firm)	Employees must: 1) accept lower pay; 2) 're-apply' for a position 3) consider or accept a job transfer	Work-force with low morale and commitment. Undone projects, drop in customer satisfaction
Automation and computerisation of routine jobs	Job termination with modest severance package. Wider span of control for remaining managers	Short term problems in system integration and lower customer satisfaction
Reduced slack resources throughout firm	Longer work hours and pressure to raise output with constant or declining costs	Lowered ability to ramp up production and service
Management becomes addicted to 'cost reduction band aids' instead of the strategic repositioning of the firm	Successive downsizing schemes result in chronic work overload and job stress. Repeated reorganisation triggers burnout	Declines in customer satisfaction may lead to lowered marketshare. Coordination problems reduce the rate of product improvements

4.6.3 Design and Timing Issues for the Installation of a Rucker Plan in a Delayered Firm Using Self-directed Teams

After downsizing the following should be met before Rucker plan could be implemented:

1. The firm has become profitable and pay freezes are lifted;
2. The management team is stable;
3. Self-directed teams are working and members are cross-trained;
4. The company is not being positioned for sale or spinoff;
5. Outsourcing of non-essential functions has been completed;
6. The firm has adopted market-based measures of customer satisfaction.

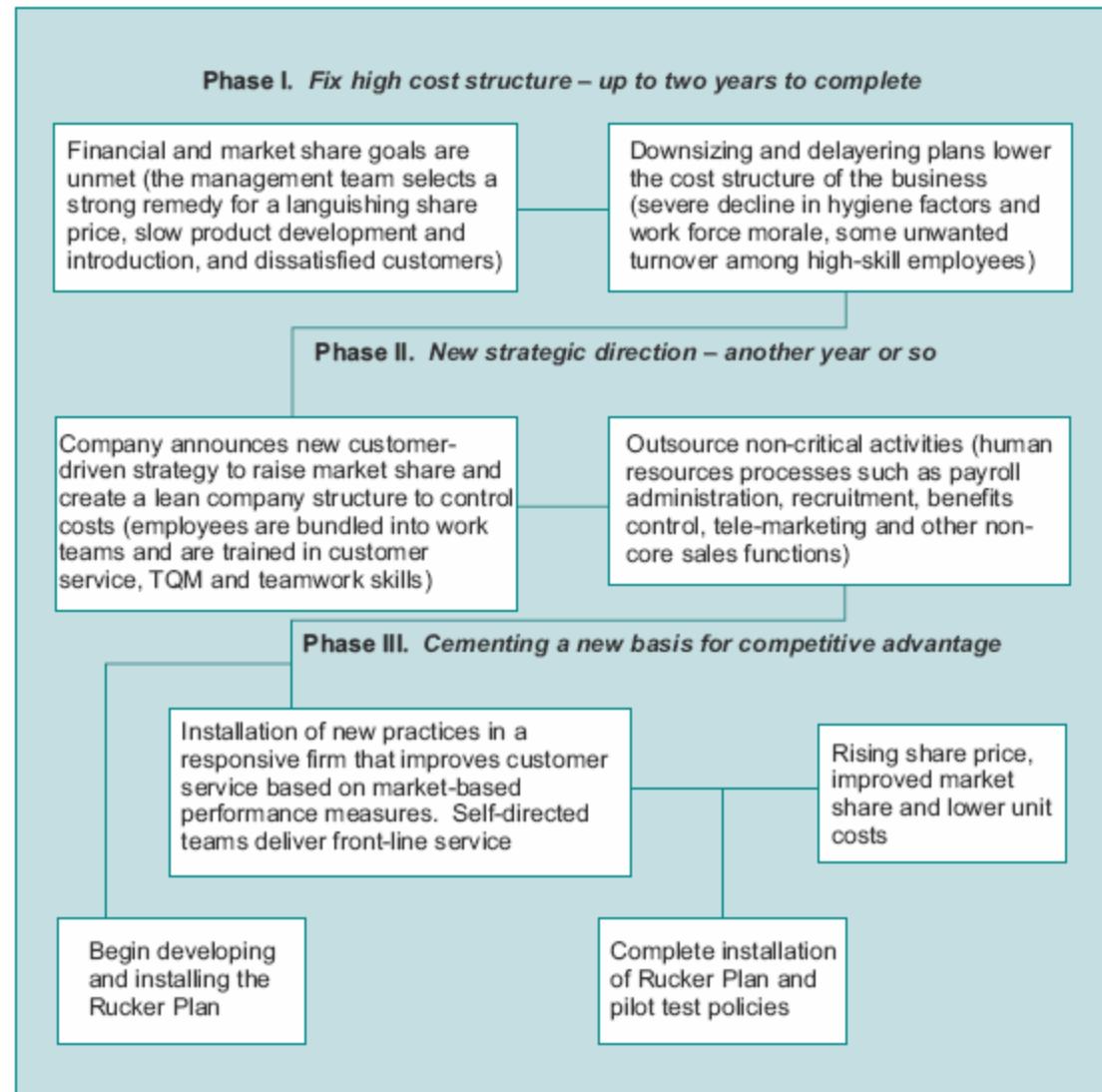


Figure 4.5 How the Rucker Plan fits in a plan to strengthen competitive advantage in the firm

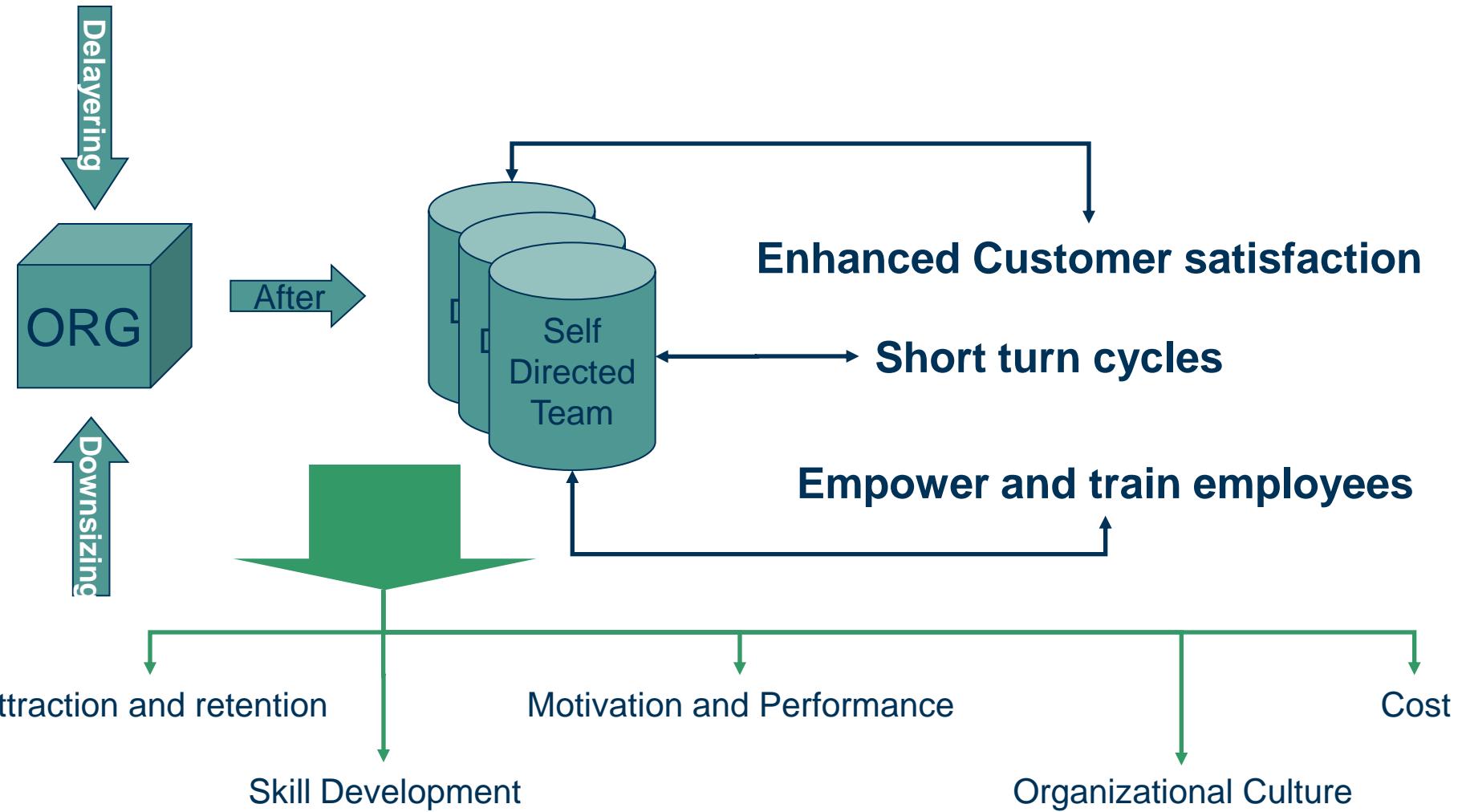
4.6.4 Profit-Sharing Plans



75 years of profit sharing

- Flat org, all sitting: eating and thinking TQM together
- New engineers work on assembly lines for 6 months
- Welders sign their initials on their pieces
- Bonus α Return rate ⇒ Excellent failure rate, no supervisors

4.6.5 Strengthening Competitive Advantage by Using Team-based Rewards



5. Job Design and Employee Reactions to Work

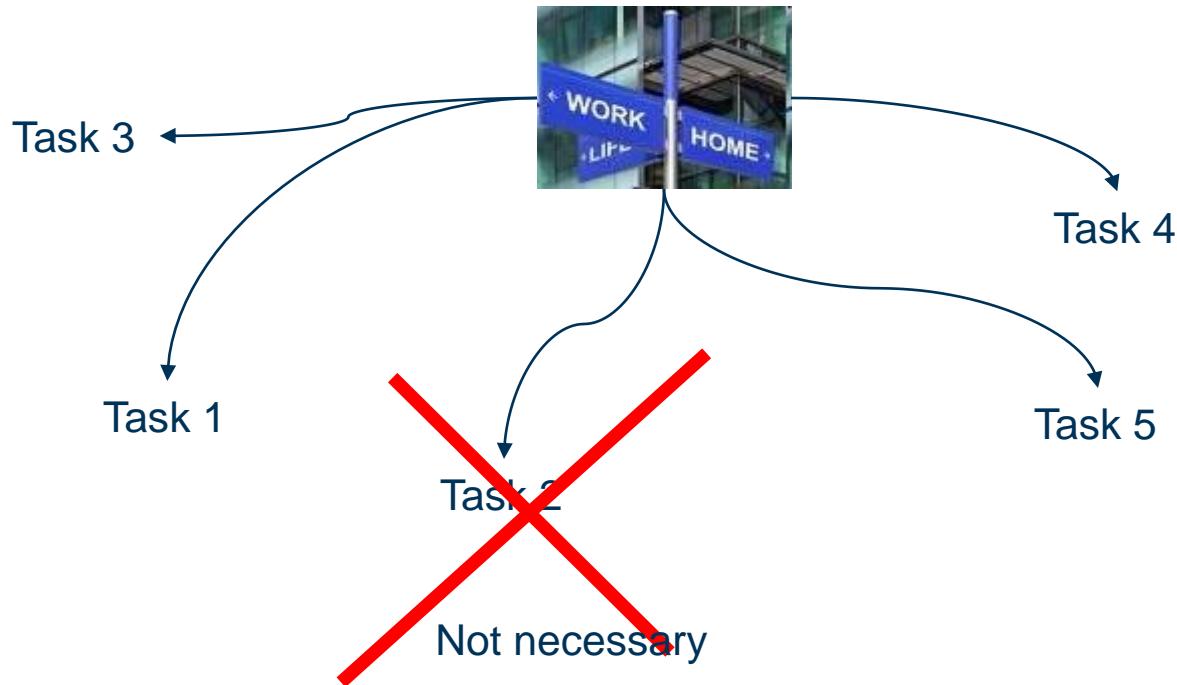
- 1. Understanding Job Design**
- 2. Making Use of Job Design for Individual employees**
- 3. The Team Approach to Job Design**

5.1 Understanding Job Design



QWL (quality of work life) : is the balance between job and personal life demands
Last decade the concept declines for the sake of reengineering and TQM

5.1.1 How Jobs Were Designed before QWL, SM



Minimise time and motion

Prominent X type (mass production)

Repetitive

Piece Rate

Low competence (minimum training required)

High specialization

Pre-Packed processes

Formal and slow decision making

Rigid control

Low Morale

5.1.2 Is SM Declining as a Job Design Philosophy?

Yes



No compliance to demands of driving forces of:
Services
Customer satisfaction
Product Quality Trends
Employee involvement in decision making
SDTs
In short in turmoil times and environment, it is very irresponsible ways of working

5.1.3 Horizontal Increases: The Roles of Job Enlargement, Job Rotation and Cross-Training

SM Causes Boredom and Monotony



Calmative
Horizontal Expansion

- Job enlargement (Adding more tasks)
- Job Rotation (change for a while)
- Cross-training (all are interchangeable)



5.1.4 Job Design and Herzberg's Two-Factor Theory

Higher order needs ignored ⇒ Apathy and cessation of job involvement



Use Herzberg techniques

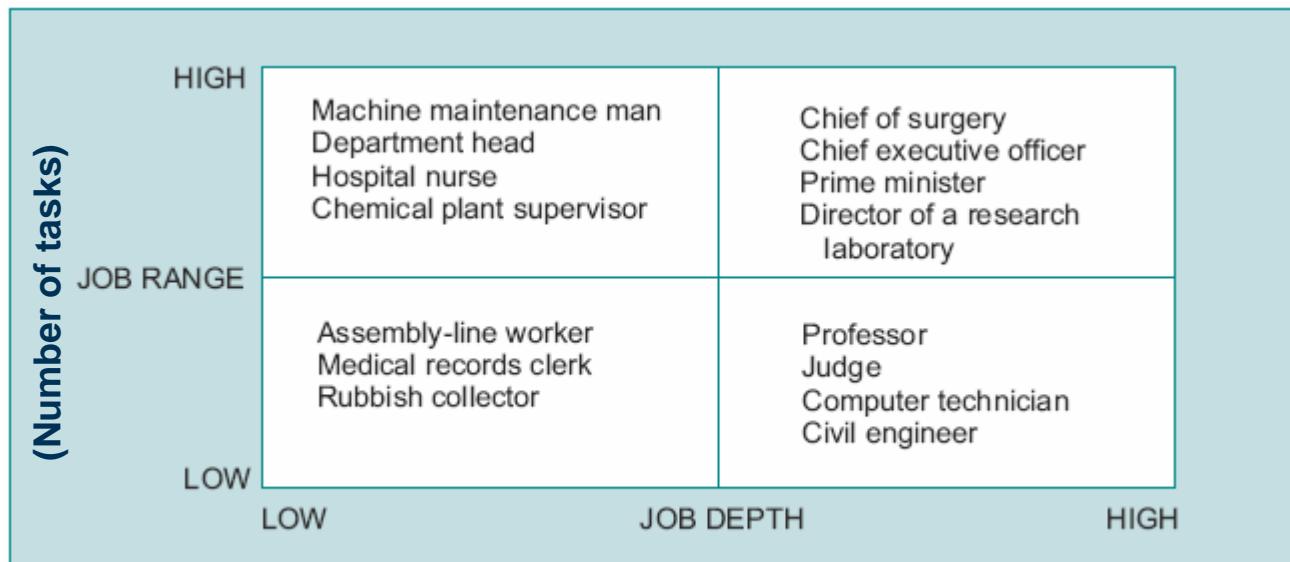
Hygiene factors also include (relationships, supervision quality status and company procedures)



Table 5.1 Herzberg's principles of job design

Principles	Examples
1 Give employees as much control over the mechanisms of task completion as possible.	A manager allows repairmen to order parts and maintain inventories.
2 Hold employees accountable for their performance.	A manager conducts semi-annual, formal feedback sessions with subordinates concerning goal achievements.
3 Within limits, let employees set their own work pace.	The company installs a flexible hours work policy.
4 Design jobs so employees experience accomplishment.	A manager gives employees the authority to handle customer complaints personally.
5 Design jobs so employees learn new skills and work procedures.	A company offers a seminar to teach managers approaches to quality control.

5.1.4 Job Design and Herzberg's Two-Factor Theory



(Authority to select ways of working)
Figure 5.1 Job depth and job range

It has no objective data, people tend to blame external factors and to acquire the credit



**It shall turn to the sake of elite, as only the management have the right to enrich the job
EMPLOYEE SHOULD ALSO PARTICIPATE**

5.1.5 The Psychology of Employee–Job Interactions

SM

Improve by: Job Enlargement,
Rotation and cross training

Herzberg Job enrichment

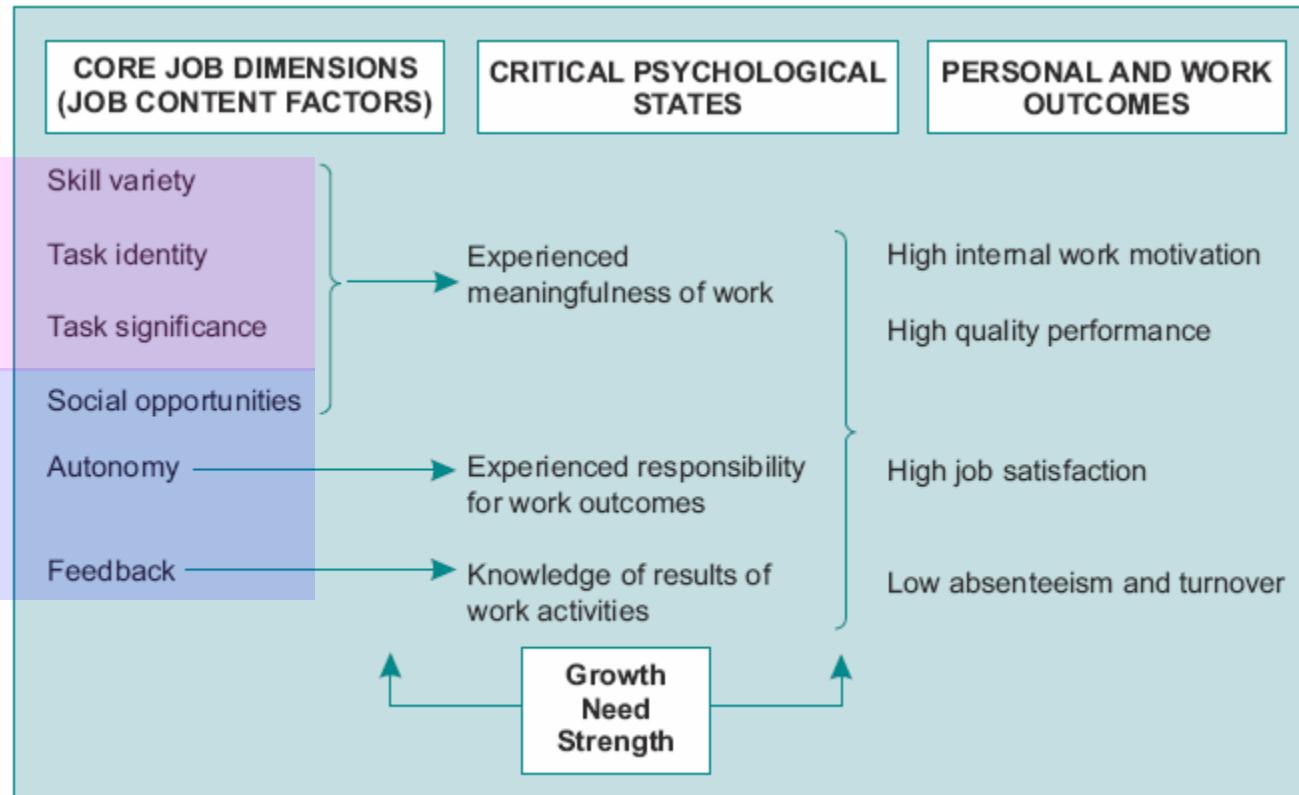


Figure 5.2 The job characteristics model (JCM)

For employees with high need of growth
USE ENRICHMENT

For employees with LOW need of growth
JUST LEAVE THEM

5.1.5 The Psychology of Employee–Job Interactions

Table 5.2 Job content factors

H-Loading

Skill variety: The extent to which the job requires a number of different skills, talents and abilities to accomplish task activities. Jobs which require both technical and interpersonal skills possess high skill variety (lawyer, social worker, etc.).

Enlargement

Task identity: The degree to which the job requires doing a complete task from beginning to end and experiencing a visible and identifiable outcome (e.g., being responsible for all steps of product assembly).

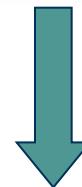
Value

Task significance: The degree to which the job has a substantial and lasting influence on the lives of employees and other people, both in the immediate organisation and in society.

Autonomy: The degree to which the job gives the employee personal freedom and discretion to control work activities and schedules.

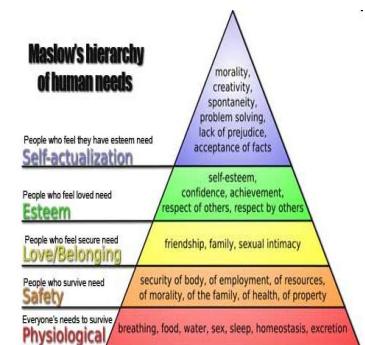
Feedback from the work itself: The degree to which the job itself provides direct and complete information on the effectiveness of employee work behaviour.

Social opportunities: The extent to which the job allows the employee to have social contact with friends and requires interaction with others to complete the work.



Higher order needs the influence the JCM

Power
Independence
Achievement
Control



5.2 Making Use of Job Design for Individual Employees

JCM ⇒ Critical for Psychological state

Vertical loading

{ Meaningfulness
Responsibilities
Knowledge of the work itself

→ Enrich
For higher order demanding



→ No change
For lower order demanding

5.2.1 Job Design Principles



Horizontal Loading

If added tasks are not related, this is temporary, and some people might just see it as more work for the same pay



Enlargement

The added tasks are adding end to end flavour to the job, like assembling machine in all stages
It is preferred over the rotation



Vertical job loading, Enrichment, Deeper is better

Approaches:

Feedback improves and motivates

Chance to learn new skills

Schedule freedom satisfies self-esteem needs

Let employees show his personality on his work

Use MBO for better results

Four-Day work week, even better time flexibility

Job-Sharing; help mothers, and firm gets better outputs and may less fringe benefits

Work from Home

Flexi-time

5.2.2 Assessing Managers' Interests in Job Design



Good job design makes reflects eventually on market share, customer services, cost control and of course work-force satisfaction

YES

Alter the relation between people and their jobs

It targets performance behaviour

Making good JD improves the atmosphere in general (trust, initiatives ... etc.)

It targets higher needs of employees

BUT

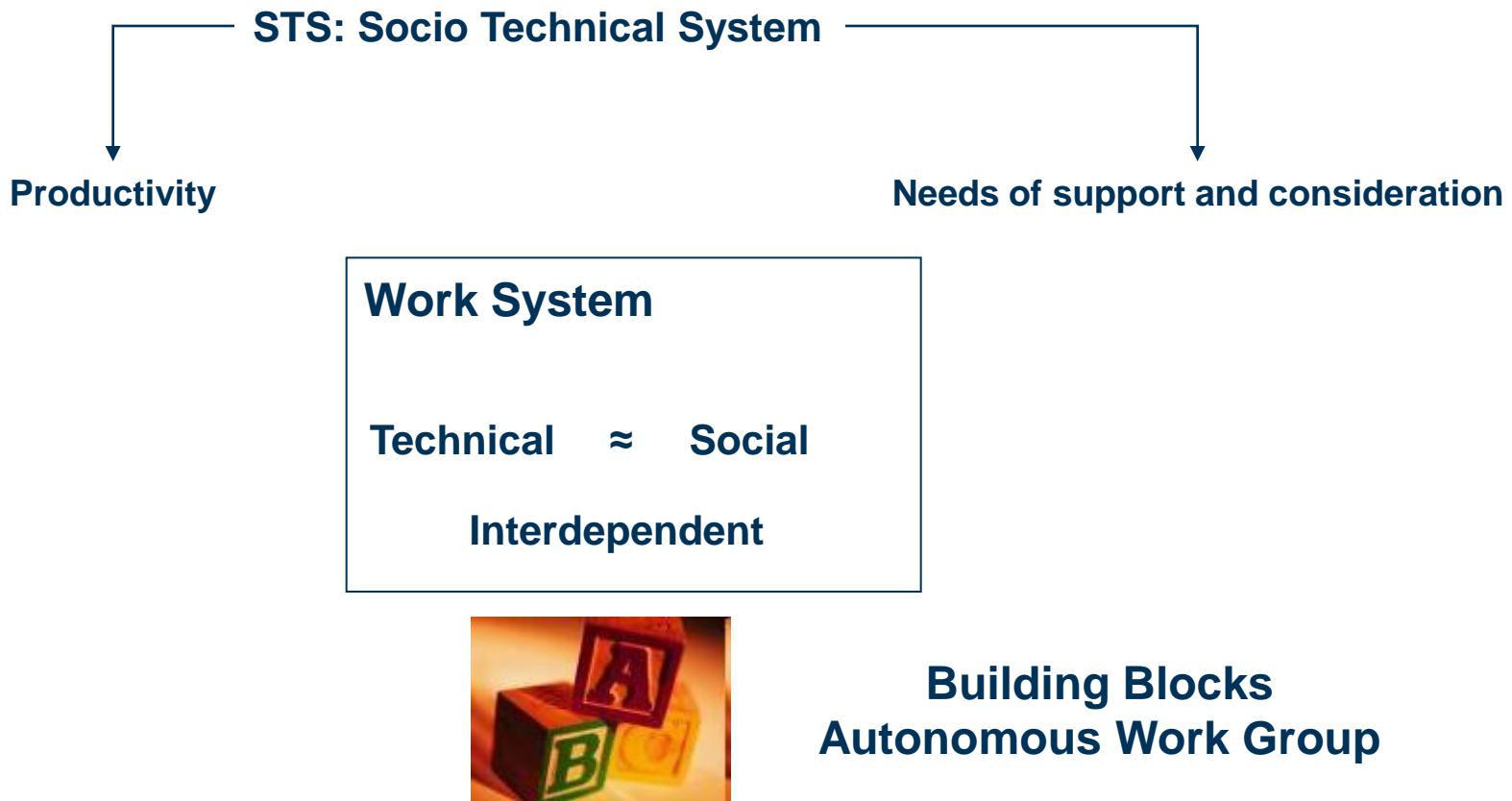
For machine paced, just outsource to compete globally

Costs might cancel such programmes

Don't ignore employees preference, it is all about raising the motivation in Y style org

Expect managerial and unions resistance

5.3 The Team Approach to Job Design



End to end assignments (enlargement applied)

All members had cross-training

Free to set time, resources and training

Two tiered compensation; team bonus and merit-base

5.3.1 How Managers Design Self-Directed Teams

SDTs

are teams that are formed by members who shares



leadership

goal accomplishment

SDTs

are teams that have performance norms, efficient conflict resolution, good interpersonal relations and STS

SDTs

Are applicable when

1. Small teams
2. Concentrated training to the required skills, or cross-training
3. Two tiered pay (Bonus +Merit-based)
4. Supervisor is horizontal integrator with other teams
5. It is project management team who plans, implement, control and close the project

5.3.2 Companies which Have Used the Self-Managed Work Team Concept

PAST

Mid manager and supervisor used to:

1. Select and hire
2. Train and develop
3. Control the quality
4. Control the work schedules
5. Handle control and discipline



NOW

SDT members are doing these
As they are all leaders and achievers
TQM is massively applied



Lean production Y style made referent success story in NUMMI plant

5.3.3 Merging Self-Directed Team and Empowerment (Engagement) Concepts

Who needs this X hierarchy when he has effective SDTs?



Externlisers are no use here
All SDTs are internalisers

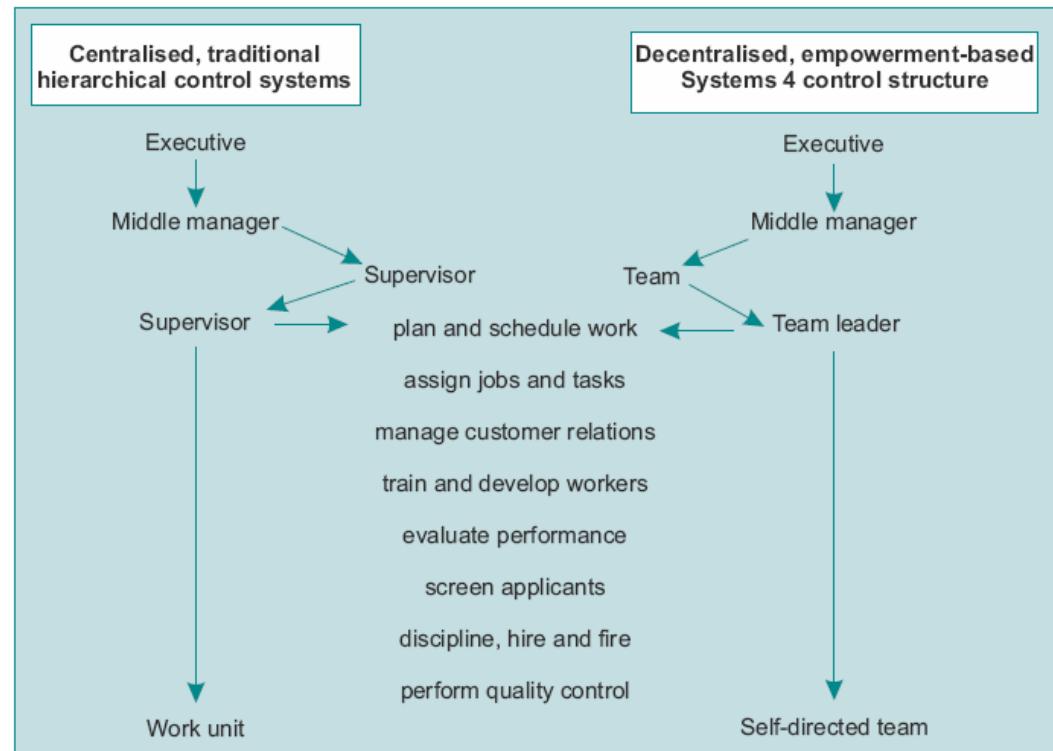


Figure 5.3 Self-directed teams are replacements for a traditional 'X' control structure

This is more like modern organization where the decision making centres is besides the customer

5.3.4 Employee Engagement Spreads Participative Decision-Making in the Organisation

Psychological involvement

Not just looking busy to evade control

Motivation to contribute

Like socialization needs, not as in X firm they instructed

Accept to receive authority

Integral part of SDTs

3 facets of participation



Table 5.3 Contrasting the participative and non-participative organisation

The non-participative organisation <i>(System 1) has:</i>	The participative organisation <i>(System 4) has:</i>
1 Leadership which does not value or instil confidence and trust. Superiors and subordinates do not solicit each other's opinions.	Leadership that instils confidence and trust. Superiors and subordinates freely discuss problems.
2 Motivation systems which operate only on lower-order needs. Motivation may be based on threats of job loss.	Motivational systems which tap the full hierarchy of needs and their related rewards.
3 Communication which only flows downward and it is subject to distortion and inaccuracies.	Communication which flows in all directions with clarity and accuracy.
4 Subordinates who are not involved in goal-setting.	Subordinates who are highly involved in goal-setting.
5 Decision-making which is concentrated at the top of the organisation.	Decision-making which occurs at all levels.
6 Control processes which are centralised.	Control processes which are dispersed and emphasise self-control.
7 Performance standards which are low and pursued passively.	Performance standards which are ambitious and pursued with energy.

Don't train to set SDTs at turmoil time

Make paradigm shift, to convince yourself that you are NOT the omniscient and Employees want to grow like you

Teach them that participation is core for business

SDTs should learn a lot of problems solving techniques

Two tiered reward system (Merit-base + Group Bonus)

5.3.5 Limits to Participation in Organisations

Placid Environment

Monopoly

- Strong patent
- No competition
- Loyal customers

Gain

- Specialisation still required
- High productivity
- Employees are comfortable with standards and procedures

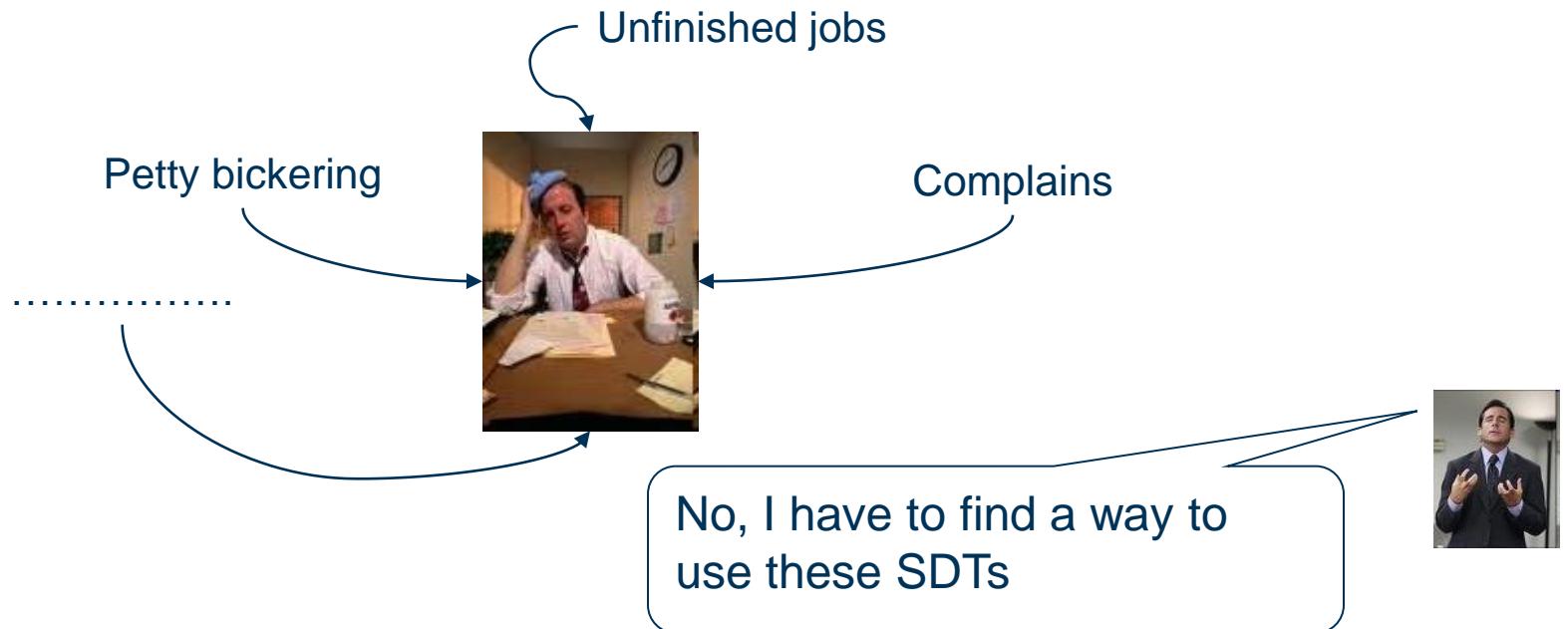
Low Growth Needs

Hard union arguments

6. Understanding Work Group Dynamics and Group-Based Problem-Solving

- 1. Describing Work Groups and their Characteristics**
- 2. Work Group Composition, Cohesiveness and Norms**
- 3. Significant Aspects of Work Group Structure**
- 4. From Statics to Dynamics: Work Group Development and Decision-Making**
- 5. Practical Guidelines for Managing Groups**
- 6. Decision-Making in Teams: Deciding on the Extent of Participation**
- 7. Work Groups in Competition and Conflict**

6.1 Describing Work Groups and their Characteristics



Effective SDTs are the first line of defence against the hard competition and turmoil times

6.1.1 Types of Groups in Organisations

What is a group?

Two or more members who

- {
 - Interact with each others
 - Share same features
 - Share same goals
 - Share same firm mission

Depresses / encourages

What is a formal group?

Two or more members who

- {
 - Brought to accomplish definitive objectives
 - Prescribed way (mission statement)
 - They share responsibilities

→ Task Group (Just like PM)

→ Command Group (Just like a board of directors in a public company)

Project Teams

- {
 - Limited life span
 - Matrix, they retain their positions in the functional units
 - Quick formation
 - Swift and direct links with management
 - Wide network inside the firm
 - Less formalities for quicker moves

6.1.2 Why Individuals Are Attracted to and Join Groups

Table 6.1 Factors causing group formation

Factors	Workplace example
1 Interpersonal attraction	
a. Proximity	Clerks in a mailroom form an informal T.G.I.F. club (Thank God Its Friday).
b. Physical attraction	Young engineers join an expensive health club in the hope of meeting attractive people of the opposite sex.
c. Attitude similarity	Students who believe the university should have more intramural sports form a protest group.
d. Economic and social similarity	Chief executive officers of banks are asked to sit on the boards of other banks.
e. Race and gender similarity	Female Indian engineers form a career interest group to discuss employment problems experienced by minorities.
f. Perceived ability of others	Employees with athletic ability organise a corporate sailing team.
2 Activities of the group	Employees organise a darts club to compete in a tournament.
3 Goals of the group	Employees organise a fund drive to raise cash for AIDS research.

Source: Adapted from R.C. Dailey, 1988. *Understanding People in Organizations*. St. Paul, MN: West.

Homogenous Group

6.2 Work Group Composition, Cohesiveness and Norms

Homogenous

Groups are involving and interesting



Heterogeneous

They are barren and alienating

BUT

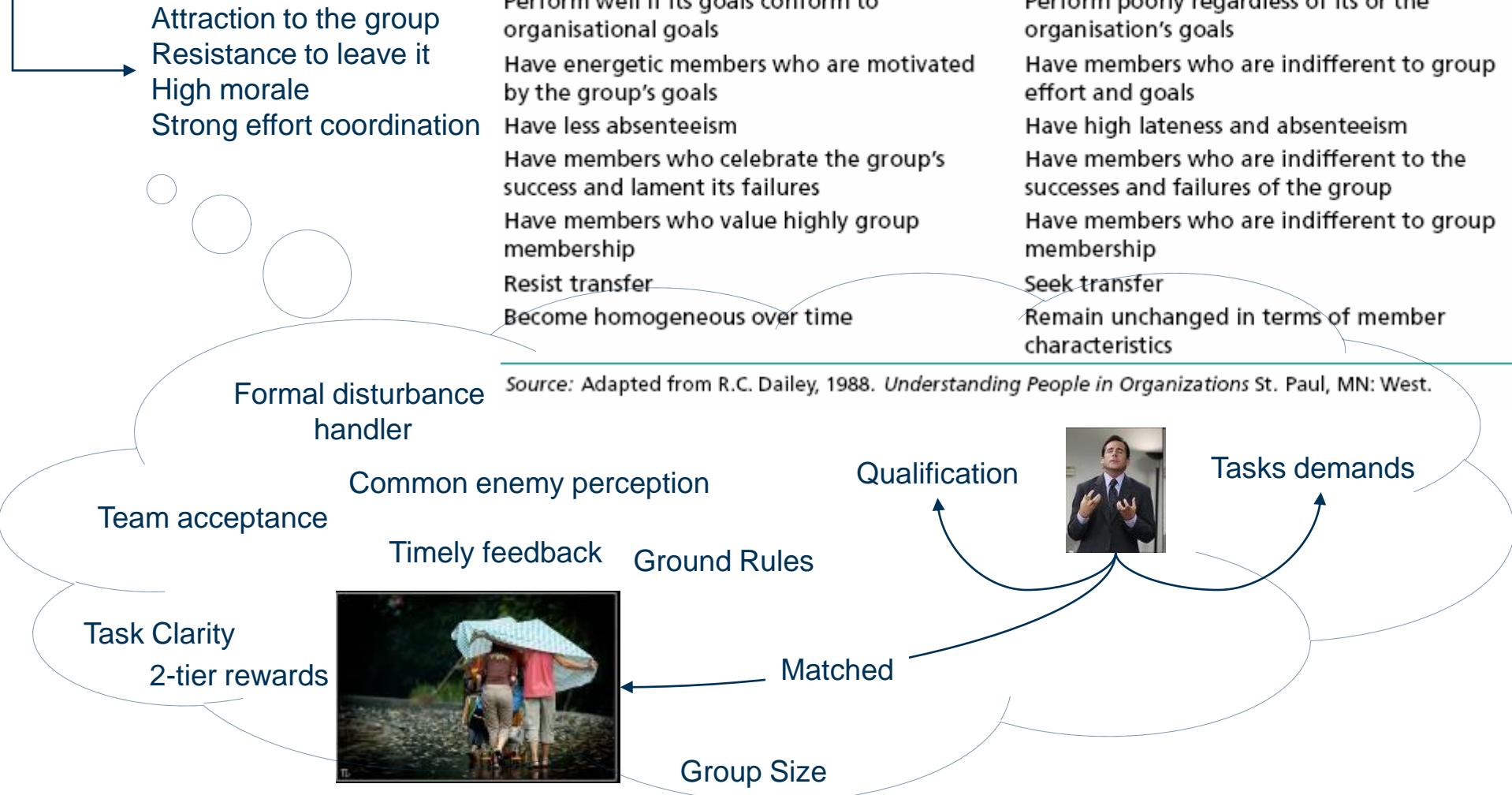


Lower gains
Groupthink



Better problem attacks
More versatile and creative

6.2.1 Cohesiveness: The Social Adhesive in Work Groups



6.2.1 Cohesiveness: The Social Adhesive in Work Groups

Group Performance is function of

- Group performance Goals
- Agreement between group goals and Org ones
- Cohesiveness

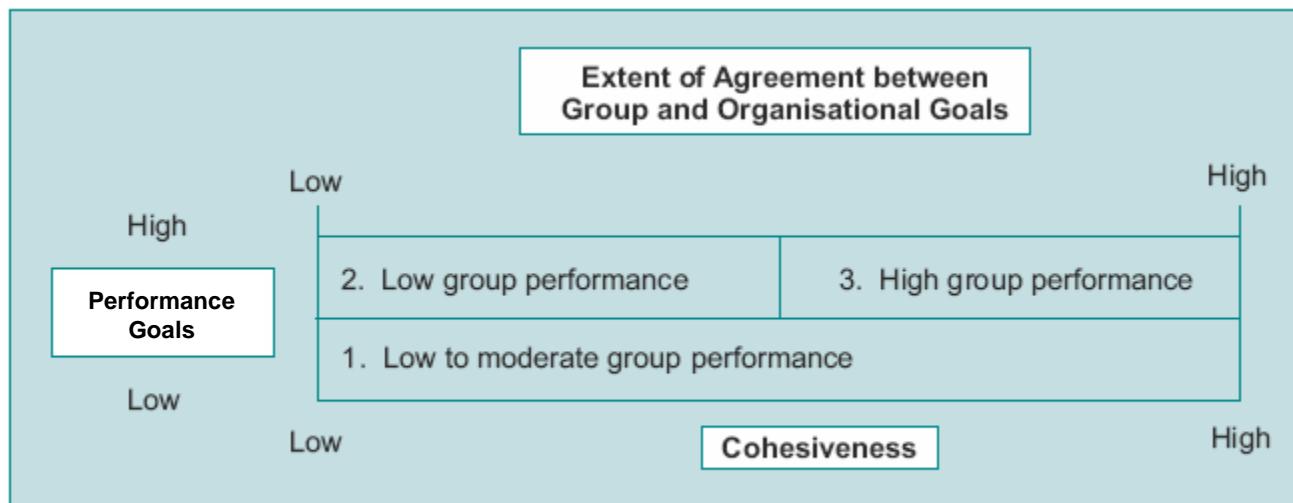


Figure 6.1 Cohesiveness, goals and work group performance

6.2.2 What Managers Need to Know about Work Group Norms

Norms



Accept?

Do?

Conform, comply, reward

- They blend member needs with group's
- They apply on behaviour not thoughts
- Strongest norms are the ones of effort and performance
- Norms are usually fixed
- Creative and problem solvers might deviate from norms

6.2.2 What Managers Need to Know about Work Group Norms

Table 6.3 Managerial principles for controlling work group norms and member conformity

-
- 1 Create a desire to remain in the group. Cohesiveness is an important benefit valued by members, so acknowledge employee expressions of *esprit de corps*.
 - 2 Show how high standards for group achievement meet individual needs and trigger rewards at the group level.
 - 3 Specify the importance of giving up individual gains in favour of group success. The manager must be a role model for this.
 - 4 Seize opportunities to show the small difference between members' personal preferences and what the group asks of its members.
 - 5 Carefully define how members' contributions help the group achieve its goals.
 - 6 Give members a say in creating norms about effort levels and performance standards.
 - 7 Develop a simple and accepted system for recording and publicising work group success in core performance areas.
 - 8 Develop valued rewards to motivate members who meet or exceed team performance standards.
 - 9 Forge a link between team goals and personal accomplishments.
 - 10 If creativity is necessary to ensure team success, temporarily suspend norms to encourage member innovation.
 - 11 Make it clear that there are serious negative consequence for non-compliance with core performance norms.
 - 12 Do not expel members who deviate from norms if: 1) they have a history of helping the group, 2) they are high status members and 3) the group has a history of helping rather than isolating deviants.
 - 13 Do not allow work groups to become too isolated so that they ignore the company's need for coordination.
-

Source: Adapted from A. Zander, 1982. *Making Groups Effective*. San Francisco: Jossey-Bass.

6.2.3 Groupthink: When Conformity Runs Amok

How can we all miss it
Collective rationalism

Nothing can go wrong
Illusion of invulnerability

This guy is dull
Negative stereotyping of the opposition



Hey outsider get out of here
Mind-guard



We know what is the best for the group
Belief in the inherent morality in the group



.....
Self-censorship

Where is your loyalty mister
Direct pressure applied to dissenter

People there are quiet, so we have consensus
Illusion of unanimity

6.2.3 Groupthink: When Conformity Runs Amok

Treatment

1. Leader could be criticised
2. Rotating evaluator position
3. No pre-defined solutions or methods
4. Idea generation is separated from its evaluation
5. Encourage individual contribution before consensus
6. Welcome expert outsiders
7. Focus on how to retaliate rivals actions
8. Second chance meeting for confirming or revising the final conclusion



6.3 Significant Aspects of Work Group Structure

Status

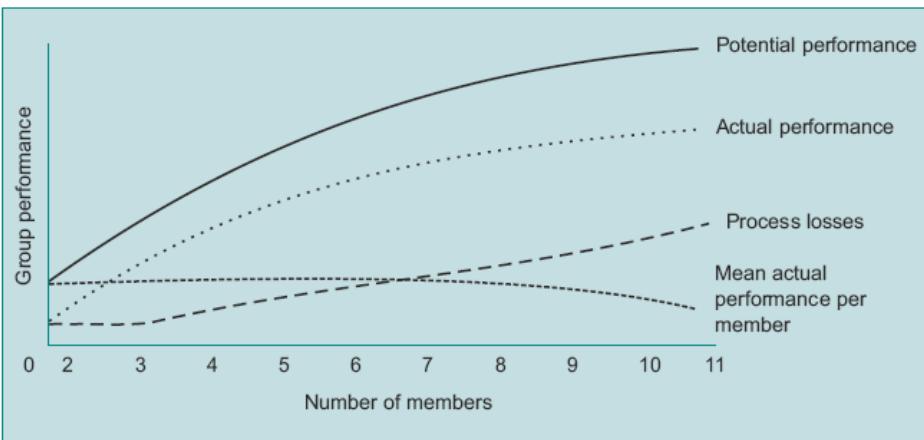
Within the group

Positional Status

Hierarchy inside the workgroup

Personal Status

Esteem given by other members



Size

Bigger is better

Big size

→ Normally more powerful, smarter, have many places to hide and produce better outcomes

Size vs participation

→ More SHORT face2afce meetings, so talkative will take the lead

Size & conflicts

→ More people increased possibility of different opinions, that might lead to conflicts

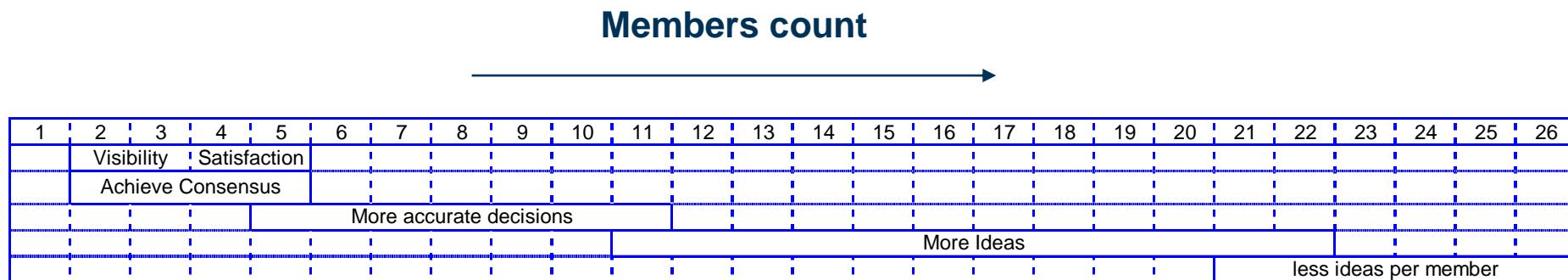
Size & performance

But efficiency reduces as in the graph

→ Process losses just like groupthink, interpersonal conflicts, high turn over, disagreement about methods ... etc.

Figure 6.2 Group size, performance and process losses

6.3.1 Guidelines for the Management of Work Group Size



6.4 From Statics to Dynamics: Work Group Development and Decision-Making

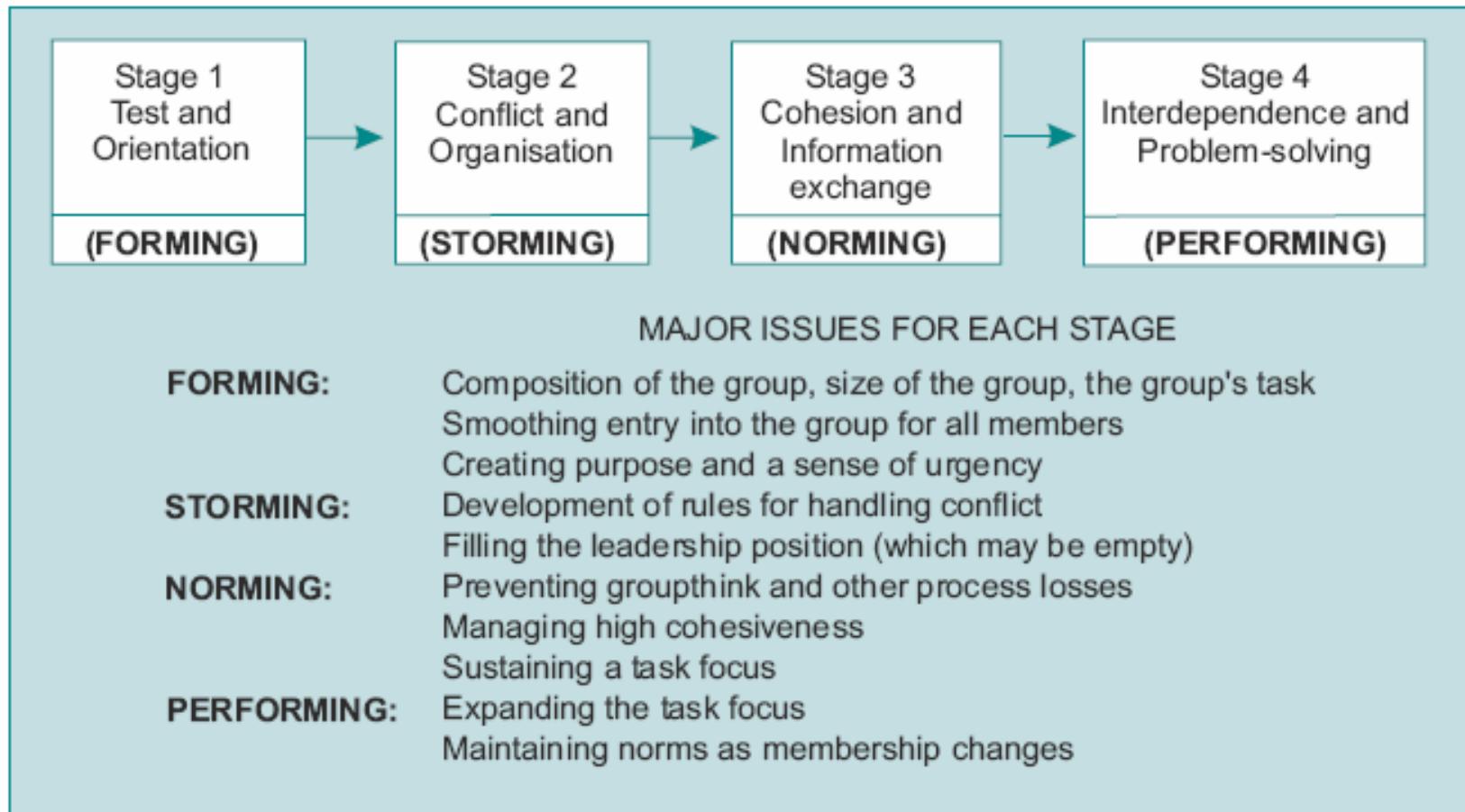
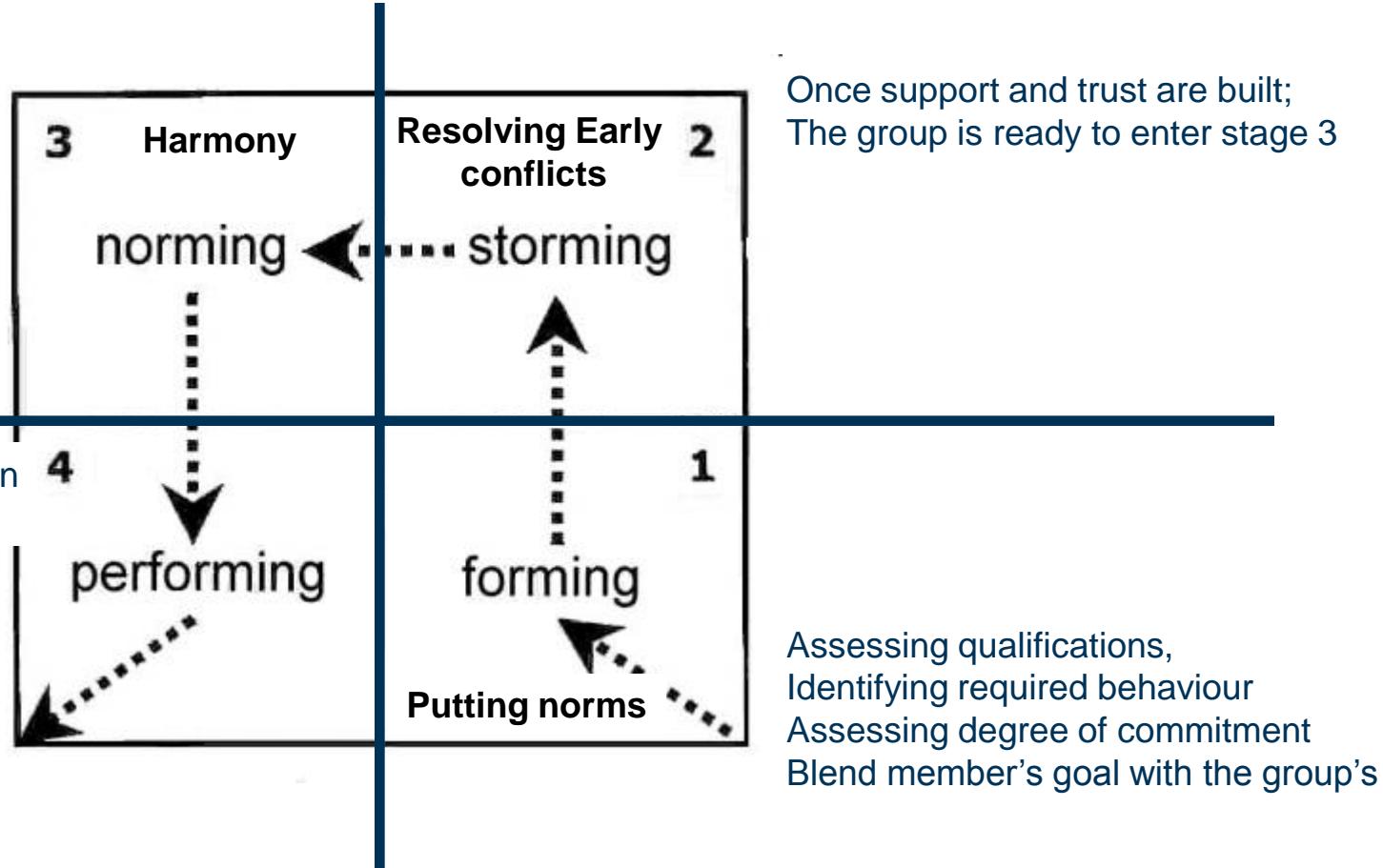


Figure 6.3 Stages of work group development

6.4.1 Understanding Stages of Work Group Development

Involvement awareness
Leadership established
Leader ship is stable
Confidence
Harmony
Overconfidence
Allow info flow across boundaries

Confidence \Rightarrow Collaboration
 \Rightarrow Minimum losses



No standard time requirement to enter or exit each stage

No clear boundaries, when MOST of issues of a stage are resolved;
group enter the next phase

6.4.1 Understanding Stages of Work Group Development

Can Stage 4 Work Groups Retain their Position Indefinitely?

YES

Turnover Raising Competition

New Goals

New Technology

Create new position with new behaviour

Train new members Always scan external environment
Change ineffective norms



Merit-based rewarding system

NO

Practically Groups are Flexible
Practically, consider them as evolutionary cycles
No one can deny the inevitable external forces

6.4.1 Understanding Stages of Work Group Development

Can Psychometric Testing Be Used to Quicken Groups' Progress to Stage 4?

YES, when founder understands the required roles and “allowable weakness” this will drive group faster to Stage 4

Table 6.5 Belbin's roles in highly successful, value-adding SDTs

Role	Contribution	Allowable weaknesses	
Plant	Creative, imaginative, unorthodox. Solves difficult problems (introverted).	Ignores incidentals. Preoccupied with own thoughts, may not communicate effectively.	
Resource investigator	Extrovert, enthusiastic, communicative. Explores opportunities. Develops contacts (team boundary spanner, linking pin).	Over-optimistic. Can lose interest once initial enthusiasm has passed. (impatient and fickle).	Inter-Group
Coordinator	Mature, confident. Clarifies goals. Brings people together to promote team discussions (self-starter).	Can be manipulative. Offloads personal work.	Intra-Group
Shaper	Challenging, dynamic. Thrives on pressure. Has the drive and courage to overcome obstacles (high nAch Type A).	Prone to provocation, may offend others (impatient and abrasive).	Articulate
Monitor/evaluator	Serious minded, strategic and discerning. Sees all options. Judges accurately.	Can lack drive and ability to inspire others (bureaucrat, bean counter).	Analyse
Team worker	Cooperative, mild, and diplomatic. Listens and avoids friction (high nAff).	Indecisive in crunch situations (may become emotional).	Individuals
Implementer	Disciplined, reliable, conservative in habits. A capacity for taking practical steps and actions.	Somewhat inflexible. Slow to respond to new possibilities.	Execute
Completer/finisher	Conscientious, detects errors and omissions (high nAch).	Inclined to worry unduly. Reluctant to delegate.	End-2-end
Specialist	Single-minded, self-starting, dedicated. Provides knowledge and skills in rare supply.	Contributes on only a limited front. Dwells on specialised personal interests.	Troubleshoot



6.4.2 Work Group Risk-Taking and Creativity

Based the mix of members



Product developer are innovators ⇒ Risk takers

Physicians say “First do no harm”

Table 6.6 Factors influencing risk-taking in group decisions

The work group is risk oriented if	The work group is conservative if
1 The members value risk and the firm rewards risk taking that succeeds and learns from risk taking that fails.	Members do not value risk and the organisation punishes risk taking that fails.
2 The decision has little to do with organisational systems or personnel.	The decision involves human resources or employees' perceptions of the company.
3 The leader is risk oriented.	The leader is averse to risk.
4 The group has a history of tolerating deviance from group norms (stage 4).	The group has a norm that values the status quo (groupthink).



Table 6.7 Factors which contribute to low-group creativity

- 1 The group has no unifying goal or core focus: unclear aims.
- 2 No standard method for making decisions is followed: inefficiency.
- 3 Generating ideas is not separated from evaluating ideas: imbalance.
- 4 Ideas are evaluated in terms of who suggested them: status effect.
- 5 Ideas do not become the property of the group: status effect.
- 6 Conclusions are an individual product instead of a group product: status effect.
- 7 Members' time is not valuable: complacency.
- 8 Insecure members are reluctant to participate: self-censorship.
- 9 Some members deflect the group from its stated purposes: dominance.
- 10 Higher managers are slow to approve creative team output: no validation.
- 11 The group pressures members to adopt a low standard of creativity: mediocrity.
- 12 The group fears failure: timidity.

6.4.3 Brainstorming, Nominal and Delphi Decision-Making in Groups

Brainstorming

Stress generation and delay evaluation

1. Emphasis status: Session leader
2. Describe Clear and simple aim
3. Set Time Limits
4. Select recording method
5. Run based on:
 - Simplify
 - Suppress dominance
 - Urgency
 - Piggyback
 - No criticism or interruption
 - Generate and don't evaluate
 - Quantity
 - Stop when no more ideas

If not run effectively

It is blame-storming for employees
and waste of time for managers

Reverse thinking

66 (6 brainstorm for 6 min) \Rightarrow one represents
Stop-and-go small evaluation periods interrupt

NGT

Avoid Vocals

1. Group is not larger than 9
2. Pose the question
3. Members record ideas (5-10min)
4. Members read ideas
5. Leader works the records
6. Members rank the ideas
7. End or re-discuss

Balance (generate then evaluate)

No dominance

Used any time

Used for any group

Progress towards goals identified

Overuse makes it ritualistic

Delphi

Consensus

1. Independently and anonymously members send their ideas
2. Coordinator sends to all
3. Comments on each other
4. Re-write ideas based on the feedback
5. Repeat till consensus is reached

Table 6.8 How Delphi groups differ from nominal groups

Delphi groups are	Nominal groups are
Composed of members who are unaware of other group members	Composed of members who know each other
Made up of members who never meet face-to-face	Designed to meet face-to-face
Reliant on a central processing unit which collects, collates and feeds back information	Designed to reach a decision more quickly More likely to have status and dominance effects

6.5 Practical Guidelines for Managing Groups

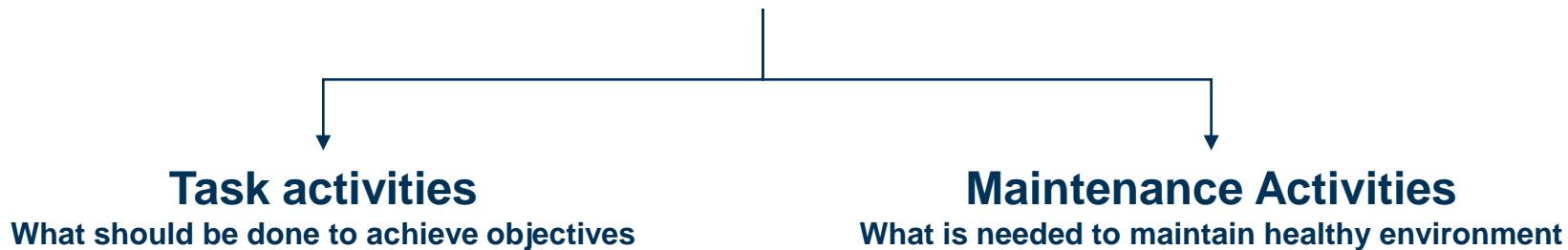
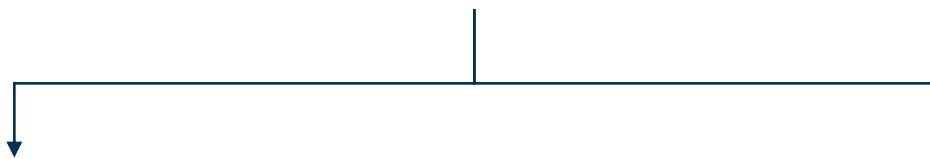


Table 6.9 Situations characteristic of task activities and maintenance activities

Task activities are occurring when	Maintenance activities are occurring when
The group diagnoses problems and suggesting problem effects	The members create cohesiveness by encouraging the use of agreement and praise
Members request objective information to ensure accuracy and attention to detail	Members revise group norms to better support consensus
The group provides timely information about its task to its members and they discuss matters of workflow coordination	Members ratify each others' ideas to ensure commitment and loyalty
Members sum up group progress on ideas, activities, goals and solutions	They discuss ways to attract and to socialise new members
They measure their progress and report on their goals	The leader maintains an 'open door policy' and all members stress the importance of equality in group relationships
The leader reports the group's progress to higher managers	

Source: Adapted from R.C. Dailey, 1988. *Understanding People in Organizations*. St. Paul, MN: West.

6.5 Practical Guidelines for Managing Groups



Task activities

What should be done to achieve objectives

1. Careful problem definitions
2. Balance (idea generation is separated from the idea evaluation)
3. Dump group think
4. Norms and creativity
5. Group level rewards

Maintenance Activities

What is needed to maintain healthy environment

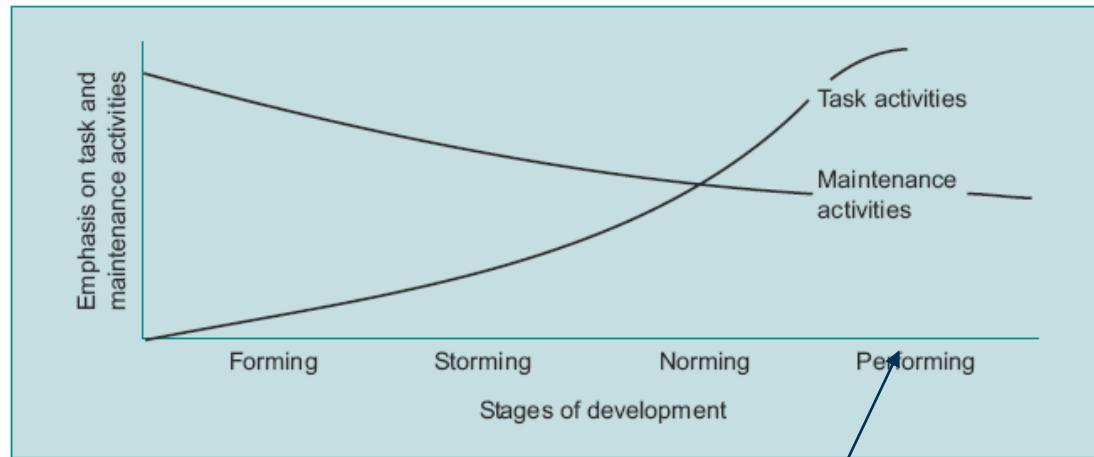


Figure 6.4 Stages of development and the emphasis on task and maintenance activities in work groups

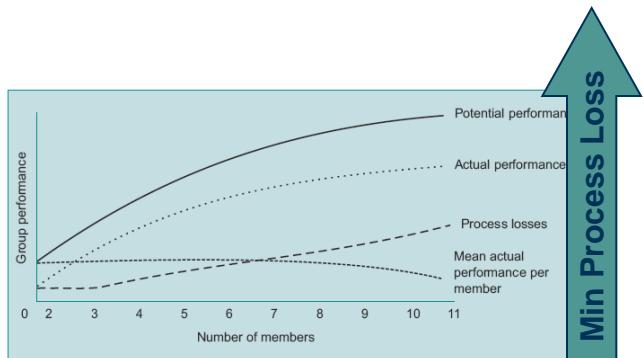


Figure 6.2 Group size, performance and process losses

Team is much involved in both activities
It doesn't mean leader abdicate his authorities
but it means team is mature and members are participative

6.5.1 Managing Intergroup Behaviour and Performance



Interdependence

Frequency and quality of interactions among groups
Demands a Uncertainty

Information Flow

Amount, quality and timing of information exchanged between groups
Demands a Uncertainty

Integration

Cooperation, collaboration and common structure
Groups share common goals

1. Rules and procedures, in X firm however it will lead to low independent and creativity
2. Members swap, so that they will understand the languages and methods of each other
3. Liaison role, skilful team member play the role of interfacing with other teams
4. Temp work-force for coordination, formed for coordinating by all interacting groups
5. Decoupling, for the sake of security pressing time delaines or avoiding sever inter-groups conflicts just make some groups independent

Large Firms use all 5 methods to facilitate inter-groups interactions

6.5.2 Laggards in Groups: Spotting and Correcting Social Loafing

Why someone be a social loafer?



Everyone is paid the same!, *reduced effort due to inefficient rewarding system*

It is large group, no one will notice me, *loss of responsibility*

No one is working hard why should I? *Equity of effort*

We are so many !! *Complex communication*

How can a manager prevent this?

OK I will unambiguously define participation, and interesting level as task aspects

I will use solid 360 evaluation system

I will use BMod system that will keep everybody on his toes

I will use two-tier rewarding system



6.6 Decision-Making in Teams: Deciding on the Extent of Participation



Autocratic

AI: Manager takes the decision based on his information and analysis

AII: Manager takes the decision based on information provided by the team

Collaborative

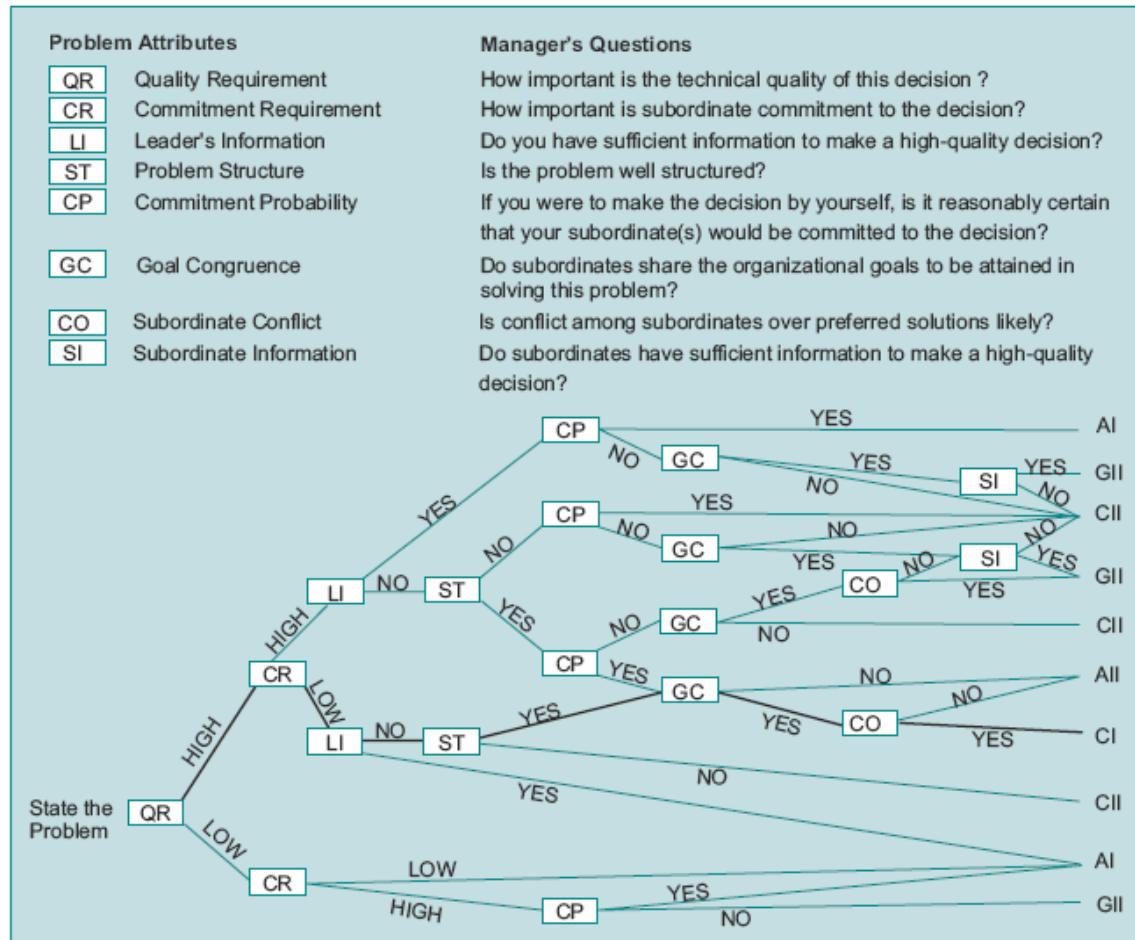
CI: Manager takes the decision after one to one discussion with the group

CII: Manager takes the decision after group format discussion with the group

Group

GII: Manager and group take the decision together after analysis

6.6 Decision-Making in Teams: Deciding on the Extent of Participation



Source: Reprinted from Victor H. Vroom and Arthur G. Jago, 1988. *The New Leadership: Managing Participation in Organizations*, Englewood Cliffs, NJ: Prentice Hall. Copyright 1988 by V. H. Vroom and A. G. Jago. Used with permission of the authors.

Figure 6.5 The Vroom-Yetton-Jago normative decision model

6.7 Work Groups in Competition and Conflict



6.7.1 Two Organisational Views on Conflict in Groups



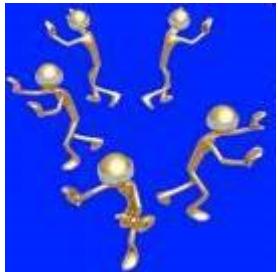
X

- x) Conflicts are dysfunctional to the firm
- x) Develop norms and procedures keep them under strict control
- x) Mostly conflicts are solved after escalation when a powerful manager force to the solution he finds best

Y

- y) Conflicts can be useful if they were about goal and targets not personalities
- y) They are unavoidable but manageable

6.7.2 Managing Conflict within and between Groups



Avoidance

Suppress the conflict and neglect resolution

Useful when there is panic, it is a temp damage-control strategy



Accommodate

OK OK will have your way
Useful to keep friends and when manager thinks this win might means strategic loss



Forcing

My way or highway
Useful in crisis times (like layoffs)



Compromise

Give and take

Useful when executive wants to keep labour satisfaction

Also when negotiating parties have the same power



Collaboration

Lets confront all issues

WIN WIN

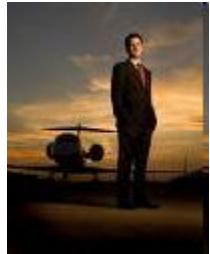
Useful and recommended all the time

Y Style

7. The Influence Processes in Organisations: Power, Politics, Leadership and Entrepreneurship

- 1. An Example of Power**
- 2. Uses and Abuses of Power: Playing Politics**
- 3. Leadership: A Conundrum of Theory**
- 4. The New Age of Entrepreneurs**

7.1 An Example of Power



Abusing power

leads to



... corruption.

7.1.1 The Meaning of Power, Authority and Influence



Ability to alter behaviour of others and avoiding one's own behaviour being affected by others
No power could be observed without the existence of others (Interdependence)

1. It is people related (Interpersonal and dependence)
2. Knowledge and experience enhance and guide the power usage
3. It is fluid, and flow in all directions through org
most common direction is downward

Authority

The right to give orders to others to make them do what the authorised person wants

Influence

The process of persuasion of thoughts, feelings and behaviours
It is a simple every day downwards control, it is not abuse

7.1.2 Sources of Power

Table 7.1 Sources of interpersonal power and an example of each

Form of power	Work example
Like chemistry	Reward Telling a subordinate that he has been very effective in productivity enhancement during a formal performance review.
	Coercion Warning a colleague that you will go to your superior if he does not stop trading on insider information.
	Legitimate Transferring an employee to an overseas assignment.
	Referent Emulating a senior design engineer who is widely respected throughout the company.
	Expert Including a design engineer in all product review meetings because of his experience in design work.

7.1.3 Using Power Ethically

Does the behaviour produce a good **outcome** for those who are affected ?

Does the behaviour **respect** everyone's rights ?

Does the behaviour **treat** everyone equitably and fairly ?

7.1.4 How Employees Obtain Power



Mentor-Protégé
Great experienced one



Maintain Network
Loyalty and respect to old friends



Manipulating policy
High MachV Managers



Excellent performance
The extra mile



Enlarge your role
Redesign your job



Personnel Control
Hiring and training



Information control
High job security



Be knowledgeable
At long-term



Own resources Control
Such as in cross functional teams



Money control
Cost Saving



Intrapreneur
If the firm encourages risk



Manage your boss
I need advice, I did well thanks to you
We think alike

7.1.5 How Subunits Obtain Power

Manifestations: 1) number of employees, 2) size of budgets, 3) quality of facilities and 4) impact on decisions



Definition: Ability to influence and to control strategic processes and outcomes.



Methods: There are 4 ways for the subunit to be powerful

1. Scarcity: Subunits have competent rare resources is powerful
2. Risk: Subunits work in risk eras are powerful (Boundary spanners)
3. Centrality: Subunits who have core aspects (critical paths) are powerful
4. Absence of substitute: Subunits who makes unique work is powerful

This concept is eroding with the increased ability of off shoring and widening internet

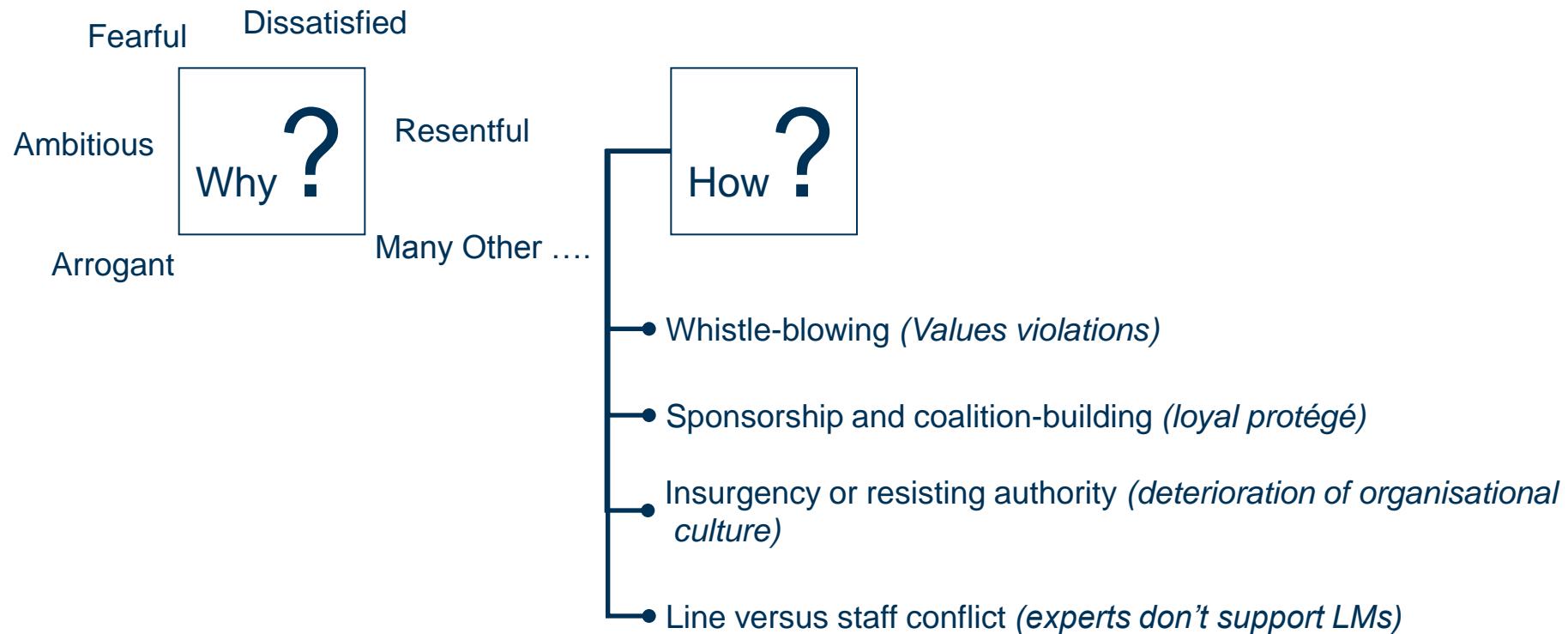
7.2 Uses and Abuses of Power: Playing Politics

Politics is Management of influence to obtain ends not sanctioned by the organisation or to obtain sanctioned ends through non-sanctioned (illegal) means.

		Political results	
		Acceptable results	Unacceptable results
Management approves	Non-political work that is efficient, productive and effective	Whistle-blowing to expose theft of company equipment or the inappropriate use of company funds	
	Ignoring the chain of command to gain company support for a product innovation	Degrading a colleague who is a competitor for a higher-level job opening	

Figure 7.2 A taxonomy of political behaviour in firms

7.2.1 How Managers Play Politics



7.2.2 Looking Upward: Managing the Boss

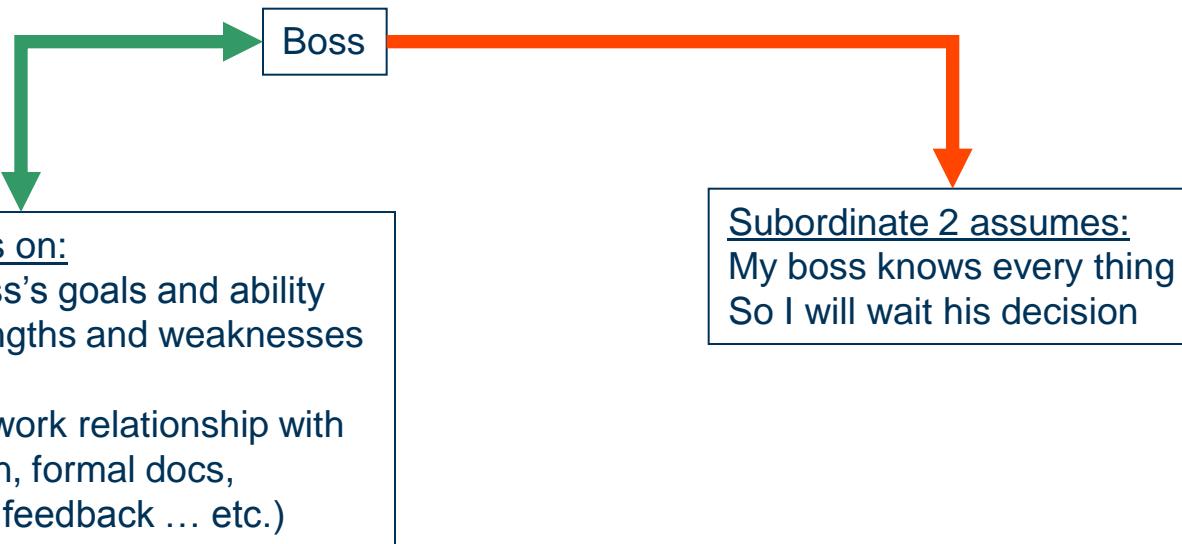


Table 7.2 Strengthening your work relationship with your boss

- 1 Take time to understand your boss's goals, objectives, job pressures, strengths and weaknesses and leadership style. Learn to avoid an emotion-laden work relationship with your boss.
- 2 Realistically assess your own strengths and weaknesses, preferred decision-making style, comfort level with authority and your need for achievement. Be honest with yourself about the extent to which your personal style matches your boss's decision making style.
- 3 Professionalise your work relationship with your boss by basing it on
 - a) both of your needs and styles; b) well-understood expectations; c) keeping your boss informed, d) dependability and honesty, e) documented performance and f) selective use of your boss's time and resources.

7.3 Leadership: A Conundrum of Theory

Leadership is about crafting a new vision for an enterprise and convincing employees to go along with it.

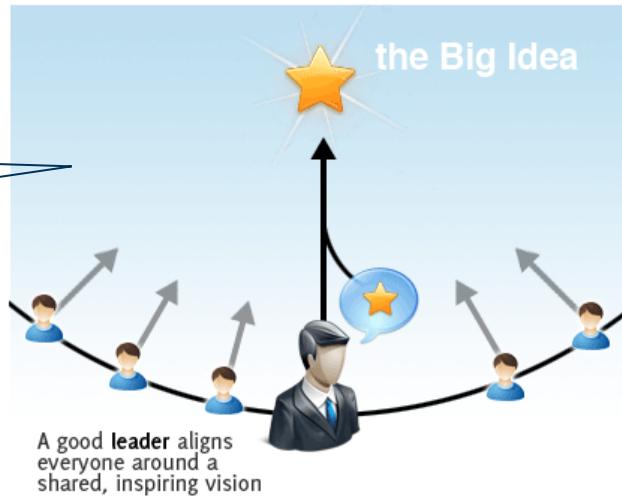


7.3.1 Are Leaders Different from Managers?

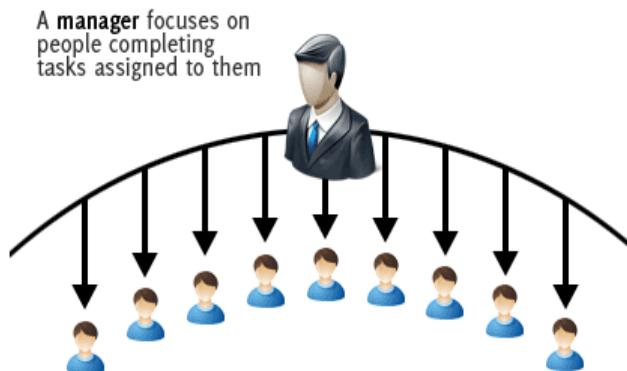
YES!

Leader transforms and manager transacts

I have a new vision, and this is the draft of how to transform our unit for this form.



OK I will implement the plan, and deliver daily measurable results



7.3.2 Merging the Concepts through Role Analysis



Ready

Aim

Fire

Table 7.3 Managerial roles

Interpersonal relationship maintenance

Figurehead/chief	Testifies in court and at regulatory hearings Cuts ribbons and opens new offices/facilities
Leader/encourager	Gives pep talks and holds open meetings with workers and staff Passes out awards and honours Hires and fires
Liaison/linking pin	Presides over industry trade group or professional society/certification group

Informational (generation and transmission of data and knowledge)

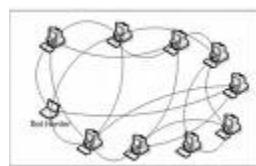
Monitor/surveyor	Reads industry reports and meets with vendors
Distributor	Holds meetings, writes memos and sends e-mail
Advocate/spinmeister	Makes speeches, meets with the press, grants interviews

Decisional (deciding and controlling)

Creator/entrepreneur	Scans and detects new ideas/product innovations/ industry trends
Crisis controller	Acts quickly in a dilemma and makes decisions to limit perceived damage
Resources distributor	Sets and manages the budget in relation to the firm's strategic plan
Mediator/negotiator	Solves work stoppages/grievances and disputes with vendors and distributors

Time Allocation for managers

44% with subordinates
48% with peers
7% with superiors
1% Alone



Delayed Firms
Decentralised



Survived mid managers
Becomes facilitator and integrators

7.3.3 Coming to Grips with the Problem of Leadership

Traits

How can the leader himself influence the firm



Behaviours \Rightarrow Situations

The importance of predictability of leader's behaviour with different situations



Personality \Rightarrow Situational

The responses of leader to different situations based on his personality

7.3.4 Research on Leadership Traits

Table 7.4 Examples of leadership traits

Physicality	Social pedigree	Mental characteristics
Energy level	Economic and social status	Intelligence
Height	Alma mater and college degree	Judgement
Attractiveness	Job mobility	Verbal fluency
Weight	Public service	Abstract reasoning ability
Personality	Work orientation	Social skills/abilities
Dominance	Achievement need	Cooperativeness
Aggressiveness	Initiative	Likeability
Self-confidence	Desire for responsibility/promotion	People skills
Creativity		Diplomacy
Stress tolerance		Supportiveness

! This approach doesn't serve the goal of selecting a leader

We can't just wait for a situation to happen to identify a leader
Also it is risky to just count on this approach to assign leaders

Developed After WWII

Most of these traits were found to be not useful and irrelative to the real needs in orgs leaders



Modern view of leadership Traits

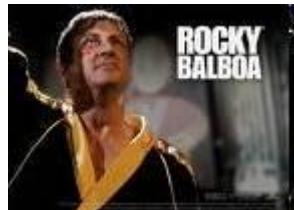
Logical thinking

Simplifying abilities
Persuading abilities
Explanations abilities



Persistence

No give ups
(setback \Rightarrow simple mistake)
Hard worker
Resists odd conditions



Empowerment

Get people excited about goals
Energetic and enthusiastic
Make other believe that they can achieve goals



Self Control

Absorb shocks and acts rationally (eve-tempered)
Can work under extreme pressure
Is not afraid of powerful people



7.3.5 The Behavioural School of Leadership

Initiating

- ≈ Task activities
- ✓ Work procedures
- ✓ Planning tasks
- ✓ Clarifying roles
- ✓ Supervising
- ✓ Asking for results

Consideration

- ≈ Maintenance activities
- ✓ Approachability
- ✓ Supportiveness
- ✓ Maintain high morale
- ✓ Concern group welfare
- ✓ Collaboration encouragement

So leadership could be taught



Still the dilemma of how can one be so sure that the behaviour of leaders led to excellent performance, or excellent performance caused good behaviours



In turbulences he should focus on consideration behaviours



If roles and methods are known Initiating role should be reduced



In some cases just leave the competent and cohesive team driving performance



When missing knowledge mentor role not consideration

7.3.6 Situational Leadership Theories

**The blend of traits, behaviour and situations
is complex but realistically describes the
leadership**

- Fiedler's contingency Theory
- House Path-Goal theory
- BMod

7.3.7 Fiedler's Contingency Theory

LPC, Least preferred Co-worker

High LPC are relation oriented
Low LPC are results oriented

Table 7.5

PLEASANT	8:7:6:5:4:3:2:1	UNPLEASANT
FRIENDLY	8:7:6:5:4:3:2:1	UNFRIENDLY
WARM	8:7:6:5:4:3:2:1	COLD
DISTANT	8:7:6:5:4:3:2:1	CLOSE
GLOOMY	8:7:6:5:4:3:2:1	HARMONIOUS
RELAXED	8:7:6:5:4:3:2:1	TENSE
BORING	8:7:6:5:4:3:2:1	INTERESTING
SINCERE	8:7:6:5:4:3:2:1	INSINCERE

Situational Favourableness

Leader-member relation

Trust Loyalty Support

Power

Task Clarity

It is OK, no need to maintain something excellent

It is shaky we need to get back to track, so high LPC is needed

We have crisis, no place for maintenance this is decisive era

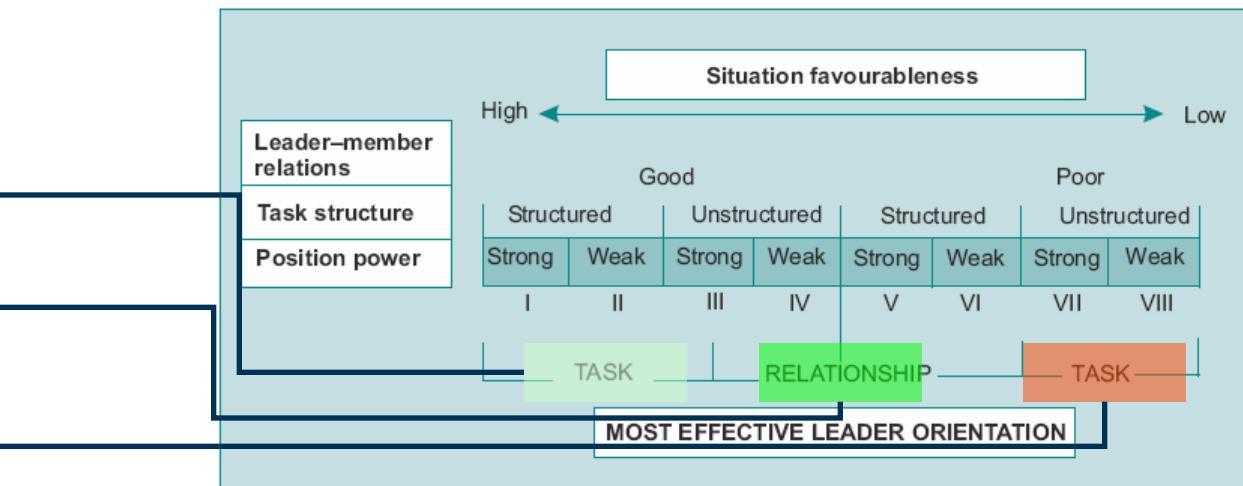


Figure 7.3 Fiedler's contingency theory of leader effectiveness

7.3.7 Fiedler's Contingency Theory

Action plan to

Table 7.6 How leaders can change the situation that they face

Tinkering with leader-member relations

- 1 Spend more or less time with subordinates including lunch and after-hours socialising
 - 2 Request certain people for group membership or assignments
 - 3 Volunteer to supervise or work with troublesome group members
 - 4 Transfer certain group members
 - 5 Get additional rewards to improve morale
 - 6 Listen to employees' concerns and offer personal advice
-

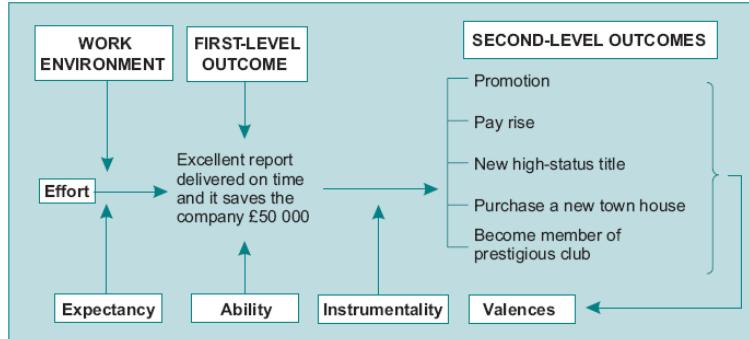
Modifying task structure

- 1 Give the group creative challenges with no constraints on methods
 - 2 Provide more standardised assignments
 - 3 Divide the work into smaller, more specialised units
-

Modifying position power

- 1 Rely on discipline to constrain troublesome team members
 - 2 Require that all information and group decisions are reviewed by upper management
 - 3 Delegate more authority to group members (empowerment)
-

7.3.8 House's Path-Goal Theory, Expectancy theory application



Directives

- ✓ Planning
- ✓ Instructing
- ✓ Putting Standards



Supportive

- ✓ Gratitude
- ✓ Empathy
- ✓ Compassion



Participative

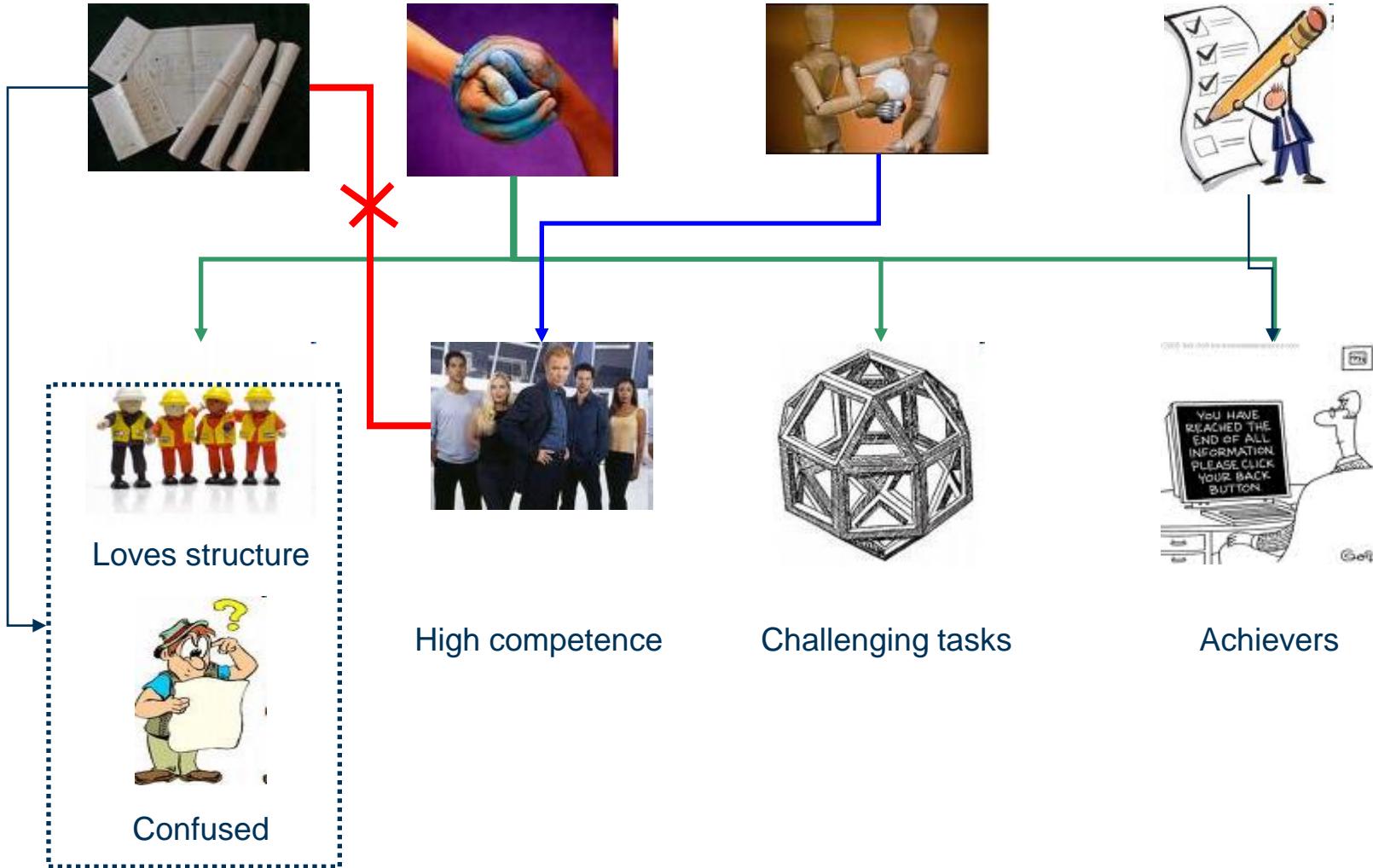
- ✓ Accepting their participation in solving issues



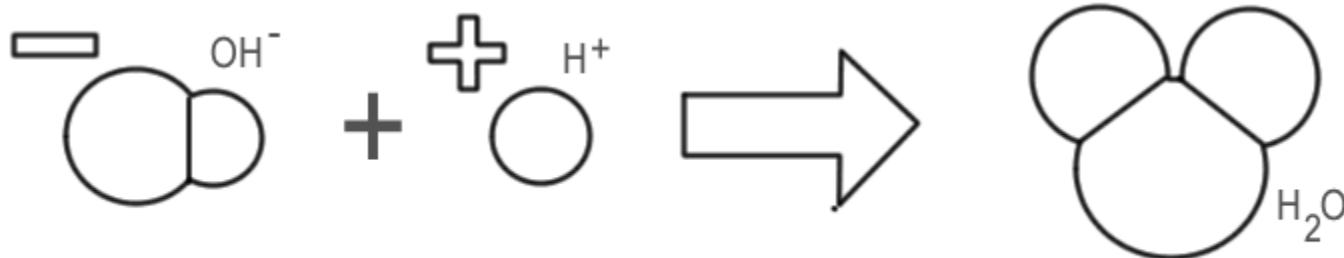
Achievements

- ✓ Delegation
- ✓ Setting tasks
- ✓ Enhance skills of employees

7.3.8 House's Path-Goal Theory, Expectancy theory application



7.3.8 House's Path-Goal Theory, Neutralisation



Neutralisers for leadership reduce the leader's power or eliminate it altogether.

On the other hand, substitutes for leadership allow the leader to lower the number of his influence attempts

Table 7.7 Substitutes for leadership and control in work relationships

Substitutes	Neutralisers of relationship orientation	Neutralisers of task orientation
<i>Qualities of subordinates</i>		
Ability, expertise, knowledge		yes
Professional certifications and licenses	yes	yes
Indifference to rewards	yes	yes
<i>Jobs' features</i>		
Routine methods and clear goals		yes
Provides own feedback		yes
Intrinsically satisfying and involving	yes	yes
<i>Firm's features</i>		
Formal, inflexible work rules		yes
Cohesive self-directed teams	yes	yes
E-mail and intranets	yes	yes
Spatial separations	yes	yes

7.3.9 Leader Reward and Punishment Behaviour: BMod Revisited

Equity also should be applied

Contingent Reward

Has good effect on performance and satisfaction

Contingent Punishment

Has mixed effects on performance and satisfaction

Non-Contingent Reward

Unfair, unreliable and unlikeable leader

Non-Contingent Punishment

Tyrant

TIPS

- ✓ Contingent
- ✓ Recognition as non-financial rewards
- ✓ Flexible and employee initiated non-financial rewards
- ✓ Timely rewards
- ✓ Avoid punishment unless clear rules were broken
- ✓ Punish in private
- ✓ Don't follow punishment with apology
- ✓ Give directives on how to eliminate the behaviour caused punishment

7.4 The New Age of Entrepreneurs



Entrepreneurs are doers, not thinkers



They assume risk based on careful planning and analysis and they reduce the chance of failure by thinking through their actions in some detail.

Entrepreneurs are born and not made.



Entrepreneurial traits are acquired and not inherited.

All you need is money



In the beginning commitment to a good idea is more important than having instant capital. Being single minded is much more important than being rich when it comes to starting a business.

All you need is luck



Individuals who believe in luck will not be successful entrepreneurs because they deny the importance of hard work and tenacity in making a business succeed.

7.4.1 How Entrepreneurs Differ from Small Business Owners and Administrators

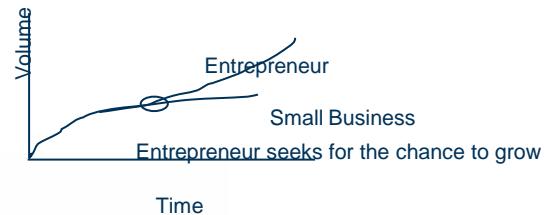


Table 7.8 The entrepreneurial profile

Entrepreneur's characteristic	What the entrepreneur believes
1 Is tenacious and makes sacrifices	You must make sacrifices in your family life and standard of living to start a business.
2 Pursues achievements	You must have a strong desire to succeed even in the face of several failures.
3 Is directive	Have a clear vision of your goal and be able to explain it to others.
4 Assumes personal responsibility	You should seek situations where you can assume responsibility for success or failure.
5 Solves problems	Turn problems over until you get the best solution or result.
6 Appreciates novelty	Catch things that others miss.
7 Has an internal locus of control	Believe that your outcomes are a control matter of your efforts.
8 Tolerates ambiguity	Be productive and focused in the face of substantial uncertainty.
9 Takes calculated risks	Lower your risk by developing a thorough business plan.
10 Handles failure	Failure is temporary.

7.4.1 How Entrepreneurs Differ from Small Business Owners and Administrators



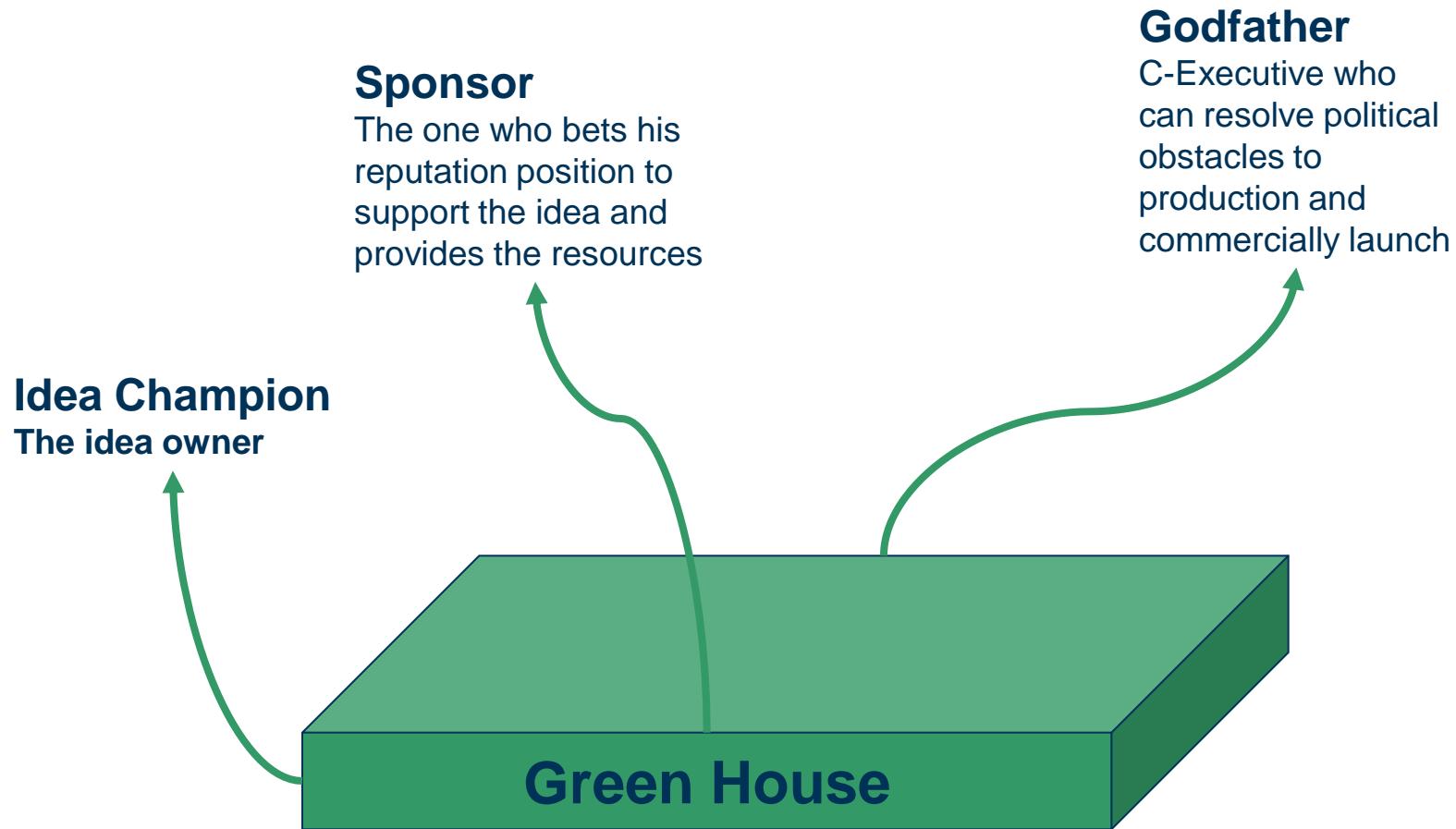
Table 7.9 Differentiating entrepreneurial behaviour from bureaucratic behaviour

Dimension of behaviour	Entrepreneurs tend to ...	Bureaucrats tend to ...
Creating value-added strategies	Spot opportunities Radically change the firm Exhibit self-confidence Believe in firm's capabilities	Control the flow of resources Make incremental changes in methods Efficiently use the firm's current resources
Taking decisions	External product and process opportunities are closely linked to the personal value that change is valuable and meaningful Flat structures best keep the firm flexible and fluid (cross-training is a must)	Separate personal beliefs about external opportunities and change (change is not always good) Checks and balances are more important than rapid decision-making
Tackling problems in the firm	Minimise risk by leasing or renting facilities and equipment Always be prepared to add capacity	Own equipment and facilities and add capacity only when capital costs are manageable
Using incentives	Keep salaries low and use options to retain talented employees Use bonuses at individual and team levels	Develop and maintain merit-based reward system Periodic salary surveys to ensure competitive pay

7.4.2 Encouraging Entrepreneurial Behaviour In-House

Large companies try to encourage entrepreneurial, risk-taking employees to prevail against the stifling effects of bureaucracy, otherwise they become clumsier when it comes to rapid market and technological change.

7.4.3 How Organisations Encourage Entrepreneurial Employees and Innovation



8. Organisational Design and New Forms of Service-Driven Organisations

- 1. Making Sense of Organisational Anatomy**
- 2. Organisational Structure: Understanding the Basics**
- 3. Understanding the Responsive Organisation**
- 4. Drivers of Growth in Customer Service**
- 5. Designing Service for Customer Retention**
- 6. Organising Principles of Service Quality**
- 7. Creating a Service-Driven Organisation**

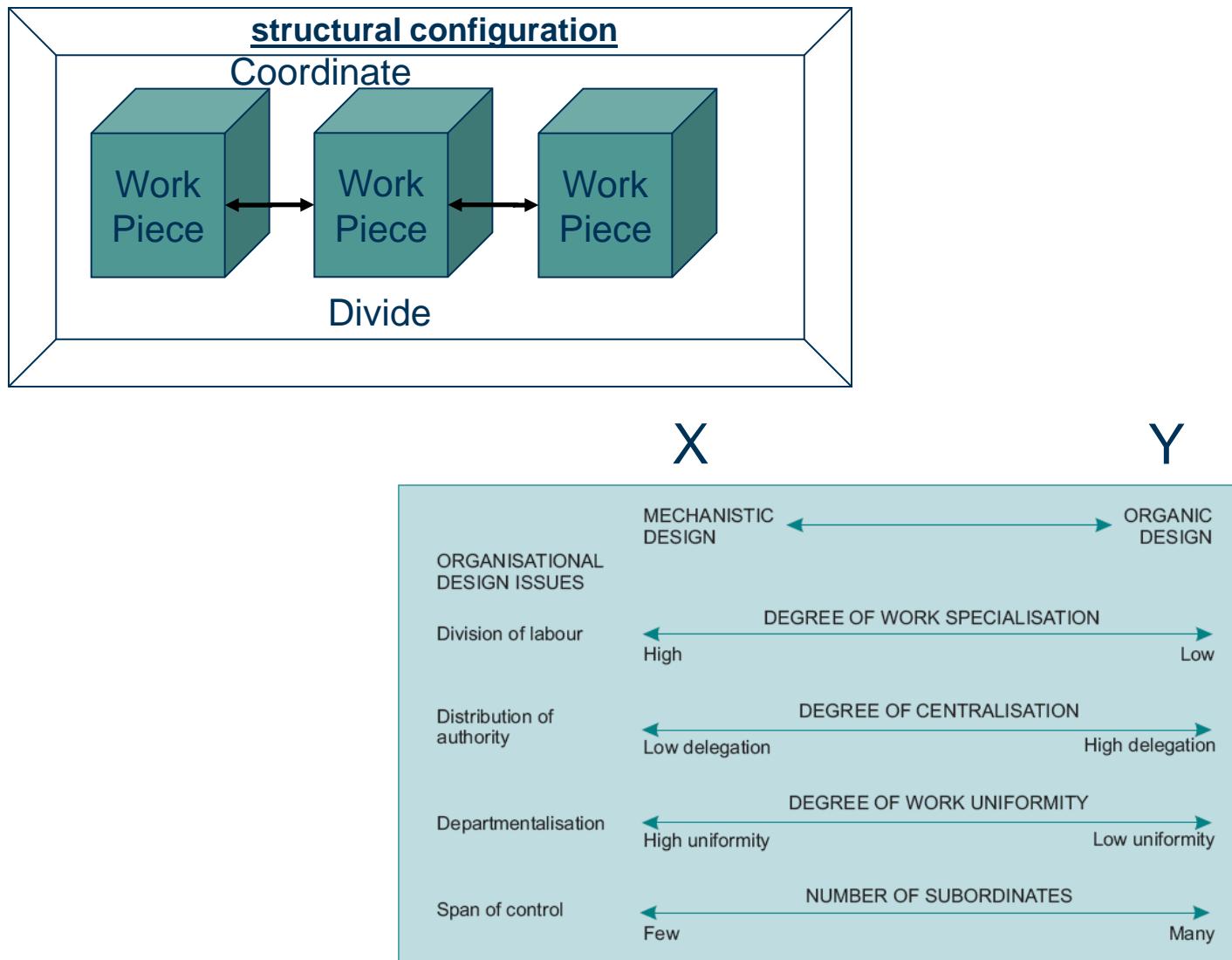
8.1 Making Sense of Organisational Anatomy



This module has the macro picture

The firm's structure and internal coordination mechanisms can kill brilliant ideas by indecision and delay.

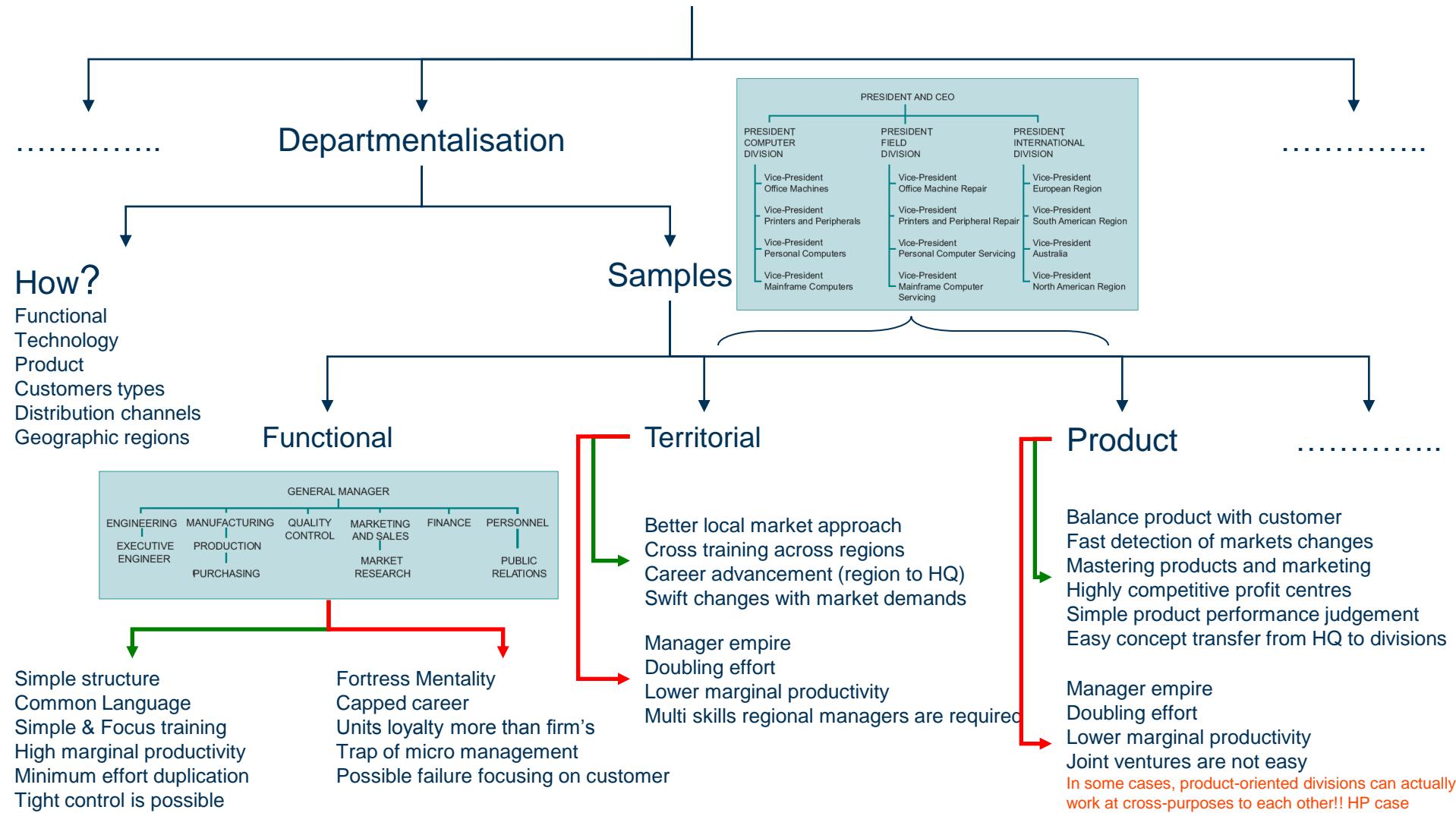
8.1.1 Understanding Organisational Design



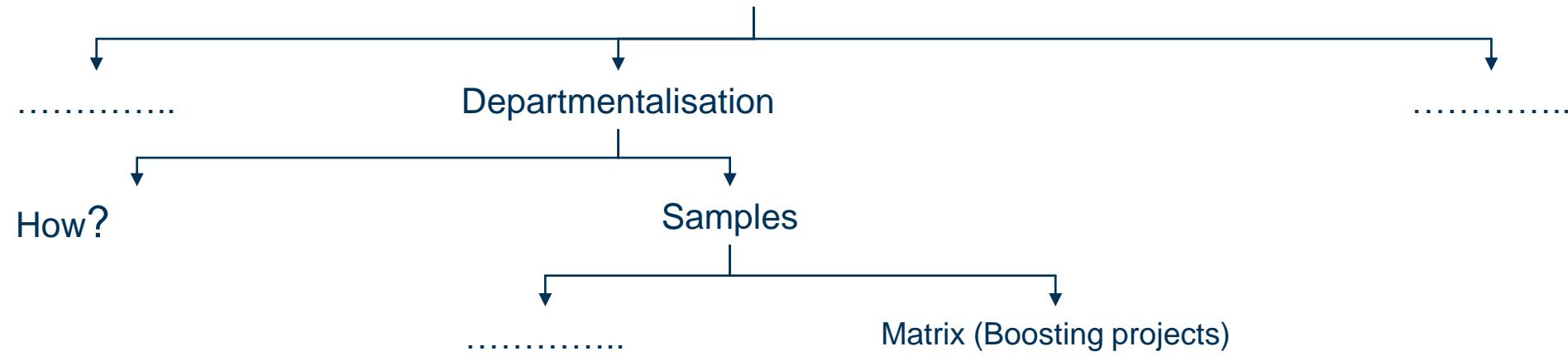
8.1.2 Aspects of Organisational Design



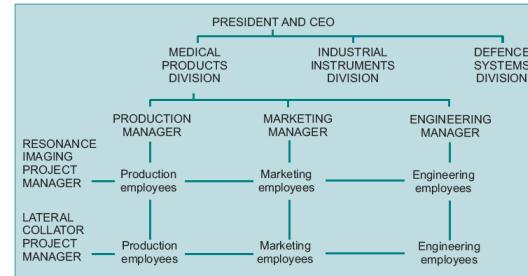
8.1.2 Aspects of Organisational Design



8.1.2 Aspects of Organisational Design



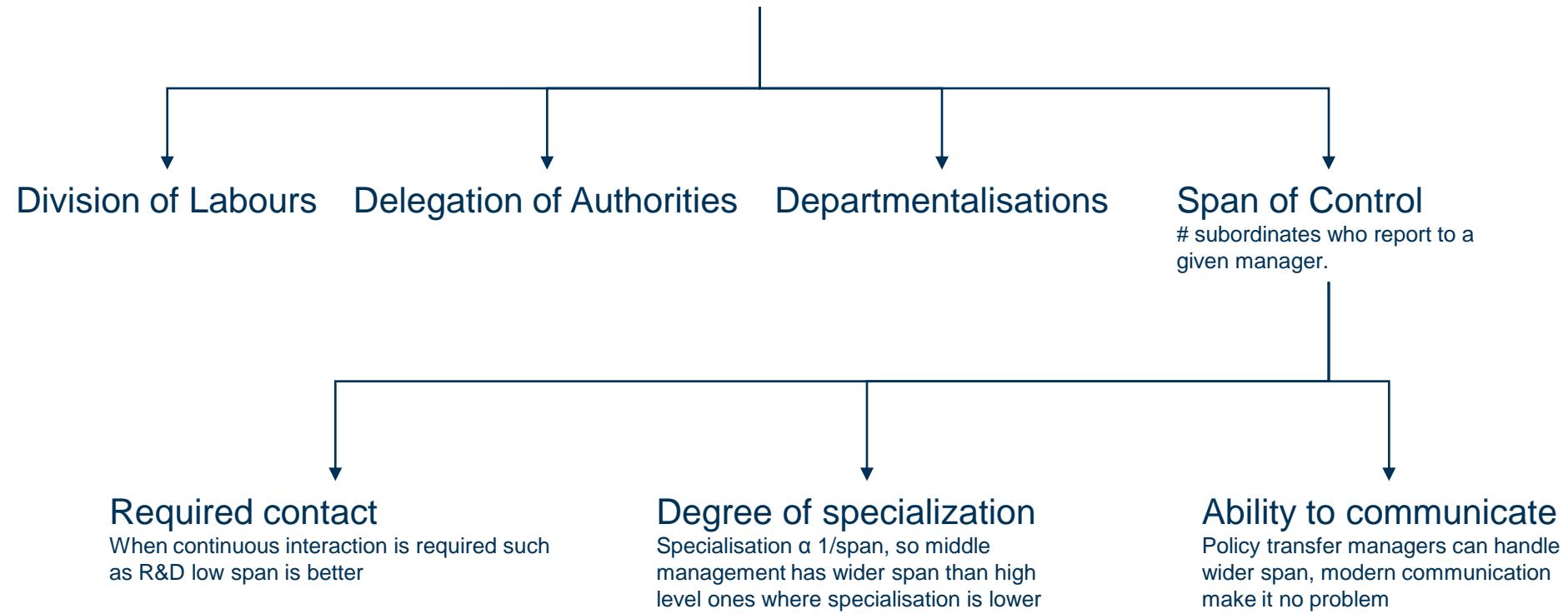
	Functional	Product divisional	Hybrid/territory	Decentralised matrix
Emphasis on:				
Profit responsibility	CEO	Subsidiary president	Regional manager	Project / programme managers
Self-directed teams	de-emphasised	used at unit level	customer-driven	project expertise
Cross-training for manager and employees	de-emphasised	used at unit level	vendor and customer-driven	emphasised for project managers
Customer relations and service quality	de-emphasised	mostly a product focus	balanced emphasis on product and service	emphasises mostly product
Broadening of managers' and employees' technical skills	emphasised on process basis	emphasised on a product and process basis	emphasised on a process and service basis	emphasised on a product and process basis



Combines product & functional
Fast market detection
Short development cycles
Pool of skilled PMs
Project devotion
Temp teams

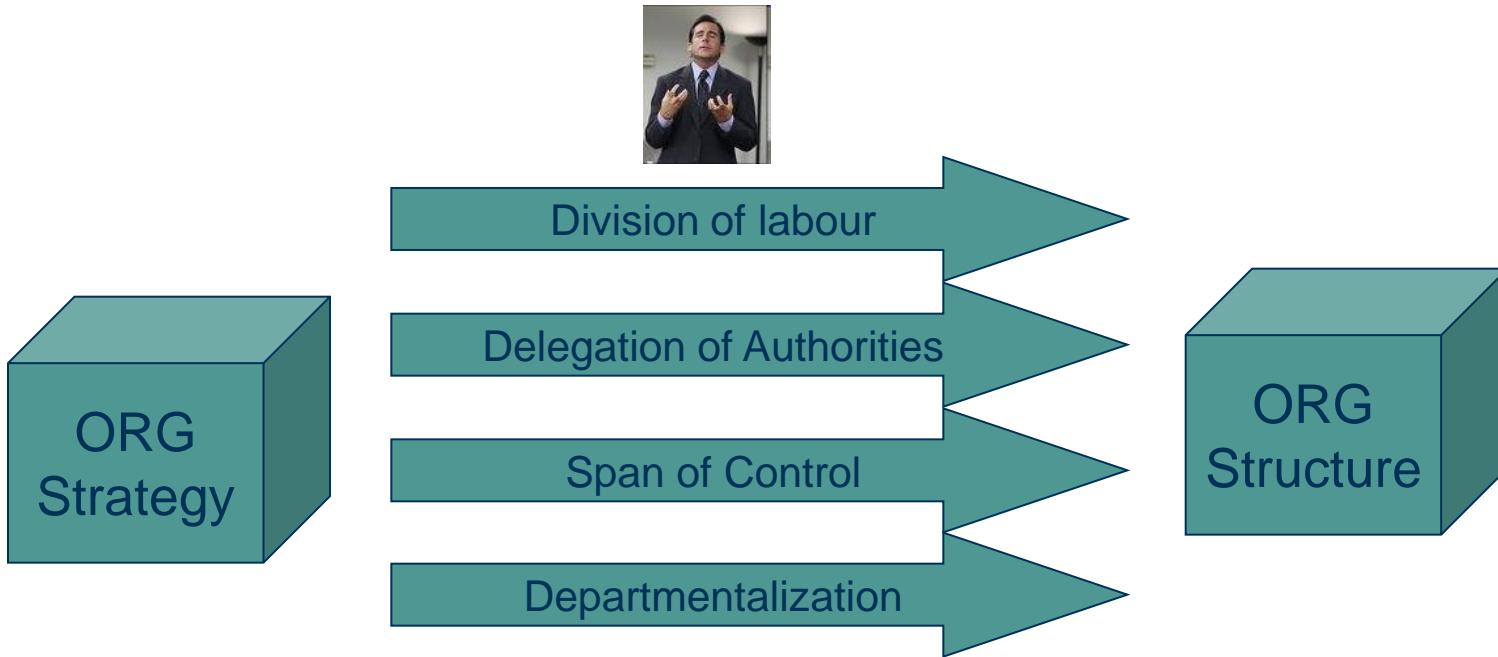
Roles conflict
Complex Org
Highly skilled PMs are required
Hard costs control

8.1.2 Aspects of Organisational Design



8.2 Organisational Structure: Understanding the Basics

Refinement



8.2.1 Centralisation and Decentralisation

Centralised Firms, Proliferate Formalities

Centre decision making away from the problem location
Process and procedures for every single task to avoid high risks.
Proliferated number admins and supervisors
Uncontrolled costs



*Responsiveness
Accomplishment*

Strengths

- 1 Meshes well with rapid change and fast company growth
- 2 High awareness for projects, programmes, or products
- 3 A high task focus which yields control over time, financial and human resources
- 4 Customers can determine task responsibilities and project personnel are highly responsive to their needs
- 5 Concurrent multiple tasks can be coordinated across functional departments

Weaknesses

- 1 Innovation is often restricted to projects or specialised programmes
- 2 Difficult to allocate pooled resources such as computer analysis
- 3 Coordination problems in joint functions such as purchasing
- 4 Deterioration of broad managerial skills and potential for loss of technically skilled employees
- 5 Jurisdictional and priority disputes
- 6 Possible neglect of high-level coordination to ensure organisational effectiveness



*Communication
Specialisation*

Decentralised Firms, Delegates Authorities

Moves the decision taking to SDTs, and lower levels
Firms forced to decentralize because of tough competition and stressing customer demands

Outsourcing: is the ultimate end-point of decentralisation
Nike no longer makes its own shoes: they are all made by subcontractors. It retains only those functions that add the most value: product design, marketing, sales and dealer and sponsor relations!!!

Executives and shareholders favour modular work-force that slows the rise in costs of employment benefits and payroll taxes.

Internet: has unleashed a torrent of new suppliers

8.2.2 Interorganisational Designs

Conglomerates

SBU concept helps reduce the complexity of integrating corporate strategy (conglomerate-level) and business strategy (subsidiary or company-level). Further, the integration of strategy obtained through the application of the SBU

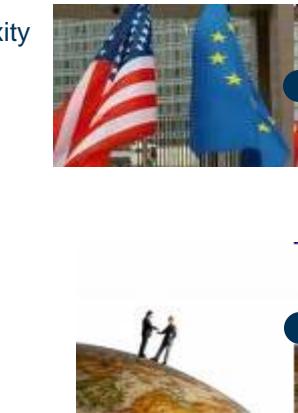


Gains

These arrangements are commonly used to gain access to foreign markets by lowering their entry barriers

Strategic alliance

Joint product development
Share production tech
Share production facilities
Market each other products



Risks

Information security definitions
Cultural and language barriers
Suspicion and mistrust issues
High dependence on each other

Keiretsu

In Japan, the six largest keiretsu represent about 15 % of the entire Japanese economy, about 4 percent of the labour force, and 13 percent of all corporate assets.



"amakudari" which is the rotation of executives through firms

Monopoly

Japanese customers are also unhappy with their conglomerates and their free rein to fix prices

Women workforce

41% women while they lack self-confidence because of deeply ingrained cultural attitudes about a woman's role in society

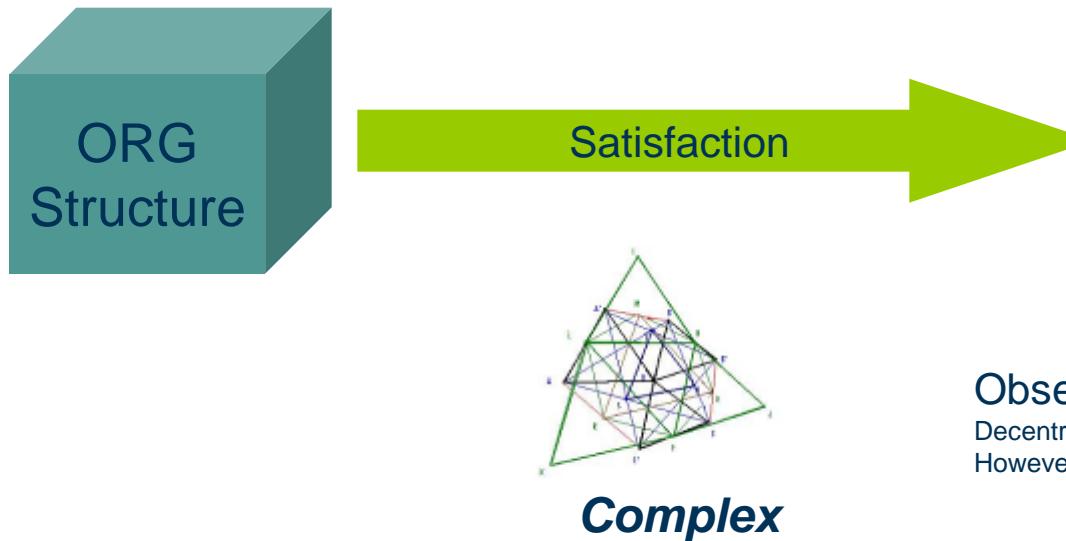
Reduce Costs

Supplier bullying (Toyota)

Result

The formerly cosy relationships between manufacturers and suppliers are collapsing as a result

8.2.3 Organisational Design and Employee Needs



Observations

Decentralized managers are happier
However security needy are not happy in decentralized orgs

8.2.4 Coordination and Control

A



D



B

Abundant and detailed SOPs however, do not ensure **focused effort, timely decisions and accomplished goals**. These value-adding outcomes only occur when the firm's organisational design achieves coordination and control.

E

The volatile brew of high energy costs, fluctuating currencies, terrorism, and 24/7 global competition and production create information processing requirements that must be addressed if the firm is going to maintain its competitive advantage. Maintaining a highly differentiated chain of command will not do the trick because it will quickly be swamped by multiplying, complex decisions.

C

For small firms the chain of command serves this purpose. With growth its hierarchy overloads – it bogs down – and executives must design other coordination mechanisms to sustain competitive advantage

F

Increasing **vertical information processing capacity reduces the decision load (number of exceptions)** on the hierarchy and its line managers.

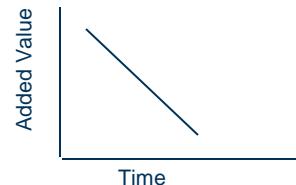
8.2.5 Vertical Coordination Mechanisms

Task Forces

Collateral orgs formed by SDTs, expats, strategic alliances

Direct Supervision

Chain of Command



Standard work processes

No communication needed between workers
As in car assembly operation, easy off shoring

Standard outputs

Quality assurance on outputs, How \Rightarrow What
Easy off shoring

PA

L.O.S, will save managers lots of clarifications about goals and methods
Two pledges weapon

Information System

Warning Signals of:
Product breakthrough, decision making information, audits, automate HR

8.2.6 Horizontal Coordination Mechanisms



Managers have more time for strategic planning

Direct Contacts

One to one

Contact list decay when one is moved away, make lists HO and ensure new managers have tasks expertise and have proper interpersonal skills

Use Liaison

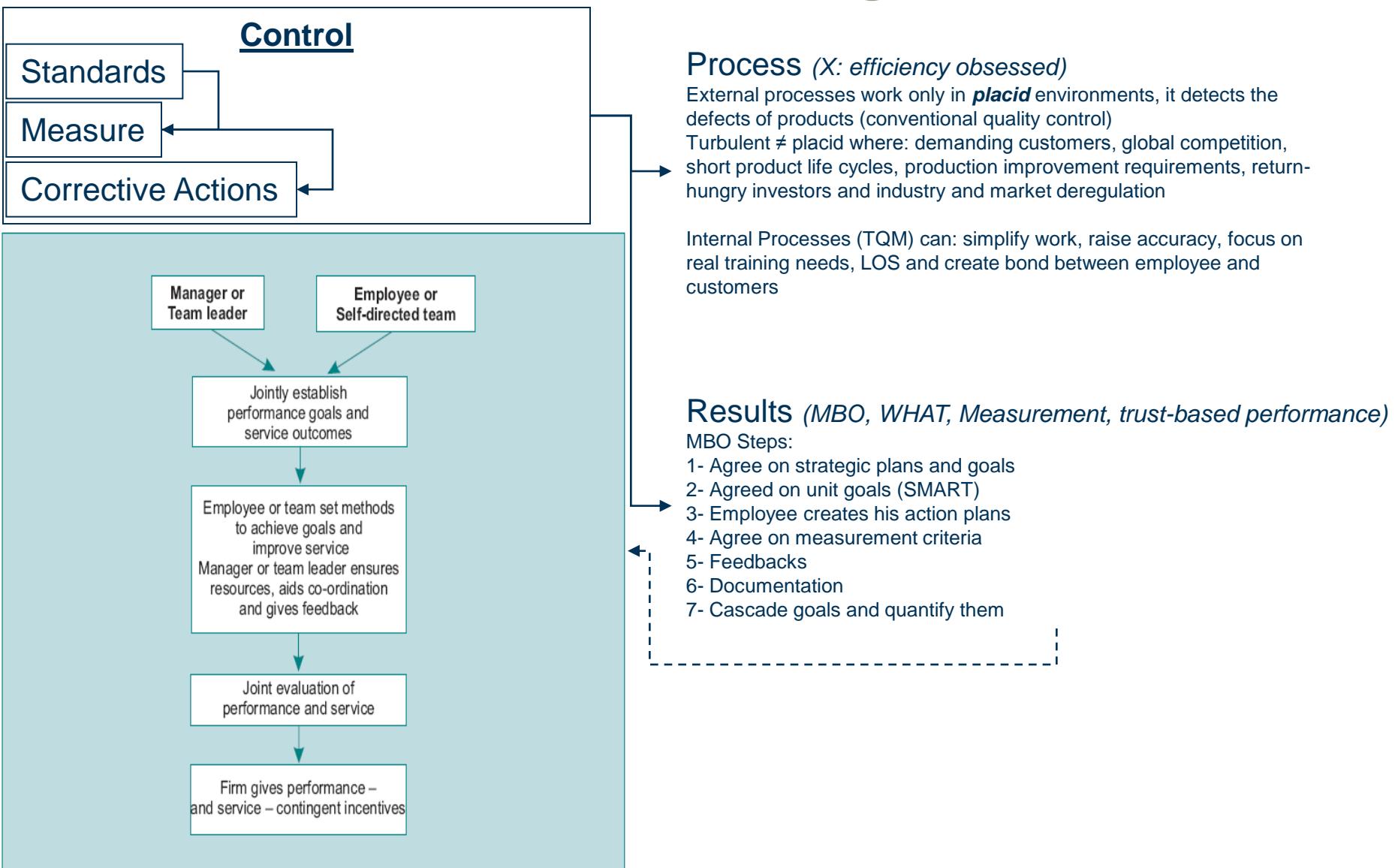
SPOC

Coordinator

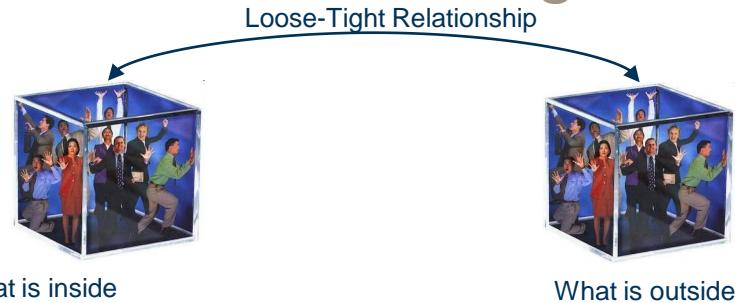
Permanent team to cure the workflow problems

Collaboration preferred over competition

8.2.7 Control in the Organisation



8.3 Understanding the Responsive Organisation



Turbulent Market (\neq Placid ones)

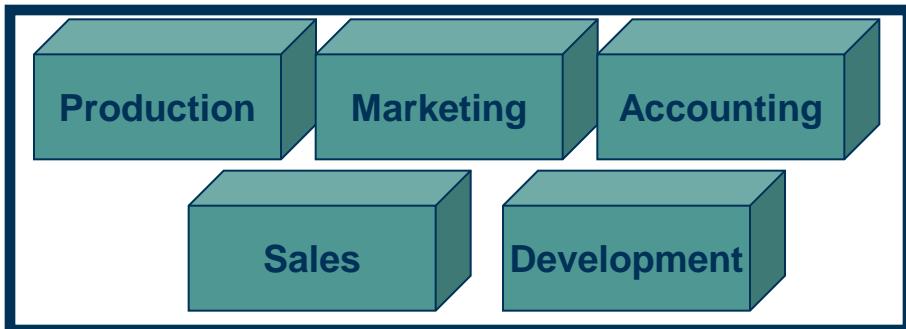
Not enough Use of conventional Orgs (even matrix, horizontal or vertical controls)

Because they are conventional, might not match the strategy and easily copied

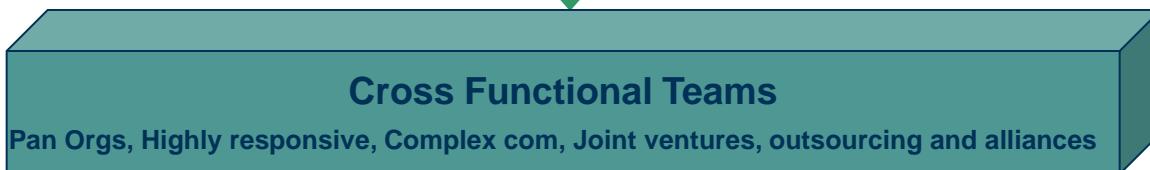
The answer is Responsive orgs

- **Simplify and Delayer** (*Save Cost and keep close to customer*)
 - Eliminate several layers from chain of command
 - Widen span of control of the remaining managers
 - Reduce external process control
- **Lean HQs** (*Staff in SBUs*)
 - Wal-Mart has 1M staff and 450 in HQ, field people know value-adding operation work
- **Widen Span of control** (*BY internet*)
 - Manager are not controller they are facilitators
- **Delegate** (*For the sake of prompt decision making*)
 - No need to refer to higher management each time
- **SDTs** (*Empower and expand their contribution*)
 - Budget, acquisition proposals, new products, TQM measures ... etc.

8.3.1 Experiments with the Boundaryless Organisation`



Outsourcing, joint-ventures and strategic alliances with vendors, customers and even competitors



Core Processes



What is our core strategic business?
What are the firm's key internal strengths and weaknesses in relation to its marketing and financial goals?
Once we strip away functions, what are our core corporate processes that create the most profit-making opportunities?

What are the key tasks in our core, value-adding processes?
What current functions and jobs fail to add value to our competitive advantage?
Devise a plan to eliminate functions and their staffs without losing professional skills and knowledge of customers needs

Set performance requirements for each new core, value-adding process in market and financial terms
Create multi-disciplinary teams to run each core process. Conduct wall-to-wall training in product quality and customer service
Empower employees and process managers with authority and give them product and customer service performance data to accomplish their goals

Revise training, performance appraisal, pay and budgeting systems to support the new core processes that are team-driven and managed

New Product Development

Services & Warranty

Sales

Customer Services

Authority Boundaries
Knowledge trumped hierarchy

Task Boundaries
No more this is not my job
No more perceiving training as costs
It is future investment

Political Boundaries
No more turf battles
Use customer satisfaction as prime assessment factor

ID Boundaries
No more us versus them battles
Educate that your ID is the firm's

8.4 Drivers of Growth in Customer Service

Year	% of Graduates to work in services
75	20%
90's	38%
00's	62%

Even manufacturers have 52% services jobs
If you don't listen and serve your rival will



WHY ?

- Distinguished Service ID easier and faster than my product ID
Even the new product innovations will be copied soon by rivals
- Customer demand better quality
TQM is copied, services to be added to the product mix
- Extend brand loyalty
High quality + Excellent services wrap the product in the best way for the customers
- Poor services erase profits
90% are OK to re-buy if issues are handled promptly, drops down to 70% for a slight delay
5% service improvement can raise the profit by up to 85%

8.5 Designing Service for Customer Retention



The decision should be close to the customer
e.g. ONE-STOP program

8.5.1 Managing Services Differs from Producing Products

Differences are:

- 0 Stock, not before order or after serving
- 0 Supervision when serving
- Located wherever the customer is
- Co-production with customers sometimes
- Labour intensive
- Intangible, hard to measure



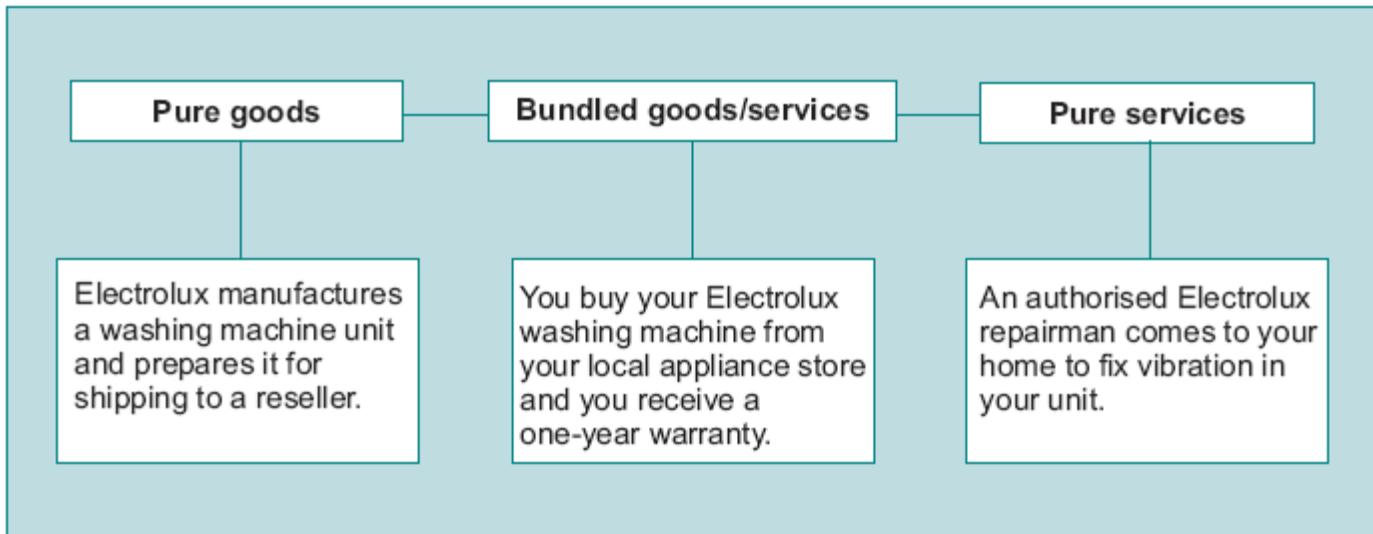
Moments of truth= accumulated customer perception

Service driven business model
Create different services packages, again TQM is copied

Customer oriented FO
Improve moments of truth

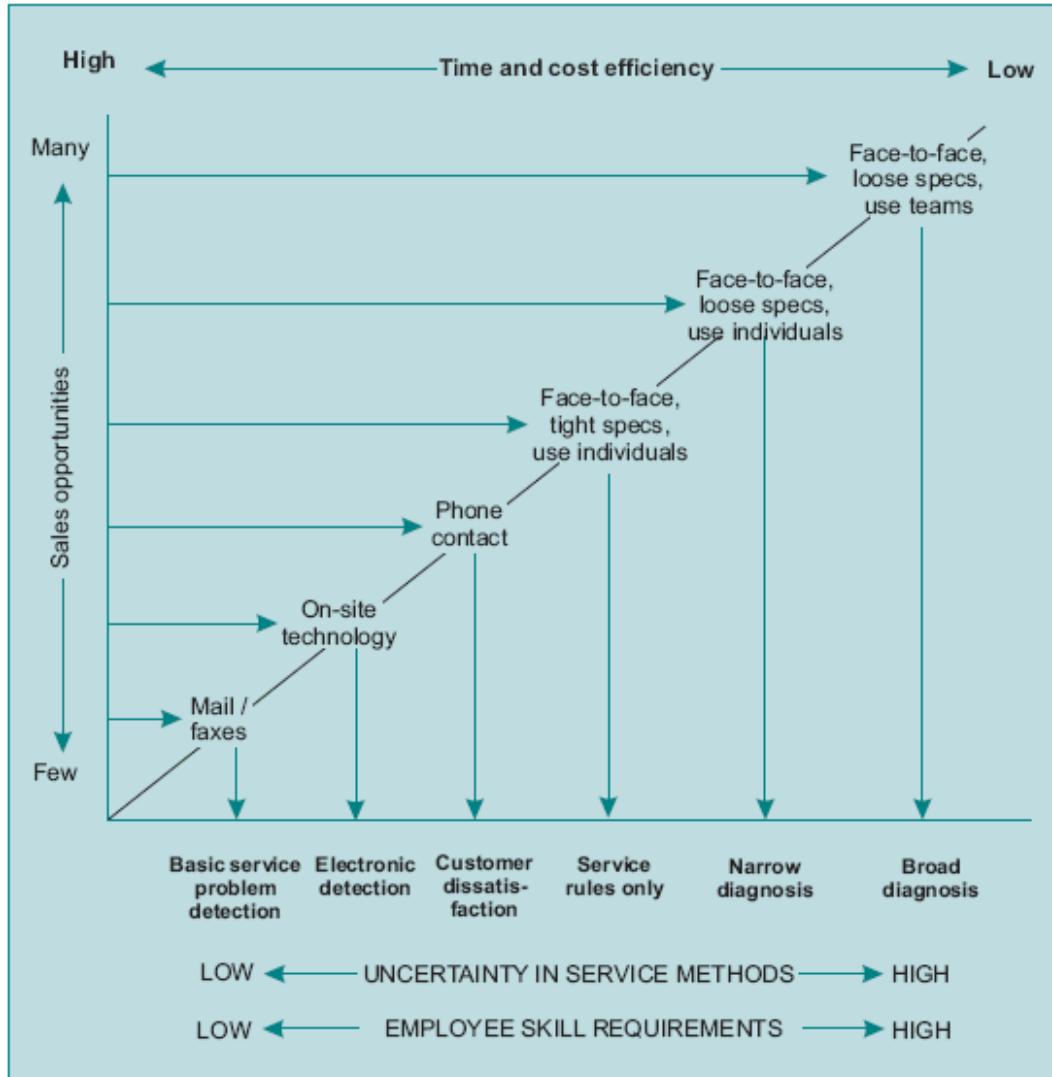
Customer friendly system
The whole system is for serving the customer

8.5.2 Excellent Service Goes Beyond Manufacturing Efficiency



Goods-Services continuum

8.5.2 Excellent Service Goes Beyond Manufacturing Efficiency



Services strategies

Even services are costly (low efficiency), however the over all efficiency improves driven by high sales

8.6 Organising Principles of Service Quality

	Customised	Balanced	Standard operating methods
Type of contacts that customers expect	Face-to-face, total customisation Face-to-face, loose specifications	Face-to-face, tight specifications Phone contact	On-site technology Fax and email contact
Outcomes clients expect	Unique solutions to technically complex problems	Experienced-based solutions to more routine problems	Generic solutions to common problems
Example	Product liability class action law suit	Telephone patients to explain medical test results	Software completion of a tax calculation

HIGH ← EXTENT TO WHICH SERVICE QUALITY TRAINING IS A CORE VALUE → LOW

Services spectrum

THE FOUR PRINCIPLES

I- Locate the org's service in the service spectrum

Define strategy

II- Organising to improve services

Service driven chain of command ⇒ Ready system ⇒ Capable FO

Bottom-line X is no use, top-line Y is the answer by: Training, measuring, de-layering and PM

III- Engage FO

Train and empower them

IV- Avoid getting back to manufacturing style

Measures as in the table

Organisational practice	Manager's perspective	Employee's perspective
Select employees for their interests and values in high quality service delivery	Value diversity in the work force	What you think and believe about service quality is more important than who you are
Revise job descriptions to emphasise teamwork cooperation	Coach employees and develop a teamwork approach to each job in the company	The customer is at the centre of service delivery
Give teams of employees access to real-time data on unit service quality, costs and productivity performance	Decentralise information systems and simplify them to capture features of service delivery and service results	Employees' work to provide service is related to unit
Adjust incentive systems to 'pay for performance'	Develop appraisal system that stresses service behaviours based on service outcomes	Employees who deliver excellent service receive incentives
Base significant portion of manager's pay on quality of unit's service performance	Teach employees the relationship between service enhancement and unit market share and profit	All employees can be 'entrepreneurial' and find new ways to deliver better service
Move managers to where the service is being delivered	Interact with customers and model good service work	Managers are looking for ways to enhance service, not so they can check up on our work

8.7 Creating a Service-Driven Organisation



Employee understand the know how
Training new ones on these principles
All success measurements are linked to services
Wall-to-wall training commitment
Payment is bond to CS measurement
New comes are potential for being good Cust. Sers
Olders are mentors
Rival try to copy the business model

I- Service audit

Extensive questionnaire to customers

II- Develop a company wide service strategy

MISSION STATEMENT

III- Conduct wall-wall employee training

Again this is not cost it is future investment

IV- Improvement programme

PM with timeline, milestones and specific deliverables report to management

V- Institutionalization

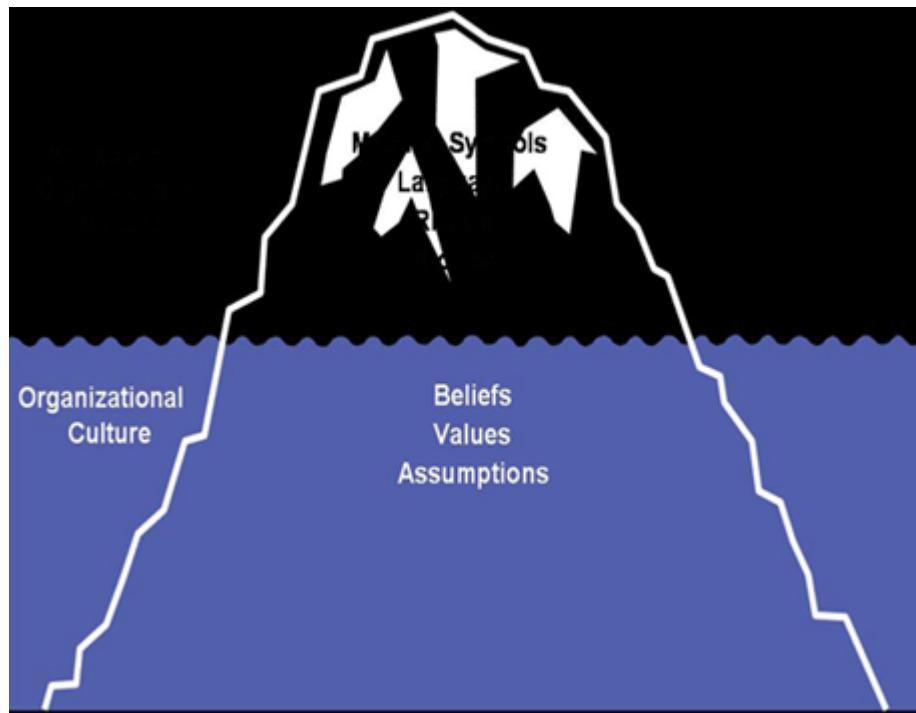
PM makes HO, and in 5 yrs or so the org is customer service oriented

9. Managing Transitions: Organisational Culture and Change

- 1. Organisational Culture: Its Meaning and Relationship to Successful Strategy**
- 2. Organisational Life-Cycle Theory**
- 3. Organisational Change**
- 4. Methods of Change in Organisation Development**

9.1 Org Culture: Its Meaning and Relationship to Successful Strategy

This module is the capstone of the course



9.1.1 What Is Organisational Culture?

Culture is

The group of beliefs and values which are understood by employees



Org Culture Attributes



Indicates way of life



Stable over time



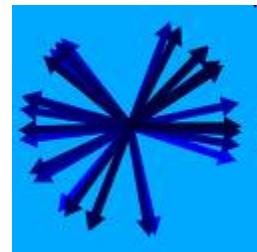
Internal influence on:
product quality, cost effectiveness
and accuracy



External influence on:
Customer services, timely distribution
price competitiveness and social
responsibilities



Measurable
also evaluated and perfected



Developed Randomly



Or managed

9.1.2 Multiple Cultures in Organisations

Because of diversity in...



Geographic locations



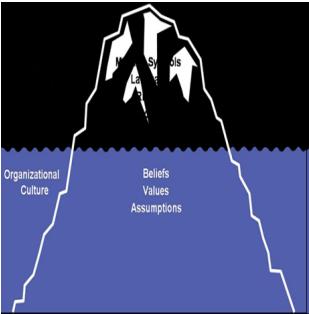
Business Environment



Product Lines

....firms develop subunits with distinctive cultures

9.1.3 Understanding Contributors to Strong Organisational Culture



Push and maintain Business model



Failure to adjust culture to the new business model may undermine the firm's effort to become more competitive.

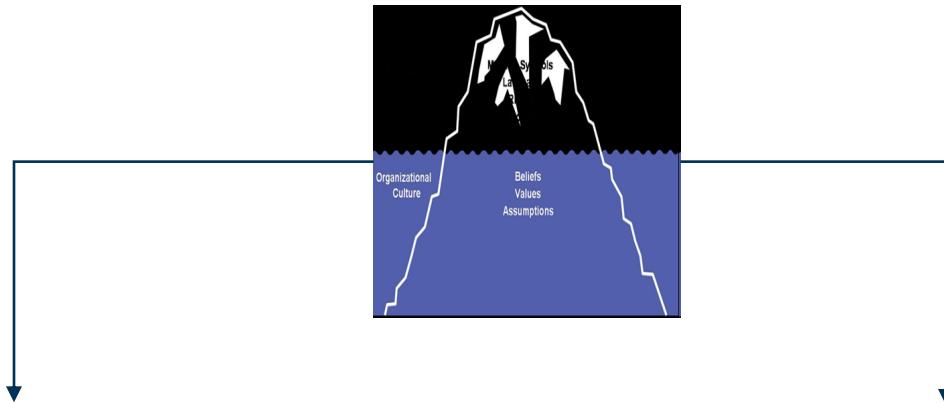


It is hard to merge two cultures, HP-Compaq was OK, however Daimler Chrysler was no
Also Merrill Lynch / Smith (USA) is still murky instead of good numbers



if the firm is too political then political gains diminish strategic performance, such as second generation of family business

9.1.3 Understanding Contributors to Strong Organisational Culture



CEO

Needs to understand the:
traditions, philosophy and
purpose

CEOs need to advocate for
culture change if they believe it is
necessary ingredient of success

Socialisation

Play important role in transmitting culture
from one generation to the next

For Speedy Socialisation

Review before hiring
Learn core values once hired
Job rotation and cross training
Top managers act as role model
Mentor-protégé

Toyota culture

TQM
Dig for facts
Accept challenges
Team work
Respect

9.1.3 Understanding Contributors to Strong Organisational Culture

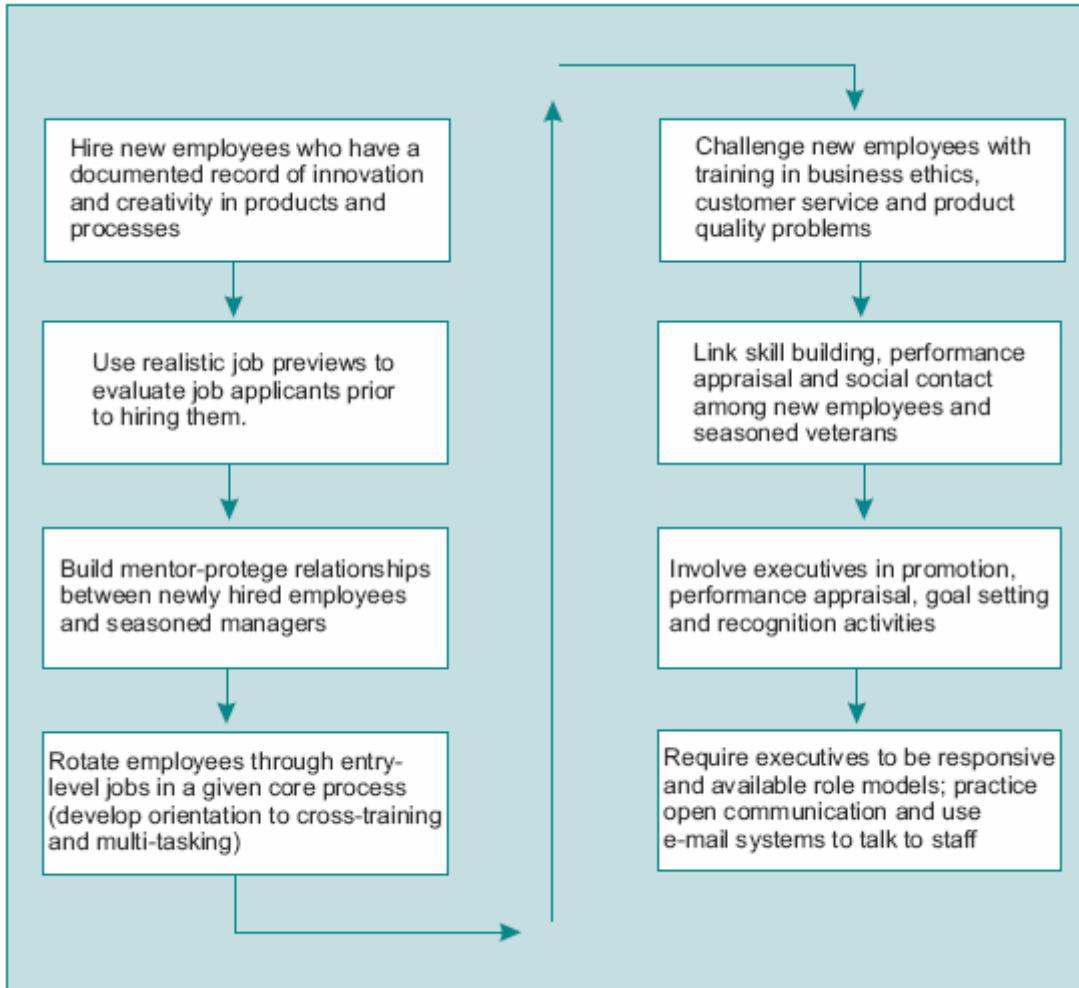


Figure 9.1 Building a strong performance-oriented culture in the firm

9.1.4 Developing Adaptive Organisational Cultures

Strong culture is not always a proven support to competitive advantage!

Besides the strength of cultures comes also the degree to which the culture adapts to and fits the firm's financial goals and its strategic goals



market share, industry rank, recognition for product and services, and customer satisfaction



return on investment, return to equity, return on assets and earnings before interest, taxes and depreciation

9.1.4 Developing Adaptive Organisational Cultures

How to build a strong yet adaptive culture?



Generation Handshake

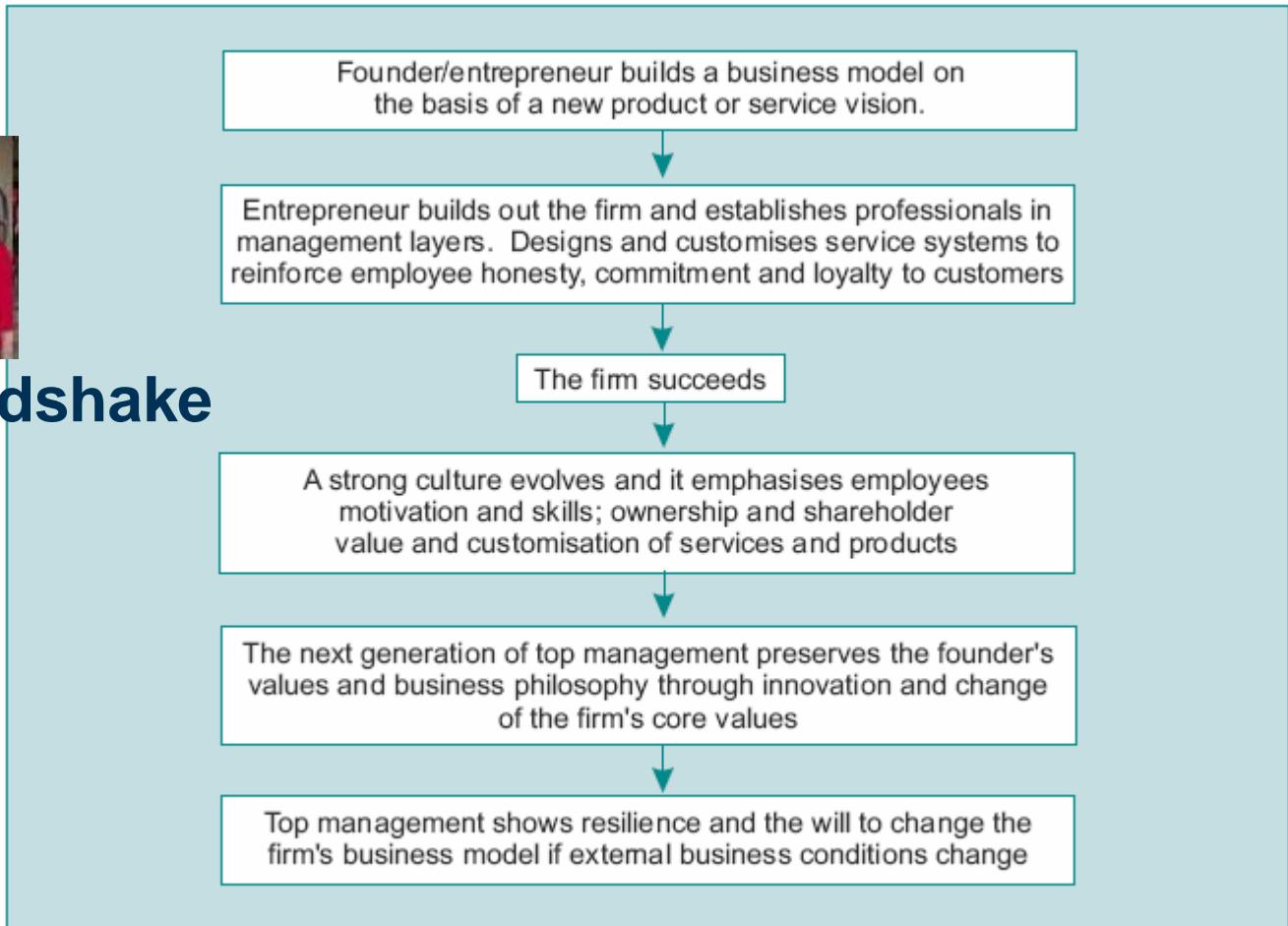


Figure 9.2 How to build a strong, adaptive work culture in the firm

9.1.4 Developing Adaptive Organisational Cultures

How to change firm's culture?



Tangible Trust and Respect Invest in people

Methods of change

Make company history a subject in new employee orientation programmes

Tell stories of employees who exemplified strong firm values

Require all top managers to be mentors

Do follow-up ethics and values training for employees and managers

Design a reward system to give bonuses for excellent service to customers

Promote practices that emphasise job security and work force flexibility

Conduct wall-to-wall training in customer service and product quality (create a market-focused firm)

Empower self-directed teams and encourage participation in decision making

Indicators of change to firm's work culture

H

Enliven and maintain the company's history in its current business activities

Outcomes

High team cohesiveness

O

Create shared expectations about the meaning of the firm's core business values (mission statement)

Excellent customer service

M

Raise the level of information sharing among employees and their team members

Process innovation

E

Improve co-ordination among employees, vendors, employees, distributors and customers

Reduced cycle time

Figure 9.3 Ways to change a firm's culture

9.2 Organisational Life-Cycle Theory

Table 9.2 The life-cycle of the firm

Characteristics	Stage 1: Inception and start-up ops	Stage 2: Rapid growth and market expansion	Stage 3: Steady growth and market maturity	Stage 4: Consolidation and decline
Structure	No formal piecemeal	Decentralised, more layers	Centralised, formal more layers	Rigid, top heavy, complex
Communication pattern	Informal and face-to-face, few barriers	Budgets, audit trails, emerging rules and regs	Formal, long-range, formula-driven	Breakdown, poor downward communication
Decision style	Individual and entrepreneurial	Professional and managerial	Professional and managerial	Emphasis on process vs. results, boss-centred
Rate of growth	Uneven, rapid or episodic (with product introductions)	Rapid, positive and sustained by product line expansions	Slowing or stopped and emphasis on process gains (cost reductions)	Shrinking in core business areas; profit and market capitalisation decline
Hierarchical complexity	Low	Increased vertical complexity	Excess vertical complexity and rising administrative costs	Significant delayering and excessive administration costs
Age, size and responsiveness	Young, small and flexible	Larger with separate divisions (no diversification)	Large, product divisional structure and diversification	Shrinking and unwinding of diversification

Build strong and adaptive culture delay and warn the firm from entering the stage 4 in this life-cycle

In some cases founders (entrepreneurs step down to save their firms)

9.2 Organisational Life-Cycle Theory, Stage 4 signs



Excess personnel



Tolerance of incompetence



Cumbersome procedures



Form over substance



Realised strategy falls short of intended strategy



Form fails to follow strategy



Fail to exercise effective oversight. Resistance to change



Decreased product and service innovations.



Powerful staff deride line managers



Emphasis on process vs. results, boss-centred

Excessive centralisation.



Shrinking and diminishing of diversification

Demoralised employees

9.3 Organisational Change



Cause

Org enters stage 4

Action

Removing unproductive staff
Selling unprofitable assets
Improving customer services

Effect

raises or dashes the
hopes of employees and
retains or drives away
customers and investors

9.3.1 Why Do Organisations Have to Change?

Task environment components

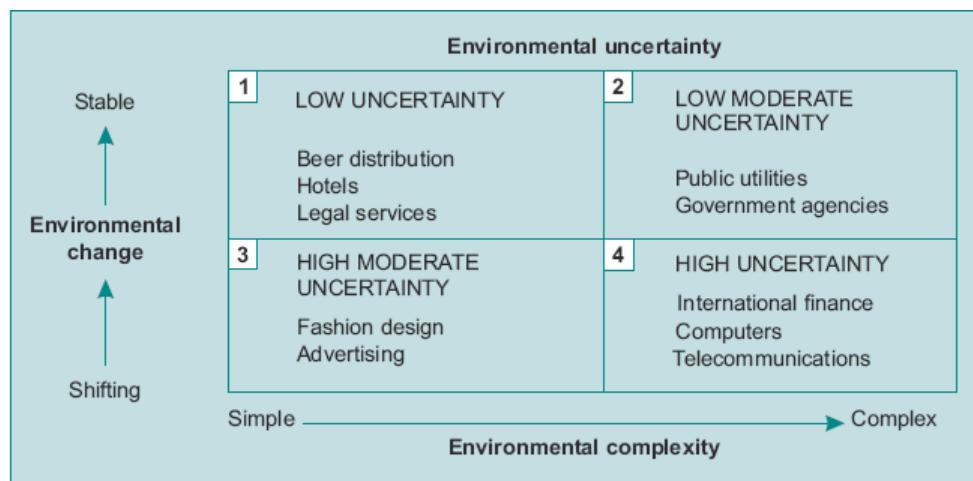
1. Suppliers
2. Customers
3. Competitors
4. Regularity agencies
5. Social Interests Groups

Need for change!

Turbulent environment (External)

- Change goals
- Change Strategy
- Change Technology
- Change Structure

stability of the external agents



Sudden decline because of dissatisfaction (internal)

- Change Job designs (more delegation, Y)
- Change PA (LOS)
- Change employees (Get candidates with internal locus of control, and achievers)
- Change Training system (LOS)
- Change rewarding system (LOS)

is the sheer variety and number of external agents

9.3.2 The Planned Change Process (PC)

PC Qualities

- 1 It focuses on a whole work unit (team, department, division or the entire firm).
- 2 It uses behavioural science knowledge to launch new methods at micro and macro levels.
- 3 It is not associated with business planning (strategic planning) or sales forecasting.
- 4 It relies on the tracking and measurement of results (its data-driven).
- 5 It may rely on structure and process changes in the organisation.
- 6 It has the primary goal of making the business model stronger and more versatile.



Macro view



Behavioural Science



Business planning
Independent



Data Driven



May rely on org changes



Aim for strong business model

9.3.2 The Planned Change Process (PC)

Unfreezing

To be or not be



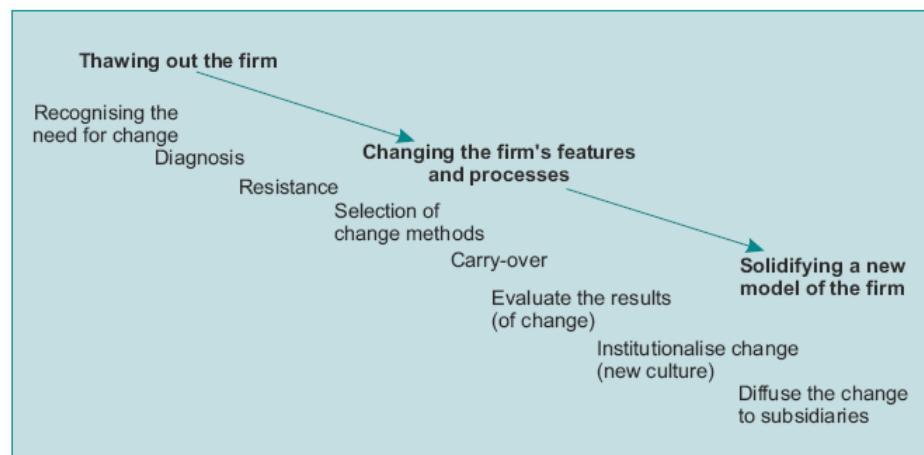
Changing

Could be seminar or org change



Refreezing

Track, measure, accept, implement and re-fix



9.3.3 Diagnosis

Table 9.4 Multi-level diagnosis in planned change

Change agent
(The person who drive the PC)

Steering committee
Respected high performers,

Main qualities of diagnosis

Deliberate

Objective

Problem focused

Multi level to manifest though all firm's levels

Diagnosis at the organisational level examines:

- 1 The history of the organisation including critical events which shaped it.
- 2 The product and service mix.
- 3 The task environment and relevant threats and opportunities.
- 4 The organisation's resources in terms of capital, technical capability and people.
- 5 The strategic plan.
- 6 The extent of vertical and horizontal differentiation.
- 7 The extent of vertical and horizontal integration.
- 8 The characteristics of the organisational communication system.
- 9 The characteristics and number of output measures.

Diagnosis at the team level examines:

- 1 The basic tasks of work teams.
- 2 The systems that currently back up work teams (PA, reward, goal-setting).
- 3 Teams which manage core processes.
- 4 The effectiveness of team problem-solving processes.
- 5 The management of conflicts among teams.

Diagnosis at the individual/job examines:

- 1 The diversity of the work-force.
- 2 The leadership styles of key executives.
- 3 The motivational basis for job performance.
- 4 The level of job satisfaction.
- 5 The extent of employee engagement (involvement/participation in decision making).

9.3.4 Resistance

**Burden of proof is on the changer
Resister is more organized and vocal**

Visceral Resistance

1. Economic uncertainty
2. Knowledge obsolescence
3. Loss of personal power
4. Increased Conflicts
5. Change in work relationship

Reduce Resistance

1. Convert vocal resisters into change advocates
2. Give resisters vote in the PC
3. Steering committee to encourage participation via
 1. BARS
 2. SDT
 3. Cost plans
 4. MBO
- No need for participations if:
 1. Time is crucial
 2. Top management has all needed info
 3. Low effect on employees
 4. No importance of employees acceptance
 5. Skill development is not an issue in PC

9.3.5 Carry-Over to the Work Setting, off site

University-based training in:

New inventory control methods

- Lean production methods

- Self-directed team design

- Measurement based service quality improvement.



Cross training

- New methods and behaviours in other company divisions

- They send employees to the divisions to learn how to be change agents

Successful transfer depends on:

1. The elements of change match elements of the work environment (complexity).
2. The change is immediately useful in the work environment (Timely requirement).
3. The changes are supported by others in the work environment (Support)



**Motorola university gains 50 000 out of each spent 2000
As it closed the gap between learning and working environments**

9.3.6 Evaluation



Fan changes, sentimental, anecdotal if success is not measured

Table 9.5 How to tell if the OD programme did any good

Desired change areas	Indicators of successful change
Employee attitudes and feelings	Employees say the programme is worthwhile and they stay involved with it and with their jobs Employees are more committed to the firm (more respect for management too)
Employee knowledge	Employees demonstrate new skills and they describe each other as more skilled and capable
Employee behaviour	Employees have more problem solving skills and they readily use new methods on the job and in their SDTs
Customers	Customers praise improved services, note faster response rates (problem resolution), and acknowledge improved work attitudes in the firm's service workers
The firm	Rising productivity, lower costs, less absenteeism/turnover, fewer defects and faster decision cycles

9.3.7 Institutionalisation

Making permanent benefits of PC



Threads of institutionalisation:

1. Lack of formality in evaluation or planning
2. No multi-level diagnosis
3. Time creep
4. Not good enough analysis for external influential elements
5. Promised rewards were not provided
6. Unrealistic employees expectations
7. Neglecting some new members
8. Champions of change leaves the firm
9. Erupting crisis ends the PC

9.3.8 Diffusion



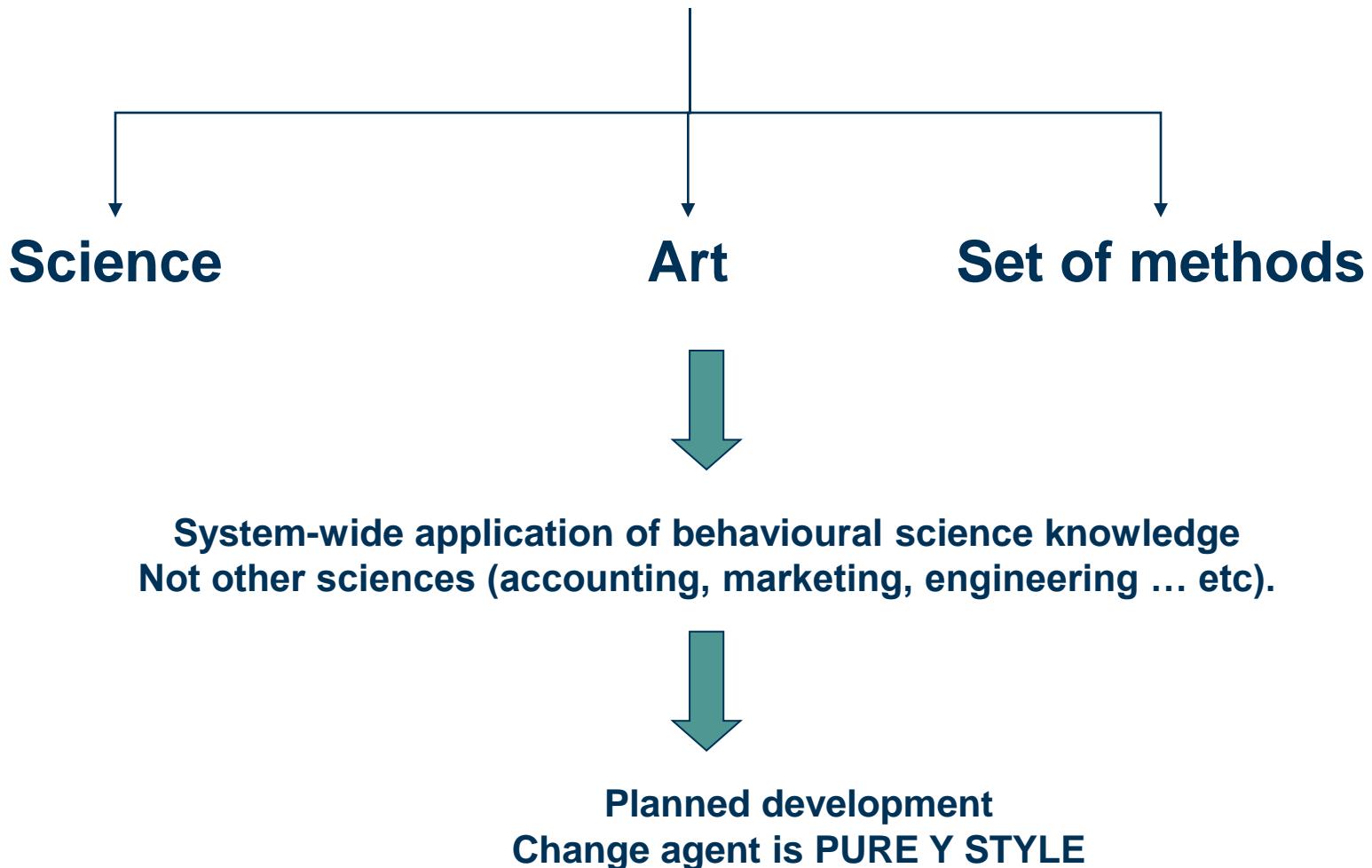
**Go from the focal point of change to the entire firm
As most programmes don't not embrace the entire firm in the start**



Obstacles

1. Low support and commitment from top management
2. The work methods in the focal unit differ from other units, prompting participants to conclude 'It won't work here'
3. No rewards are provided for successfully managing the change programme.
4. Labour undermines change because it believes the programme will weaken its hold on employees
5. Change begun in non-unionised sites flame out in unionised sites.
6. Conflict between new methods in the changed unit and the bureaucratic machinery in the rest of the organisation

9.4 Methods of Change in Organisation Development (OD)



9.4.1 Examples of Change Methods in OD

- **Interpersonal and Group**

- **System-wide process Changes**

- **Grid OD**

Large Scale changes
(like acquisition) can
have mix

9.4.2 Interpersonal and Group Change Methods

T- Groups

Encounter Groups

Facilitator and face-to-face grouping

Support Groups

Same but have common problems (like smokers ... etc.)

Sequence (FAILURE)

Small Talks

Frustration sets and leader tries to announce an agenda

Frustration builds further as ambiguity still persists

Hostility to facilitator

Facilitator tries to ease the most hostile ones

Facilitator tries to get feedback about the behaviours and session

Table 9.6 Why T-groups do not work in firms

T-group goals may not align with the firm's business model (financial and strategic goals):

- 1 Stresses feelings and emotions instead of profit and performance
- 2 Personal awareness is more important than improved work methods
- 3 T-group influence processes ignore team performance goals
- 4 Rising T-group cohesiveness may not support the firm's performance norms for SDTs (see Module 6)

T-group applications may trigger these problems in profit making firms:

- 1 Negative, personal feedback among T-group participants may undermine existing work relationships
- 2 The learning in the T-group environment may not transfer well to the work setting
- 3 Few studies document how firms have benefited from T-group applications
- 4 T-group applications maybe useful in wellness and stress management practices

Team Building (TB)

Table 9.7 Objectives of team-building

- 1 Developing methods to make decisions and set goals.
- 2 Handling conflict between teams and functional units.
- 3 Improving leader-member relationships.
- 4 Solving product or service quality problems.
- 5 Integrating new members.
- 6 Clarifying job requirements and work expectations for members.
- 7 Attacking departmental or organisational coordination problems.

Typical Steps

- 1- **Workshop**, to unfreeze and create the required dissatisfaction status
- 2- **Data Collection**, measures team norms, leadership styles ... etc.
- 3- **Data confrontation**, to face the truth and start the next phase of planning and implementation
- 4- **Action planning**, Develop the CP
- 5- **Attack process losses**, Eliminate the barrier that might abort or delay the results
- 6- **Integrate teams**, interdependent team cooperation build-ups

TB is good for responsive ORG as:

TB \Rightarrow TQM

Cross training

Delegation

9.4.3 System-wide Process Change

Secret Word: Like TB with much wider scale using Survey Feedback

1. Top management form a steering committee with the help of change agent, the main mission is to design survey feedback and interviews
2. The survey is pilot tested, modified and then administered to the all work-force
3. Data analysed off-site
4. Results are transmitted to steering committee, then to top management, divisions, departments, subunit, SDTs and lastly the individuals (up ⇒ bottom)
5. Division managers with their employees put action plans based on their own feedback (bottom ⇒ up)
6. Change agent and steering committee filter the best action plan
7. Change agent and steering committee work with divisions to install their action plans (up ⇒ bottom)
8. Company-wide assessment for the depth and durability of the change

Pre-packed surveys are dangerous because:

They might not be valid (gap between measured and required strategies)

They are subject to mindless and uncreative process



Warning: Survey is not about stylish instruments and technical milestones, it is about unleashing the benefits of objective self-examinations



9.4.4 Grid Organisation Development, Classification

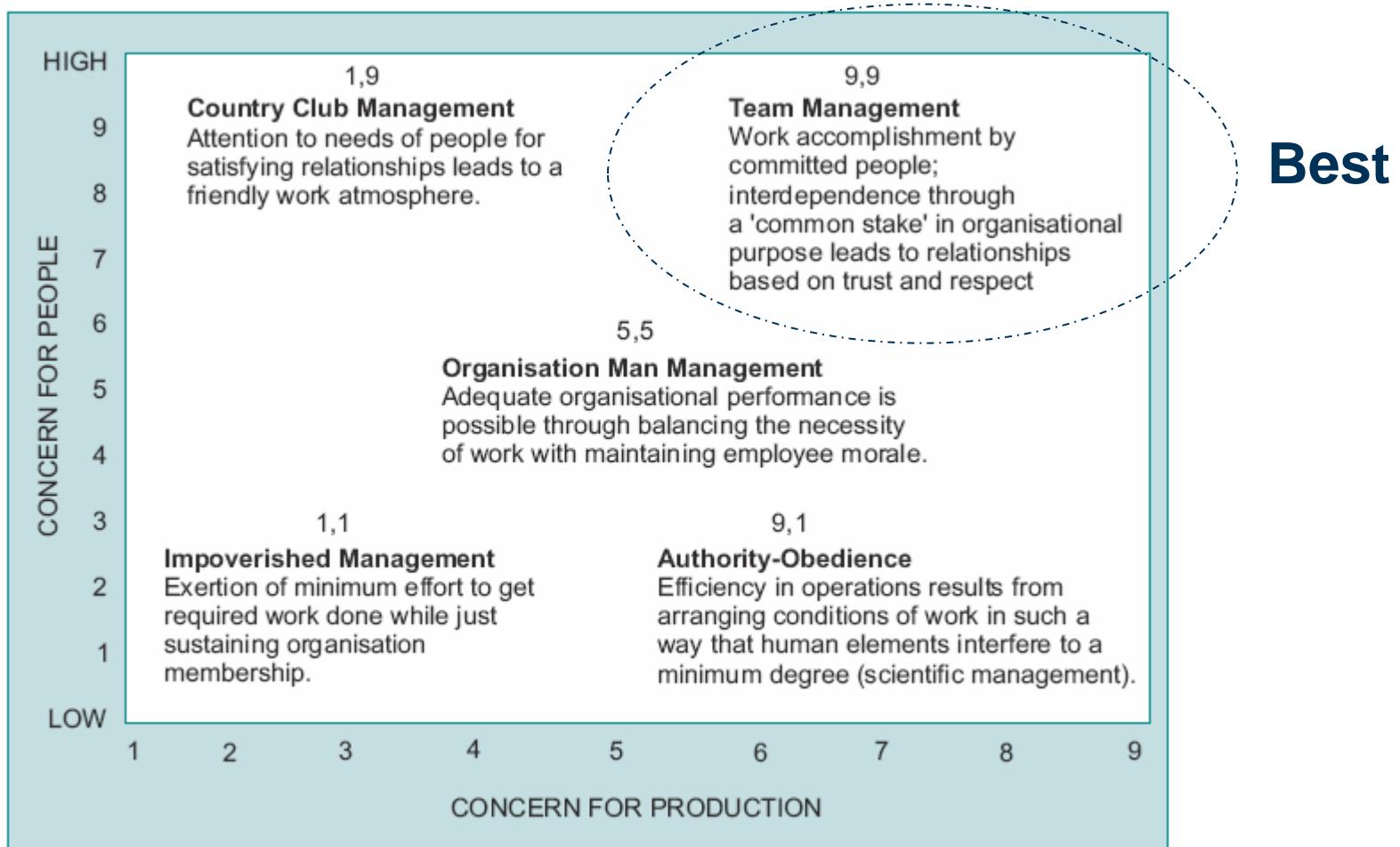


Figure 9.6 The managerial grid

9.4.4 Grid Organisation Development, Formation Steps

1. Grid Seminar
 2. Intra-group development
 3. Inter-group development
 4. Development of an idea strategic model
 5. Attaining intended goals
 6. Measurement and corrective actions
-
- Removing Barriers**



**Faster, better planning,
goal setting and
performance orientation**



Not suitable for all firms

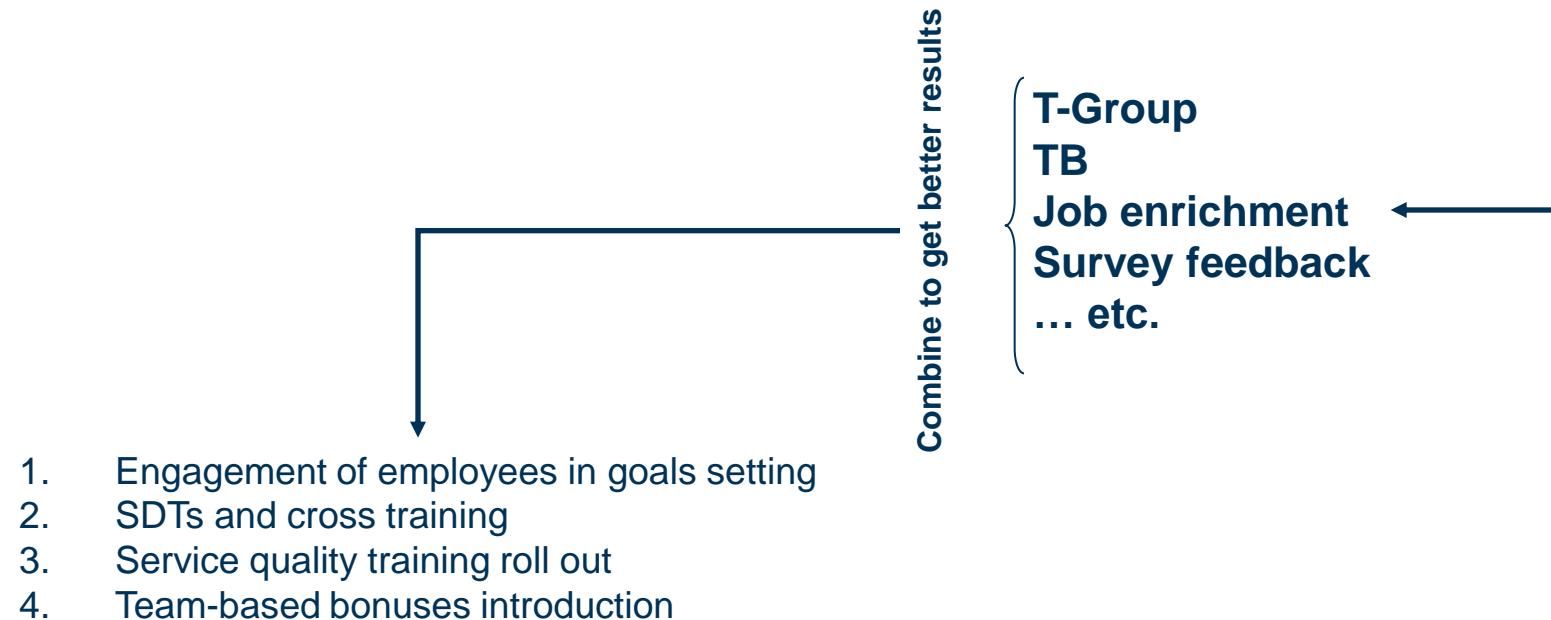
Time pressure could easily failed this change



9.4.5 Does OD Work?

Yes but:

Deep and detailed APs should be addressed, multi-method should be used instead of single-method



ERICSSON 

TAKING YOU FORWARD