

Module
07

**Motivation, Communication,
and Conflict Management**

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Edition 1

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Introduction

This module addresses motivation, communication, and conflict management. These three issues form the backbone of the leading function. The leading function is intended to make individuals work well to contribute optimally to the organization. If the organization's leading function is working well, then employees will be more engaged in work. Employee engagement has a positive impact on the company. Unfortunately, the general level of employee engagement is still low. Only 13% of the world's employees are truly engaged with their company.¹ The rest, however, do not feel engaged. They go to work with little enthusiasm and feel forced to go to work.

The effects of engaged employees are significant. The study found that units with the highest 20% employee engagement had several advantages over units with the lowest 20% employee engagement. Productivity was 17% higher, sales were 20% higher, profitability was 21% higher, labor turnover was 35% lower, absenteeism was 41% lower, accidents were 70% lower, and damaged products were 40% lower. If the number of engaged employees was doubled and combined with good managers, the company's profits would be 147% higher than the average company.² In other words, employee engagement has a significantly positive effect on improving company performance.

This module consists of three learning activities: motivation, communication, and conflict management. Learning Activity 1 discusses motivation including several approaches to motivation such as classical, human relations, and human resource management approaches, and motivation theories that include content theory, process theory, and reinforcement theory. Each theory has its advantages and disadvantages. The systems approach is also discussed. It attempts to combine individual elements, job characteristics, and work situation characteristics as motivational driving factors. Of course, understanding motivation will not be easy, as it is something that exists within people. Motivation can only be seen through people's behavior. Behavior is easier to observe than motivation, yet motivation is an important factor that supports work performance. However, motivation is not the only factor supporting work performance. A person's work performance also depends on other factors, namely ability and role perception. Good ability, appropriate role perception, and high motivation are the keys to work performance.

Learning Activity 2 discusses communication. There are several issues discussed, such as the communication model, which contains the components of the sender, encoder, intermediary, decoder, and receiver, as well as interference and feedback. Managers need to understand communication, its characteristics, the barriers to effective communication, and ways to improve communication effectiveness. Managers need to study communication as well. Communication is an important part of

1 <https://www.gallup.com/workplace/231581/five-ways-improve-employee-engagement.aspx>, Downloaded on December 13th 2019

2 <https://hbr.org/2014/03/why-good-managers-are-so-rare>, downloaded on December 10th 2019

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a manager's activities. The manager will be intensively involved in communication. He must communicate the goals, policies, and procedures that apply in his organization to subordinates, other parties in the organization, and other parties outside the organization. If communication does not run smoothly in the organization, unexpected consequences will arise. For example, if managers cannot communicate goals and targets to subordinates, subordinates will not be able to perform their tasks, and organizational goals will not be achieved.

Learning Activity 3 discusses conflict and conflict management. Conflict is a disagreement between two or more members of an organization or group. Well-managed conflict can be helpful to the organization. The discussion continues with negotiation, which can be used to manage conflict. Negotiation is a process in which two parties meet and communicate using various communication media to resolve conflict.

After reading this module, the reader is expected to get an idea of how to encourage employees to make optimal contributions to the organization. More specifically, after reading this module, students are expected to be able to explain the following.

1. Approaches to motivation.
2. Content theories of motivation.
3. Process theories of motivation.
4. Reinforcement theory.
5. Systems approach to motivation.
6. Definition and model of communication.
7. Understand the barriers to achieving effective communication.
8. Strategies to improve communication effectiveness.
9. Communication in organizations.
10. Other factors that affect communication effectiveness in organizations.
11. Information networks in organizations.
12. Types of conflict.
13. Causes of conflict.
14. Conflict management.
15. Strategies for managing conflict: focus on individuals and organizations.
16. Negotiation to manage conflict.

Learning Activity

1

Motivation

The previous learning activity discussed communication. Managers need to communicate effectively. Learning Activity 2 discusses how managers use their communication skills to motivate subordinates to work more optimally. Motivation is something that encourages a person to act or behave in a certain way. Motivation enables a person to initiate, carry out, and sustain certain activities. Understanding motivation is an important task for managers because they act through other people. A manager is someone who achieves organizational goals by using other people (getting things done through others). Managers do not work alone. Thus, understanding the motivation of others, which drives a person to act or work, is important for managers. This understanding is the key to encouraging others to follow the manager's wishes so that organizational goals can be achieved. Understanding motivation is not easy. Motivation is something that exists within a person and is not visible from the outside. Motivation will be visible through a person's behavior that can be seen. For example, if a student is diligent in studying, we might say that the student's learning motivation is quite high. Although the student may be diligent not for the sake of learning but for the sake of attracting the attention of his peers. In contrast, students who never study at all will be considered to have very low learning motivation.

Motivation is an important factor that supports work performance. However, motivation is not its only supporter. A person's work performance also depends on other factors, namely ability and role perception. Good ability, appropriate role perception, and high motivation are the keys to work performance.

A. SEVERAL APPROACHES TO MOTIVATION

There are three approaches to motivation, namely (1) the traditional approach, (2) the human relations approach, and (3) the human resource management approach.

1. Traditional Approach

The traditional approach was pioneered by the father of management, Frederick W. Taylor. According to this approach, a person's motivation is driven by his/her desire to earn a salary or money. Money drives people to work and behave. Managers are

considered to be better informed than employees. Employees are generally lazy and unwilling to work. But after being encouraged with monetary incentives, employees are willing to work.

This approach is correct to some extent. People will be moved to work when offered monetary incentives. But human needs are beyond money. People also need interaction with others. Money alone will not fulfill these social needs. It is on the basis of such criticism that the human relations approach comes in.

2. The Human Relations Approach

The human relations approach states that a person's motivation is driven by their desire to interact with others. One of the prominent figures of this approach is Elton Mayo. Tasks that are performed routinely by workers will bore employees. In that case, managers can reduce the boredom by providing a social environment. Managers can activate social activities, such as informal meetings, for example recitation meetings and social gathering activities so that employees are not bored.

This approach improves the traditional approach as it considers the social aspect of a person, not just the money aspect. Thus, the social aspect must be considered by managers.

3. Human Resource Management Approach

The two approaches above still emphasize the interests of managers. In the traditional approach, employees are given monetary incentives to work for the manager's interests. In the human relations approach, employees have their social needs met in order to work for the manager's interests. But in both approaches, the interests of subordinates are subordinated to the interests of managers.

The human resource management approach says that the interests of employees must be taken into account. According to this approach, the work itself can motivate employees. Responsibility for work, completion of work, and work performance are important sources of motivation that must be taken into account to encourage employees.

From a human resources perspective, the manager's task is not only to encourage employees to obey the manager, either through monetary incentives or through the provision of social needs, but also to divide job responsibilities to achieve organizational goals and individual goals. Each person contributes work or acquires job responsibilities according to his or her abilities and interests. Table 7.1 below summarizes these three approaches.

Table 7.1
Comparison of Three Motivation Approaches

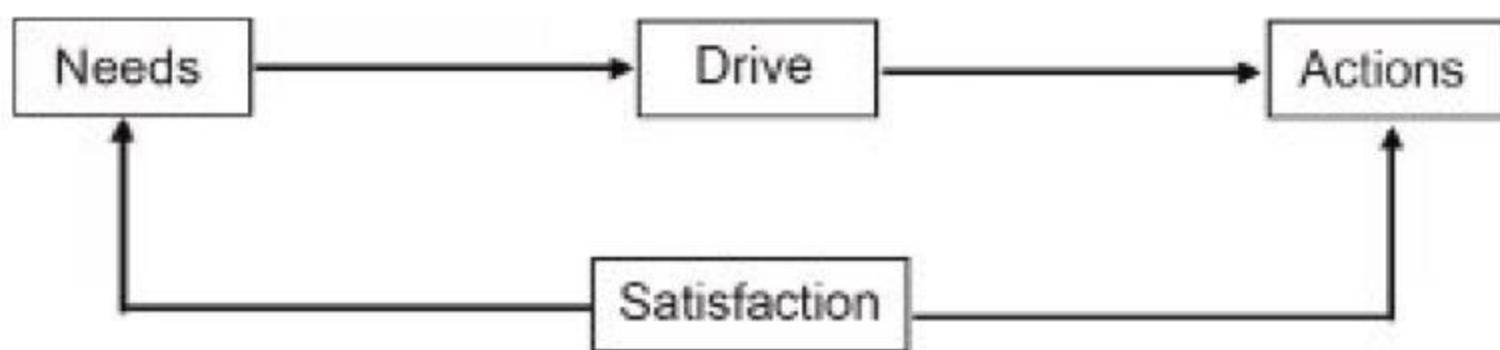
Traditional	Human Relations	Human Resources Management
Assumptions: 1. Humans don't like to work. 2. What they do is not all that important. 3. Not many people can work creatively with control and self-direction.	Assumptions: 1. People want to feel useful and be able to contribute. 2. People want to belong to a group and be recognized as individuals. 3. This need is more important than money and can be a secondary motivator.	Assumptions: 1. Humans isn't resentful of work and they want to achieve the goals that have been set. 2. Humans can work creatively, are self-directed, and have better self-control than current work requirements.
Policy: 1. Managers should closely supervise subordinates. 2. Work should be broken down into simple, repeatable, and easily learned parts. 3. Work procedures should be established, strictly adhered to, and fairly implemented.	Policy: 1. Managers should make every employee feel useful and important. 2. Managers should inform subordinates, making subordinates listen to their concerns about subordinates' plans or goals. 3. Managers must provide discretion (autonomy) so that subordinates are able to do routine tasks themselves.	Policy: 1. Managers should optimize employees, especially employees who have not been optimally utilized. 2. Managers should create an environment where subordinates can contribute to the extent of their abilities. 3. Participation should be encouraged and autonomy should be gained and deepened.
Expectation: 1. People want to work when salaries are attractive and bosses are fair. 2. If work is simple and subordinates are closely supervised, certain standards of achievement will be achieved.	Expectation: Involving employees in decision-making and sharing information with subordinates will fulfill the need to feel important and the need to belong to a group.	Expectation: 1. Increasing subordinate participation will increase work effectiveness and efficiency. 2. Job satisfaction will increase if employees can optimize their energy and increase their contribution.

Source: Stober *et al.*, 1995

Another way to view motivation is to classify motivation theories into three classifications: (1) content theory, (2) process theory, (3) reinforcement theory. The next section will discuss these three theories.

C. CONTENT THEORY OF MOTIVATION

The content theory of motivation aims to look at the "what" aspects of motivation. This theory aims to look at the factors in a person that cause him or her to behave in a certain way and the needs that a person wants to fulfill. Why is someone driven to behave in a certain way? These needs are to be met and this causes a person to behave in a certain way. Some prominent figures in content theory include Maslow, Herzberg, and McClelland. Figure 7.1 below shows a picture of how a person behaves as described by content theory.



Source: Arranged by the Author

Figure 7.1
Content Theory of Motivation

Satisfaction

An individual initially has a need. For example, hunger is an indicator that a person needs to eat. The need pushes harder to be fulfilled and turns into motivation. Then the individual takes action, for example going to a food stall and eating at the stall. After completing the meal, the need to eat (hunger) is fulfilled.

The theory may seem simple at first glance, but in practice, there are many difficulties in applying the theory. At first glance, managers can determine the needs of their employees by looking at the behavior of their employees. However, several difficulties will arise. First, needs differ greatly from one person to another and change over time. Determining a person's needs and providing incentives to motivate that person is not an easy task. Second, the way needs are manifested into action will also be very different. Someone who needs money will work harder in the hope of getting extra rewards. But another person may prefer to work less in the office and more hours outside in the hope of earning extra rewards. Some may prefer to steal or cheat others because it is easier to earn extra rewards. With these things in mind, the content theory is not easily applied by managers.

a. *Maslow's theory of motivation*

According to Maslow (1943, 1954), a person's needs are arranged hierarchically in Table 7.2 as follows.

Table 7.2
Maslow's Theory of Motivation

Needs	Policy Example
Actualization	1. Achieve certain achievements. 2. Provide challenging work.
Recognition	1. Status. 2. Work position.
Social	1. Togetherness. 2. Coworkers.
Security	1. Income stability. 2. Retirement plan.
Physiological	1. Food. 2. Basic salary.

Source: Arranged by the Author

- The following is an explanation of these needs.
- 1) Actualization: the need to develop, the need to realize one's potential.
 - 2) Recognition: the need to be respected by others, the need to be able to complete work, the need for self-esteem.
 - 3) Social: the need for love, attention, a feeling of unity, and contact with other humans.
 - 4) Security: the need for safety and freedom from fear of threats.
 - 5) Physiological: the need for air, food, drink, shelter, and sex.

Humans will fulfill their needs in a hierarchical manner. The first need is physiological in a hierarchical manner. The first need is physiological. After these needs are met, the human will move on to fulfill the next higher need, which is the need for security. After the security needs are met, people will move again to fulfill higher needs, and so on.

By understanding Maslow's hierarchical needs, the manager can provide a salary sufficient to provide food, water, and shelter. Usually, this need is relatively easy for managers to fulfill. Security needs are met by ensuring job security (both physical and job continuity) and clear rules that prevent the possibility of arbitrary treatment. After these two types of needs are met, managers then increase the fulfillment of employee needs. Social needs are met by creating work situations that encourage unity, a feeling of belonging, and informal groups such as recitation or other social activities.

The next stage is the fulfillment of recognition needs (self-esteem). There are two kinds of recognition needs, namely the need to complete work and acquire expertise and the need for status and recognition. Workers want to have expertise and be able to get the job done well. As a manager, he can do several things to fulfill these needs. Managers can provide various assignments, recognition of achievements, personal encouragement, or provide opportunities to participate in goal setting and decision making.

After the above needs are met, the employee wants to meet a higher need, which is self-actualization. The employee wants to find meaning in their personal and professional development and actively seeks new responsibilities. At this level, individual differences are most apparent. For some, producing high-quality products may be a way of achieving self-actualization. Conversely, for others, developing new ideas and creativity may be a way of self-actualization. With such differences, managers can develop different ways to meet the actualization needs of their employees.

b. *Alderfer's Motivation Theory (ERG)*

A variation of Maslow's theory is the theory proposed by Clayton P. Alderfer (1969). According to him, motivation arises from three kinds of needs referred to as ERG, namely:

- 1) Existence (E);
- 2) Relatedness (R);
- 3) Growth (G).

Existence needs are derived from physiological requirements such as eating and drinking, a salary, and working conditions. The need for interaction (relatedness) comes from the need to relate to other people—family, superiors, subordinates, friends, or even enemies. Growth needs encourage a person to be more creative or more productive. Alderfer condensed Maslow's five needs into three needs.

Another distinction between Alderfer and Maslow is that, unlike Maslow, there is no hierarchy in the three needs. A need is still strong (wants to be fulfilled) even though other needs have been fulfilled or have not been fulfilled. Some of Alderfer's findings are not always consistent with Maslow's theory. Here are some examples:

- 1) The needs for existence have not been met; the drive to fulfill these needs is greater (in accordance with Maslow).
- 2) If interaction needs are not met, the need for existence is even greater (contrary to Maslow).
- 3) If interaction needs are not met, the need for interaction is greater (in accordance with Maslow).
- 4) If growth needs are less fulfilled, interaction needs are greater (inconsistent with Maslow).

Alderfer's theory somehow summarizes Maslow's theory so that misunderstandings are reduced. But there is not enough research to see which of the two theories is better.

c. *David McClelland's Theory of Motivation*

According to McClelland (1961), there are three basic needs that motivate humans.

The three needs are as follows.

- 1) The need for power (need for power or n-pow). Humans desire power. This kind of person usually wants a leadership position, is more outspoken, aggressive, demanding, likes public talks.
- 2) Need for affiliation (n-aff) Humans want to interact with others, have a sense of love, and want to avoid rejection by their group. This kind of person likes close relationships, understands each other, is willing to help others, and has good relationships with others.
- 3) Need for achievement (n-ach). Humans want to achieve and have a strong desire for success as well as a great fear of failure. The person wants a challenge, likes to work longer, and wants to run his own business. According to McClelland, people who have high n-ach have the following characteristics:
 - a. like to take responsibility to resolve a problem;
 - b. like to set moderate responsibilities, not too high, and also not too low. The goal is set realistically;
 - c. likes quick feed-back. The feed-back allows him to evaluate his work and see whether it can be improved or not.

McClelland concluded that people who have high n-ach will have high motivation in a competitive environment. According to McClelland's findings, people who are successful in their competitive jobs have high achievement motivation. Managers have higher n-ach higher than other professionals. This is understandable as managers operate in a competitive environment.

According to McClelland, achievement motivation can be taught. McClelland has conducted trials in several countries (United States, Italy, Poland, India) and found that his educational programs can increase a person's need for achievement (n-ach).

d. Herzberg's Motivation Theory

Herzberg (1959) conducted a motivation study in the 1950s by interviewing accountants and engineers. They were asked about the things that made them most happy and the things that made them most unhappy in their work. Herzberg concluded that there are two factors that determine a person's motivation, namely:

- 1) motivating factors (satisfiers);
- 2) hygiene factors (dissatisfiers).

Satisfiers are factors that encourage a person's motivation. The existence of these factors makes a person's motivation encouraged. In contrast, dissatisfiers are factors that do not drive motivation. If dissatisfiers are present, a person will feel disturbed at work. But if the dissatisfiers are removed, motivation will not arise by itself. Motivation only arises when satisfiers are present. Here is an example of satisfiers and dissatisfiers.

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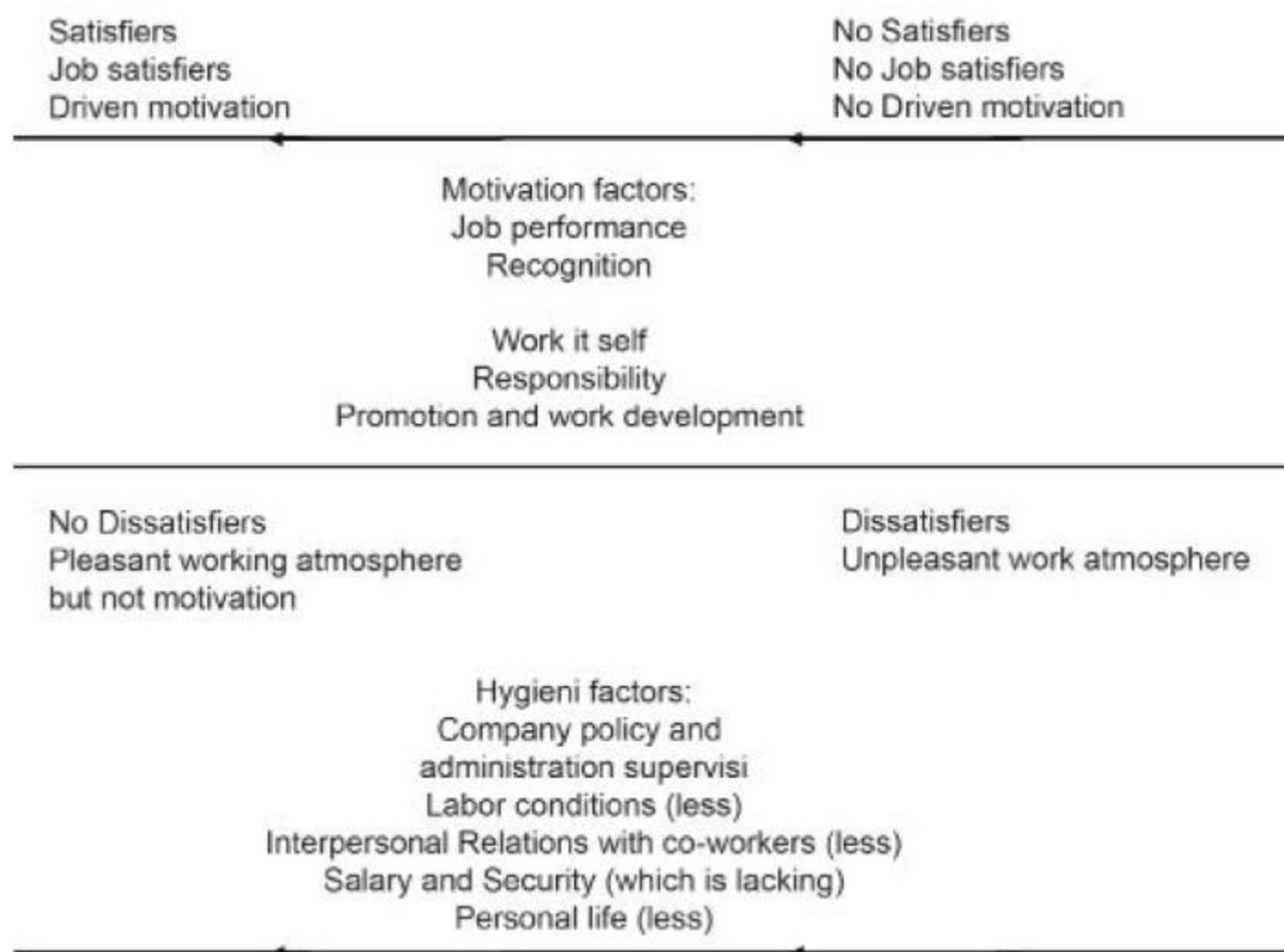


Figure 7.2
Herzberg's Theory of Motivation

Herzberg's theory has been criticized, partly because the data collection assumes that people report satisfying and dissatisfying experiences accurately. The sample size consisting only of professionals has also been criticized. If a sample of ordinary workers had been taken, the conclusions might have been different. Nevertheless, Herzberg's theory makes a significant contribution to the understanding of motivation, particularly the relationship between job characteristics and motivation. The job enrichment techniques discussed in other chapters are heavily influenced by Herzberg's theory.

Examples of Satisfiers and Dissatisfiers

Satisfiers: if present, will be a motivating factor. For example, a person who is given certain responsibilities will be motivated to work hard to fulfill those responsibilities. Responsibility becomes a motivating factor.

Dissatisfiers: if absent, the working atmosphere becomes less pleasant, but if present, it will not be a motivating factor. For example, someone who works in a company is given a table and chair. If there are no desks and chairs, the working atmosphere becomes uncomfortable. But the presence of a desk in the office will not motivate someone to work hard.

e. Criticisms of Content Theory

Although content theory contributes to the understanding of human motivation, it is not free of criticism. This theory seems simple: managers need to only determine the needs of employees and then try to encourage these employees to work to achieve

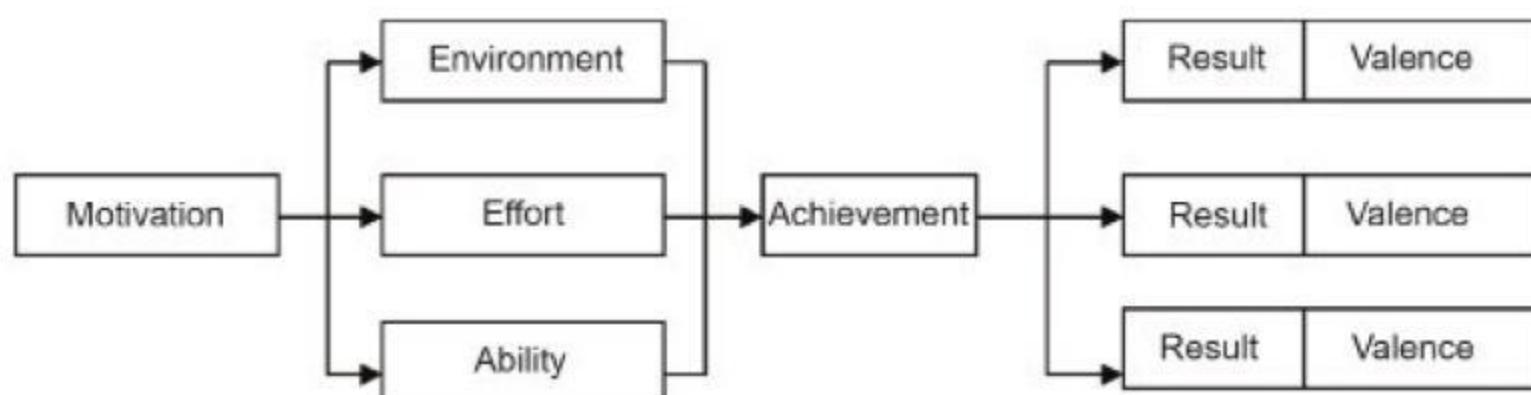
organizational goals while meeting their own needs. Employees are given a salary in order to work towards organizational goals because they have physiological needs. However, motivation is very complex. A person's needs change from time to time and from individual to individual. In addition, needs can be translated into behavior in different ways. Someone with physiological needs might choose the safe and less ambitious route. While another person with the same needs may become more aggressive. Human behavior is also often inconsistent, even though the needs remain the same. One day a person will work hard, while on another day that person will not. People's reactions to the fulfillment of needs are also different. Certain people will be quickly frustrated if they do not succeed in meeting their needs or quickly satisfied if they do succeed in meeting their needs. While other people are not quickly satisfied or frustrated. Cultural bias may also have an effect on needs. Motivation models such as Maslow's may only apply in the United States. Hierarchical levels may differ from one culture to another.

C. PROCESS THEORY

The process theory of motivation seeks to explain how and what goals make a person behave in a certain way. If content theory seeks to answer the "what" aspects of motivation, process theory seeks to answer the "how" of it. According to this theory, motivation arises because there are needs (needs) and hope (expectancy) for the possibility of getting a reward (reward) that can be used to fulfill these needs. Value or the strength of one's desire for reward will also determine how much someone is motivated. For example, someone needs extra money, which means he is in need of money. He has the expectation that if he works overtime, he will get extra money. The value he places on extra money is also very large because his family really needs it to treat his sick child. With the need for money, the expectation that working overtime will bring in extra money, and a large valence towards extra money, he will work overtime. Conversely, for example, if he has an expectation that his boss is not as generous as he would like so that overtime work may not be compensated with enough overtime money, he will not work overtime. The following expectancy theory from Vroom, Lawrence, and Porter explains the expectancy theory of motivation in more detail.

1. Vroom's Expectancy Theory

Vroom (1968) criticized Herzberg's theory and other theories that were too dependent on work content and context in motivation theory. He proposed a new theory, namely, expectancy motivation. According to Vroom, a person's motivation will depend on the anticipated outcome of his or her actions (which can be negative or positive) multiplied by the strength of the person's expectation that the outcome will result in something he or she wants. In other words, a person's motivation will depend on the anticipation of the outcome and the probability that the person's goal will be achieved. Figure 7.3 below explains the expectancy model.



Source: retrieved from Stoner *et al.*, 1995

Figure 7.3
Vroom's Expectancy Motivation Theory

Individual expectations, valence, and motivation

An individual's expectations are an important part of the expectancy model of motivation. There are two types of expectations as follows.

- 1) Effort-Achievement Expectations. Individuals have expectations about the relationship between effort and achievement. If the individual believes that the effort made can bring results, the expectation is high (close to 1 if using an index from 0-1). But if he does not believe the effort made will pay off then he has low expectations (close to 0).
- 2) Achievement-Result Expectations. Individuals have expectations of how the relationship between achievement and certain results. For example, if he has expectations that good performance will increase his salary, he has high achievement-outcome expectations (close to 1).

High expectations do not directly increase motivation. Valence also determines the amount of motivation. Valence is an index of the extent to which an individual wants something. If the person wants an outcome then the person's valence towards the desired outcome will be positive. But if he does not want the outcome then his valence will be negative. If he is indifferent then he has a valence of 0.

Then motivation is formulated as the multiplication of valence with expectation as follows.

$$\text{Motivation} = \text{Valence} \times \text{Expectancy}$$

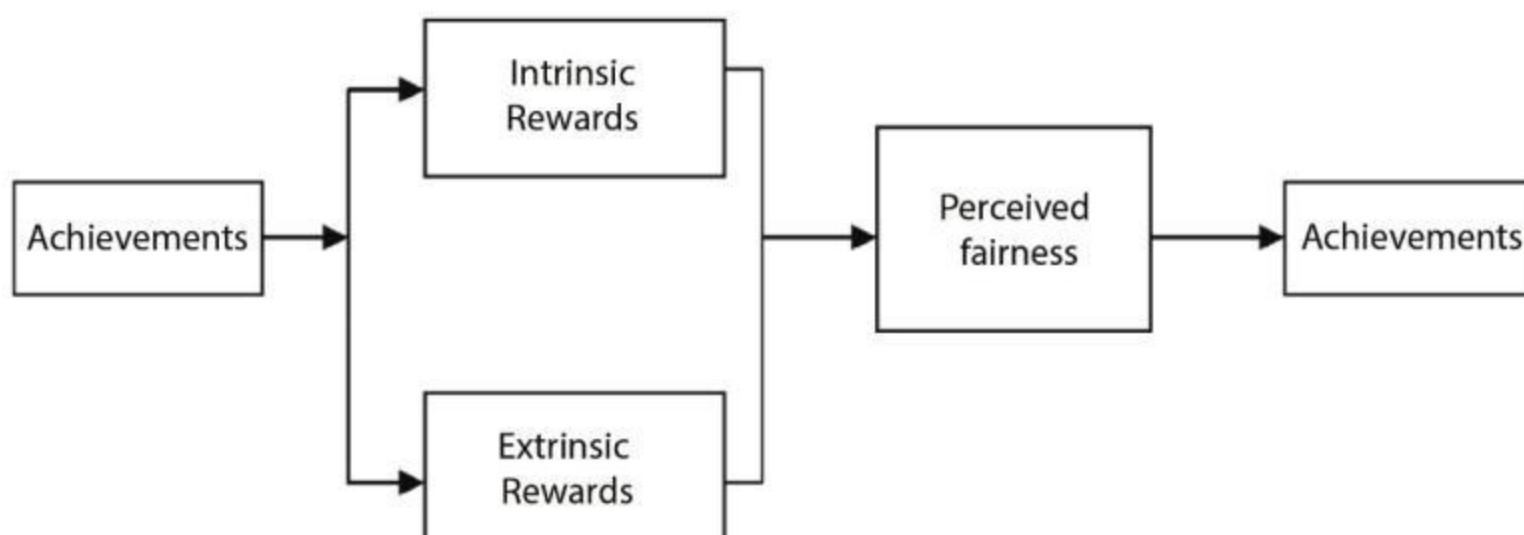
Motivation is the product of the strength of one's preference for an outcome and expectations about the probability that a particular action will result in the desired outcome.

If valence is 0, then the person is indifferent to the goal. In other words, the person has no motivation whatsoever. If a person's valence is negative, then the person chooses to avoid taking action. Conversely, if the person's valence is positive, then there will be motivation to do something. The amount of motivation will depend on both valence and expectancy.

2. Porter-Lawler Model

This model is a development of Vroom's expectancy model. According to the discussion (the development of management theory), job satisfaction will drive achievement. Porter Lawler (1968) reversed the relationship and said that job performance would drive job satisfaction. According to the model, achievement generates two kinds of rewards: (1) intrinsic: rewards that come from within the work itself, such as recognition or the satisfaction of achieving certain milestones; and (2) extrinsic: external rewards, such as salary and promotion.

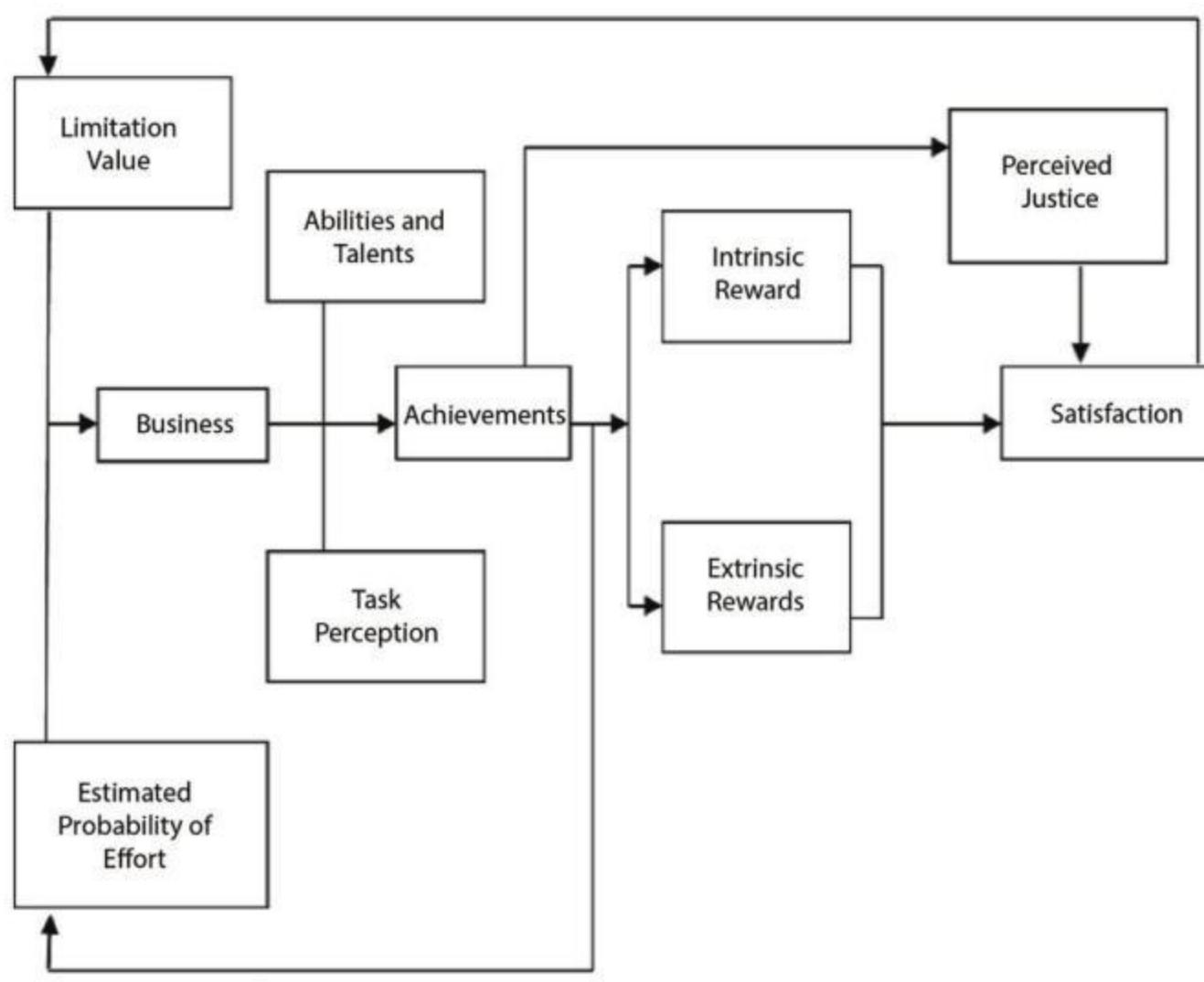
Then the employee will evaluate the reply to see whether it is fair and sufficient. If employees believe they are treated fairly, they will develop a sense of job satisfaction.



Source: Hanafi, 2019

Figure 7.4
The Simplified Porter-Lawler Model

A more detailed model can be depicted in Figure 7.5 below. The reward value combined with the estimated probability of retaliation will determine a person's level of effort. The higher the reward value and the estimated probability of effort-reward, the greater the effort the person will make. Then, the person's effort combined with ability and task perception will result in certain achievements. The achievement will result in intrinsic and extrinsic rewards. Then the person will evaluate the rewards he receives. If he feels that he is treated fairly, he will have a sense of job satisfaction. The evaluation will then be used to analyze future events. Note that the effort and achievement earned will affect the expectation of future effort-achievement.



Source: retrieved from Stoner *et al.*, 1995

Figure 7.5
A More Complete Porter-Lawler Model

3. Equity Approach Motivation Theory

This theory says that motivation, achievement, and job satisfaction are a function of the perceived fairness (or reasonableness) of the rewards employees receive. The fairness is measured based on the ratio between the person's output (e.g. salary or promotion) and the person's input (e.g. effort or skill). The person will then compare his/her ratio with the ratio of other people in the same situation.

These subjective considerations will determine the person's job satisfaction, achievement, and motivation.

$$\frac{\text{Output}(\text{self})}{\text{Input}(\text{self})} \Leftrightarrow \frac{\text{Output}(\text{others})}{\text{Input}(\text{others})}$$

If the person believes that his ratio is smaller than the other person's, he will feel that he is being treated unfairly, and he will try to change his or the other person's ratio. For example, he will try to reduce his input (work more leisurely) or increase his output (e.g., ask for a raise). He may also try to change others' ratios by encouraging others to change their inputs or outputs. He may also quit his job or change the object of comparison.

In other situations, a person will feel that they have a greater ratio or have gained favor. Even though the situation is not as bad as the first one—in fact, it is much better—the research shows that the person will also try to adjust his ratio to match the other person's ratio. The person may even go the extra mile, such as increasing their input. Newly hired workers who think they are getting a high salary will feel this way.

4. Goal-Setting Theory

This theory assumes humans are thinking individuals who strive to achieve certain goals. This theory focuses on the goal-setting process itself. Psychologist Edwin Locke (1968) argues that the human tendency to set and try to achieve a goal will occur if humans understand and accept certain goals that have been set. If the employee lacks the necessary skills to achieve the goal, he will be unmotivated to work toward it.

If goals are specific and challenging enough, they can be an effective motivating factor for both individuals and groups. Motivation will also increase if individuals are involved in goal setting. Accurate and prompt feedback is also useful and can be obtained to boost motivation to work towards specific goals.

5. Criticisms of Process Theory

Process theories of motivation help understand the process of motivation, but they are not directly applicable. Managers must first understand subordinates and their personalities which requires time and effort. Employees who have experienced unfair treatment in the past or have not had their needs met in the past will tend to distrust managers. It also takes time to restore the employee's trust. Managers can overcome this by setting clear and fair standards. Process theory teaches that the satisfaction of employees in completing tasks well is a satisfaction in itself for employees. Managers must provide the resources obtained so that the employee is able to complete his duties well.

D. REINFORCEMENT THEORY

Content theory tries to explain the "what" aspects, and process theory tries to explain the "how" aspects. On the other hand, reinforcement motivation theory tries to explain the role of rewards in shaping certain behaviors. This theory says that if behavior is rewarded, it will be repeated in the future. On the contrary, if a behavior is penalized (unpleasant reward or punishment), then the behavior will not be repeated in the future. This method was initially used in animal experiments, but it was later adapted for human use by psychologist B.F. Skinner. The reinforcement process can be described as follows:

Stimulus → Response → Consequence → Future response

There are certain stimuli (e.g., orders from superiors) that encourage certain behaviors (e.g., subordinates carry out these orders). Then, there are also certain consequences for carrying out the order well (e.g., a salary increase). Due to the pleasant rewards that the person receives, in the future, the person will repeat the same response, meaning that when ordered by a superior, he will do well.

1. Behavioral Change

Changes in human behavior can be made using the reinforcement theory above. There are basically four types of reinforcement: (1) positive, (2) avoidance, (3) punishment, and (4) extinction. Positive reinforcement uses positive rewards to reinforce certain behaviours (certain behaviours are repeated). For example, if the manager wants to encourage subordinates' hard work, he can praise the subordinates once they manage to do their job well. Salary increases and promotions are other forms of positive rewards. In avoidance, humans do not perform a certain behavior because they want to avoid unpleasant consequences. The employee will always arrive on time because he does not want the manager to criticize him if he arrives late. Extinction is used to weaken certain behaviors by neglecting them; there is no reinforcement of these behaviors. By doing so, the behavior is expected to weaken and eventually disappear. If extinction does not succeed in eliminating a particular behavior, managers can use punishment. With punishment, negative (unpleasant) consequences are carried out, and the particular behavior is expected not to be repeated again. If the employee is often late with not-so-great work results, the manager can use criticism, warnings, demotions, and dismissal to eliminate the behavior.

Punitive methods have negative side effects, such as possible hostility or resentment towards the manager. Therefore, positive reinforcement is usually preferred, as it is more effective in most situations.

The timing of reinforcement varies: fixed time interval, fixed frequency ratio, variable time interval, and variable time frequency ratio. At fixed time intervals, reinforcement is given. For example, a salary is paid every month. This method does not encourage good behavior because the employee will know that he will receive good treatment every month, regardless of his work performance. At a fixed time ratio, reinforcement is given at a fixed frequency of events, regardless of time. For example, the manager can give a bonus of one free product, and each salesman can sell five products. This method encourages the desired behavior.

The manager provides reinforcement over a time period that varies from treatment to treatment at time-varying intervals. For example, the manager can make unannounced visits to the factory with different time periods—this month three times, next month four times. This method has the advantage of encouraging employees to always do their best because they never know when the manager will visit. Managers adjust time

schedules to provide reinforcement at various frequency intervals. For example, the manager gives a bonus for the fifth, fourth (or ninth if counting from the first), second, sixth, and so on. This kind of method is good enough to increase motivation because every time a sale occurs, employees will feel their chances of getting a bonus are getting bigger. A summary of the reinforcement model can be seen in Table 7.3 below.

Table 7.3
Summary of Reinforcement Motivation Model

Types of Reinforcement	
1. Positive Treatment Reinforcing behavior by providing pleasant consequences.	2. Punishment Weaken behavior by providing unpleasant consequences.
3. Avoidance Reinforcing behavior by avoiding unpleasant consequences.	4. Extinction Weaken behavior by not providing pleasant consequences.
Treatment Time Schedule	
1. Fixed Interval Treatment is given for a fixed period of time, regardless of the frequency of the behavior.	2. Fixed Ratio Treatment is given after a certain fixed frequency, regardless of time.
3. Variable Interval Treatment is given with a changing period of time, regardless of the frequency of behavior.	4. Variable Ratio Treatment is given based on the frequency of certain behaviors in an arbitrary manner.

Source: Hanafi, 2019

2. Criticism of Reinforcement Theory

This theory seems too simple. At first glance, it seems similar to classical motivation theory (if we use money as a positive treatment), although it is more than just a classical theory. Changes in human behavior look like changes in animal or robot behavior, which seems to violate the notion that humans are creatures of choice. Human behavior change has a negative impression and is feared to be used incorrectly by the "wrong" people. But the theory seems more practical because managers can just give positive consequences for good behavior in the hope that the behavior will be repeated. Managers cannot learn all the characteristics of employees, which is very difficult to do. Managers just need to clearly define desirable or undesirable behaviors and then set rewards for those behaviors clearly and fairly.

E. SYSTEMS APPROACH TO MOTIVATION

Given the wide variety of motivation theories, how do managers use motivation theories? The systems approach tries to combine relevant theories and then look at the elements that influence human motivation and behavior. Porter and Miles believe there are three variables that affect motivation in organizations: individual characteristics, job, and work situation. See Table 7.4 below.

Table 7.4
Variables Affecting Motivation in Organizations

Individual Characteristics	Job Characteristics	Work Situation Characteristics
1. Interests	Some examples: <ul style="list-style-type: none"> • intrinsic reply type; • level of autonomy; • feedback; • level of variety in the task; 	Direct work environment: <ul style="list-style-type: none"> - coworkers; - supervisors.
2. Attitude: <ul style="list-style-type: none"> • towards oneself; • towards work; • towards aspects of the situation. work 		Organization: <ul style="list-style-type: none"> - Payroll system; - Organizational culture.
3. Needs: <ul style="list-style-type: none"> • security; • social; • achievement. 		

A person's motivation in an organization is influenced by individual characteristics, job characteristics, and work situation characteristics. Maslow's theory, for example, discusses how a person is moved to do something to fulfill his needs. Individuals have different levels of needs. Herzberg's theory discusses the relationship between job characteristics and a person's motivation and satisfaction. Meanwhile, expectancy and reinforcement theories discuss a person's motivation due to the expectation of getting something. The organization's reward system and the type of job reward can affect a person's motivation. In this case, managers must understand the theories of motivation and use them according to the situation at hand.



Exercise

To understanding of the material above, please complete the following exercise!

As a manager, you are asked to suggest some ways to motivate your employees, which includes the gardeners and managers. Write down the reasons for the proposed methods of motivating them.

Key Ideas for Exercise Answer

Read the section of Maslow's Theory of Motivation that explains the hierarchy of human needs. Carefully study the descriptions in the section. Use the descriptions in the section to come up with suggestions on how to motivate them and why.



Summary

Understanding motivation—the factors that make people do things—is important for managers because they achieve organizational goals through others. There are three approaches to motivation, namely the classical, human relations, and human resource management approaches. The classical approach emphasizes the importance of money, the human relations approach emphasizes the importance of social contact, and the human resource management approach emphasizes the importance of the work itself as a source of motivation.

Motivation theories are divided into three types: (1) content theory, (2) process theory, and (3) reinforcement theory. Content theory seeks to explain the "what" aspects of motivation, while process theory seeks to explain the "how" aspects, while reinforcement theory addresses the importance of rewards in creating certain behaviors. Examples of motivation theories are Maslow's hierarchy of needs theory, Alderfer's ERG theory, and McCleland's needs theory. While examples of process theories are Vroom's expectancy theory, Lawler's Porter model, the justice theory, and the goal-setting theory. Each theory has its advantages and disadvantages. The systems approach seeks to combine individual elements, job characteristics, and work situation characteristics as motivational drivers.

TERMS INDEX

Classic approach	Motivation Process Theory	Response
Human relations approach	Porter-Lawler Model	Vroom's Expectancy
HR management approach	Intrinsic Rewards	Consequences
Content theory of motivation	Extrinsic Rewards	Valence
Maslow's theory of motivation	Justice motivation theory	System Approach
Hierarchy of needs	Determination Motivation	Individual Characteristics
	Theory	
Alderfer's theory of motivation	Goals	Job Characteristics
ERG	Reinforcement Theory	Work Situation Characteristics
Herzberg's Motivation Theory	Stimulus	Porter-Miles
Satisfiers		
Dissatisfiers		



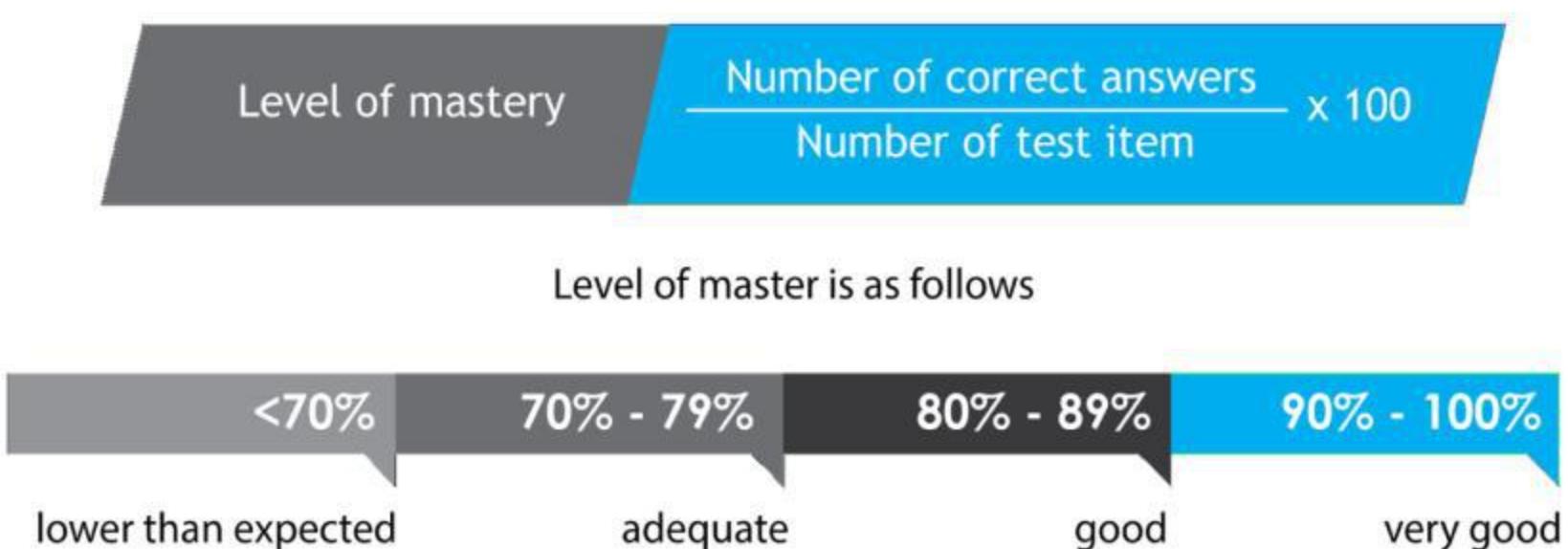
Formative Test 1

Choose the correct answer!

- 1) The following are the characteristics of the traditional motivational approach
 - A. humans want to be useful
 - B. humans can work creatively
 - C. people don't like to work
 - D. the desire to belong to a group is more important than money
- 2) Human needs are arranged in a hierarchy: physiological, security, social, recognition, and actualization. The theory was proposed by
 - A. Maslow
 - B. Herzberg
 - C. Alderfer
 - D. David McCleland
- 3) The following are examples of dissatisfiers according to Herzberg, namely
 - A. work achievement
 - B. responsibility
 - C. the work itself
 - D. company policy and administration
- 4) Here is an example of the process theory of motivation, namely
 - A. Maslow
 - B. ERG
 - C. McCleland
 - D. Vroom
- 5) Motivation is the multiplication of valence with expectancy. The theory was proposed by
 - A. Maslow
 - B. Vroom
 - C. Porter-Lawler
 - D. Herzberg

- 6) B. F. Skinner put forward the theory
- A. human needs are arranged in a hierarchy
 - B. the hierarchy of human needs consists of existence (E), relatedness (R), and growth (G)
 - C. humans will repeat behavior if rewarded and will not do if punished
 - D. humans will compare outputs with inputs to determine a sense of justice
- 7) Goal-setting theory was proposed by
- A. B. F. Skinner
 - B. Edwin Locke
 - C. David McClelland
 - D. Abraham Maslow

Use key answers for Formative Test 1 which is located at the end of this module to determine the correctness of your answer. To make sure your mastery of the learning materials use the following formula.



When you attain level of mastery 80% or more, very good, you may continue to Learning Activity 2. Otherwise you have to review the material of Learning Activity 1. Pay attention to parts which you don't master yet.

Communication

A manager will be intensively involved in communication. He must communicate the goals, policies, and procedures that apply in the organization to subordinates, others within the organization, and others outside the organization. Module 1 discussed the manager's role as the centre of information. If communication does not run smoothly in the organization, unintended consequences will arise. For example, if managers cannot communicate goals and targets to subordinates, subordinates will not be able to perform their tasks, and organizational goals will not be achieved.

This learning activity will cover communication, beginning with understanding and progressing to communication processes, improving communication effectiveness, and communication management in organizations. The next learning activity discusses motivation. Managers need to motivate their subordinates so that subordinates can work more optimally to achieve organizational goals.

A. DEFINITION AND MODEL OF COMMUNICATION

1. Definition

Communication is the process of sending information from one party to another. If what is intended by the sender of information can be completely understood, then communication is said to be effective. Effective communication is not an easy job. Perhaps the reader has seen a game where a sender sends one sentence (consisting of several words) to another person, but through several people. The first person reads the sentence to the second person, the second person reads it to the third person, and so on until it reaches a certain person. In most cases, the sentence that reaches the last person is no longer the same as the sentence that was first read. This example illustrates how difficult it is to convey the right information the way the sender intended.

The definition of communication involves three things: (1) Communication involves people. People experience communication with other people. Therefore, understanding people is important for learning effective communication. (2) Communication involves the shared meaning of information between the sender and receiver. Thus, the sender and receiver will agree on the same terms or definitions. (3) Communication involves symbols that are used to convey a purpose. These symbols can be words, gestures, letters, or certain movements.

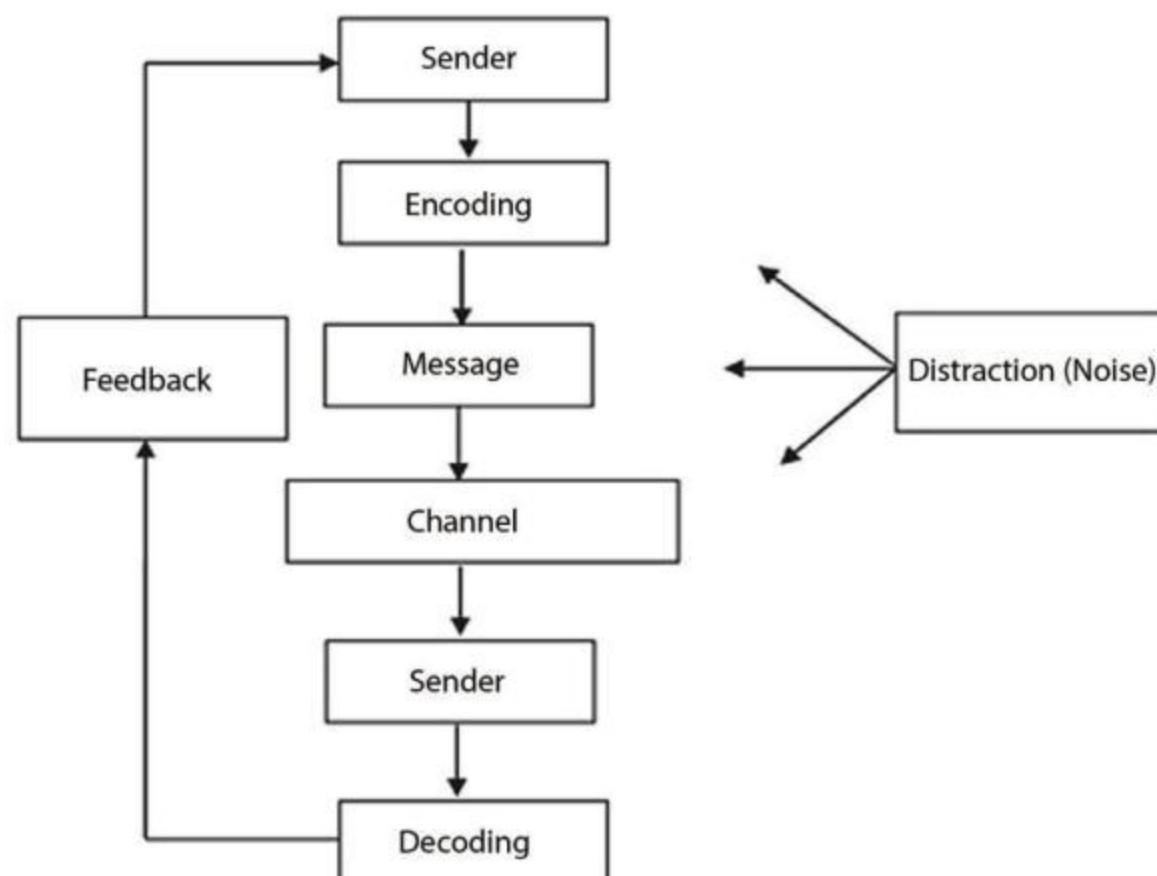
2. Communication Model

The simplest communication process can be described as follows.

Sender → Message → Receiver

The sender sends a message to the receiver, and the receiver receives the message. If there is no receiver, then there will be no communication process. If no message is delivered, then there will be no communication process. Of course, this is a simple model because it assumes the same background for the sender and the receiver.

The following model is more complete than the previous model. Communication starts with the sender sending a message through a certain medium. Then the receiver "digests" or interprets the message, and then the receiver receives the message. The message is delivered through a particular medium, and in the delivery there are interruptions that can disrupt the communication process. Telephone communication is perhaps the best example of this communication model. The telephone in this case is the medium through which the information is conveyed, and the indistinct sounds are the communication interruptions.



Source: retrieved from Stoner *et al.*, 1995

Figure 7.6
Communication Model

a. Sender

The sender is the source of the message or the party initiating the communication. It is the person who has the information or desire to communicate. In organizations, managers have information, such as organizational goals, and wish to convey this

information to their subordinates. On the other hand, subordinates may have a desire to know certain information related to the organization. In this case, the subordinate can initiate communication.

b. Encoding

Encoding is the process of translating information into certain symbols that will be conveyed to the recipient of the information. In daily oral communication, encoding can be done automatically. If we wish to eat, we can say, "I am hungry." (in our language). But if we go to a foreign area where the language spoken is different from ours, the encoding process becomes more difficult. We have to say "I am hungry" (in English) if we want to talk to a British or American. Sometimes we have to study for a long time in order to communicate in a certain field. To communicate with financial experts, for example, we must understand financial terms such as financial markets, financial market efficiency, financial intermediaries, and statistical techniques used in financial research. Sometimes certain words have different meanings in different fields. For example, in economics, efficiency means the ratio of outputs to inputs; in finance, financial market efficiency means the rapid dissemination of information; and in statistics, efficiency means estimates that have small variances (deviations). If we do not understand these terms, we cannot communicate well in these fields.

Thus, encoding means translating information into symbols that will be mutually understood by the sender and receiver. If the sender and receiver have different understandings of certain symbols, communication will not be effective. For example, certain groups in India will nod as a "no" symbol and shake their heads as a "yes" symbol. If we don't know this, encoding cannot be done effectively because our understanding of nodding and shaking heads is different from theirs.

c. Message

A message is the physical form of the encoding process's result. Words are messages in oral communication. In written communication, we use writing. Messages are also often conveyed through gestures, facial expressions, or ways of speaking. For example, when an employee is late and arrives at noon and the manager says, "Good morning," (he should have said, "Good afternoon," because it is already noon), the manager is conveying another message that does not match the literal meaning of the sentence. Nonverbal communication that accompanies oral communication is an important part of overall communication. If the receptionist says "good morning" but doesn't smile, the impression that the customer gets is different than if he or she says it with a smile.

d. Communication media

Communication media is a method of conveying information from one party to another. If you do oral communication then the air is the medium of communication. If we do written communication then paper and pencil are our communication media. If we communicate by telephone then the telephone is the medium of communication.

In general, there are two forms of communication media: (1) oral and (2) written. The choice of which method to use depends on the message to be conveyed. Here is a comparison between the two.

Table 7.5
Comparison of Oral and Written Communication

Form	Advantages	Disadvantages
Oral	1. Easy and quick to do. 2. Feedback can be obtained quickly.	1. Lower accuracy. 2. No permanent record.
Written	1. More accurate. 2. Permanent records can be obtained.	1. Feedback is not quickly obtained. 2. More difficult to do (not practical).

Source: Arranged by the Author

If the manager wants to convey complex information, such as computer specifications, written communication is more appropriate. If the manager wants to get a quick answer, oral communication is more appropriate, but if accuracy is to be stressed, written communication is more appropriate. Written forms of communication also have many variations. For example, if the manager is making a presentation and wants to illustrate the increase in sales, graphs are more appropriate than numbers. Pictures convey information more effectively than numbers. Statisticians and mathematicians communicate concisely and compactly, using symbols that are difficult for ordinary people to understand. While social scientists use more words in their writing.

e. *Receiver*

The receiver is the party that receives and is expected to understand the message conveyed by the sender. The receiver can consist of several people, such as when a manager sends a memo to several employees at once. If the sender of a message wants to create effective communication, the receiver is one important factor that must be considered. For example, if the engineer wants to convey building information to the manager, the information should be presented in such a way that it is not so technical and can be easily understood by the manager. The manager may not have an engineering background. If the manager wants to deliver a promotion to the younger generation, the delivery method must be done in such a way that it can reach the younger generation effectively. For example, advertisements using young movie stars with rock music in the background and using dynamic images.

f. *Decoding*

Decoding is the opposite of encoding. Decoding is the process by which the receiver translates or interprets the message received. The receiver will understand and then interpret the message. For example, the receiver will first understand the words "I am hungry" and then interpret the sentence as a desire to eat. The decoding

process is influenced by many things, such as the recipient's background, the recipient's expectations, and the similarity of meaning between the sender and the recipient in the translation of the symbols received. If the decoding process is closer to what the sender intended, communication becomes more effective.

g. Distraction

Distractions are factors that hinder effective communication. Distractions can come from within the recipient, such as a failure to pay attention or being physically tired, making it difficult to capture the message clearly. External interference is interference that comes from outside parties, for example, engine noise during manager and subordinate conversations, the manager's voice being too weak so that the conversation becomes unclear, or the manager's way of speaking being such that it distorts the real intention. Distractions must be eliminated or minimized in order for communication to be more effective.

h. Feedback

Feedback is the receiver's reaction to the communication sent by the sender. Feedback is thus the reverse of the communication process and can be viewed as a new communication process in which the receiver turns into the sender and the sender turns into the receiver. For example, if a manager gives a certain instruction to an employee and the employee agrees with the instruction, the employee will nod or give a yes.

The employee in this case is sending a message (being the sender) to the manager (being the receiver) that he agrees with the manager's instructions. Feedback is a complement to the communication process, so it is not required. For example, a new organizational procedure memo from a manager to a member of the organization does not have to be answered because the memo is intended as information only. But in certain situations, feedback streamlines the communication process.

B. BARRIERS TO EFFECTIVE COMMUNICATION

Improving communication effectiveness aims to increase the similarity of meaning between the message sent and the message received. Managers have a strong interest in effective communication.

1. Perception

Perception is a set of processes that humans use to receive and interpret information from their environment. The information received by managers is so much (an overload) that it is impossible for them to process all the information received. Perception is useful for selecting and interpreting information (selective perception) as well as organising it (perceptual organization).

a. *Selective perceptual*

Selective perception occurs when we tend to interpret incoming information in accordance with our desires. For example, if a manager wants to develop a new product, all incoming information will be interpreted as "proof" that the product will be successful. The manager will find it difficult to accept the fact that the new product will not be successful in the market. When the cigarette company (Reynold's) developed smokeless cigarettes, research showed that the product would not be a market success. But the manager still thought the product would be a success. Eventually, the smokeless cigarette development project was discontinued after incurring substantial losses. Functional managers tend to interpret incoming information according to their field. A study showed that when functional managers were asked about the problems faced by the company, the financial manager said that financial problems were the main problem, the production manager said that production problems were important, and so on.

b. *Perception organization*

Like information selection, people also tend to organize information in a certain way. Perceptual organization is the process by which humans organize, categorize, or infer certain information. The way that is commonly used is through certain stereotypes. For example, the stereotype is that students with a good GPA will make good employees or managers. Therefore, it is better to attract students with high GPAs. Sometimes such stereotypes help simplify information processing. But in other situations, it is unfavorable because it ignores reality or other important information.

c. *Differences in perception*

Perceptions, both selective and organizational, can obscure the communication process. Perception in this case adds to the interference in the communication process. Oftentimes, perceptual differences between the sender and receiver also add to the disruption in the communication process. Two people who have different knowledge and backgrounds often perceive an issue in different ways. Managers praise employees who perform well in front of other employees. The manager aims to increase the enthusiasm of other employees so they perform as well as the employee. On the other hand, employees have a different perspective. Instead of getting excited, the employee is increasingly unhappy with the management, the organization, and the praised employee.

2. Language Differences

Language differences often interfere with effective communication. A clear example is, of course, language differences in everyday life. An Indonesian manager who does not understand English will have difficulty communicating with a US manager. An Indonesian manager who does not know Chinese will have difficulties dealing with a supplier in Hong Kong who only knows Chinese. Another example of language differences is the difference in terms and customs. The profession of a dealer (foreign currency trader) demands quick decision-making. A certain set of terms and

unwritten rules govern their profession. Those who don't understand square terms, don't read currency rates quickly, and who prefer written evidence to be produced before a transaction are not fit to be dealers.

3. Nonverbal Communication

Verbal communication is usually seen as one of the dominant forms of communication. But verbal communication alone is not a complete form of communication. Nonverbal communication that accompanies verbal communication often plays an important role as well. For example, a greeting accompanied by a sour or sullen face is certainly different from one accompanied by a face with a smile. One study showed that 55 percent of the content of a message is conveyed through facial expressions and gestures, 38 percent through tone and intonation of voice, and only 7 percent through the spoken word. Oftentimes, verbal communication and nonverbal communication are delivered in inconsistent forms. For example, a subordinate wants to make a suggestion, but if the suggestion is not delivered in the right way, it will give the impression of being an order. A busy manager might answer a subordinate's greeting with a glance. The subordinate feels that the manager is not paying enough attention to the subordinate.

Situations also affect the communication process. For example, lecturers often change the way the class sits, from facing the blackboard (lecturer) to circular seating. With circular seating, the atmosphere becomes more informal; two-way communication (between lecturers and students, and vice versa) and communication between students become smoother. Managers may prefer to talk to their subordinates while sitting behind a desk. This way, there is a boundary between him and his subordinates, and he can influence them more easily. On the other hand, if the manager wants an intimate atmosphere, he will sit next to his subordinates.

4. Emotional Reactions

Emotional reactions, such as anger, joy, love, jealousy, fear, and embarrassment, will affect the effective communication process. For example, if the manager is angry, it will be difficult to accept suggestions. Subordinates who are afraid of losing their jobs will find it difficult to digest information clearly. Any new information will always be perceived as a threat to their job.

5. Distrust

Distrust is another factor that can interfere with effective communication. The situation and position of the sender will determine whether the information is trustworthy. For example, information that comes from the manager and is accompanied by the manager's stamp and signature has higher credibility than information that comes from rumors. In another situation, if there is a negotiation between the employee and the manager, information coming from the manager will be viewed with suspicion. Information from a third party will have more credibility.

These communication barriers can be summarized in Table 7.6 below.

Table 7.6
Barriers to Effective Communication

Sender Characteristics
* Sender credibility or distrust of the sender.
** Inconsistency between verbal and nonverbal communication.
*** Reluctance to communicate.
Recipient Characteristics
* Listening habits.
** Recipient's perceptions or preconceptions.
Relationship between Sender and Receiver
* Language differences.
** Status or power differences.
*** Differences in perception.
Environmental Factors
* Distractions.
** Information overload.

Source: Arranged by the Author

C. IMPROVING COMMUNICATION EFFECTIVENESS

Improving communication effectiveness is done by eliminating or minimizing the barriers to communication as shown in Table 7.6 above.

1. Sender Characteristics

The credibility of the sender needs to be improved. If the manager wants to disseminate information about the organization, the message is sent in writing and accompanied by an official stamp. To promote medicine products, managers use the figure of a doctor because doctors have better credibility when it comes to medicine. Sometimes publicity (news in newspapers) is used to highlight the good side of the organization. Publicity is considered more neutral compared to advertising.

The sender must maintain consistency between his gestures and the words he speaks so that the receiver can capture the real message. When warning a subordinate, the manager may use a serious expression; if the manager uses a smile, the subordinate will think he is joking. Sometimes the sender is reluctant to communicate for several reasons. Managers are reluctant to communicate budget cuts as they are not good news. Subordinates are reluctant to make suggestions to managers out of fear of being perceived as disloyal. Such barriers need to be removed to improve communication effectiveness.

2. Recipient Characteristics

Recipients frequently have poor habits when it comes to listening to others. They refuse to listen seriously or while doing other work, such as reading. Therefore, they cannot capture the important things in the communication process. Managers in some large corporations receive listening training. Discussion or meeting rooms are plastered with posters saying, "Respect other people's opinions; look at the content of the conversation, not the person." "Debate without attacking your opponent's personality." With such mottos, it is hoped that meeting participants will listen to others better.

The receiver's perceptions or preconceptions can also disrupt the communication process. For this reason, the receiver must try to be as objective as possible in capturing the message that reaches him.

3. Relationship between Sender and Receiver

Differences in language or terms used in communication need to be eliminated or reduced. Words that are too technical need to be translated into more popular words. The sender can ask for quick feedback to determine if there are any questions or if something is unclear. Another way is to repeat the message in a different sentence with the same content. This gives the receiver a chance to confirm the meaning of the message. Recipients are encouraged to ask questions about things that are unclear. Follow-up can be done by the sender to ensure that the information or message has been received.

Differences in status or power often interfere with effective communication. For this reason, managers need to "lay low" when talking to subordinates. To eliminate differences in perception, the sender should recognize the background of the recipient as much as possible. The sender can act empathetically, which means trying to see a problem through the eyes of the receiver. For example, in communicating job termination, the manager can imagine if he or she were the employee who was terminated.

4. Environmental Factors

Direct distractions are eliminated whenever possible. If machine noise interferes with communication between managers and employees, communication should take place in a quieter room. If this is not possible, the manager should clarify the message or make his voice louder. Information overload also interferes with effective communication. Senders can only send necessary information. Repeated information, although it can be boring, also has the benefit of clarifying and reinforcing the message being sent. Senders should therefore weigh the trade-offs between repetition and brevity with a short message. Information overload needs to be managed. Managers can train their secretaries to screen visitors or phone calls, discarding unnecessary memos or notes periodically.

D. COMMUNICATION IN ORGANIZATIONS

Communication in organizations can take written or oral forms (as discussed on the previous page) and can also be vertical or horizontal. The following sections discuss vertical and horizontal communication.

1. Upward, Downward, and Joint Communication

Vertical communication is an important part of an organization. Research shows that superior-subordinate communication, or vice versa, comprises about two-thirds of communication in organizations. Upward communication occurs when subordinates give messages or information to superiors, while downward communication occurs when superiors give messages or information to subordinates. Usually, what happens is two-way communication (subordinate-superior and superior-subordinate) or a combination of upward and downward communication.

Research shows that upward communication tends to be less effective than downward communication. Usually, subordinates are inclined to convey good news to superiors. Bad news tends to be withheld or left unreported for fear that it will affect the supervisor's evaluation of the subordinate. Superiors may consider subordinates incompetent to carry out their duties if they receive bad news from subordinates. The problem will be exacerbated if there are more levels of management. The news that is delivered to the top is usually chosen by middle-level managers. The manager will deliver news that will make him look good in the eyes of the top manager. Middle managers actually have a positive role in vertical communication because they are expected to filter out unnecessary information so that superiors or top managers only receive important information. Information management can be done by middle managers.

Downward communication also has the possibility of distortion. Managers or superiors, for some reason, will provide inaccurate or incomplete information to subordinates. Information that usually flows downward is usually in the form of certain messages or instructions to subordinates. If the information is incomplete or inaccurate, subordinates will not perform their duties properly. The reason managers act in such a way may be because they are afraid that the subordinate's performance will beat the manager's performance or because they want the subordinate to be dependent on the manager. Managers can also do such things unintentionally because they always assume that subordinates can find information on their own. Middle-level managers may exacerbate such distortions because such managers may filter information downward because they want subordinates to always depend on them. Thus, the role and existence of middle managers can be recognized. The positive side of the middle manager's existence is to interpret information from above to make it easier for subordinates to read, but the negative side is to filter out important information.

2. Horizontal Communication and Lateral Communication

Horizontal communication occurs when communication happens between organizational members at the same level. Usually, this communication occurs between managers in the organization. A marketing manager may have just finished a seminar or training program. He then provides relevant information to the production manager. The marketing manager may contact the production manager once he learns that a particular product is selling well in the market. Such communication serves to improve the coordination of interconnected units. Problem solving can also be done more quickly and effectively with such horizontal communication because of joint problem-solving.

Horizontal communication can also be done laterally. This communication occurs when the communication pattern follows the flow of work in the organization. For example, car assembly consists of car body assembly, tyre fitting, and painting. Employees of the tyre fitting department can directly inform employees of the body assembly department if there is something wrong with the car body. With such direct communication, the quality of the product can be checked as soon as certain defects occur. Such lateral communication has the benefit of improving coordination between departments, reducing the communication burden on managers, and improving accuracy because relevant information is directly obtained from competent people. Most of this lateral communication takes place outside the organization's official communication channels. In the organizational picture, horizontal communication will not be visible. But communication needs to be encouraged to improve work effectiveness.

E. OTHER FACTORS THAT AFFECT COMMUNICATION EFFECTIVENESS IN ORGANIZATIONS

Several factors will affect communication effectiveness in organizations: formal communication channels, organizational authority structure, work specialization, and information ownership.

1. Formal Channels

Formal communication channels are derived from the formal organizational structure. These channels have both positive and negative sides. A subordinate will tend to report a situation to his or her immediate superior. The superior will then report to higher management. On one hand, such situations have the positive side of filtering information upward; on the other hand, they can create distortions in upward communication. Formal communication channels also make communication inflexible, as an employee is more likely to communicate with another employee from the same department. However, communication has a positive side as it will increase the communication intensity among employees in the same section.

2. Authority Structure

Differences in status and power within the organization will determine who is allowed to talk to whom. If the difference in status and authority between two parties is large enough, communication tends to be ineffective. For example, the President Director of an organization will find it difficult to talk freely with their gardener. The chances of the two of them discussing something important are slim. Small talks are the ones that might occur between the two.

3. Work Specialization

Work specialization makes communication more effective between members of the organization in the same section. Each section has a distinct habit or term that sets it apart from the others. Conversely, work specialization will tend to hinder communication between different sections because different sections have different terms or habits.

4. Information Possession

Certain people will have certain information that helps them be successful. For example, a salesman may have excellent selling techniques, a production manager may have developed a very efficient production layout, and a research manager may have information on a potential new product. These people may not wish to share such important information with others. Therefore, effective information sharing is disrupted.

F. INFORMATION NETWORKS IN ORGANIZATIONS

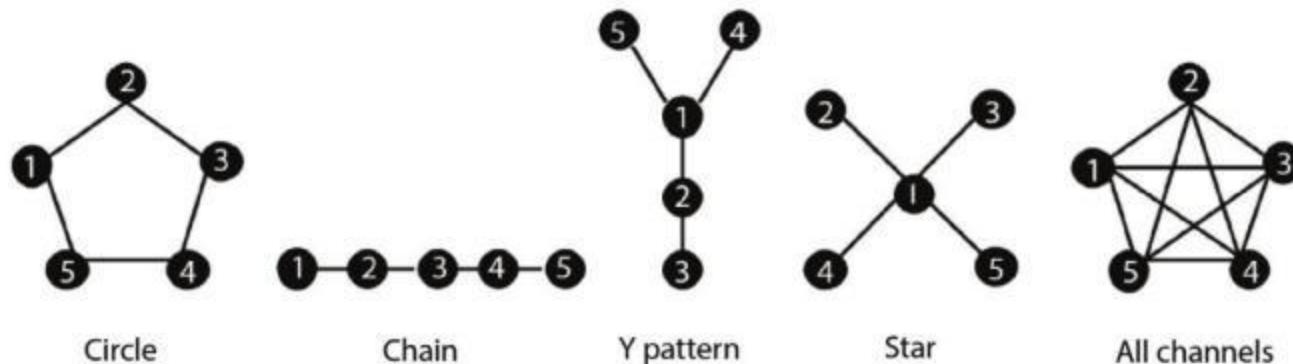
Information networks reflect the patterns by which members of an organization communicate with each other. Organizations can influence such communication patterns. For example, an organization is likely to have a rigid communication network where subordinates can only report to their immediate superiors. This pattern has the benefit of helping managers reduce information overload while maintaining their status and power. Another communication pattern is more flexible: subordinates can communicate with others at all levels of the organization. This pattern has the benefit of allowing the flow of information to move smoothly within the organization. University research and development departments often use such a pattern.

1. Communication Network Patterns

In addition to such information networks, group dynamics generate diverse information networks. Practical networks are informal and managers do not have full control over them. A study using five people tested several communication network patterns:

- a. circle/wheel;
- b. chains;
- c. Y pattern;
- d. star;
- e. all channels.

Figure 7.7 below shows the four patterns.



Source: Griffin, 2016

Figure 7.7
Communication Network Pattern

The order of communication patterns from most centralized to most decentralized is: (1) star, Y pattern, chain, circle, and all channels. In the star pattern, 1 is the center of information. The 1 is usually the group's leader, and 4 must pass through 1 when communicating with 3. This is the most centralized communication pattern. The Y form of communication is more decentralized because 1 and 2 (two people) become information centers. The most decentralized form is the all-channel form. In such a form, it is not clear who is the leader because of the more democratic structure. The effectiveness of these communication patterns varies according to the type of work being done. If the type of work is simple and routine, the centralized network (star shape) will be more effective. The work can be done quickly and efficiently, and the flow of information will be more accurate. On the other hand, job satisfaction in this kind of structure is lowest because not all parties participate equally in the communication pattern (except for 1 who is the center of information).

If the work is complex and non-routine, a more decentralized communication pattern is more effective. In such patterns, interaction or communication between members is smoother, and smooth communication is necessary to complete more complex work. Job satisfaction in such patterns is greater. Managers need to understand communication network patterns in order to design communication patterns that can increase work effectiveness.

2. Grapevine Communication Pattern

Another type of informal communication network pattern is the grapevine. It appears in organizations and can be found at all levels of the organization. A well-informed person will be an important part of several (not just one) of these grapevine communication patterns. They develop across rank boundaries within the organization and in all directions (vertical, horizontal, and diagonal). Grapevine patterns are not a formal communication channel, but sometimes they can overpower formal

communication channels. Information can spread faster and more powerfully through the grapevine network. Managers can take advantage of the grapevine network, for example, by deliberately leaking certain information that they want to spread to the grapevine network so that it can spread quickly. People who have an important role in the grapevine have information they want to leak.

The two most common grapevine patterns are the gossip pattern and the cluster pattern. Other patterns can also be seen below: one-way and probability patterns. Gossip patterns arise when one person spreads information by telling several people. Such a situation arises when the information is interesting, but not work-related. The cluster pattern occurs when a person gives certain information to several people, and then some of those people spread it to several other people while other people keep the information to themselves. Usually, the cluster pattern is the most dominant pattern in an organization. There is usually a well-informed person in an organization and that person will try to spread all the information to a few people he trusts. The information is likely to be work-related, interesting, and timely. Stale information will not be shared because it will give the impression that the person is not well-informed.

A one-way flow pattern occurs if a person tells information to another person, then that person tells another person, and so on.

This kind of network tends to be inaccurate in conveying information. The information that reaches the last person will already have changed. A probability pattern occurs if someone who has information spreads the information to several people randomly. Then the people who were told spread the information they got randomly to other people. If the information is somewhat interesting but not important, a probability pattern will occur to spread the information.

How accurate is the information delivery of the grapevine model? If the information is based on facts, the grapevine pattern tends to be accurate. Studies show that about 75–95 percent of information is conveyed accurately through the grapevine pattern. Grapevine or informal information networks cannot be fully controlled by managers, but they do not have to be eliminated. Managers can utilize these networks for the benefit of the organization. Open communication patterns can be developed to counter informal information networks if they become uncontrollable. Managers should also be active enough to correct incorrect information that develops through informal channels. Managers, through the grapevine, can get hold of a key person who likes to spread information. That person then provides the information they want to spread. The information will then be spread according to the manager's wishes.



Exercise

To understand the material above, please complete the following exercise!

In an internal company meeting, all managers attended the meeting to discuss various issues related to a new product launch that was not very successful in the market. However, the meeting could not generate a decision because each manager had a different opinion about the matter. The marketing manager disagrees that his department is to blame, the finance manager mentions that there is no problem in the promotion fund, the operations manager expresses a different opinion. As general manager, you understand that communication is not working effectively in the meeting. In terms of how it appears, explain your answer!

Key Ideas for Exercise Answer

The answer can be found in Learning Activity 2 in the section on other factors that affect communication effectiveness in organizations.



Summary

The work of managers is inseparable from communication. Therefore, understanding communication is important. A simple communication model consists of a sender, message, and receiver. A complete communication model consists of sender, encoder, intermediary, decoder, and receiver, as well as distraction and feedback. Managers need to understand the barriers to effective communication. Differences in perception and inconsistent nonverbal communication are examples of barriers to effective communication. Managers need to improve communication effectiveness through improvements in the sender and receiver, the relationship between the sender and receiver, and eliminating distractions from the environment. Communication in organizations includes vertical, horizontal, and lateral communication. Managers also need to understand other factors that determine the effectiveness of communication in organizations. Information networks in organizations take several forms: circles, chains, Y patterns, stars, and all channels. Informal communication networks can also develop grapevine patterns.

TERMS INDEX

Communication Model
Encoding
Decoding
Feedback
Distraction

Horizontal Communication
Lateral Communication
Information ownership
Information Network
Circle Pattern

Communication Media	Star Pattern
Selective Perception	Y Pattern
Perception Organization	Chain
Pattern	Work
Information Overload	
Grapevine	
Vertical Communication	Gossip Pattern Cluster Pattern



Formative Test 2

Choose the correct answer!

- 1) The process of translating information into certain symbols that will be conveyed to the recipient of information is called
 - A. encoding
 - B. decoding
 - C. feedback
 - D. gangguan

- 2) The most centralized communication pattern is
 - A. star
 - B. Y pattern
 - C. circle
 - D. all channels

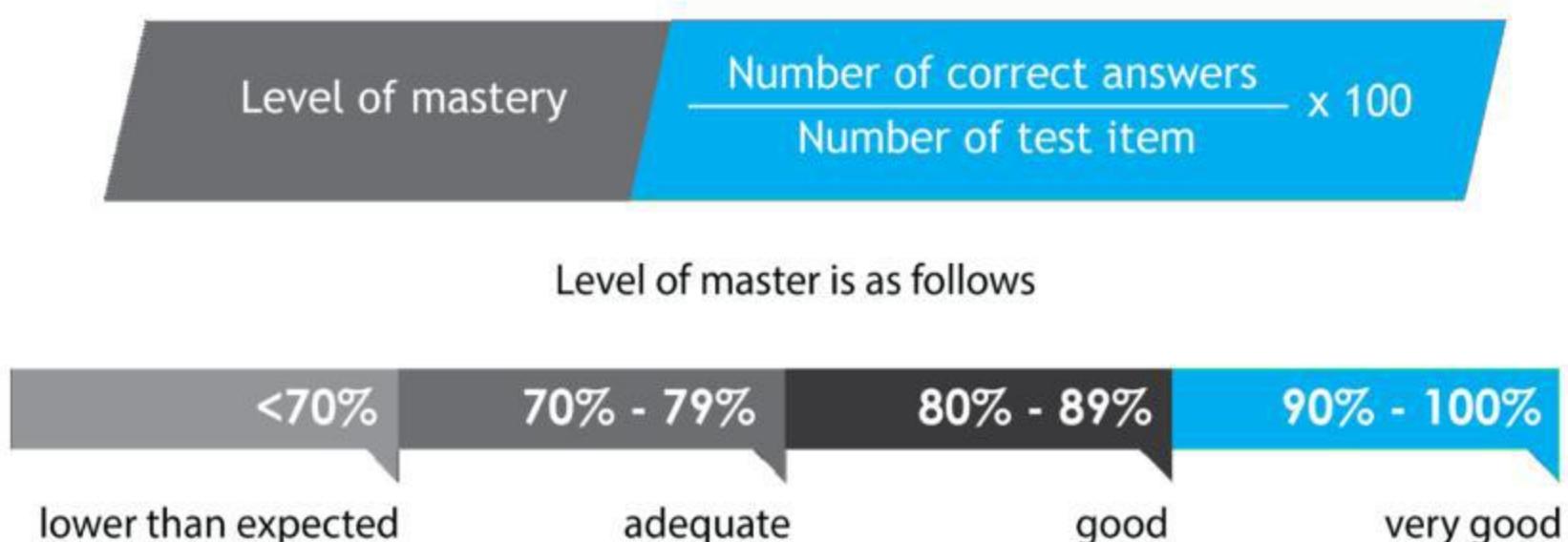
- 3) The tendency in which we tend to interpret incoming information in accordance with our wishes is referred to as
 - A. selective perceptual
 - B. stereotype
 - C. perceptual organization
 - D. information overload

- 4) Grapevine communication pattern
 - A. is an example of formal communication pattern
 - B. should be eliminated in organizations because it will disrupt the organization
 - C. created by managers as an alternative communication pattern
 - D. an informal communication pattern that managers can utilize

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- 5) Communication that occurs by following the flow of work in an organization is called
 - A. horizontal
 - B. vertical
 - C. lateral
 - D. functional
- 6) If the work is quite complex and not routine, the most effective communication pattern is
 - A. star
 - B. chain
 - C. circle
 - D. all channels
- 7) A successful salesman has a powerful selling technique. However, he is unwilling to share these techniques with his friends. Even though it will actually help the development of the organization. This symptom is a breakdown in communication called
 - A. formal channels
 - B. work specialization
 - C. authority structure
 - D. information ownership

Use key answers for Formative Test 2 which is located at the end of this module to determine the correctness of your answer. To make sure your mastery of the learning materials use the following formula.

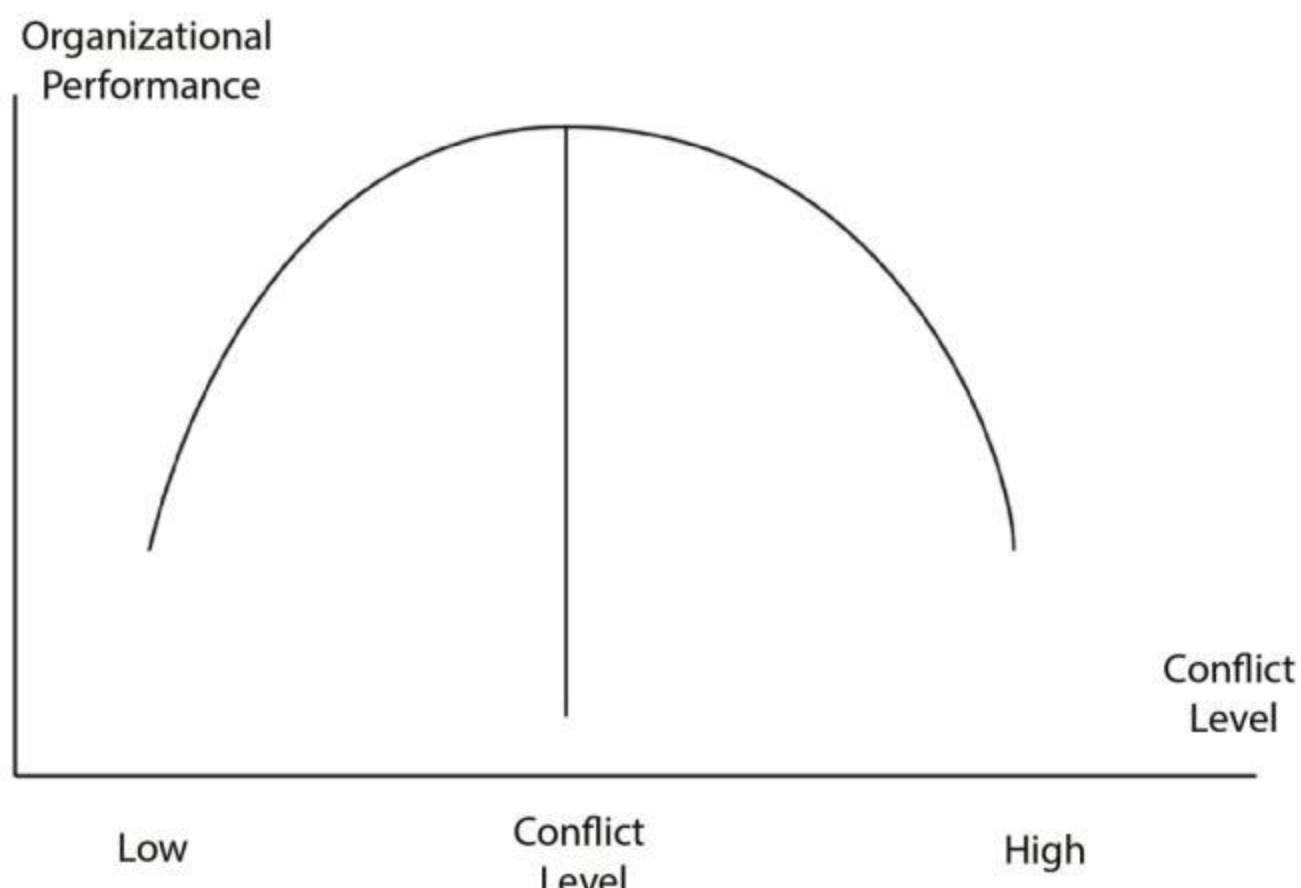


When you attain level of mastery 80% or more, very good, you may continue to Learning Activity 3. Otherwise you have to review the material of Learning Activity 2. Pay attention to parts which you don't master yet.

Learning Activity 3

Conflict Management

Relationships between individuals in organizations can lead to conflict. Conflict is a disagreement between two or more members of an organization or group. This learning activity discusses conflict in groups or organizations including its characteristics and conflict management. Conflict is usually seen as something to be avoided. But a new view regards conflict as something to be managed. Healthy conflict can increase productivity. Having no conflict is unhealthy as it kills creativity, while excessive conflict is also unhealthy as it tends to be destructive. Figure 7.8 illustrates the relationship between conflict and organizational performance.



Source: Arranged by the Author

Figure 7.8
Relationship Between Achievement and Conflict

The figure shows that if the level of conflict in the organization is low, the performance of the organization tends to be lower. At this level, managers may emphasize compliance and uniformity among organizational members. As a result, new

ideas, the spirit of change, and organisational member dynamics are rarely seen. The organization tends not to grow much. If the conflict becomes too big (moves to the right), the performance of the organization will also decline. Too much conflict will drain the energy and resources of the organization so that the achievement of organizational goals is hampered. In this condition, organizational members fight with each other, wanting to achieve their own goals and ignoring organizational goals. If managers can keep the level of conflict at an optimal level, organizational performance will reach its peak. In this condition, differences of opinion and debates among organizational members will actually increase the dynamics of the organization, and help the effectiveness of decision-making. The manager's job is to manage conflict in the organization so that conflict will become an organizational "resource."

A. TYPES OF CONFLICT

Based on the scope within the organization, conflicts can be grouped into:

(1) interpersonal conflict, (2) intragroup conflict, (3) intergroup conflict, and (4) interorganizational conflict.

1. Interpersonal Conflict

Interpersonal conflict is a conflict between people in an organization. This conflict arises because there are differences in views or opinions between individuals in an organization. For example, one manager wants a more aggressive marketing strategy, while another manager wants a more conservative marketing strategy. Another example: one manager wants a limited CSR (Corporate Social Responsibility) program as regulated by the law or existing regulations, while another manager wants a more aggressive CSR program.

2. Intragroup Conflict

This is a conflict that occurs within a particular group, team, or department. For example, a disagreement occurs within the marketing department. One manager wants more advertising, while another wants less advertising and more direct promotion. A disagreement also occurs in the finance department. One person wants to borrow from the bank, while another wants the borrowing reduced and replaced with a new share issue.

3. Intergroup Conflict

This is a conflict that occurs between departments, groups, or teams. For example, during an economic recession, the finance department wants to tighten the budget by cutting the promotion budget, while the marketing department wants to increase the promotion budget because it sees the recession as an opportunity to penetrate the market, especially when its competitors are sluggish due to the recession.

4. Interorganizational Conflict

This conflict is a conflict that occurs between organizations. For example, a company is in conflict with an environmental non-governmental organization (NGO). The NGO accuses the company of environmental destruction while the company argues that it has taken the necessary actions to prevent environmental damage.

B. CAUSES OF CONFLICT

Conflict in organizations can be caused by the structure or design of the organization, or other causes related to individuals or groups.

1. Dependency

Dependency, while enhancing coordination, is also a potential source of conflict. The previous learning activity discussed three kinds of dependencies: pooled, sequential, and reciprocal. All three have the potential to increase conflict. Let's take an example of sequential dependency in an assembly line production process. If the first group gives too much work to the second group because the second group is lagging behind, there will be conflict. Likewise, if the first group gives too little workload, which causes the second group to wait, or if the first group produces poor quality results, the production process by the second group is disrupted.

2. Differences in Objectives

Departments or groups within an organization have different goals, which are not always consistent with each other. For example, the marketing department has the goal of selling a large variety of goods, while the production department prefers standardization to lower production costs. This kind of goal conflict can also be caused by differences in evaluation and compensation systems. Differences in performance evaluation systems within the organization can cause conflicts between organizational members. For example, the finance department is considered successful if it can make budgets more efficient, while the marketing department is considered successful if it can launch more varied products. Of course, the launch of varied products will require more company funds, which will be against the wishes of the finance department. Conflict will occur between the finance department and the marketing department.

3. Resource Competition

Resources are usually limited, and therefore interested parties will compete for these resources. In some organizations, such as government agencies or companies that are in decline, the problem of limited funds is quite pronounced. Parts of the organization will compete for these limited funds.

4. Interpersonal Dynamics

Personal interactions can lead to conflict. If two people have different motivations or dislike each other for some reason, conflict will occur. Junior managers may not have enough patience to learn the history of the organization, while senior managers consider it important to learn the history of the organization. Some managers are so competitive and aggressive that they cause conflict with low-profile managers, or conflict will occur because they want a certain position.

5. Overlapping Authority

If there is an overlap of authority, the possibility of conflict will be greater. In this condition, two or more parties will feel that they have the right to manage something, leading to conflict between these parties. For example, in ancient times, there were often wars between heirs to the royal throne, especially if the crown prince had not been appointed. The king's sons felt they had the right to inherit the kingdom. Therefore, conflicts arose between the king's sons and could lead to war.

6. Others

There are many other causes of conflict. For example, differences in status can lead to conflict. Suppose in an organization there is a manager who is young in age but has subordinates who are old and experienced in the company. The manager's status is higher than the employee's, but the subordinate has seniority. There is a potential for conflict in such a situation, where the manager's orders may not be properly implemented by his subordinates.

C. CONFLICT MANAGEMENT

Conflict can be encouraged, reduced, or resolved. Here is an explanation of all three.

1. Encouraging Conflict

Healthy conflict is necessary in an organization. There are several ways to encourage conflict.

- a. Managers can encourage conflict by organizing competition, offering bonuses, or using other stimuli.
- b. Bringing in outsiders can also increase conflict, especially if the outside manager has different habits from those in the current organization.
- c. Another way is to change established procedures. For example, the manager announces that prospective employees must go through his or her written recommendation. This reduces the authority of the personnel manager and thus creates conflict.

- d. Restructuring the organization by changing departments. A change in department and authority structure can create a period of uncertainty and adjustment. Conflicts arising during this period can improve operations as changes are made to adjust to the new environment.
- e. Changing the information network can encourage conflict. For example, if the current information network consists only of old people and then managers introduce new people into the network, conflicts will arise. Subordinates who are given sufficient information about the appraisal system will critically question the evaluations made by their superiors. He will no longer passively accept the evaluation.
- f. Choosing the right manager. Authoritarian managers will kill conflict. But less authoritarian managers can encourage conflict. Thus, it is necessary to find the right manager for a group who is able to encourage healthy conflict.

2. Reducing Conflict

Managers usually pay more attention to efforts to reduce conflict than to encourage conflict. Conflict reduction aims to cool down the situation, although it does not solve the source that drives the conflict. Several methods can be used to reduce conflict.

- a. Increasing contested resources can reduce conflict, of course, if the organization has sufficient resources.
- b. Managers can replace the goals that are the source of conflict with higher goals that are acceptable to the conflicting parties.
- c. Include an "enemy" who can unite the conflicting parties. When the organization's employees ask for a salary increase, while the economic situation is not favorable, managers can remind them that the organization must be efficient and one way to make the organization efficient is to control workers' wages. Otherwise, competitors will destroy the organization.
- d. Coordination can be done to reduce conflict. Techniques for coordination include departmental integration, the use of procedures and rules, and the use of managerial hierarchy.
- e. Management of interpersonal dynamics is another way to reduce conflict. For example, if there are two employees, one enjoys smoking and the other hates it, the manager can separate the two from being in the same room.

3. Resolving Conflict

There are three types of resolution: dominance or suppression, compromise, and integrative approach.

a. Dominance

Dominance is characterized by: (1) suppressing the conflict instead of resolving it so that it no longer appears on the surface; (2) producing a win-lose situation where the losing party is forced to give in, therefore feeling let down. Here are some examples of dominance.

- 1) Suppression (forcing), this way the manager makes a certain decision, for example, in budget issues the manager determines the budget allocation and forces the parties involved to accept the budget.
- 2) Smoothing is a more diplomatic method of communication. Managers try to minimize the scope and importance of disagreements and try to talk one of the parties into relenting. If the manager has sufficient information and strong arguments, this approach can be taken. If the manager appears to be defending one side, the losing party will antagonize the manager.
- 3) Avoidance. The manager refuses to deal with or feigns ignorance of the conflict. This approach creates dissatisfaction, but managers can delay taking actions until they have enough information regarding the conflict.
- 4) Majority rules. Conflicts are resolved by voting. If the vote is perceived as fair, the conflict can be resolved. But if one side always wins, the losing side will feel dissatisfied.
- 5) Accommodation. Accommodation is made if one party to the conflict is willing to fulfill the wishes of the other party. Accommodation usually occurs when one party has more bargaining power than the other. Accommodation may not be an effective solution because there is no cooperation between members. The possibility of revenge from the 'defeated' party or reluctance to cooperate again in the future can occur.
- 6) Competition. In competition, each conflicting party is allowed to achieve its own goals, without regard to the interests or goals of the other party. Competition will naturally produce a winner. However, competition has its drawbacks. Excessive competition can have negative consequences for the company because each party only focuses on its own goals and forgets the goals of the organization.

b. *Compromises*

Compromises are made to find a middle ground that is acceptable to the conflicting parties. It keeps conflicting parties from feeling frustrated or let down, even if neither party is fully satisfied. This is possible if each interested party is not only focused on his or her personal goals but is also willing to achieve the goals of the other party. Each party is willing to give and take and is willing to tolerate the other until the best solution is found. Although it seems that such a method is quite good for the individuals involved, from an organizational point of view, this method has a disadvantage because, in compromising, the results tend to be suboptimal (not optimal). The following is a description of the forms of compromise.

- 1) Separation. The parties involved are separated until they agree on a solution.
- 2) Arbitration. The conflicting parties submit the problem to a third party to resolve the issue.
- 3) Random resolution (by chance). Solving is done when the conflict is not too big. An example of this method is by throwing coins, if a number comes out, a certain party wins.

- 4) Return to the applicable rules. The rules that apply in the organization are used to resolve conflicts.
- 8) Compensation (bribing). One party receives compensation for giving in.

c. *Integrative Approach*

With this approach, intergroup conflicts are transformed into joint problem-solving situations that can be resolved with problem-solving techniques. Problem-solving techniques. The parties involved in the conflict are brought together and asked to discuss the best solution. Managers who encourage the exchange of information and free discussion and emphasize the mutual benefits that will be obtained from the optimal solution have a high probability of obtaining an integral solution. Three types of integral solutions.

- 1) Consensus. The parties involved are brought together and then discuss the best solution, not a solution that does not favor either party. Consensus usually offers a better solution than individual solutions. Managers should be wary of premature consensus as the parties involved may just want the discussion to be over quickly rather than looking for the best alternative.
- 2) Confrontation. In confrontation, conflicting parties are confronted and asked to state their opinions directly to each other. The reasons for the conflict are then analyzed and with a willingness to accept a solution, a rational alternative can be sought.
- 3) Higher goal setting can also be used in this approach if it can incorporate conflicting lower goals. For example, in a university, two faculties compete for research funds. Then the leadership sets a common goal, such as having staff from the two faculties develop a joint research proposal and obtain more funding. In this example, the approach also increases organizational cohesiveness.

D. STRATEGIES FOR MANAGING CONFLICT: INDIVIDUAL AND ORGANIZATIONAL FOCUS

If conflicting parties can work together to resolve the conflict, the organization has a greater chance of benefiting from the resolution of the conflict and can achieve organizational goals more effectively. Conflict management strategies can be developed to maximize the likelihood that conflicting parties will cooperate. These strategies include individual-focused coping strategies and organization-focused coping strategies.

1. Individual-Focused Strategies

Individual-focused conflict management strategies can be done through (1) increasing awareness of the source of conflict, (2) increasing awareness of diversity and improving skills to manage diversity, (3) providing job rotation and temporary assignments.

a. Raise awareness of the sources of conflict

Sometimes, the cause of conflict stems from trivial things, such as misunderstandings of language or terms or differences in management styles. For example, the finance manager may use technical financial terms that are not easily understood by the marketing manager. Because of the difference in terms, a misunderstanding occurs. If confirmation is done, it is very likely that the misunderstanding and conflict can be eliminated. If the members of the organization have good conflict source awareness, they will be aware of the potential for such misunderstandings. Therefore, organizational members will always confirm or equalize perceptions before concluding something.

b. Increase awareness of diversity and improve skills to manage diversity

Diversity also creates the potential for conflict. For example, a manager from the United States who is loud and talkative will look different from, say, a manager from Indonesia who is quieter and less talkative. Such differences in style are likely to create potential conflict. US managers like going to bars to celebrate company performance, while Indonesian managers dislike going to bars. The top management group may be dominated by men. Suppose there is one woman in the group. The female manager may feel uncomfortable, leading to potential conflict. For example, the female manager may feel uncomfortable with the male manager's jokes that are offensive to women. To overcome this, managers need to have more diversity skills. Diversity skills are the ability or sensitivity to diversity. For example, if the marketing manager understands that there are foreign terms used by the finance manager, he will not immediately consider the finance manager as a source or threat of conflict. The marketing manager will clarify. For example, an organization uses Indonesian and US managers who have different styles. The Indonesian manager might learn the US culture so that he can understand the US manager's behavior. The US manager will also do the same so that sensitivity to local culture or diversity between communities becomes better.

c. Provide job rotation and temporary assignments

Job rotation is expected to allow members of the organization to gain experience and viewpoints from different perspectives. As an illustration, let's say an Indonesian company has a branch in the jungles of Kalimantan, where road conditions and infrastructure are still very poor. Shipments of goods from the branch to Jakarta are usually always late. The Jakarta manager criticizes the delay. Through job rotation, the Jakarta manager can be assigned to the Kalimantan jungle. After serving there and getting to know the conditions, he can realize that the conditions in the field are indeed very tough, causing frequent delays. Through job rotation, managers are expected to have empathy so that sources of conflict can be reduced.

2. Organization-Focused Strategy

This handling strategy is focused on handling at the organizational level. This strategy can be done by changing: (1) organizational structure, (2) cultural structure, and (3) the source of the conflict.

a. *Changing the organizational structure*

The source of conflict can come from the organizational structure. In other words, conflict may signal that the old organizational structure is not optimal and a new one needs to be created. For example, a company is organized based on corporate functions. In the company, there are a marketing department, a finance department, a production department, and an HR department. In its development, there are often conflicts between departments. The marketing department requests more funds from the finance department and requests a production system that can produce a wider variety of products from the production department. The finance department is reluctant to provide additional funds. The production department preferred less variety and increased standardization. The conflict might be resolved by changing the organizational structure from functional to product-oriented. The company is grouped into consumer products and industrial products divisions. Each division has four such departments. Through this structure, the departments will be forced to communicate and focus on the same goals.

b. *Changing culture*

Cultural differences between members of the organization can cause conflict. Organizations can design structures that reduce conflicts due to these cultural differences. As an illustration, a bank is a merger between several banks. Although a single bank has been formed, employees still carry the culture of their original bank. Grouping within the bank based on the origin of the bank also still occurs. To reduce the cultural conflict, the bank can design new values and symbols and even organize the recruitment of fresh personnel who no longer carry the culture of the old bank (because they are recruited directly after graduating from college). In a company that has foreign managers and local managers, the organization can form a working team consisting of foreign managers and local managers. These managers will be forced to communicate and focus on common goals. Companies can also organize programs to increase sensitivity to other people or cultures. For example, outbound programs are often used to break the rigidity in the organization. After the outbound program was launched, the communication and tolerance of the organization's members improved.

c. *Changing the source of conflict*

Organizations can reduce conflict by changing the source of conflict within the organization. For example, there is an overlap of authority in the organization that leads to conflict between managers. One manager often goes into another manager's territory, and vice versa. The conflict can be reduced by defining a clear job description that regulates the authority of each. Another example is when a subordinate has two superiors. Often, the two superiors are at odds over the same subordinate. The organization can reduce the conflict by reformulating the organizational structure and chain of command so that the subordinate has clear duties and superiors.

E. NEGOTIATION TO MANAGE CONFLICT

1. Negotiation and its Characteristics

Negotiation is a process in which two parties meet and communicate through various communication media to resolve a conflict. We often see negotiation in our daily lives. Some purchase transactions allow the buyer to negotiate with the seller. Students will negotiate between themselves to determine a travel destination. Negotiation is one way to solve conflicts that occur in organizations. In negotiations, the conflicting parties will come up with alternatives to resolve the conflict. Negotiations can be conducted directly between the conflicting parties. Negotiations can also be carried out by involving a third party as a mediator. Negotiations can also be conducted by involving an Arbitrator (such as the National Arbitration Council). The Arbitrator acts as a mediator between the conflicting parties. The arbitrator's decision is binding, in which case the conflicting parties must abide by it.

Negotiation situations have three characteristics.

- a. There is a conflict of interest between two or more parties. The wishes of one party are not necessarily the same as those of the other party.
- b. There are no standardized rules or procedures for resolving the conflict, or the conflicting parties choose to resolve the conflict outside of the standardized set of rules or procedures. They want their own solution, which may differ from the standardized rules.
- c. Interested parties prefer to seek agreement rather than open war (at least for now).

Negotiation is a complex process. Many factors determine its success, such as the communication process, the content of the offer, the response to it, the dependency and trust between the negotiating parties, values, and the social environment. To illustrate, if the two negotiating parties do not trust each other, it is unlikely that the negotiation will be successful. If the person negotiating has a high temperament (emotional), then the success of the negotiation will also be smaller. Managers need to have negotiation skills because the manager's job will involve a lot of negotiation. One of the manager roles proposed by Mintzberg is that of a negotiator. Managers will negotiate with employees, labor unions, governments, suppliers, and many other parties related to the company.

2. Types of Negotiation

There are two basic types of negotiation, namely (1) distributive negotiation, and (2) integrative negotiation. The following is the difference between the two.

a. *Distributive negotiation*

In this type of negotiation, the conflicting parties believe that the outcome (the "bread") is fixed, independent of the outcome of the negotiation. Thus, the conflicting parties will fight over the fixed "bread." Each party attempts to maximise its own

interests while minimising the interests of the other. The parties are confident that they will not meet again in the future and therefore do not care if personal relationships are damaged after the negotiation. A distributive negotiation situation can be described as a win-lose situation, where one party wins and the other party loses.

b. *Integrative negotiation*

In this type of negotiation, the conflicting parties believe that the outcome (the "bread") can improve if there is a better solution. An integrative negotiation situation is a win-win situation. Since things can get better, the conflicting parties will be willing to work together for a better outcome. The negotiation atmosphere will be more conducive, and communication will be more open. Conflicts will be managed by collaboration or compromise.

3. Strategies to Promote Integrative Negotiation

Both basic types of negotiation will exist in every organization. They are polar extremes to each other. In every negotiation, there will always be dimensions of integrative negotiation and distributive negotiation. Such conditions are natural. Negotiators can increase the integrative dimension or decrease it depending on their needs. For example, if collaboration will produce more benefits and the opposing party can be cooperated with, and the nature of the cooperation can be long-term, then the integrative dimension can be increased. In other situations, the distributive dimension may be more dominant. For example, suppose the nature of the collaboration is one-off. In this situation, the distributive dimension may be increased. What is more important is to maintain the stability of the negotiation process. In other words, the negotiation needs to be maintained until it is completed. Since integrative negotiations generally yield more benefits than distributive negotiations, managers may try to encourage integrative negotiations. There are several strategies to encourage integrative negotiations: (1) emphasizing superordinate goals; (2) focusing on the problem; (3) focusing on common goals.

a. *Focusing on big goals*

Big goals are those that are higher in hierarchy compared to smaller goals. To illustrate, let's say the marketing manager is in conflict with the finance manager. The marketing manager wants a bigger budget, while the finance manager wants to tighten the budget. The negotiator may be able to incorporate the larger goal, which is the corporate goal. The company goal can subordinate the goals of each department. The company goal might be formulated as "to earn a healthy and sustainable profit". The two managers can then negotiate by forgetting the goals of each department and focusing on the company's goals. Unions and management are often in conflict. The union wants a raise, while management wants efficiency (cost reduction). Negotiators can incorporate the company's goals of making a profit and improving employee welfare. A solution that can be offered is a fixed salary, but increased bonuses from company profits.

b. Focusing on the problem

Conflicting parties focus on the problem or source of conflict and ignore other irrelevant matters. For example, suppose two parties are negotiating. One person has a thin body and a weak voice. The other is well-built and has a loud voice. The latter would be tempted to use his advantage (loud voice) to pressure the other party.

However, such an approach may not be counterproductive; if both focus on problem-solving, the outcome will be more productive.

c. Focusing on a common goal

A common goal can unite the interests of conflicting parties. It is very likely that in a negotiation process, at first, the two conflicting parties do not realize the existence of common interests. If a common interest can be formulated, integrative negotiations will be easy to conduct.

**Exercise**

To understand the material above, please complete the following exercise!

Two friends, Mr. Ali and Mr. Yuda, founded a software company. Both founders are computer programmers in their 20s. Each of them received 50% of the shares. In the course of time, the two of them often quarreled, differing in opinion on many things. Then Mr. Yuda developed symptoms of illness that prevented him from fully working for the company. This triggered Mr. Ali's displeasure because he felt he was working harder. Mr. Ali felt that he deserved a bigger share, for example, 70% and 30%. Along the way, the company grew rapidly. The conflict between Mr. Ali and Mr. Yuda has escalated, jeopardizing the continuity of the company.

Suppose you were asked to mediate between the two, how would you manage the conflict? What form of negotiation would you suggest? Integrative or distributive? How would the wealth be divided? Can Mr. Yuda still manage the company or not?

Key Ideas for Exercise Answer

Read the section on negotiation. There are several types of negotiations. Then analyze the backgrounds of the two and their friendship. You can make your own assumptions. With that background, you can formulate a negotiation design that can work well.



Summary

This learning activity discusses conflict and conflict management. Conflict is a disagreement between two or more members of an organization or group. Conflict can arise within and between groups. The new view tends to manage conflict so that it can be used to drive organizational performance. Conflict management includes encouragement, reduction, and resolution. With an integrative approach, conflict is transformed into a common problem, which is then solved using problem-solving techniques. Conflict management strategies can be implemented at the individual and organizational levels. Negotiation can be used to manage conflict. Negotiation is a process in which two parties meet and communicate using various communication media to resolve a conflict. There are two basic types of negotiation: distributive negotiation and integrative negotiation. Every negotiation has these two dimensions. Managers need to keep the negotiation process stable by changing the dimensions of the negotiation. Since integrative negotiations generally generate more value, managers need to push negotiations toward the integrative negotiation type.

TERMS INDEX

Optimal level of conflict	Types of
Conflicts Domination	Compromises
Integrative	Negotiation
Distributive Negotiation	Integrative Negotiation



Formative Test 3

Choose the correct answer!

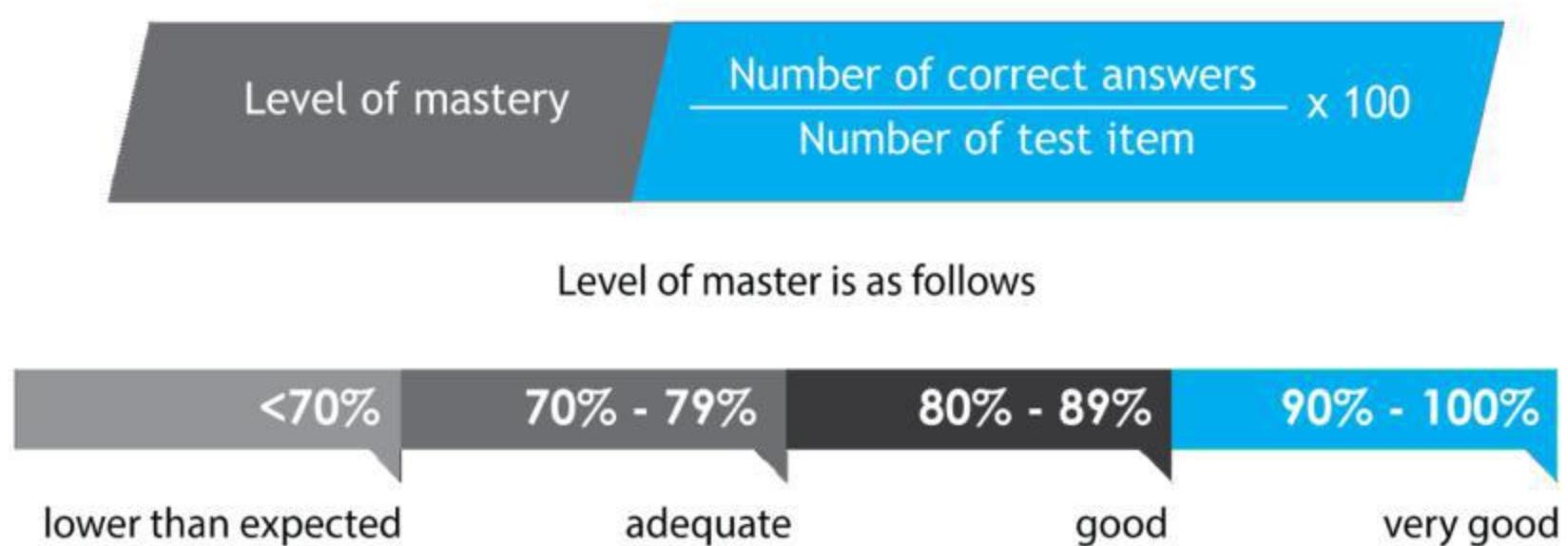
- 1) In a sequential production line, the first group overloads the second group, resulting in conflict. The cause of the conflict is categorized as
 - A. dependency
 - B. goal differences
 - C. interpersonal dynamics
 - D. overlapping authority

- 2) The new view of conflict is
 - A. should be eliminated because it can hinder organizational goals
 - B. enhanced to make the organization dynamic
 - C. managed to obtain the optimal level
 - D. left to develop naturally

7.54 Motivation, Communication, and Conflict Management

- 3) Assembly line production is a source of conflict due to
 - A. *sequential dependency*
 - B. pool dependency
 - C. goal differences
 - D. resource competition
- 4) Raising awareness about the source of conflict is a conflict management strategy that focuses on
 - A. organization
 - B. assignment
 - C. functional
 - D. individual
- 5) The finance department is often in conflict with the marketing department. The possible solutions are to
 - A. create an organizational structure based on company functions
 - B. encourage further specialization of the two departments
 - C. allow the conflict
 - D. create an organizational structure based on products
- 6) A win-win solution type of negotiation is called an ..., negotiation.
 - A. integrative
 - B. distributive
 - C. equilibrium
 - D. natural
- 7) Suppose I am negotiating. I believe that the cooperation is short-term and I don't know my opponent very well. A more appropriate negotiation would be one that is
 - A. distributive
 - B. integrative
 - C. equilibrium
 - D. natural

Use key answers for Formative Test 3 which is located at the end of this module to determine the correctness of your answer. To make sure your mastery of the learning materials use the following formula.



When you attain level of mastery 80% or more, very good, you may continue to the next module. Otherwise you have to review the material of Learning Activity 3. Pay attention to parts which you don't master yet.

CASE**UK's McDonald's (McD) Motivation Program**

McDonald's is a fast food restaurant that serves a relatively limited menu of burgers, fried chicken, potatoes, and drinks. McD's operates over 35,000 restaurants in over 100 countries around the world. McD serves 70 million customers every day, more than the population of France. In the United States, McDonald's has a 17% share of the fast food restaurant market. McD has about 1.9 million employees worldwide. In the UK, McD has around 100,000 employees, including its franchised restaurants. In the UK, there are about 1,200 restaurants, of which 2/3 are franchises and 400 are owned by McDonald's itself. The average McDonald's employee is under the age of 25, and the gender ratio is nearly equal.

McDonald's strives to develop an incentive system that encourages motivation at work. For example, every month, all employees in the top 10% of the restaurant will receive a bonus based on the score of a mystery shopper. The mystery customer poses as a regular shopper but provides feedback on the employee's service. The restaurant manager is also entitled to a quarterly bonus based on three factors: the score from the mystery shopper, sales growth, and profit. The management team is brought together as a team, motivated to achieve company indicators, and compensated for doing so. The team will always be challenged to provide the best service because they don't know when the mystery customer will arrive.

McDonald's ensures that desired employee behaviors are recognized, and it also ensures that the frequency of recognition and rewards suits the employee. For example, annual rewards do not recognize shorter dynamics. That's why McDonald's also offers monthly rewards. If the company only offered annual rewards, the effect would not be as pronounced. McDonald's also tries to understand the desires and values of employees. For example, long before there was a point system, there was a program that could be used for shopping using shopping catalogs. However, the shopping catalogue sold more furniture for the garden and home. 40–50% of the employees at McDonald's are young, ageing less than 21 years old. They didn't like the catalog. Many of them still live with their parents. They wanted something else. McDonald's rethought the program and eventually turned it into vouchers that can be spent in today's stores (e.g., Centro, H&M, etc.).

The employees were happy to be able to find the products they wanted.³

The UK McDonald's motivation programme scheme is shown below. It is comprehensive, covering many aspects of McD's activities.⁴

³ <https://employeebenefits.co.uk/issues/motivation-and-recognition-supplement-2013/mcdonalds-restaurants-built-on-motivation>, downloaded on December 14th 2019.

⁴ <https://employeebenefits.co.uk/issues/june-2015/mcdonalds-restaurants-puts-motivation-and-reward-at-heart-of-business-strategy>, downloaded on December 14th 2019.

Performance Recognition Scheme

1. Employee of the month for each restaurant.
2. Employee of the quarter for each restaurant.
3. Employee of the year (national winner).
4. Ray Kroc award for the best restaurant manager.
5. Holiday award for non-restaurant employees.
6. President's award for non-restaurant employees.
7. Service awards for all employees every five years, for five to 30 years of service.
8. Restaurant of the year.
9. Consultant of the year.

Incentive and Bonus Scheme

1. Monthly scheme for hourly paid employees.
2. Quarterly scheme for restaurant management team.
3. Annual scheme for office support departments.

Vacation

1. 28 days including public holidays for hourly paid employees.
2. 30 days including statutory holidays for salaried employees

More

1. All employees receive free meals at work.
2. Discount scheme for employees.
3. Emergency loan with 0 interest for salaried employees.

Pension

There are pension schemes for salaried employees and hourly paid employees.

Healthcare

1. Medical insurance for salaried employees after six months of employment and hourly wage employees after three years of employment.
2. Dental maintenance.
3. Vouchers for eye care.

Group Risk

1. Income protection (for salaried employees).
2. Accident insurance.
3. Life insurance.

Vehicle Facilities

Company cars are available for restaurant managers and staff of the same rank, as well as for employees with senior positions.

Family-Friend Benefits

1. Maternity policy for father and mother for salaried employees.
2. *Child vouchers.*
3. Flexible work model.
4. Job sharing
5. Eight weeks of paid vacation and remainder for salaried employees after 10 years of service.

McDonald's saw that the current motivation and recognition programs were quite diverse. The company wanted to simplify it so that it could have a more cohesive programme with better links. These programs are currently run by different parts of McD. To facilitate coordination, McD is considering assigning the programme to a single unit. Another issue is communication and measuring the effectiveness of the program. McD is thinking about how to communicate effectively so that it can reach all McD employees effectively. McD also wants to see the effectiveness of the program—which ones are effective (and can encourage high motivation) and which ones are less effective. So far, there is no measurement of effectiveness.

Discussion Questions

1. Evaluate and map the motivation program at McDonald's. If you were to simplify it, what would it look like? What would be combined, removed, or added? Who would be responsible for the program?
2. Design a communication and effectiveness measurement program so McDonald's can get feedback from the program.
3. If you were the manager of McDonald's Indonesia, which programs could or could not be included? Explain why!

Answer Key to Formative Test

Formative Test 1

- 1) C
- 2) A
- 3) D
- 4) D
- 5) B
- 6) C
- 7) B

Formative Test 2

- 1) A
- 2) A
- 3) A
- 4) D
- 5) C
- 6) D
- 7) D

Formative Test 3

- 1) A
- 2) C
- 3) A
- 4) D
- 5) C
- 6) A
- 7) A

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