

Module
06
Staffing

IEEKMA4116
Edition 1

Prof. Dr. Mamduh M. Hanafi, M.B.A.

Contents

Module 06	6.1
Staffing	
Learning Activity 1	6.5
Human Resources Management	
Exercise	6.22
Summary	6.22
Formative Test 1	6.23
Learning Activity 2	6.25
Organizational Changes	
Exercise	6.38
Summary	6.38
Formative Test 2	6.39
Learning Activity 3	6.41
Groups	
Exercise	6.54
Summary	6.54
Formative Test 3	6.55
Answer Key to Formative Test	6.61
References	6.62



Introduction

This module discusses the third management function, staffing. Staffing is the act of filling an existing structure or unit with personnel who will carry out tasks in accordance with the structure or unit. The essence of staffing is putting the right people in the right positions. The activity of managing human resources is often perceived as an activity that interferes with the work and contributions of individuals to the organization. They are often perceived as overly administrative. Employees are asked to fill in a lot of evaluation sheets, for example, SKP (Employee Work Objectives), when they are asked to fill in a complicated logbook. In the end, employees are left with less time to work. When economic conditions are good, the human resource staffing function is not considered important. When the economy is in trouble, the staffing function becomes important because companies will make stricter selections, motivate employees better, and lay off some employees. The staffing function suddenly becomes important. Ideally, the human resource staffing function should be an important part of the management function, which can optimize the contribution of human resources.

This module consists of two learning activities. Learning Activity 1 discusses human resource management (HRM). Traditionally, human resource management focuses on the recruitment of labor. However, the role of human resource management is broader than just recruitment. Human resource management manages human resources so that they contribute optimally to the organization. The discussion of human resource management in Learning Activity 1 covers the human resource management process, from human resource planning, recruitment, and selection, to promotion, transfer, demotion, and dismissal. Learning Activity 2 discusses organizational change. Organizations must be able to change according to changes in the environment. There are internal and external forces that require organizations to change. If the organization does not adapt to its environment, it may not develop or even shut down. The change process follows several stages so that change can occur effectively, namely unfreezing, change, and refreezing. The change includes several aspects such as strategy, structure, technology, and people. The next issue is organizational development. Organizational development is a planned change process, assisted by behavioral science consultants, to improve the organization's ability to solve problems and renew processes.

Learning Activity 3 discusses groups. A group is defined as a collection of two or more people who interact and influence each other to achieve a specific goal. There are two types of groups in organizations, namely formal and informal groups. Groups can be an asset as well as a burden to the company, depending on how the organization manages them. For example, informal groups that emerge in the company, such as routine recitation groups, can be an asset. The group can be used for, for example, the socialization of company programs. On the other hand, informal groups can also be a burden to the company. For example, suppose a group of Javanese people is formed.

6.4 Staffing

Then, the group becomes exclusive, using racial sentiments to inhibit others and the company. Organizations must be able to manage groups to help achieve organizational goals.

After studying this module, students are expected to be able to explain the following.

1. Classical view of organizational design.
2. The Neo-Classical view of organizational design.
3. Situational approach to organizational design.
4. Organization types based on function.
5. Organization type by product or market.
6. Matrix structure.
7. Coordination.
8. Decentralization and Centralization.
9. Classical view of authority.
10. Acceptance view of authority.
11. Line and Staff Authority.
12. Functional Authority.
13. Delegation of Authority.
14. Reporting Relationship.
15. Work Grouping (Departmentalization).
16. Some Approaches to Work Design.
17. Group Formation Model.
18. Reasons for Group Formation, such as physical proximity, economic motivation, social needs, self-esteem needs, and self-actualization.
19. Group development, from early mutual acceptance to maturity and slow development.
20. Types of groups: Formal and Informal.
21. Making more effective groups.
22. Group characteristics including leaders, roles, norms, cohesiveness, and conflict.
23. Advantages and disadvantages of group problem solving.

Learning
Activity

1

Human Resources Management

Resource management is becoming an increasingly important function in an organization. This is due to changes in the views of employees. If in the past employees were considered one of the production factors, similar to machines, and production costs, including employee salaries, tended to be suppressed to encourage efficiency, the popular view today considers employees as one of the partners in achieving organizational goals. Some of the following illustrations may illustrate the increasingly important role of employees.

Akio Morita, the founder of Sony, a highly successful Japanese electronics company, believes that the way Japanese companies treat their employees is the key to their success. One of the missions of Japanese company managers is to develop healthy relationships with employees, which creates a familial atmosphere in the company and gives the sense that managers and employees are destined to work together. Employees are treated as colleagues, not as tools to achieve profits that will be given to investors. In his view, the relationship with employees is more permanent than the relationship with investors. In return, the company expects employees to be loyal to the organization. Employees become important assets to achieve organizational goals. Many American companies seem to have adopted such a philosophy. Wal-Mart, an American retail company, refers to employees as associates (partners) instead of employees. This type of view is gaining popularity, not only because it can increase the competitiveness of the organization when employees can be expected to give their best to the organization, but also because it is in line with the view of management that values people more.

In addition to the changing views of employees, the increasingly important role of employees is also due to several reasons, such as increased competition, social changes, and changes in legislation. Table 6.1 below describes environmental pressures related to human resource management.

Table 6.1 describes some of the situations that force changes to human resource policies and practices. Increased competition leads to a higher level of commitment from employees and demands higher skills from them. Organizations that are unable to attract highly skilled employees will drown and fall behind their competitors. To maintain high competitiveness, companies such as Microsoft or Citibank only accept university graduates with excellent achievements (perhaps the top 5%) from well-known universities. When the US railroad company (AMTRAK) was in its heyday, it was able

6.6 Staffing

to attract the best university graduates, but when the company went into decline, no good university graduates wanted to join AMTRAK. Thus, the abilities of employees will determine the fate of an organization.

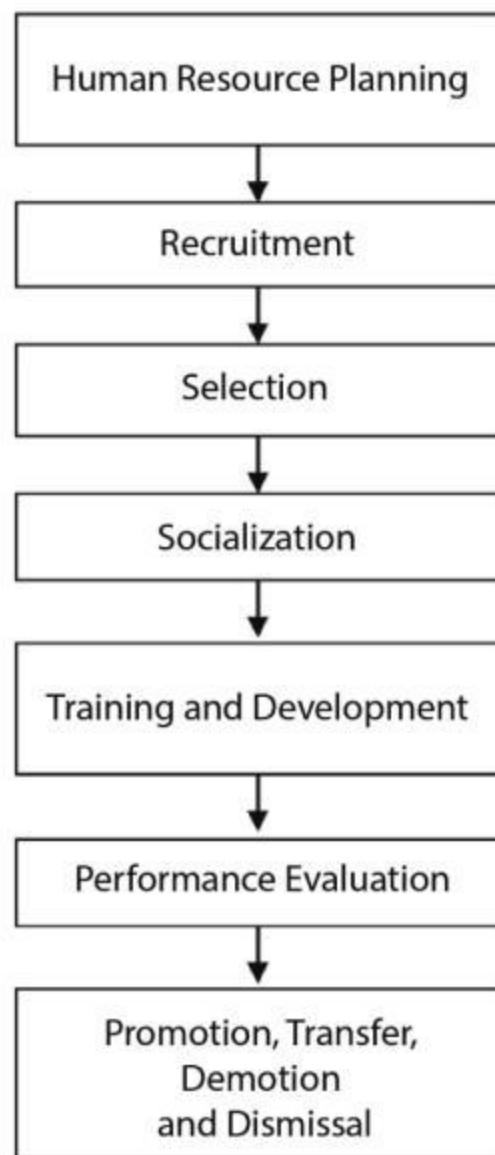
Table 6.1
Situations that are Making HR more Important

Situation	Reaction
Increasingly fierce competition.	Increase human resource productivity. Increase employee commitment. Ensure the supply of competent employees.
Organizations are getting bigger and more complex.	Simplify bureaucracy..
Slower growth, declining market share.	Evaluate promotion opportunities for potential employees.
Greater government involvement.	Reevaluate achievement rewards.
Higher education among the workforce.	Re-evaluate and develop human resource policies and practices.
Value change.	Evaluate the employees skill requirements.
Changes in employee demographics.	Evaluate the level of employee autonomy. Re-evaluate human resource policies and practices.

Labor-related regulations are also becoming more complex. Organizations are expected to comply with such regulations as the minimum wage and workforce safety regulations. Some issues do not have clear regulations, but organizations are expected to follow good practices and policies (ethical and acceptable ones according to social views, religious norms, and ethical practices). For example, discrimination is considered a bad employment practice. Discrimination can take the form of preferential treatment based on the characteristics, not the merits, of different employees. Examples of discriminatory treatment are different promotion opportunities or salaries because certain employees are of a different race or religion. In a competitive environment, discriminatory treatment prevents the organization from attracting the best employees and causes the organization to sink. But in a less competitive environment, discriminatory treatment still allows the organization to run normally.

A. HUMAN RESOURCES PROCESS

The human resource management process can be seen in the following Figure 6.1. The process starts with planning, recruitment, selection, training and development, performance evaluation, and promotion or demotion. Then, the process loops back to the initial stage (planning).



Source: Arranged by the Author

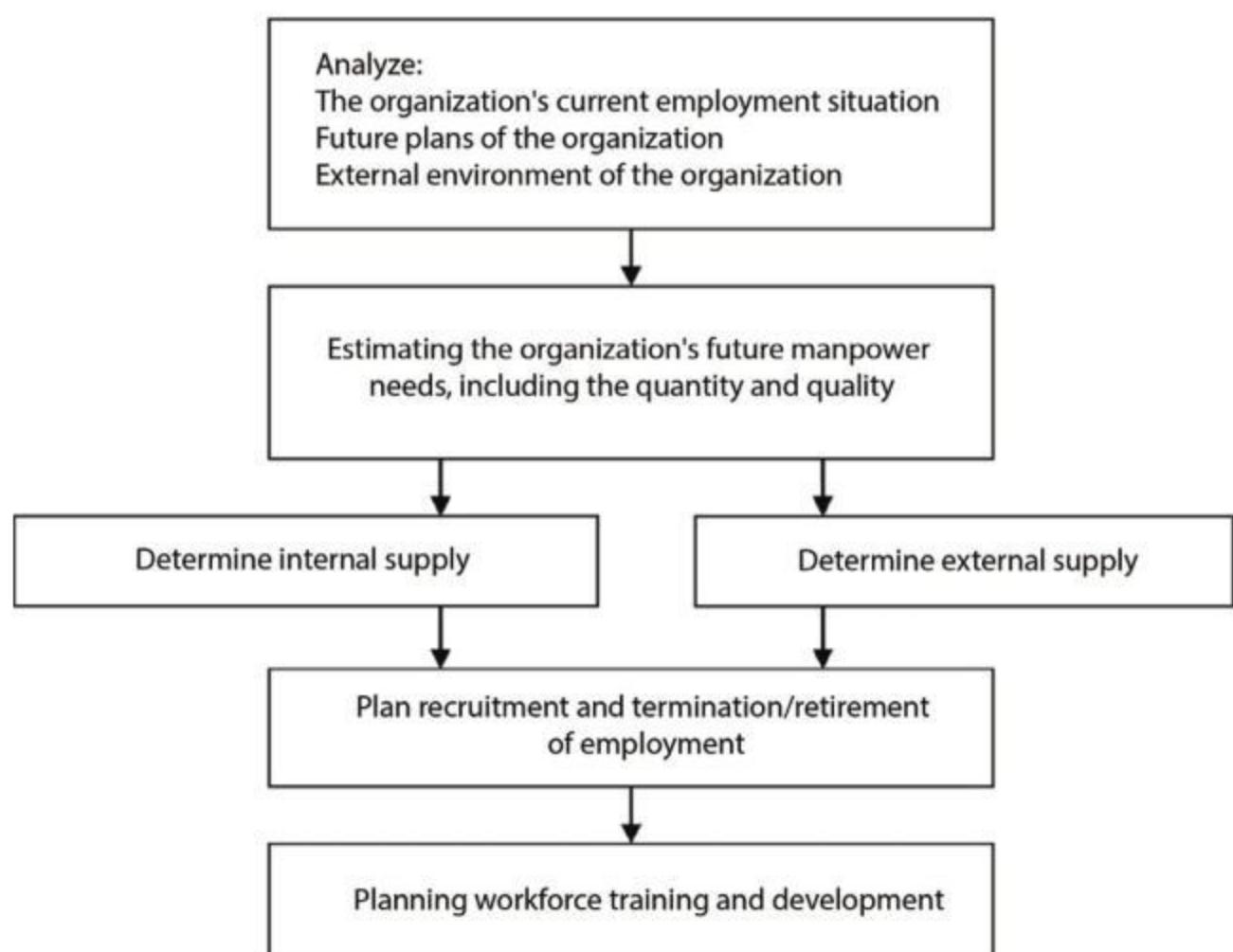
Figure 6.1
Human Resource Process

The resource planning process aims to ensure that the organization's human resource needs are met. The planning is done by analyzing internal factors such as resource needs, and external factors, such as the labor market. After planning is done, the organization will know the workforce needed with a certain level of ability or skill. Recruitment is done to fill these needs. After the recruitment is done, the organization can make a selection to choose the workforce that best suits the needs of the organization. For the selected workforce, socialization is carried out so that the workforce can integrate with the organization smoothly. The newcomer is introduced to the "ins and outs" of the organization. To increase organizational effectiveness, the workforce can be upgraded through training or development. The training aims to improve employee skills, for example, computer training will improve the employees' computer usage skills. The development aims to prepare employees for promotion. Performance evaluation compares employee performance with predetermined standards. The evaluation is the basis for rewarding employee achievement. Employees who have good work performance should be rewarded better. Good employees also need to be developed through better careers. Promotions are given to employees who have good performance. Employees who do not perform well can be demoted or transferred to another position or separated in the sense of employment termination.

B. HUMAN RESOURCE PLANNING

Figure 6.2 below summarizes human resource management planning. Planning starts with the organization's current situation and future plans.

The need for workforce planning is sometimes not obvious. But good planning will help to lower the organization's costs. For example, an organization brings in a new machine. If there is no workforce planning, when the machine arrives, there will be no employees capable of running the machine. Therefore, the machine will be left idle until the current workforce is ready to run it or until a new workforce drawn from outside arrives. Idle machinery is clearly a cost that would not have been incurred had there been proper workforce planning.



Source: Griffin, 2016

Figure 6.2
Human Resource Planning

1. Labor Situation Analysis

Planning begins with an analysis of the organization's current workforce. The systematic analysis includes two things: job descriptions and job specifications. Job descriptions describe the tasks or work to be performed, while job specifications cover the skills or abilities required to perform those tasks. After understanding the current employment atmosphere, managers should consider two things: (1) the organization's future plans (including strategic plans), and (2) the organization's external environment.

Organizations conduct planning. A growing company will plan to expand the organization, requiring a larger workforce. If the company plans a merger with another company, it will likely lay off part of its workforce. Dismissals are common during

mergers because the merger eliminates organisational activity duplication. Such organizational plans will determine the number of manpower requirements in the future. In addition, the external environment needs to be considered. If the government is trying to reduce unemployment, companies cannot simply lay off their workers. In certain situations, the supply of skilled labor will be severely lacking. In the past, accountant labor was perceived to be very lacking, hence the high demand for accountants.

Companies have to offer high salaries to accountants. The supply of good computer programmers is very limited. Companies can train existing employees or attract workers to be educated to become programmers if the company wants a quick workforce of programmers. The wait for university graduates majoring in computers may be too long. Another example is in Japan, where there is a surplus of jobs and there are 1.43 jobs available for every job seeker. Companies that want to attract workers have to be quite creative in making offers, such as offering higher salaries or good development opportunities. Moreover, US companies offer free trips to the US for prospective workers in Japan.

2. Forecasting Labor Requirements

After conducting the analysis, managers can do forecasting to determine future labor needs, including the number, type, and quality required. Job descriptions and specifications can be further detailed. Managers can use complex models to plan for these needs. A fairly simple technique would be used to observe sales. If sales are rising, indicating that the organization is getting bigger, an analysis can be done to determine how many new workers are needed and what types of jobs need to be added. Such techniques are especially useful for small companies.

Once the number and quality of the workforce are determined, the next step is to analyze the internal labor supply. The questions asked at this stage are whether employees have the skills and abilities appropriate for the job and whether they can carry out their work effectively. If the answer to either question is no, managers can conduct training or development for the employees. Alternatively, if development from within is not possible or is not better, it will attract labor from outside.

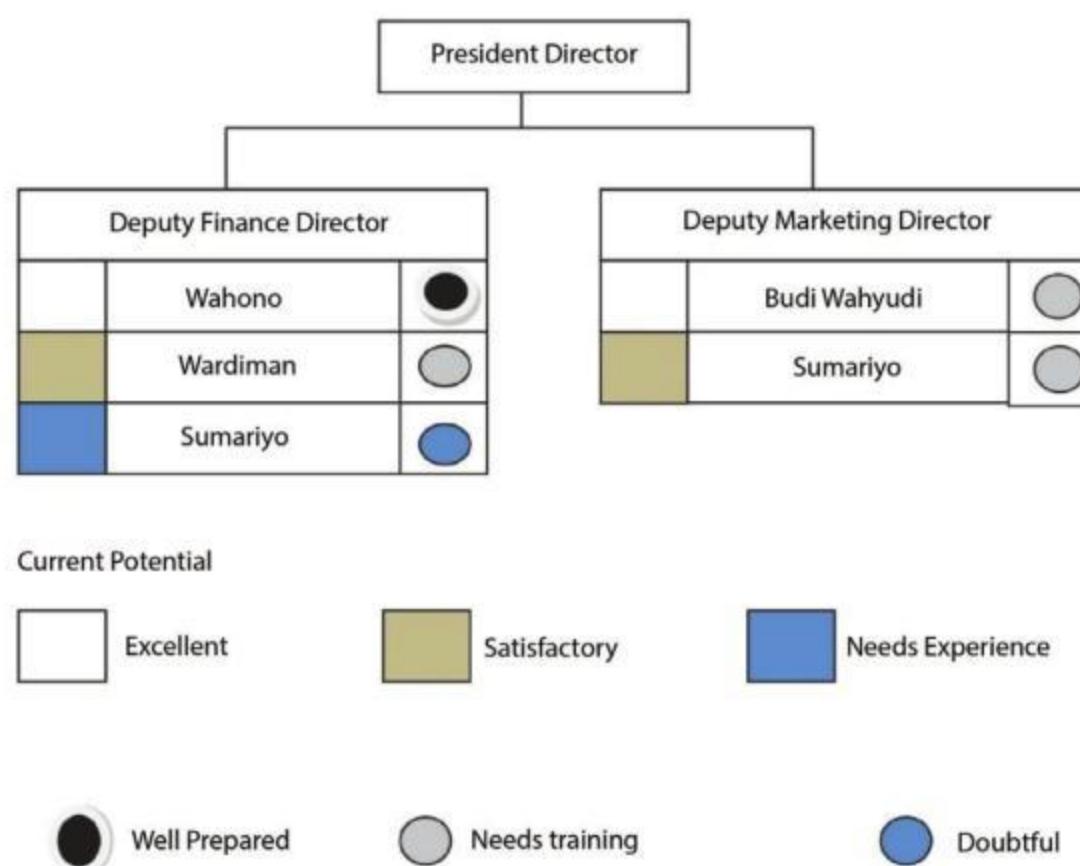
The term human resources audit is often used to describe such a move. The information obtained from the analysis is then used to assess the effectiveness of the organization's members. The information may be stored in certain files that can be referred to as employee information systems. The information includes education, experience, work aspirations, and other relevant information regarding the employees. If the organization needs a particular workforce, managers can quickly find the right person through the information system.

For higher levels of the organization, the replacement chart technique can be useful to analyse the internal labor supply. The following Figure 6.3 illustrates a replacement chart.

6.10 Staffing

With this replacement chart, a manager's skills and performance are evaluated. Then, a decision is made about whether they are ready for promotion, need training or development, or can no longer be improved. For each alternative, appropriate action is taken. For example, a manager who can no longer be improved may be transferred elsewhere with the same position but in a different place. For potential managers, training or development is provided so that when the time comes, they are ready for promotion.

Forecasting the external labor supply is more difficult. Managers can obtain information from external parties, such as the Department of Labor or universities that produce desired graduates. Although it will be difficult to arrive at the desired numbers or details, at least the external environment should be taken into consideration by managers in forecasting labor needs.



Source: Arranged by the Author

Figure 6.3
Alternation Image

C. WORKFORCE ATTRACTION

Once manpower requirements have been estimated, managers then conduct workforce attraction. Workforce attraction is defined as the process of attracting a qualified workforce to apply for employment in the organization. Managers start the recruitment process by keeping job descriptions and job specifications in mind. Job specifications then become the standard for recruitment qualifications. For example, for a job of manager, candidates must have a minimum education of S-1 and 10 years of work experience.

Manpower attraction can be done in two ways: (1) internal, and (2) external.

1. Internal

Through internal means, candidates for certain positions are sought and selected from the current workforce in the organization. This method has several advantages. Firstly, the recruited workforce already understands the organization well, making the adjustment process easier and the likelihood of success higher. Second, it encourages higher work enthusiasm, loyalty, and commitment. Thirdly, internal recruitment is usually cheaper than external recruitment. Internal recruitment also has the advantage of promoting one person in a chain of promotions to lower positions. The disadvantages of internal recruitment include the possibility of limited potential candidates within the organization, the lack of fresh new ideas that usually come from newcomers, and the possibility of encouraging complacency in the existing workforce that does not encourage further achievement. Internal attraction can be done through existing workforce information systems within the organization or turnover drawings for higher levels of management.

2. External

External recruitment seeks to attract job candidates from outside the organization. Managers may advertise open positions in newspapers or magazines. They also directly attract workers through universities that will produce the desired graduates. The attraction process can be costly, especially since many new recruits leave the organization after only one or two years of employment. The organization will lose its training investment in such workers. For mid-level managers, recruitment can be done through newspapers or magazines or through executive search firms. Some publications already organize job forums that attempt to bring job seekers and bidders together.

If managers want a more specialized workforce, they can place announcements in publications that reach the potential workforce directly. For example, some overseas universities post vacancies for teaching staff in scientific journals, such as posting an announcement in the Journal of Finance for teaching staff in finance. If there is a shortage of managers, external recruitment becomes more difficult and more expensive. Managers will be forced to turn to executive search firms for help. Banking labour was scarce a few years ago as many new banks opened, while demand for banking managers did not grow as quickly as it should have. There was a lot of poaching of banking managers at that time. Organizations that do not provide attractive compensation will face the risk of losing their managers.

Finding top-level managers is even more difficult. The need for top managers is usually not advertised in magazines or newspapers. An executive search agency will be required to attract top managers. Usually, the organization will consider several potential candidates (two or four), then carefully evaluate them to determine the best candidate. Then an offer, including salary, benefits, and scope of work, is made to the best candidate. If the first choice is unwilling to join the organization, the choice will fall

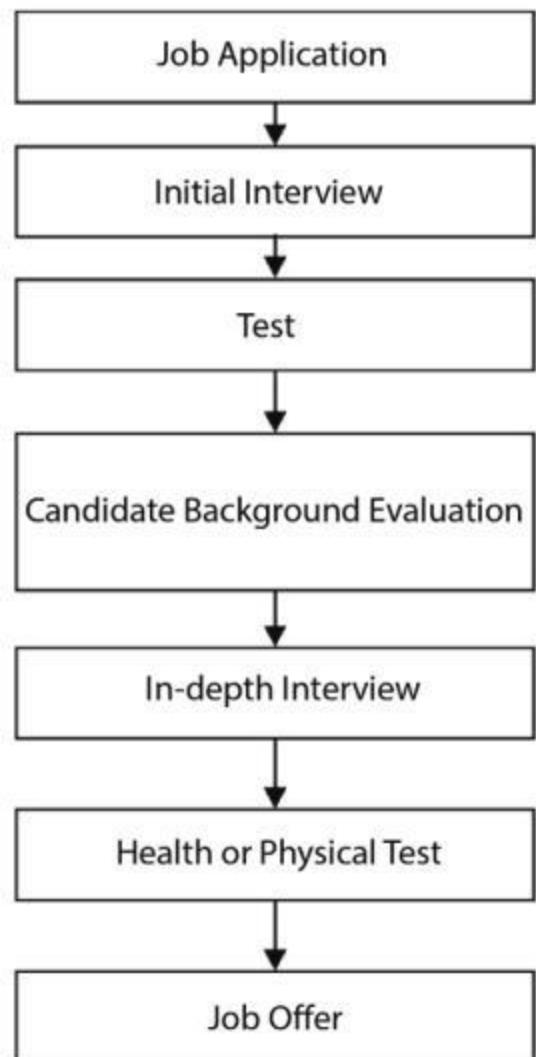
to the next choice (number two). For top managers, sometimes the business background (industry) does not influence the choice as much. For example, the current manager of IBM (Lou Gestner) came from Nabisco, Co which is a food company. John Sculley was a manager at Pepsi, Co, a soft drink company, and was later pulled into managing Apple Computer, a computer company. In this case, leadership qualities or managerial qualities seem to be more important than technical qualities.

Some organizations have successfully developed a reputation as great places to work. For example, in banking, Citibank developed a reputation as a good place to train banking managers. Many private bank managers have originated from Citibank. The tasks and work of managers at Citibank are challenging enough that managers learn a lot. Experience becomes an important asset for managers in their future careers. Large companies such as IBM, Microsoft, Wal-Mart, and Merck develop such reputations as well and are able to attract potential job candidates.

D. SELECTION

Selection is aimed at selecting the best-desired workforce. Ideally, the selection is a two-way process: the organization offers the job position with its rewards, while the prospective workforce evaluates the organization and the attractiveness of the position and the rewards offered. In reality, the selection process has not been determined by the bargaining power between the organization and the prospective workforce. For example, if one job position is applied for by several candidates, the organization has a stronger bargaining position. The selection process is a one-way process, and applicants do not have much choice. In contrast, if there is a labor shortage, the workforce has more options. The organization must make the most attractive offer and make a decision quickly.

The steps in the selection process are summarized in Figure 6.4 below. These steps of the course vary from one organization to another or from one department to another. For example, for a lower-level job vacancy, a written test may be more important than an interview. For prospective trainee managers, interviews and written tests are utilized with equal importance. For middle managers, the written test is not given much attention. The decision will be influenced more by interviews and the evaluation of resumes and references. For top managers, interviews, references, and the evaluation of work performance will determine the decision. Interviews can be lengthy as the two parties negotiate on the scope of work, remuneration, targets to be achieved, and such.



Source: Arranged by the Author

Figure 6.4
Selection Process

Job Application. A complete job application provides the first information about the job applicant such as education, experience, extra-curricular activities, interests, and desired position. Only information that is relevant to predicting job success should be included in the job application. Irrelevant information is better avoided.

Initial Interview. The initial interview is used to quickly see whether the candidate is suitable for the job on offer. Interviews can be conducted for work experience, desired salary level, and willingness to relocate. Initial interviews are usually not conducted when there are dozens of applicants because they are costly and inefficient. The selection process can skip straight to the test stage, and those who pass the test are then interviewed in depth.

Tests. Tests are aimed at looking at a candidate's ability or skills to learn or perform the tasks offered. Tests include knowledge tests, intelligence tests, psychological tests, computer skills tests, and software usage tests. The test will depend on the type of work to be done.

Background Evaluation. The background evaluation seeks to determine the veracity of the information provided by the job applicant. If the applicant mentions references, the manager can refer to the references mentioned. The manager may also use other sources to confirm the veracity of the information mentioned by the job applicant.

In-depth Interview. Once the previous tests have been passed, a more in-depth interview is conducted to obtain more information about the applicant. The interview can also be used to confirm the accuracy of information provided in writing. It can be conducted directly by the manager who will be supervising the employee. Sometimes the interview is conducted by the top manager to reflect the importance of the recall. Effective interviews, which are well-planned, are capable of seeing the potential success of the workforce in their duties. Unfortunately, many interviews are not conducted properly. There are several biases that make interviews no longer effective. First, in an interview, the interviewer is usually in a stronger position than the interviewee. The interviewee will feel nervous, anxious, and uneasy because the interview will determine his or her fate. Therefore, in an interview, the interviewee's true abilities may not be revealed. Secondly, because they feel that the interview will determine their fate, the interviewee will try to show good things. People who are good enough to show their style will be accepted, even if they have less ability than others. Third, interviewers often ask irrelevant questions. The interviewee will then try to give a long answer that tends to obscure the original purpose of the interview, which is to see the abilities of prospective workers. A good interview focuses on looking at the abilities of prospective workers and their suitability for the job requirements. Such an interview is expected to determine the likelihood of the candidate's success in carrying out his job.

Interviews sometimes give a less realistic picture of the work or organization. The interviewer may want to show that the organization is a good place to work, and therefore may end up exaggerating its virtues. Potential employees will have high expectations and will be disappointed if these expectations do not match the reality of the job. Therefore, the interviewer is expected to give a realistic picture that includes both the strengths and weaknesses of the job.

Health and Physical Tests. The next step is the medical test which is usually a less important step unless the candidate has a serious illness or disability. Some organizations require candidates to undergo this test to see whether they candidate is an alcoholic. Organizations are not willing to accept alcoholics as they may cause problems in the workplace. Significant health and physical tests may be conducted first before any other tests are conducted.

Job Offer. If the applicant has passed all the selection stages, the applicant is ready to join the organization. The organization issues a job offer to the candidate. The offer can be made through several means, such as postal notices, mass media, or announcements at the organization's premises. Candidates who are not accepted should also be notified, along with the reasons for their rejection. Reasons for rejection can be standardized to avoid errors or different interpretations.

E. SOCIALIZATION

The next stage required after the workforce is accepted into the organisation is socialization. New employees are introduced to the organization, its policies, procedures, or regulations, history, mission, co-workers, and other relevant information. With

socialization, new employees are expected to integrate smoothly with the organization. New employees usually feel anxious when they first enter the organization. Perhaps they feel less experienced than those who have entered the organization earlier (seniors) or feel uncertain about their achievements after they enter the organization. Socialization or orientation is expected to reduce these feelings of uncertainty.

The first few days of experience in the organization can determine the rest of the workforce's career. New hires usually exhibit high labor turnover as they leave quickly. If the onboarding process isn't effective, one possibility is that the workforce will leave the organization after working for a while. An effective onboarding process can balance the expectations of the new workforce and the existing working conditions in the organization. An effective socialization process can result in high job satisfaction and will encourage a long career in the organization.

F. TRAINING AND DEVELOPMENT

Training is aimed at maintaining and improving current job performance, while development is aimed at improving current and future performance. Both managers and non-managers will experience training or development, although in different ways. Non-manager employees will probably receive more technical training aimed at improving their technical skills, while managers will receive more training to improve their conceptual and human relations skills. Figure 6.5 below summarizes the steps involved in training and development.



Source: Hanafi, 2019

Figure 6.5
Steps in Training and Development

1. Analyzing Training and Development Needs

Training and development are necessary as both the organization and its environment are constantly changing. Because of these changes, members of the organization must always learn and adapt to these changes. An analysis of training needs will answer the questions: 1. who requires training? 2. what do they need to know? 3. what do they already know?

To answer these questions, managers can use some of the following procedures.

- a. *Performance Evaluation.* Each employee's performance is evaluated and compared with the standards or targets that have been determined. Underachievement may indicate the need for training.
- b. *Job Requirements Analysis.* Job specifications require the skills necessary to complete a particular job. If an employee is assigned to complete the task, but does not have the required skills, then the employee either needs training or development. The missing skills will answer the question of what they need to know.
- c. *Organizational Analysis.* The effectiveness of the organization in achieving its goals is assessed. If the organization isn't highly effective, with performance below targets or goals, then the members need training or development. The analysis can be continued to identify which parts of the organization need training and development. For example, if it is found that the productivity of the production department is lower than expected, the employees of the production department need training. Another example is that if sales targets are not well achieved, marketing employees need training.
- d. *Human resources survey.* Managers and employees in the organization are asked to explain the problems they face in their work and the actions are needed to solve these problems. This information is then used to answer the three questions above.

2. Defining Training Objectives

Once the need for training has been analyzed, the next step is to set objectives related to the training. If necessary, objectives should be set as specifically as possible in numerical form. Objectives can be measured to assess the success of the training.

3. Training Program

Training can be conducted in many ways. In general, training or development can be classified into two categories: (1) On-the-job training, a job training program conducted while on duty in the organization, and (2) Off-the-job training, a training program conducted outside of organizational duties.

a. *On-the-job-training*

This form of training has the advantage of being quite flexible, both in terms of its location within the organization and its form, which can be adapted to the needs and directly related to the work of employees. There are several forms of this training.

Coaching (mentor). Members of the organization are mentored directly by their superiors. This method requires a willingness on the part of managers (superiors) to be committed to training their subordinates. Sometimes managers, for some reason, do not have enough commitment, like being afraid of their subordinates making mistakes or even becoming smarter. In this type of guidance, managers should provide enough autonomy to allow subordinates to perform tasks in their own way. Managers who give too many orders or instructions tend to reduce the effectiveness of guidance.

Job Rotation. Job rotation is done by moving employees from one section to another. Employees or managers are expected to gain broader experience and be exposed to various aspects of an organization's operations.

Assistance. Assistant positions are staff positions that do not have line authority (orders). Management trainees are often put into assistant positions to assist certain managers. The manager will assign tasks, such as analyzing the market situation and the financial situation of the organization, and organizing certain committees or working committees. With these tasks, prospective managers are expected to learn about managerial activities in an organization.

b. *Off-the-job-training*

This method has the advantage of relieving employees of their daily tasks and focusing them on the learning process or the development and training process. In addition, they can meet new people (from outside their organization) who are expected to provide fresh ideas and build networks. Usually, these programs are organized by universities, associations, or companies/training and development bureaus, both private and public.

One of the development programs that are now widely held by universities (public and private) is the MM (Master of Management) or MBA (Management of Business Administration) program. These programs are master's-level management education that aims to prepare professional managers. State universities such as Gadjah Mada University, the University of Indonesia, and the Bandung Institute of Technology have offered such programs. Some private companies also sponsor such programs by organizing private MM programs. Examples of private MM programs are IPMI (Indonesian Management Development Institute), MM Prasetya Mulya, and PPM. MM programs are usually organized by combining the classroom model (lectures) with other activities such as case studies, role-playing, and internships. Overseas, large companies have stepped even further with their employee development programs. Some large companies, such as Xerox, RCA, and Arthur Andersen, have education facilities similar to universities. Some can even offer accredited programs, just like those offered by universities.

Table 6.2
Some Training Methods

Method	Description
Reading	Reading tasks may not be directly related to the training objectives. The overall objective is to improve general knowledge and situational analysis.
Behavioral training	Using videotape to illustrate good behavior, participants will then practice the behavior. For example, in presentation training, participants can make a presentation while being videotaped, and then the presentation is analyzed to identify its weaknesses or strengths.
Business simulation	Using videotape to illustrate good behavior, participants will then practice the behavior. For example, in presentation training, participants can make a presentation while being videotaped, and then the presentation is analyzed to identify its weaknesses or strengths.
Case Discussion	Case discussions address the problem-solving of small-group cases. The cases are usually solved through problem identification, alternative solutions, and decision-making with arguments. The cases are limited to classroom discussions, while direct field practice is continued through other programs.
Class	Presentation by a presenter. It is usually more of a one-way communication from the presenter to the participants. Q&A in the classroom model is not as emphasized.
<i>Role Playing</i>	Participants are asked to perform certain roles. For example, in relation to labor management, some participants are asked to be managers, while other participants are asked to be workers. Then, negotiations between the two are conducted.

4. Evaluation and Modification of Training

Good training requires evaluation as feedback for future training. If necessary, modifications can be made to ensure that future training is more effective. It is expected that the knowledge gained during training can be applied in the workplace. But in reality, this situation rarely happens. For some reason, the knowledge gained may not be fully applicable to the work situation. For example, participative management training will not be fully applied if, after returning to work, the managers who supervise the trainees are more authoritarian. To improve training effectiveness, top-level management commitment is required.

G. EVALUATION OF ACHIEVEMENTS

1. The Implementation of Evaluation

A performance evaluation is a formal evaluation of an organizational member's performance. The evaluation can be done informally; for example, the manager may reprimand a small mistake made by the employee or give compliments if the employee succeeds in carrying out his duties well. This kind of informal information has the

advantage of enabling quick feedback as soon as the employee makes a mistake or successfully performs his or her duties. But such informal evaluations are not sufficient for a thorough performance evaluation. A formal and thorough evaluation is necessary because it is impossible to evaluate an employee's performance fairly based on a few instances.

Formal performance evaluations serve several functions. (1) Performance evaluations can be used to assess the effectiveness of training or employee selection. If after training or development the employee shows progress toward improvements, the training is deemed effective; (2) performance evaluation is often used as a basis for pay, promotion, or necessary training; and (3) performance evaluation can provide feedback to the employee. The feedback can then be used to develop future plans. Because of these functions, performance evaluations need to be conducted fairly and thoroughly. Who is conducting the performance evaluation, and how is it conducted? Achievement evaluation is done in several ways. Rating means comparing an employee's performance with a predetermined standard. The following are some methods of rating:

- a. rating from superiors to subordinates. This method is most often used.
- b. rating by a group of superiors towards subordinates. Several managers evaluate an employee. Since the evaluation involves several raters, this method is more effective than the first method, but it takes more time and blurs the sense of responsibility since the employee has several supervisors at once.
- c. rating by coworkers. This method is not widely used in business organizations, but it can be used, for example, in military organizations to identify leadership potential.
- d. rating by subordinates on superiors. This method is seldom used in business organizations. This method is often used in the university environment, where lecturers are evaluated by students, although this evaluation will not have much effect on the lecturer's performance. This method will improve the working relationship, attitude, and behaviour of the manager, supervisor, or lecturer.

Evaluation can be done using objective and qualitative measures. The number of sales to measure salesman performance is one example of an objective measure. Of course, adjustments to the standard are necessary. For example, sales standards in densely populated areas will be higher than those in sparsely populated areas because selling goods in densely populated areas is easier than selling in sparsely populated areas. Qualitative evaluation can be done using ranking. Employees are ranked from highest to lowest. This ranking becomes difficult when the number of employees is large or if they come from different departments. Comparison with each other becomes impossible.

2. Problems in Achievement Evaluation

Fair evaluations are expected to increase employee productivity. Employees who are not performing well are provided with feedback and expected to improve their performance. But sometimes the evaluation method does not help to improve the situation. Employees who are reprimanded or rated poorly may feel offended or frustrated. This will further deteriorate their performance. Thus, managers must be careful in explaining their evaluations to employees. Evaluation is also expected to be a continuous process that is an integral part of the interaction process between managers and employees.

In addition to these considerations, managers must be careful in conducting performance evaluations. Several possible biases must be avoided for the evaluation to be a fair evaluation. Some of these possible biases are:

- a. inconsistent standards. Managers might apply inconsistent standards. The standards that should be used are those that are directly related to the performance being measured. For example, a manager may be more likely to give a favorable rating to a seemingly obedient employee than to an argumentative employee, even if the latter has better performance.
- b. bias due to certain stereotypes. Managers can be affected by certain stereotypes. For example, managers have a biased view that employees from certain groups, regions, or genders have certain traits, such as being lazy or unwilling to accept responsibility. To avoid this, managers can use written standards. Some organizations require that performance evaluations be reported in writing so that possible biases can be evaluated.
- c. bias due to differences in manager traits. Managers have different traits and personalities. For example, one manager is harsher on evaluations than another, while another is more prone to making favorable judgments. Employees with the same performance may get different evaluations simply because of the different traits of the managers. To avoid this, managers should stick to the standard guidelines as far as possible.
- d. the halo effect. Halo effects occur when a manager's assessment of overall performance depends on one or more aspects. This effect is a chain effect. For example, an employee is rated good on the craft aspect. The manager is then

influenced and gives good ratings to the productivity and discipline categories, even though the latter two are not as good as the craft category. Another example is that a popular employee may be rated good overall, even though the employee's actual performance is not very good.

H. PROMOTION, DEMOTION, TRANSFER, AND DISMISSAL OF EMPLOYMENT

If employees have performed well, they need to be recognized for their achievements. The employee's career needs to be developed, and one form of career development is promotion. With a promotion, employees will obtain a higher position, prestige, salary, authority, and responsibility. Promotion must therefore be based on fair consideration. Another issue with promotions is that other employees' rights are being overstepped. These employees may feel frustrated or dissatisfied at being passed over.

Transfer refers to the movement of work, both in terms of location and type. Transfers have several benefits. First, if the career path in an organization is "stuck" (unable to move up), transfers are useful to maintain the work enthusiasm and motivation of employees who cannot be promoted as there are no vacant positions. In a good organization, there will be many excellent managers. But organizational changes do not happen often, so there are no vacancies for higher positions. In this situation, transfers can be used to solve the problem. Another, more expensive alternative is to create more high-level positions. For example, a company creates many vice-president positions to accommodate managers who perform well. Second, transfers serve to broaden the outlook or work experience. By occupying different positions, managers are expected to understand the organization better. Third, transfers are used to remove managers who are not performing well. Superiors may be reluctant to demote such managers for several reasons. The transfer is an alternative that can be used.

If the employee fails to perform or is even disadvantageous to the organization, the employee will be demoted. Demotion is a fairly severe disciplinary action. Disciplinary action is taken when an employee breaks the rules or performs poorly and should be carried out in several stages: warning, fine, suspension, transfer, demotion, and dismissal. If the employee continues to underperform, he or she may be "promoted" to a position that appears more prestigious but has less authority.

Dismissal is a last resort when demotion or transfer is not viable. Some organizations help dismissed employees find work through retraining or linking with job search bureaus. Although it may seem that termination can be done easily, in practice, the termination will be related to external parties, such as the Department of Labor, so in some situations, termination must be discussed with external parties. In certain cultures, such as Japan, with lifetime employment, dismissal will be more difficult. Managers should be careful when using layoff alternatives.



Exercise

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

Find information on five to six business schools in Indonesia and abroad. Find information on the characteristics of each school, such as its curriculum, features, and advantages.

Key Ideas for Exercise Answer

You can use the internet or other sources to search for the information.



Summary

Resource management is becoming an increasingly important function for several reasons, such as the increasing competition. The human resource management process starts with HR planning, recruitment, selection, socialization, training and development, performance evaluation, promotion, transfer, demotion, and termination. Workforce planning begins with an analysis of current workforce needs, namely determining current needs and supply. Then, a drawdown is conducted. The selection process is the next stage. For selected employees, job offers are made. Then, training and development are conducted. There are two types of training, namely on-the-job training, and off-the-job training. Each has its own advantages and disadvantages. A formal and thorough performance evaluation needs to be conducted as a basis for promotion and pay. Managers should beware of problems in achievement evaluation. Promotions, demotions, transfers, or dismissals are done in response to employee performance.

TERMS INDEX

Withdrawal

Human Resources Audit Coaching

Workforce Rotation Assistance

Replacement Chart

Rating

Socialization

Halo Effect

Organizational Analysis

Promotion

Human Resources Survey

Demotion

On-the-job-training

Transfer

Off-the-job-training

Dismissal (Separation)



Formative Test 1

Choose the correct answer!

- 1) An analysis to evaluate the skills or abilities required to perform a specific task is called
 - A. job description
 - B. job specification
 - C. job analysis
 - D. job audit

- 2) Development is aimed at
 - A. develop the number and quality of human resources in an organization
 - B. develop the number of human resources in an organization
 - C. maintain and improve current work performance
 - D. improve current and future performance

- 3) Studies to see whether employees have the skills and abilities appropriate to their jobs and whether they can carry out their work effectively are often referred to as
 - A. human resource planning
 - B. human resource control
 - C. job analysis
 - D. human resource audit

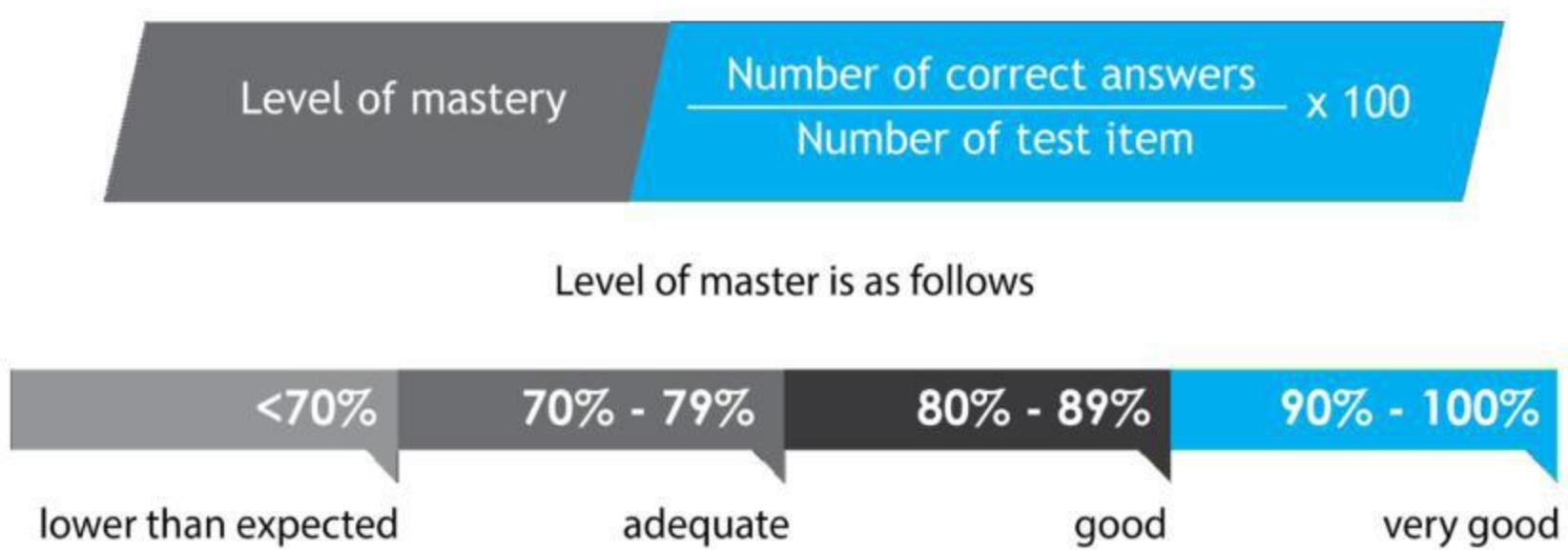
- 4) A manager's assessment of an employee's performance depends on one or more effects. If the assessment of the effect is good, the employee as a whole will be assessed favorably. The effect is called
 - A. halo effect
 - B. domino effect
 - C. human effect
 - D. partial effect

- 5) Employees continuing their studies in the Master of Management Program is an example of
 - A. on the job training
 - B. off the job training
 - C. on site training
 - D. coaching

6.24 Staffing

- 6) A training method in which participants play certain roles is called
 - A. business simulation
 - B. coaching
 - C. role playing
 - D. lecture
- 7) Activities aimed at improving current and future performance are called
 - A. training
 - B. assistance
 - C. course
 - D. development
- 8) Demotion is called
 - A. promotion
 - B. transfer
 - C. dismissal
 - D. demotion

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.

**Learning
Activity****2**

Organizational Changes

Every organization must be able to adapt to changes in its environment. Organizations that are unable to adapt to their environment won't be able to survive. Therefore, organizations must always change to keep up with the development of their environment. An ideal change is a change that is planned. Reactive (unplanned) changes will not help the organization much. This chapter discusses the change in organizations.

A. CHARACTERISTICS OF CHANGE

A significant change to a part or the entire organisation is defined as organisational change. Changes can be made to work schedules, departmentalization, management span, organizational design, new machinery, and more. The change is substantial, even if it is aimed at a part of the organization. For example, computerization will have many effects on the organization, from the fact that employees must learn to use computers to the possibility of shrinking middle management because their functions can be replaced by computers. External and internal factors require organizations to make changes.

1. External

An organization's environment is always changing. These changes may threaten the organization's survival and may provide opportunities for the organization. The first example is when the PC (Personal Computer) became popular, IBM was left confused. IBM mainly produced large computers (mainframes) and had little interest in PCs. When PCs became popular, the demand for mainframes showed a decline. New competitors for hardware and software for PCs began to emerge. PCs were getting better and better. IBM's flagship product, the mainframe, became less and less popular. IBM eventually had to make substantial changes, including changing its managing director from John Akera to Lou Gestner. Unless IBM made the changes, it would most likely be headed for ruin.

The second example is that when the oil crisis occurred, general consumers preferred fuel-efficient small cars. The US car industry failed to respond to this change and continued to produce large cars. Japanese manufacturers capitalized on the change. They made small cars that were "compact" and fuel-efficient. The Japanese car industry in this case took advantage of the opportunity with the change in consumer preferences.

The environment is always changing for many reasons. Consumers are becoming smarter and more conscious. Consequently, they're becoming more critical. Technology also drives environmental changes. Communication technology allows information to spread quickly. Political, social, and economic changes will all result in environmental changes.

2. Internal

Internal factors also prompt the need for changes in the organization. For example, a change in strategy will result, as a consequence, in organizational changes to make the organization better fit the new strategy. Management changes will also drive changes in the organization. The larger the organization, the more bureaucratic it tends to become and the slower it is to react (unresponsive). Such situations do not benefit the organization. Change is necessary in this regard, otherwise, the organization may go into decline. This was experienced by IBM, in the mid-1980s. The IBM organization became bigger and bigger with a tall organizational structure. IBM became less and less responsive. Then, changes were made, including cutting the layers of management to become flatter. It was hoped that the structure would make IBM more responsive.

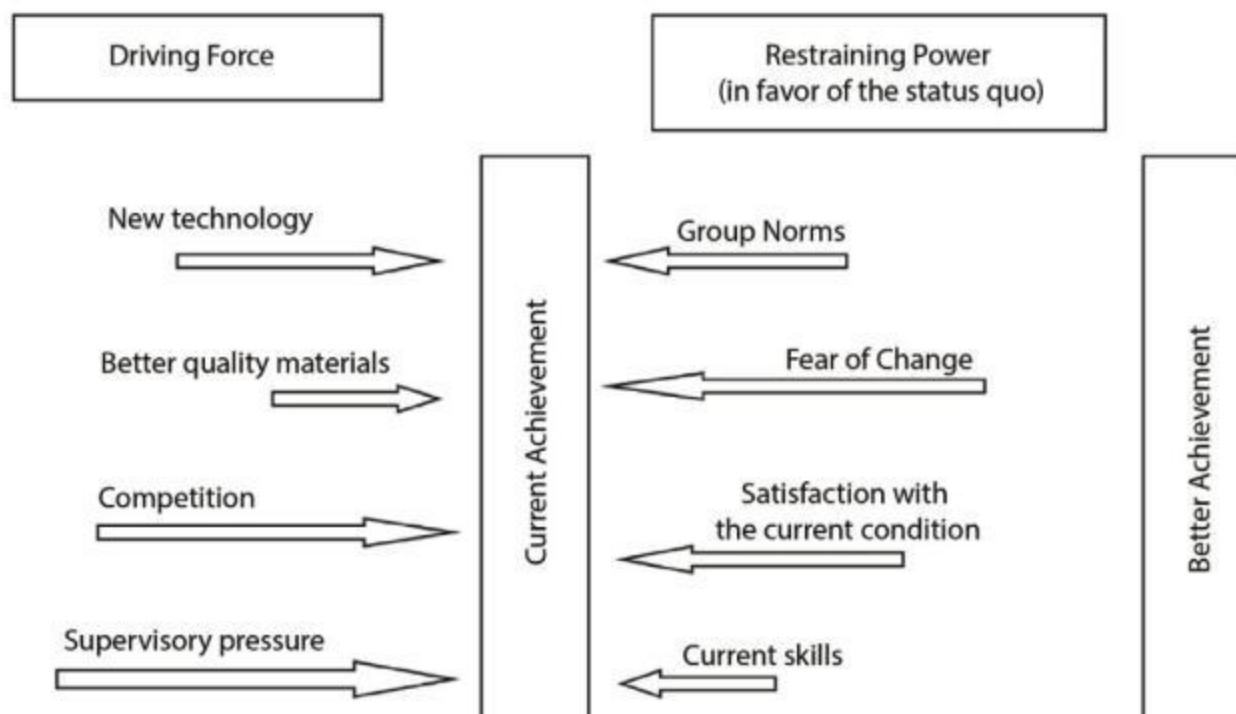
Pressures from internal factors also often reflect changes in the environment. For example, the higher education level of society has led to a higher education level of employees. Employees are becoming more aware of their rights. The organization must change to keep pace with these employee changes.

B. CHANGE MANAGEMENT IN ORGANIZATIONS

Planned change is the systematic change of the organization to allow the design of the organization to become more suitable (adaptive) to its environment and for organizational goals to be achieved effectively. These changes are different from unplanned changes, which are unsystematic and small-scale changes (not comprehensive enough, only concerning certain parts of the organization) and are targeted reactions to certain specific changes. Such unplanned changes will not have much influence on the organization, and since they are done in a hurry, the expected results will not be very satisfactory compared to planned changes. Thus, planned changes are better than unplanned ones.

1. Force-Field Model

Planned change is certainly a complex task. Managers need to understand the planned change itself. Kurt Lewin (1951) developed the Force-Field model to explain the change process. According to the model, human behavior is the result of the balance of two things: driving and restraining forces. Figure 6.6 below will explain this process.



Source: Hanafi, 2019

Figure 6.6
Driving and Restraining Forces of Organizational Change

According to this model, if one wishes to make a change, there are factors encouraging the change. On the other hand, there are also factors resisting the change. If one tries to push the driving factors, the natural consequence is the emergence of stronger restraining factors (action will create a reaction). A more effective solution is to reduce/weaken the restraining factors. For example, if an employee rejects a new machine for fear of possible layoffs (due to the efficiency of the new machine). The manager can explain that there will be no layoffs. In such a way the restraining factor of the new machine is reduced.

2. Sources of Denial

Organizations may resist change for several reasons. If managers can figure out these restraining factors, they have a better chance of making effective changes. Some of the factors that resist change are described below.

Uncertainty. Uncertainty is a major factor in any change. Changes will always result in uncertainty, albeit to varying degrees. Changes in organizational structure result in uncertainty about new jobs or layoffs.

Self-interest. Organizational members work for the organization because they expect to receive certain rewards: salary and job satisfaction. Changes that occur will very likely cause the interests of organizational members to be disrupted, for example, by a reduced salary or poor work performance. Changes in organizational structure may reduce the authority and power of managers. Managers are thus likely to resist change. Members of the organization will prefer to maintain the existing status quo.

Different perceptions. Perceptions among members of the organization are varied. If a change occurs, the reactions that follow will also vary depending on their respective perceptions. Managers may quickly understand the benefits and importance of change

because changes are expected to help achieve organizational goals more effectively. On the other hand, ordinary employees may perceive change as a direct threat to their security. The employee is unwilling to look at the interests of the organization as a whole. Of course, the example can be reversed. Managers who are more informed about the consequences of change will be very fearful of it. The less informed employee, on the other hand, will not think about the bad possibilities and therefore will be less resistant to change.

Changes in the Work Environment. The change will result in changes to the established working atmosphere and network. Some members of the organization will dislike such changes. For example, a change in organizational structure involves a change in leadership. The leader-subordinate relationship will change due to the change in leadership. Informal networks may also change, resulting in changes in the work environment. For example, if an employee's best friend suddenly moves to another building, the employee will no longer have a friend to chat with or consult with.

3. Overcoming Restraints to Change

If there is resistance to change, managers must be able to overcome it. In the context of the force-field model, managers will try to reduce the factors that resist change. There are several techniques that can be used to overcome resistance to change.

a. *Participation and engagement*

Participation is a fairly effective tool to overcome resistance to change. Organizational members in this case are asked to help design changes. This method is often used when managers do not have all the information needed to design changes and other organizational members have considerable power to resist change. This method has the benefit of helping them understand why the change is needed and how it can be accepted. With participation, their commitment to helping with the change is higher, and relevant information for the change can be integrated into the change plan. The downside of this method is that it takes too long, especially if employees design the change inappropriately.

b. *Enlightenment and communication*

This method provides an explanation of the need for and logic of change to individuals, groups, and even the entire organization. It is often used when there is a lack of accurate analysis and information. Intense explanation and communication reduce the uncertainty of change, and once the members of the organization are persuaded, they are often willing to support the change. The downside of this method is that it may take too long, especially if many people are involved. Companies that restructure often use this method. Restructuring often results in the dismissal of some employees, which leads to more uncertainty. Managers frequently travel from plant to plant or branch to branch to explain the significance of the change and to cultivate the conditions for change.

c. *Facilitation and support*

This method essentially helps members of the organization prepare for change. Employees are offered training programs for new jobs or positions after the change and are informed well in advance of the change so that they can prepare properly, provide emotional support to, and try to understand those affected by the change. This method can be used if employees experience adjustment problems as a result of the change. The advantage of this method is that there is no other method that works like it. The disadvantages are that it takes too long, is expensive, and often still fails.

d. *Negotiation and agreement*

This method is done by negotiating with those who have the potential to resist change. A written agreement can even be made this way. This method is often used if several people or groups with enough power to resist change will experience losses with the change. The advantage is that it is often an easy way to avoid resistance to change, as it directly leads to significant potential resistance. The disadvantage is that it can be expensive, especially if other members or groups in the organization are made aware of the agreement. They will also demand similar changes.

e. *Manipulation and cooptation*

This method is done by giving enough roles to key people in the organization to design and implement the change process. This is often done when other methods are ineffective or too expensive. The advantage is that it is often a quick and inexpensive way to overcome resistance to change. The problem with this method is the possibility of future problems if the person feels used (manipulated).

f. *Implicit and explicit coercion*

This method is done by giving threats to the ones resisting the change, for example, no promotion, job loss, transfer to another department, etc. This method is often used when rapid change is needed and the manager initiating the change has sufficient power. The advantage of this method is that it is quick, and almost all forms of resistance can be overcome. The disadvantage of this method is the considerable risk of employees becoming resentful of the manager. This method is quite confrontational.

These methods have advantages and disadvantages, their use will depend on the situation at hand.

C. CHANGES PROCESS

Change is generally unsuccessful for two reasons: first, people are unable or unwilling to change ingrained behaviors and attitudes. Second, people often change their new behaviors only in the early days of the change. Afterward, people tend to revert

back to their old behaviors. To overcome these problems, Kurt Lewin (1951) proposed a change process that includes three stages: unfreezing, change (implementation), and refreezing.

Unfreezing. In this stage, employees who will be affected by the change are explained the importance of change so that the employee becomes aware of its importance.

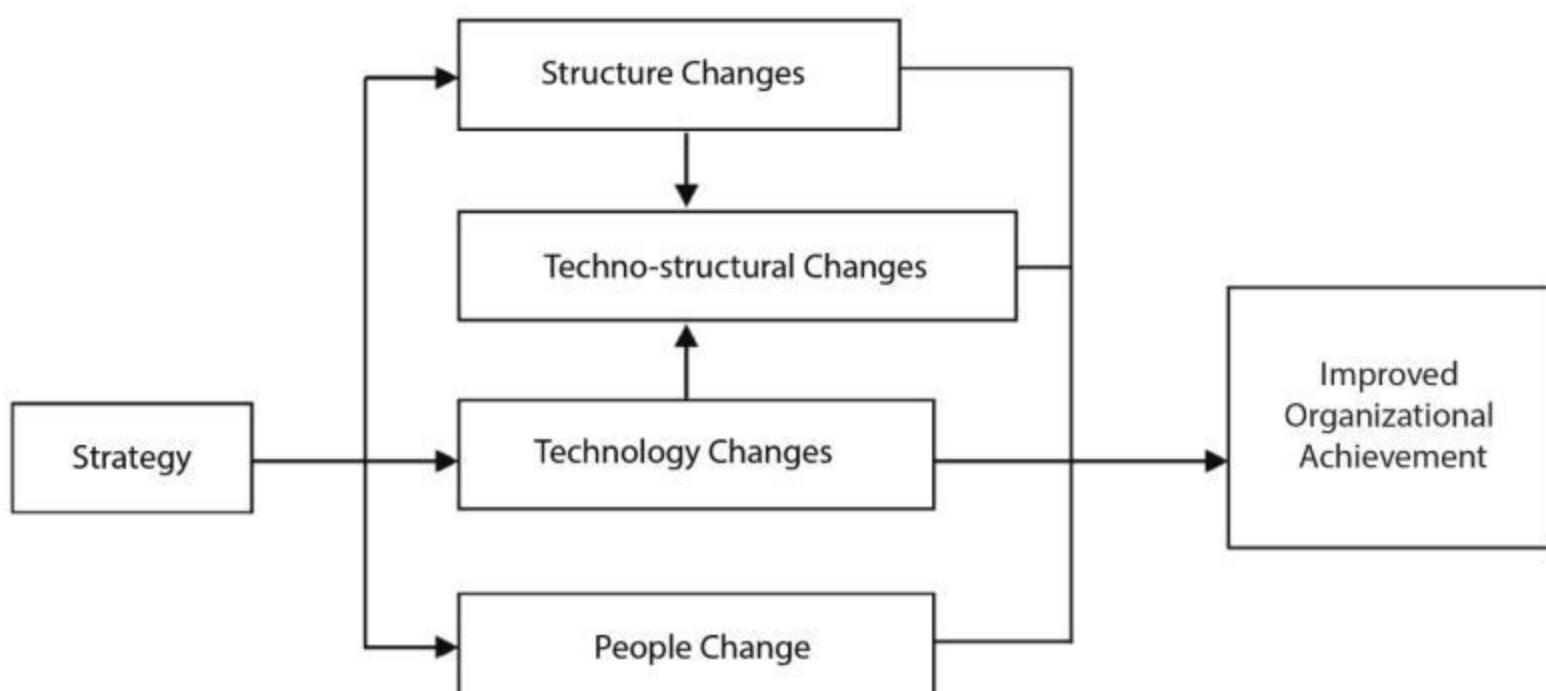
Change (Implementation). Once employees are ready for the change, the change is then made. The change may involve change agents who assist the change process through identification and internalization. In this stage, new attitudes and behaviors are taught to employees.

Refreezing. This stage aims to develop new (desired) values, attitudes, and behaviors into new norms. This stage can be done by supporting or forcing the new behavior.

The agents are either members of the organization or managers. Another alternative is to invite outsiders (usually consultants) to become change agents. There are advantages to this method as consultants offer specialized knowledge and will be freed from their daily tasks. Managers will not be relieved from their day-to-day tasks. Outside change agents are often more “valued and heard” than change agents from within the organization. The disadvantage of using outsiders is that they are more expensive and may not understand the existing organizational situation. Consultants often use standardized procedures that are then applied to all organizations without considering the uniqueness of each organization.

D. TYPES OF PLANNED CHANGES

Organizational change involves four things: strategy, structure, technology, and people or a combination of these four factors. Figure 6.7 below explains these changes.



Source: Stoner et al., 1995

Figure 6.7
Types of Planned Changes in Organizations

Examples of changes for each section can be seen in table 6.3 below.

Table 6.3
Example of Changes for Each Section

Strategy	Structure	Technology	People
Business Unit	Work Design	Equipment and machinery	Ability or Skill
Strategic Objectives	Range Line-Staff	Work process	Perception
International Business	Management	Work flow Information System	Attitude
Strategy Business Merger	Human Resource Management	Control System	Values
Distribution of Authority			

1. Strategy Change

Changes in strategy have broader effects on the organization. It will affect its structure, technology, and people. Strategic changes are aimed at making the organization more suitable for the environment it faces. For example, facing an environment that increasingly dislikes smoking. Since smoking is often cited as a cause of cancer and therefore not a healthy habit, Philip Morris pursued a diversification strategy. Because of this, Philip Morris bought a food and beverage company (beer) so that it would not be dependent on the cigarette industry. Overall, Philip Morris was considered a healthy company. Organizations may choose to merge with other organizations. Such a strategy will obviously affect the structure, people, and possibly technology. The organization may decide to expand internationally to take advantage of the international market.

2. Structure Change

Structural changes can be made in several ways: organizational design changes, decentralization, and workflow modifications. Organizational design changes include redefining job responsibilities or reorganizing departments, divisions, or division of labor. The current trend is moving towards flatter organizations as such structures are expected to increase the intensity of communication between lower employees and top management. This allows information from lower employees who are field people to flow upward better. Management is expected to become more responsive. Decentralization means giving greater authority (autonomy) to parts of the organization or members of the organization. Decentralization is expected to increase the initiative, work commitment, and job satisfaction of organizational members.

Decentralization also seems to be a trend that is increasingly used by organizations.

Modification of workflow is expected to improve work efficiency. For example, in a port, goods inspection is done by passing through several posts. Cutting out inspection posts will save inspection time and costs. In marketing, the longer the distribution network, the more expensive the goods will be. Cutting distribution is one

of the alternatives to improve efficiency. Changes in organizational structure can also be made. For example, small companies usually have a functional structure. If the company grows, it may need to change to a divisional structure.

3. Technological Change

Technological changes include changes in machinery and equipment, work methods, production methods, and more. It is consistent with the idea of classical management that seeks to increase organizational productivity. Often times technological changes will also result in changes to the organizational structure. A change in machinery, for example, will change the established workflow. The work design (workflow) must be changed to better suit the new machine. Because of this, the technostucture or social-technical approach has become popular. The approach basically aims to change technology and organizational structure simultaneously. One technological change that has become a trend is computerization. Computers have become a competitive necessity rather than a competitive advantage. Companies that do not use computers will not have strong enough competitiveness, on the contrary, companies that use computers do not guarantee stronger competitiveness, because all companies also use computers.

4. People Change

People changes include changes in the organization's human resources. For example, if computerization enters the organization, the level of computer knowledge of employees will certainly need to be improved. In this case, employees can be trained to use the new computers. Changes in employees' abilities and skills often begin with technological changes in the organization. Changes can also be directed at employee perceptions and expectations. If employees feel that their salaries are not good enough, when in fact they are better than those in other companies, the organization can explain that the salaries are better than those elsewhere. Master of Management or Master of Business Administration graduates is often criticized because they have unrealistically high expectations when they enter an organization. As an MBA or MM, they expect a good position (manager) and a high salary. Such MBA or MM graduates often change their perceptions and expectations at the time with the aim of making their perceptions and expectations lower.

Humans are complex phenomena. Changing human attitudes, perceptions, and behaviors is not an easy task. Efforts to change the attitudes, perceptions, expectations, and behavior of human resources in organizations are often referred to as organizational development.

Better organizational performance

E. ORGANIZATIONAL DEVELOPMENT

1. Definition

The various organizational change approaches discussed earlier are more suitable for solving specific or temporary problems. Organizational development is a broader, more comprehensive, long-term focused, more complicated, and more expensive organizational change. It aims to improve organizational effectiveness by increasing the satisfaction and achievement of organizational members. The focus of organizational change is on the person and the individual-organization relationship or working relationship.

Formally, organizational development can be defined as an effort supported by top management to improve the organization's capabilities in problem-solving and renewal processes, in particular through effective joint diagnosis (collaboration) and through the management of organizational culture, with an emphasis on formal work teams, temporary work teams, and intergroup culture, with assistance from facilitators and by using the theories and technologies of behavioral disciplines, including action-oriented research.

- The key concepts in the definition are as follows.
- Problem-solving process: the ability to deal with challenges and opportunities arising from the environment.
 - Renewal process: the ability to adapt the problem-solving process to the environment.
 - Co-diagnosis: cooperation between managers and subordinates.
 - Organizational culture: shared values, attitudes, perceptions, and behaviors within an organization.
 - Action research: action-oriented research.

Another definition suggests that organizational development is a planned effort that focuses on the organization as a whole to gain the support of top management and to improve organizational effectiveness and health through planned interventions in organizational processes, using knowledge from behavioral disciplines.

- Organizational development is based on the following assumptions.
- Individual level. Employees have the desire to grow and develop. Employees are willing and able to contribute to the organization. Fulfilling the needs of employees is important not only for the employees themselves but also for the organization. Therefore, organizational factors that hinder the fulfillment of these needs must be eliminated.
 - Group level. Employees have the need to be accepted by others in the organization. The group will not prevent the open expression of opinions or feelings. Suppressed feelings will have a negative effect on the ability and willingness of

organizational members to solve problems. Thus, sensitivity (awareness) to the feelings of others and the expression of feelings is encouraged as part of healthy organizational life.

- c. Organizational level. Organizational design will affect group and individual behavior within the organization. For example, if the design allows for more intensive interaction, then coordination and cooperation between groups in the organization will improve. A win-win situation is better for organizational goals. Problem-solving where one party is defeated by the other, in the long run, will not be good for the organization.

2. Some Types of OD Activities

a. Individual level

Sensitivity Training. Through this method, individuals are trained to increase their sensitivity and ability to handle interpersonal relationships. Participants are gathered in a room and trained through a series of exercises and role-playing to understand others better.

b. Group level (2 atau 3 persons)

Transaction Analysis. This method aims to improve individual clarity in communication. Individuals are trained to clarify the style and content of the transaction, that is, the message in communicating with others. Habits in communication that obscure communication are tried to be eliminated.

c. Group level

Team Building. This method aims at increasing the effectiveness and satisfaction of individuals working in the group and improving the effectiveness of the group as a whole. The OD facilitator may interview individuals to determine their feelings or opinions about the group. Then, a meeting is held to discuss emerging issues and concerns of the individuals.

Process Consultation. In this method, the facilitator observes groups within the organization to get a clear picture of communication patterns, decision-making, leadership processes, cooperation, and conflict resolution. The facilitator or consultant then provides suggestions and feedback to the parties involved about what was observed. This method aims to change behavior through advice and feedback. Suppose in a group there is unclear information, the manager can be asked to improve the communication process in the group.

d. Intergroup relationship level

Confrontational Meeting. In this method, individuals are brought together and openly discuss -analyze and propose improvements that need to be made- to the problem at hand. This method can be used to discuss the follow-up of business combinations and the launch of new technologies.

Third-party mediator. Third-party mediators are used as mediators in conflicts within the organization. This method is especially useful when there are serious conflicts that cannot be resolved within the organization itself. The mediator can use various mediation or negotiation methods to resolve the conflict.

e. *Organizational level*

Feedback survey. In this method, each employee is asked to answer a questionnaire aimed at measuring perceptions and attitudes towards a particular issue (e.g. satisfaction or supervisory style). The results of the survey are then given to each member of the organization. This method aims to change behavior by providing an idea of how others perceive the behavior. After the feedback is given, a workshop is held to evaluate the results and discuss possible improvements.

Activity Diagnosis. In this method, the manager or consultant tries to diagnose possible problems through questionnaires, surveys, interviews, and meetings. The results of the diagnosis will determine the profile of the organization which is then used to identify improvements.

3. More Detailed OD Techniques

This section discusses three organizational development techniques in detail. The three techniques are: Feedback Surveys, Team Building, and Managerial Grids.

a. *Feedback survey*

This method uses questionnaires to collect data, which is then returned to superiors and subordinates as a basis for change. Here are the steps in the feedback survey technique.

- 1) Top management is involved in the initial planning.
- 2) Data is collected from all members of the organization.
- 3) Data is returned to the management/executive team which is then passed down hierarchically to the functional teams.
- 4) Each supervisor conducts discussions with subordinates at the meeting when (a) subordinates are asked to help interpret the data, (b) change plans are made, and (c) plans for preparing data for the next lower level are made.
- 5) Most feedback meetings include a consultant who helps set up the meeting and may act as a resource person.

This method differs from the traditional feedback approach in several ways. First, in the traditional approach, data is usually collected from specific managers or files, whereas in feedback, data is collected from all members of the organization. Second, in the traditional approach, data is reported to management or, if to subordinates, reported through company publications. In feedback, data is reported to all parties involved.

Third, in the traditional approach, data implication is done by top management only, whereas in feedback, it is done by everyone on the team. Fourth, in the traditional approach, the role of third parties is limited to questionnaire development and reporting, whereas in feedback, the role is quite broad, covering strategy, design, administration, and necessary interventions. The likelihood of change in the feedback survey method is higher than in the traditional approach.

b. Team development

Team development is aimed at increasing group or work unit participation. There are two types of groups to focus on in this method: family groups and specialized groups. The first group, consisting of managers and subordinates, is relatively permanent. The second group, on the other hand, is created to solve specific problems. For both groups, team development activities are aimed at diagnosing barriers to improving their performance, improving task completion capabilities, improving relationships between group members, and improving team operational processes such as communication and task assignment.

c. Managerial grid

A more detailed discussion of managerial grids can be found in the chapter on leadership. The grid was developed by Robert Blake and Jane Mouton (1964, 1985), who considered that leadership style (9.9), which involves high attention to people and production, is the most effective leadership style. Therefore, training is aimed at changing the leadership style to the (9.9) style. The steps in the method are as follows.

- 1) Training. Key managers are given an understanding of the managerial grid, asked to evaluate their own managerial style, and practiced to improve skills such as team building, problem solving, team building, and communication.
- 2) Team Development. Trained managers give their views on the situation at hand, with an emphasis on improving subordinate-superior relationships and team effectiveness.
- 3) Intergroup Development. This stage focuses on intergroup relations to improve coordination, cooperation, reduce tension, and solve problems together.
- 4) Organizational goal setting. Top managers co-define the organizational model and set goals to test, evaluate, and improve.
- 5) Goal attainment. Organizational members are asked to create an ideal model of reality.
- 6) Stabilization. The results of the previous stages are then evaluated to determine the areas of the organization that still need improvement. This stage is aimed at stabilizing positive changes and identifying new opportunities within the organization.

4. Evaluation and Necessary Conditions for a Successful OD

Evaluation of organizational development programs is not an easy task due to the complexity, scope, and long-term characteristics of such programs. In addition, organizational politics also make objective evaluation more difficult. For example, people involved in organizational development as key people will be involved in the evaluation. Usually, the results of organizational development programs are inconclusive.

To support the effectiveness of organizational development programs, the following conditions will determine the success or failure of organizational development programs.

- a. Recognition by top management of the problem in the organization. This recognition increases top management commitment, and the program is expected to be more effective.
- b. Use of outside consultants or behavioral experts. New ideas from consultants with better experience than internal agents are expected to increase the effectiveness of the program.
- c. Early support and involvement from top management. Such support gives a good impression of the lower management's interpretation that the program is important.
- d. Involvement of workgroup leaders. Activities involving work groups are often an important part of the program. Therefore, workgroup leaders need to be involved.
- e. The success of the first organizational development program will further encourage trust in the program.
- f. Education about organizational development to the members of the organization. This will make the members of the organization understand the purpose and importance of the program.
- g. Recognize the strengths of successful managers. By using outside consultants, successful managers may feel left out or unappreciated. To prevent such feelings, the manager's success needs to be recognized.
- h. Involve the human resources department. The human resources department has relevant information that is useful in developing the program.
- i. Management of organizational development activities. Good management encourages better coordination and control, which further increases the likelihood of program success.
- j. Measurement of results of Organizational Development activities. Measurement promotes a better feedback process, which is necessary for future changes and programming.



Exercise

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

If you are a company leader and you wish to make a change, what are the "mandatory" things that you would always include in the planned change?

Key Ideas for Exercise Answer

Read the planned change section. Carefully study the figures and tables, and explain them according to the question instructions.



Summary

Changes are common, in fact, they must be habituated for an organization to continue to survive. External and internal factors drive changes in an organization. Planned change is a better alternative than unplanned change, which is partial and reactive. The force-field model of change illustrates that any drive for change is always accompanied by a drive to maintain the status quo (anchoring factors). Managers are expected to understand the sources of resistance to change and be able to overcome them.

The change process is usually described through several stages, namely unfreezing, change, and refreezing. There are several types of changes planned in an organization, namely strategic changes, structural changes, techno-structural changes, technological and operational changes, and people changes. These changes are expected to further improve organizational performance.

Organizational development is a process of planned change, assisted by behavioral science expert consultants, to improve organizational capabilities in problem-solving and renewal processes. Organizational development activities cover the individual level, small groups, groups, intergroup, and the organization as a whole. For these activities to be more effective, managers need to pay attention to several factors that drive the effectiveness of organizational development.

TERMS INDEX

<i>Model Force-field</i>	Organizational Development
<i>Driving Factors</i>	<i>Sensitivity Training</i>
<i>Restraining Factors</i>	Transaction Analysis
<i>Manipulation and Cooptation</i>	Feedback Survey
<i>Unfreezing</i>	Process Consultation
<i>Refreezing</i>	Diagnosis Activity
<i>Change</i>	Confrontative Meeting
<i>Strategic Changes</i>	Team Development
<i>Structural Changes</i>	Work
<i>Techno-structural Changes</i>	
<i>People Changes</i>	



Formative Test 2

Choose the correct answer!

- 1) A model of change in which human behavior is described as the result of the balance of two things, namely the driving force and the restraining force, is called
 - A. force-field
 - B. equilibrium
 - C. organizational change
 - D. dynamic change

- 2) According to Kurt Lewin, the change process includes
 - A. change, refreezing, unfreezing
 - B. refreezing, change, unfreezing
 - C. unfreezing, refreezing, change
 - D. unfreezing, change, refreezing

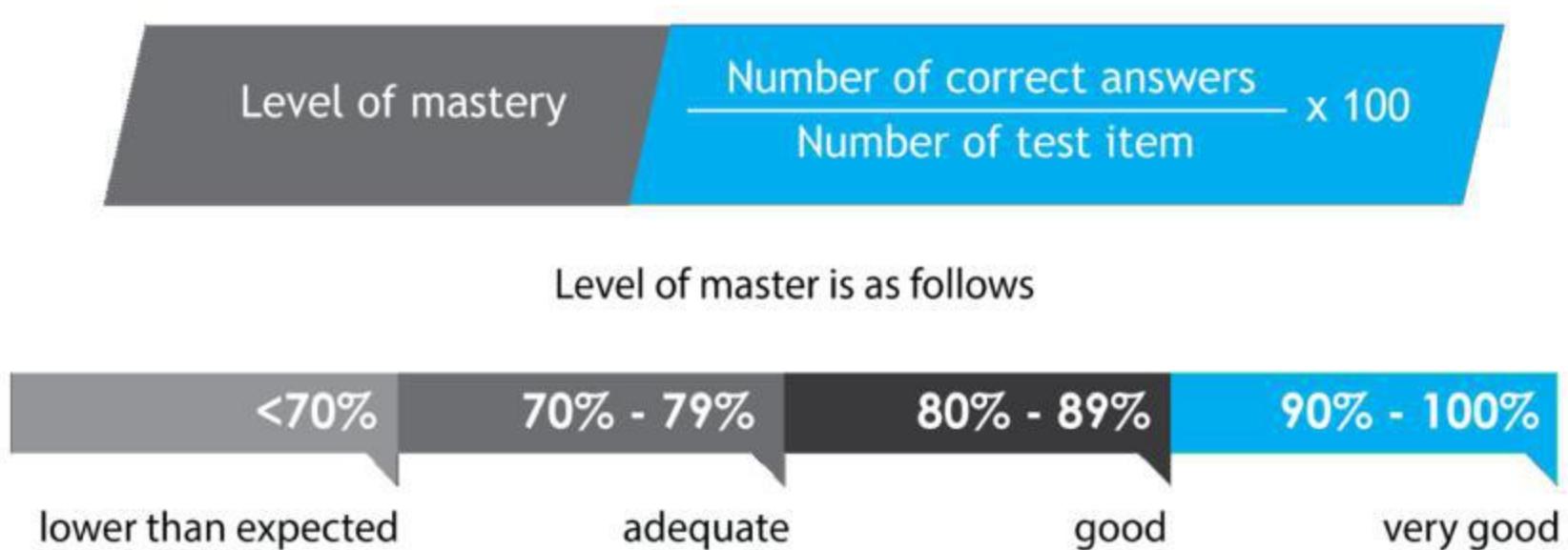
- 3) Organizational design changes include redefining job responsibilities or reorganizing departments, divisions, which are categorized into the change of
 - A. people
 - B. strategy
 - C. structure
 - D. technology

- 4) Activities in Organizational Development that aim to improve personal relationships are called
 - A. sensitivity training
 - B. process consultation
 - C. confrontational meeting
 - D. transaction analysis

- 5) The difference between feedback surveys for Organizational Development (OD) activities and the traditional approach is
 - A. the traditional approach collects questionnaires from all members of the organization
 - B. the OD approach collects questionnaires from all members of the organization
 - C. traditional and OD approaches are not different
 - D. OD approach only focuses on top managers

6.40 Staffing

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.

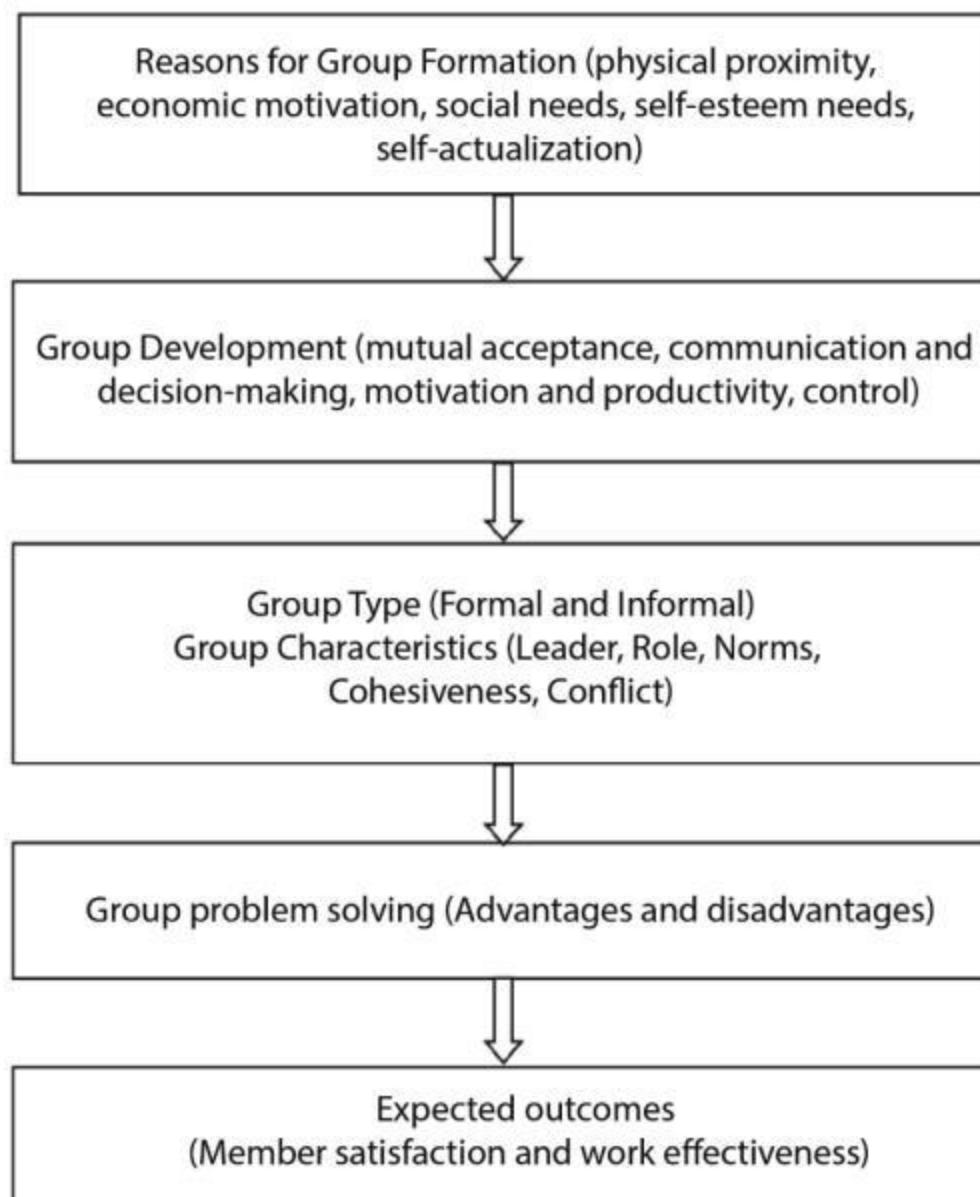
Learning Activity 3

Groups

Groups are defined as two or more people who interact and influence each other to achieve a specific goal. Managers need to understand groups as they will help managers in achieving organizational goals. This learning activity discusses groups, covering group characteristics and group problem-solving. Groups are part of human resource management.

A. GROUP MODEL

The group model is shown in Figure 6.8. The model is a chronological one, starting from the formation of the group, the establishment of the group, and the results achieved through the group.



Source: Stoner *et al.*, 1995

Figure 6.8
Group Formation Model

B. MOTIVES FOR GROUP FORMATION

Groups are formed for several reasons. Functional or formal groups arise because they are formed by organizations. Informal groups are formed for several reasons such as the similarity of the origin or certain attributes. Here are some factors that cause a person to join a group, either formal or informal.

Physical. If people are placed in the same building, there will be a tendency for them to interact with each other. Similar occupations also tend to form groups. Some types of jobs have their employees in close proximity to each other, e.g. several secretaries sitting next to each other. Secretaries then form secretarial groups that not only discuss work issues but can also include non-work issues. The attraction also increases the likelihood of joining a group. The attraction will be higher if people are similar in attitude, personality, and economic position.

Economic. A person may have economic reasons for joining a group, such as joining an organization expecting to be paid. Informal groups can also form based on such reasons. For example, employees join a labor union in order to pressure management to raise wages or improve working conditions.

Interesting group activities. A person may join a group if its activities are of particular interest to that person. Badminton sports groups will attract the attention of those who like the sport. Many companies provide groups that have interesting (fun) activities for employees, such as sports or arts.

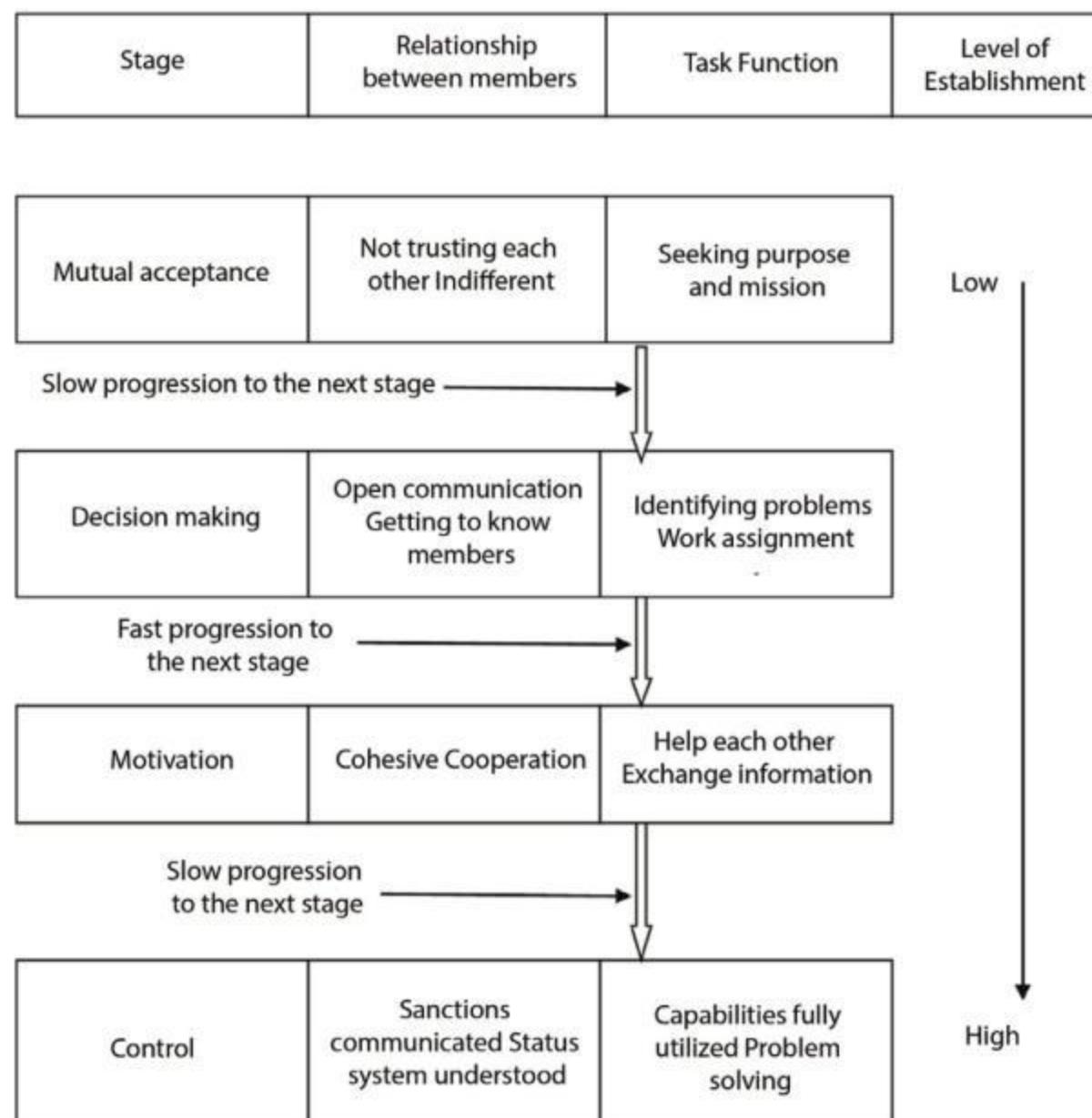
Meeting needs. A person may join a group to fulfill his or her needs. These needs range from economic to security to social to self-recognition and self-actualization. For example, if an employee receives a difficult task from the boss and is worried that if he asks the boss, he will appear incompetent, he will ask other employees. The employee will feel more secure if he or she joins a group. A person who wants to affiliate with or socialize with others will join a group to meet his needs. A person may also join a group to gain self-recognition. For example, he joins a certain club, such as an executive club, which has its own prestige. A person who has an unsatisfactory job will join a group to meet the need for self-actualization. For example, an employee who has good martial arts skills but only works as a warehouse keeper will have his self-actualization needs met if he joins a martial arts group and acts as the group's coach.

Purpose of the group. A person may join a group because they are attracted to the group's purpose. For example, a fundraising group for cancer treatment will attract certain people. The fundraising activities may not be fun, but the purpose of the group makes them worthwhile.

Instrumental benefits. A person may join a group because they want to fulfil certain needs indirectly. The group one enters may not provide immediate gratification. For example, a student may join the student senate or other extra-curricular activities because he or she wants to include these activities in his or her resume to appear attractive for job applications.

C. GROUP DEVELOPMENT

When one meets another, they will try to get to know each other. Then, after a while, they will become familiar with each other. Group development can also be described as such. Group development is a learning process, where one learns to work together, accept each other, and trust each other. Over time, the group will mature or become more established. Figure 6.9 below illustrates the development of a group.



Source: Stoner *et al.*, 1995

Figure 6.9
Group Development

In the first stage of mutual acceptance, group members initially feel unfamiliar with each other. During this stage, the members are still adjusting to one another. They haven't yet figured out which behaviors are acceptable, nor are they sure whether they can join (fit in) with the group, and they don't trust the other members of the group. Then, the group members begin to establish the ground rules of the group. The "awkward" period passes slowly (evolves) to the next stage. Oftentimes, in group formation, introductions can last a long time (several weeks).

In the second stage, communication between members becomes more open as they understand each other better. The problems to be solved begin to be discussed, and talk of tasks begins to surface, although at this stage the group is still not cohesive and the pattern of interaction is still unstable. Leaders, or people who play a central role, begin to surface and try to play their part in determining the group's agenda.

The group then reaches maturity at a later stage, which is usually preceded by a burst of activity. The cooperation between members quickly increases, and the mutual understanding allows the group to become more cohesive. Each member knows his or her role and understands the roles of the other members. Furthermore, someone is recognized as the leader of the group. If the leader then violates the norms or rules of the group, conflict will arise and may result in the rejection of the leadership.

The last stage develops rather slowly. The group begins to focus intensively on the problem at hand. The status system that includes roles, expectations, and interaction patterns is well established and understood by the members of the organization. Control mechanisms also develop through sanctions that will be given to those who deviate from group rules or norms. The abilities of group members begin to be fully utilized to achieve goals. Problem-solving becomes the primary concern of the group. If the group does not succeed in achieving its goals, turmoil sets in. A new leader may emerge, and the group will develop from scratch.

D. TYPES OF GROUPS

Groups in organizations basically fall into two categories: formal and informal. For formal, there are several categories involved: commands, committees, task forces, and project teams.

1. Formal Groups

Managers purposefully form formal groups to carry out specific tasks with the goal of achieving organizational goals. The ones most often encountered are command groups or functional groups. The group consists of managers (as superiors) and employees who report to the manager. If the group has the same type of work, it is also referred to as a functional group. The marketing department is an example of a functional group. The formal organizational structure consists of several command groups. Managers have two roles at once, one as a superior to whom subordinates report and one as a subordinate because they report to a higher manager. Thus, the manager acts as a liaison between the various formal groups in the organization. Committees are another type of permanent formal group.

Committees are groups whose purpose is to deal with recurring problems and make decisions. The planning committee is one example of a committee. Planning comes up every year.

Formal groups that are temporary are referred to as task groups. They are designed to solve specific problems that do not arise regularly. Task forces and project teams are examples of such groups. A work team to build a new plant or a task force to evaluate order-taking procedures are more specific examples. When the task is completed, the group will be disbanded. Disbandment may also occur after a certain period of time. For example, an order intake procedure task force is given one week to provide its recommendations.

The difference between a committee and a task force is as follows.

Table 6.4
Differences between Committee and Task Force

	Committee	Task Force
Time Period	Long-term. Ends if the organization terminates the committee.	Short-term, ending when the task is completed. Skills, abilities, hierarchical roles, and positions are important, but expertise is equally important.
Membership Base	Organizational roles and positions are based on hierarchical roles and positions	Changeable: Members are added or subtracted according to the needs of the activity.
Membership Stability	Stable: Members are appointed and remain on the committee.	Active: The first task is the basis for the formation of the task force; problem and opportunity solving is an integral part of the task force's work.
Identify tasks, problems, and opportunities	Passive: Tasks, issues, and opportunities are usually designated by other parts of the organization, on the basis of the committee's area of responsibility.	

2. Creating More Effective Formal Groups

Formal groups play an important role in organizations, and managers need to understand how to use formal groups effectively. The word committee in this section refers to formal groups. Here are some procedures to improve the effectiveness of committees. Committees have considerable variation, so the following procedures are not generalizable. A committee whose purpose is to explain instructions from the management is, of course, different from a committee whose purpose is to solve a particular problem (problem-solving committee).

- The following procedures are more appropriate for problem-solving committees.
- a. The committee's objectives should be clearly defined. It is best if they are in writing. This will help the committee focus on the activities it should be working on and reduce the time allocated to discussing what the committee should be doing.
 - b. The committee's authority should be clarified. Does the committee only scrutinize, advise, and make recommendations, or is the committee authorized to implement decisions?
 - c. The optimal size or number of people on the committee should be determined. If the committee members are less than five, the group will have limitations. If the group has more than ten or fifteen members, the committee may not have a good focus. Although sizes vary depending on the situation, it seems that the ideal number of committee members is five to ten.
 - d. The committee chair should be selected on the basis of his or her ability to lead efficient meetings. The chairperson should be able to encourage the participation of all committee members while keeping discussions from becoming long-winded.
 - e. Appointing a permanent secretary to handle communications is often beneficial.
 - f. The agenda and supporting materials for the meeting should be distributed before the meeting begins. If members have the opportunity to study the materials, they will be more likely to focus on the sections to be discussed and be ready with important contributions.
 - g. Meetings should start and end on time. The time of the meeting should be announced at its beginning.

3. Informal Group

Informal groups are formed through regular meetings and interactions. These groups arise within existing structures, and may or may not be compatible with organizational goals. If the group strengthens the sense of unity and encourages productivity then the informal group is helpful in achieving organizational goals. There are times when informal groups contradict organizational goals. For example, when managers wish to increase productivity, the employees agree to produce only enough (secretly) through informal groups as they are not willing to work too hard. Informal groups can provide protection and support to their members.

Informal groups consist of interest groups and friendship groups. Interest groups arise when the members have a specific goal in common. For example, if two people want a raise, they may join forces and discuss the raise. If employees are given bonuses based on group (rather than individual) achievements, employees on one line may join forces and talk about the increase.

If employees are given bonuses according to group (rather than individual) performance, employees on one line will discuss the issue with employees on the next line, with the aim of overall (group) productivity going up. If the productivity of the

group goes up, the individual will get a bonus increase. Economic interests characterize the group in this example. Friendship groups arise because of shared characteristics, e.g. age, ethnic background, political sentiments, or interest in sports. Employees with the same regional origin tend to become friends more quickly. They may talk about topics related to their region of origin, use their language or accent, or talk about returning home together on vacation. Often their activities extend to non-work activities, e.g. they form regular meetings after work. Communication patterns and group membership cannot be fully controlled by the organization. But managers can influence them in several ways, such as by changing the production layout or changing the break schedule. For example, if two work lines are placed in the same building, the likelihood of interaction will be higher. Conversely, if the two lines are separated, there will be less chance of interaction.

Informal groups serve several functions. First, they maintain and reinforce the shared norms and values of group members. Second, they provide social satisfaction, status, and security. Social needs (friendship), support, and security can be met. Third, they help members communicate. Fourth, they help solve problems. In addition to these four functions, informal groups can act as reference groups, where people identify with and compare themselves to the group. Middle managers may try to reference the top manager because the top manager is their idol. They might act and behave like the top manager.

Table 6.5 below summarizes the differences between formal and informal groups.

Table 6.5
Comparison of Formal and Informal Groups

Characteristic	Formal Group	Informal Group
Objective	Profit, efficiency, service	Member satisfaction, willingness
Origin	Planned by the organization	Spontaneous
Briefing of	Authority, monetary rewards	Personality, skills
Members	Top to bottom using formal channels	Grapevine: person to person with all channels
Communication	Appointed by the organization	Emerges from the group
Leader	Formed through working relationships	Spontaneous
Interpersonal relation	Threat control, using monetary replies	Through social sanctions
Control		

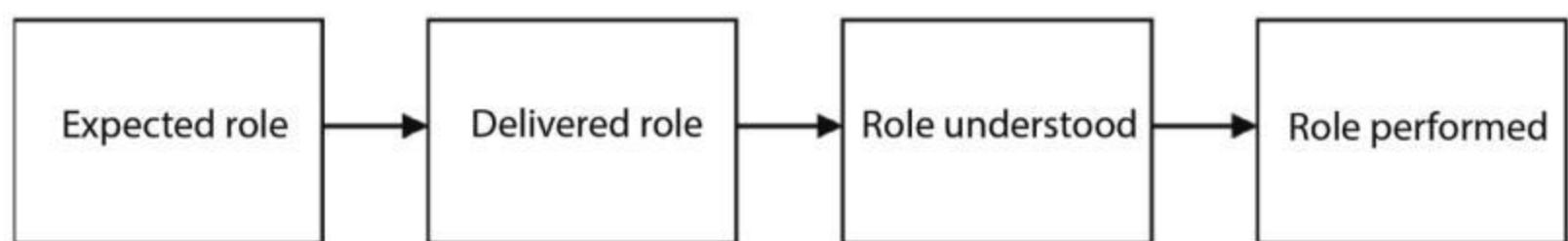
E. GROUP CHARACTERISTICS

As the group enters the maturity stage, group characteristics will emerge, including role structure, group norms, and cohesiveness.

1. Role Structure

Each individual in the group will play a specific role to help the group achieve its goals. There are two types of roles: task roles or task-specialist roles and socioemotional roles or group-building and maintenance roles. Task roles are concerned with activities to achieve group goals. The role of a manager, for example, requires one to attract labor, determine salaries, and so on. The social-emotional role relates to activities to fulfill the social needs of group members. The manager, for example, will mediate when there is a conflict between group members. Some people, such as group leaders, will perform both roles at once. Others will perform one of the roles. Sometimes the formal leader is able to perform the task role well but lacks the ability to perform the social-emotional role well. In this case, there is a role gap. Someone else will help fill the social-emotional role. Usually, this person is an informal leader.

The role structure emerges through several stages of role development, as shown in Figure 6.10 below.



Source: Hanafi, 2019

Figure 6.10
Group Development

The process begins when members of the organization expect individuals to perform certain roles (expected roles). Then, the expected role is sent (communicated) to the intended individual. The intended individual will then receive the message and interpret the message in a role that he understands. Then, he tries to fulfill the role, and the role becomes the role that is carried out. The role performed then shapes the organization's expectations of the individual in the future. In a new group, such processes occur simultaneously, and they are not always as smooth as the model suggests.

When there is a disruption in the process, there is role ambiguity, role conflict, and role overload.

Role Ambiguity. Role ambiguity arises when the role is unclear. Role ambiguity may arise due to unclear job descriptions, instructions, or signals from coworkers. Employees will feel like they don't know what to do, which causes problems for the individual experiencing this, and also for the organization that expects certain results from employees.

Role Conflict. Role conflict arises when roles are clearly defined, but contradictory to or eliminate each other. Role conflict can lead to job stress, poor performance, and high turnover. Inter-role conflict occurs when two roles contradict each other. For example, a manager asks an employee to work overtime (the good employee role), while at home, the employee is expected to spend more time with his family (the good father role). Intraconflict occurs when there is conflict within a role. For example, the supervisor demands that the manager implement the organizational rules applied in his unit, while the subordinate expects the rules to be changed. The manager's role results in two different expectations.

Intrasender conflict occurs when a source sends an inconsistent message. In the morning, the manager desires to work overtime, but in the afternoon he announces that he will go home as usual. Person-role conflict arises when there is a discrepancy between the expected role and the person's values, attitudes, and needs. For example, if a manager is asked to terminate a long-time employee who's an old friend, he will experience such conflict because he may not want to terminate the employee.

Role Overload. If a person's expected role exceeds that person's abilities, role overload will occur. If a manager assigns certain jobs simultaneously to a person, this may be the case. For example, an employee is assigned the task of representing the organization in a meeting, preparing a presentation, and doing his usual job simultaneously.

To avoid the problems mentioned above, managers should demonstrate and transmit clear, consistent expectations and be mindful of the employee's limits. Communication should also be made clear. If employees experience these problems, they will likely be able to escape into informal groups. But the informal group does not completely eliminate the problem because the group is outside the official channels and does not have enough authority or information to solve the problem.

2. Group Norms

The standard behaviours that the group accepts for its members are referred to as group norms. Norms thus define the boundaries between acceptable and unacceptable behavior. Some norms are carried over from the individual's environment. Others emerge from and are influenced by the group. Some groups will develop norms that help make life easier, such as not overworking. Such norms are clearly counterproductive. But groups can develop productive norms, and some organizations even develop such norms for specific purposes, such as reducing workplace accidents. Norms like "Do not show up to a meeting unprepared" tend to be productive norms.

Generalization of Norms. Norms can differ from one group to another. Thus, norms cannot be generalized. Certain faculties, for example, require their teaching staff to wear ties, whereas others may mock or insinuate the use of ties. Certain groups have a relaxed relationship between subordinates and superiors, while other groups have a more formal relationship.

Norm Variation. Norms can vary even within groups. For example, at a university, employees are expected to arrive at 7:00 a.m. and leave at 2:00 p.m. Lecturers, on the other hand, are not subject to such norms. The most senior or most experienced members of the organization are expected to come to the rescue if problems arise, e.g., if there is a customer complaint. New members are expected to do unpleasant work; for example, new teaching staff are asked to teach the least interesting courses.

Norm Conformity. Several factors contribute to norm conformity. If the stimulus is unclear (for example, there is a rumor that a certain group will be disbanded), then norm conformity will increase. The characteristics of individual members also matter. For example, people with higher education will not be easily asked to comply with group norms. The pressure to comply is considerable. In an experiment, one group was asked to answer a question with a clear right or wrong answer. All members of the group, except one who was the subject of the study, worked for the researcher. They gave the wrong answer intentionally. Later, the research subjects were asked to answer. It turned out that about 35 percent of the research subjects gave the wrong answer because all the group members gave the wrong answer. But if just one person gave the right answer, the number would drop quickly. Individuals are more willing to give different answers if there is a friend.

When individuals first enter a group, they will be introduced to the prevailing norms of the group. Norm socialization occurs at that time. Later, the individual adopts the norms of the group. Some organizations take an active role in the socialization process, while others just let it happen naturally. Groups have a system of control that is mainly exercised through social sanctions. These sanctions can be in the form of criticism, sarcasm, reprimands, or physical sanctions. If the individual does not heed the sanction, the individual will be expelled from the group. Alternatively, if the broken rule is not strong enough, the group may adopt the new rule, albeit through a long process.

3. Cohesiveness

Cohesiveness (solidarity, commitment) is an indicator of the extent to which the group affects the individual. If the group has high cohesiveness, the individual's sense of belonging will be stronger, and the group will be more effective in achieving its goals. Cohesive groups have fewer misunderstandings and high compliance within the group. Non-cohesive groups struggle with communication, cooperation, and coordination, and they are less likely to help and trust one another, making them less effective in achieving their goals.

If the level of cohesiveness affects group performance, it is in the manager's interest to look at the factors that influence the level of cohesiveness. The following table summarizes these factors.

Table 6.6
Factors that Increase and Decrease Cohesiveness

Factors Enhancing Cohesiveness	Factors Reducing Cohesiveness
Intergroup competition	Group size
Personal appeal	Disagreement over goals
Good evaluation	Competition within the group
Goal agreement	Domination
Interaction	Unpleasant experience
Dependence between members	
High group status	
Management pressure	

Source: Arranged by the Author

Factors enhancing cohesiveness. Competition within the group will increase group cohesiveness. For example, if two football clubs compete for the championship, the cohesiveness of each group will be higher. Managers can divide the organization into several competing work groups. Then, achievement rewards can be given to encourage competition. Attractiveness is one of the reasons an individual joins a group. High attractiveness will further encourage cohesiveness.

Good evaluations tend to increase group cohesiveness as well. For example, if a manager praises a group of salesmen for achieving their targets, the enthusiasm and unity of the group will be higher. Commonality or agreement on a common goal will increase cohesiveness as well as interaction. If dependence between members is high, cohesiveness tends to be higher. High dependency makes members feel they need each other and will increase cohesiveness.

High group status tends to increase cohesiveness. Group status can be determined by the following.

- a. Certain groups are rated higher because they perform better. This status is an indicator of achievement in the organization.
- b. To enter a particular group, members have to possess high skills.
- c. Groups do risky work and financially earn more than others.
- d. The group, based on past experience, has a high likelihood of promotion.

Pressure from management also tends to increase group cohesiveness. For example, if management sets a deadline for work to be completed by tomorrow morning, the group will focus on meeting the deadline, and cohesiveness will increase. Usually, this is a short-term event. Once the target is exceeded, cohesiveness can return to its original, lower level.

Factors reducing cohesiveness. The larger the group, the less cohesive it becomes. If group members do not agree on a goal, cohesiveness will drop. For example, some members want high profits, while others want sales to be limited. Competition between group members also tends to decrease group cohesiveness. Such competition causes

members of the organisation to focus on things other than achieving the goal. Individual or partial domination of the group will reduce cohesiveness because other members will feel they do not have equal opportunities in the group. Lowering cohesiveness is an unpleasant experience. For example, if the group lost the best salesman contest last year, enthusiasm will be lower and cohesiveness will decrease.

Cohesiveness will increase interaction, which in turn will increase cohesiveness as well. The more cohesive a group is, the higher the achievement of the group will be. The following matrix shows the relationship between cohesiveness and achievement norms.

		Achievement Norm	
		Moderate Achievement	High Achievement
High	Low	Moderate Achievement	High Achievement
	High	Low Achievement	Low Achievement
		Low	High
		Cohesiveness	

Source: Stoner *et al.*, 2019

Figure 6.11
Relationship between Cohesiveness and Achievement Norms

If the achievement norm and cohesiveness are high, high achievement can be obtained. If the achievement norm is high while cohesiveness is low, the group will not work optimally, and group performance will be moderate. If the achievement norm is low, group performance will be low, regardless of cohesiveness. In this situation, managers can bring in new members to raise the group's achievement norm. If cohesiveness is low, such an action is acceptable to the group, and the next step is to raise cohesiveness. If cohesiveness is high, such a move may be resisted by the group.

F. GROUP PROBLEM-SOLVING

Advantages and Drawbacks

Some decisions will be made jointly by several people if they are too big and complex or if they involve many parties. Individual or group decisions have their own advantages and disadvantages. The following section explains the advantages and disadvantages of group decision-making.

a. *Advantages of group decision making*

There are several advantages to group decision-making. First, groups can generate more decision-making alternatives. The more alternatives, the higher the probability of getting the best alternative. Second, groups have more knowledge than individuals.

If the product launch committee group consists of marketing, finance, production, and research and development people, the combined ideas of the group will be better than ideas that solely originate from the marketing manager. The finance manager will understand the financial issues, and production will understand the production side of the new product. Third, joint decision-making will increase the commitment of each member. The likelihood of successful implementation is higher because of this commitment. Fourth, if the decision-makers and implementers are in the same group, the implementers will understand the issue better. If the two are separated, the decision-maker must communicate with the implementer, and the possibility of poor communication will damage the implementation of the decision.

b. *Weaknesses of group decision-making*

There are several drawbacks to group decision-making. First, groups tend to limit the decision alternatives they consider. At first, plenty of ideas are generated. But eventually the group quickly considers the ones that are most conventional or most convincingly presented. Controversial alternatives, although potentially good, are quickly forgotten. Secondly, the group may be dominated by a leader who may not have decision-making skills. Extroverted or socially assertive members will tend to dominate the discussion. Some of these people have a particular alternative that they want, or they wish to look good despite presenting a not-so-good alternative, or they wish to simply win the debate without looking for the best alternative. Third, the tendency for groupthink to dominate the individual. Individuals will quickly agree to group decisions without further criticism. Groupthink removes individual responsibility, and therefore each individual becomes less and less careful.

c. *Some key considerations*

The following table describes the situations where groups can either be assets or liabilities to the organization. If managers are successful in taking the necessary actions to prevent the negative side of the group in each situation, the group will be an asset. If not, the group is likely to be a liability to the organization.

Table 6.7
Asset or Expense of Group

Situation	Actions Managers Should Take
Ideas emerge, even conflicting ones	If managers successfully use dissent to encourage creativity, the group is an asset. Otherwise, differences tend to be destructive.
Group members have different goals and perspectives	The manager recalls the core problem and asks group members to agree on the problem, before formulating alternative solutions. If successful, the group will be an asset (useful), if not, the group will be a liability.
Groups tend to make decisions that are not risky.	The manager should evaluate the creativity and practicality of the alternatives. If successful, the group will be an asset, if not, only moderate alternatives will emerge.
Group decision-making is time-consuming and more expensive.	If the decision is carefully formulated, the group is an asset, if not, the group is a liability.
Compromises tend to happen. The most creative or good alternative turns out to be average.	Managers discourage irrelevant or long-winded discussions. The importance of time is also reminded. If the manager is successful, the group becomes an asset. If not, the group becomes a burden.



Exercise

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

Look and observe groups around you, they could be a study group, a hobby group, or something else. Observe the group and record the characteristics of the group, including its role structure, group norms, and cohesiveness.

Key Ideas for Exercise Answer

Read the group characteristics section, which describes group characteristics. Examine the descriptions in the section carefully. Use the descriptions in the section to explain the characteristics of the group you observed.



Summary

A group is defined as a collection of two or more people who interact and influence each other to achieve a specific goal. Groups are formed for several reasons, such as physical proximity. Then, groups develop toward established groups that have certain characteristics. There are two types of groups in organizations, namely formal

and informal groups. Formal groups are created by managers to carry out certain tasks to achieve organizational goals. There are two types of permanent formal groups, namely command groups and committees. Task forces and project teams are examples of non-permanent formal groups. Informal groups arise due to regular interaction and consist of interest groups and friendship groups.

Role structure, norms, and cohesiveness characterize established groups. Group problem-solving has both disadvantages and advantages, depending on how the manager handles the situation. Groups can be an asset, but they can also be a liability.

TERMS INDEX

Command group	Group Norms
Committee	Norms
Generalization	Network
Task Force	Norms Variation
Project Team	Norms Compliance
Interest Group	Cohesiveness
Friendship Group	Conflict Management
Reference Group	Domination
Role Structure	Compromise
Role Uncertainty	Integrative Approach
Role Conflict	Consensus
Role Overload	Confrontation



Formative Test 3

Choose the correct answer!

- 1) The following formal groups are often found in a company
 - A. functional group
 - B. recitation group
 - C. groups based on hobbies
 - D. groups based on management level

- 2) The following factors reduce group cohesiveness
 - A. agreement on goals
 - B. interaction
 - C. dependence between members
 - D. group size

- 3) The following characterize the early stages of a group
 - A. sanctions are communicated
 - B. no mutual trust

6.56 Staffing

- C. mutual help and information exchange
 - D. cohesive cooperation
- 4) The following are the advantages of group decision-making
- A. having more knowledge than individuals
 - B. domination by one group member
 - C. tendency for groupthink
 - D. limiting decision alternatives to the most conventional ones
- 5) Formal, temporary groups formed to solve specific problems that do not arise regularly are called
- A. functional group
 - B. interest group
 - C. top management group
 - D. task force
- 6) As a manager, one is required to work hard to the point of midnight overtime. As a father, one is required to spend more time with family. This condition is an example of
- A. role conflict
 - B. role conflict of the sender
 - C. role uncertainty
 - D. compliance with norms

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.

Level of mastery

$$\frac{\text{Number of correct answers}}{\text{Number of test item}} \times 100$$

Level of master is as follows

<70%

70% - 79%

80% - 89%

90% - 100%

lower than expected

adequate

good

very good

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**Recruitment of Research Assistant**

Mr. Harjo, a finance lecturer, was assigned by the faculty to run a daily reporting activity for the Indonesian stock market. The activity is a collaboration between the Faculty of Economics of Daya Semesta University (UDS) and a securities company. Through this collaboration, the Faculty of Economics of UDS will create a daily report (daily update), which will be submitted to the securities company, which will then be forwarded to the securities company's customers. This way, securities companies will be able to obtain information on market conditions every day. The process of preparing the update is entrusted to the Faculty of Economics of UDS. Reports are made every day for one year.

To carry out these activities, Mr. Harjo must recruit students to assist him in these activities. The assistant's activities include reviewing the latest news developments, displaying the latest economic indicators, and presenting them in a specific format. The following is an example of the format of the stock update report.

Table
Example of Stock Trading Update

Trading Market Report 11/12/2019

-On Wednesday's trading session, JCI closed down 3.41 points or 0.06% at 6,180.10. The weakening of JCI was caused by the majority of compact sectors experiencing weakness led by the Miscellaneous Industry (-0.97%), Agriculture (-0.86%), and Basic Industry (-0.70%) sectors. The sectors that held the JCI down were Mining (+0.88%), Trade (+0.65%), and Finance (+0.13%).

-Regional bourses moved into the green zone, such as Shanghai (+0.24%), KOSPI (+0.36%), Hang Seng (+0.66%), and ASX 200 (+0.68%). The JCI weakened in contrast to regional bourses as profit-taking continued. In addition, the World Bank lowered Indonesia's 2019 economic growth projection from 5.1% to 5%. Market participants are also still waiting for the Fed's FOMC meeting results to be announced tomorrow (12/12). The rupiah exchange rate today weakened 0.15 percent against the US dollar to IDR14,025 (JISDOR).

-The weakening of JCI today was accompanied by foreign net sell of Rp110.18 billion. In today's trading, the total frequency of JCI was 499,432, total volume was 8.59 billion and total valuation was Rp6.19 trillion. The number of shares rose 198, 238 shares fell and 179 shares stagnated.

6.58 Staffing

Top 5 Gainer (%)

1.	FILM,	@174,	34,88%
2.	IFII,	@240,	34,83%
3.	SINI,	@1.200,	25%
4.	TFCO,	@630,	23,53%
5.	IKAI,	@100,	23,46%

Top 5 Loser (%)

1.	MAMI,	@79,	-34,71%
2.	REAL,	@214,	-24,65%
3.	HDFA,	@125,	-21,88%
4.	PICO,	@2.890,	-19,27%
5.	DWGL,	@183,	-18,30%

Top 5 Foreign Net Buy (RG Market)

1.	BBRI,	@4.210,	130,05B
2.	BMRI,	@7.350,	32,16B
3.	ACES,	@1.630,	29,22B
4.	PGAS,	@2.160,	18,87B
5.	MEDC,	@825,	14,35B

Top 5 Foreign Net Sell (RG Market)

1.	BBCA,	@31.900,	-70,99B
2.	TLKM,	@4.050,	-45,21B
3.	BBNI,	@7.525,	-40,49B
4.	ASII,	@6.550,	-25,18B
5.	INTP,	@19.525,	-23,89B

Top 5 Volume

1.	BUMI,	@72,	4.351.159 lot
2.	TRAM,	@50,	3.537.713 lot
3.	MEDC,	@825,	1.770.141 lot
4.	IKAI,	@100,	1.372.850 lot
5.	PPRO,	@71,	1.282.738 lot

Selected Stock Review

- [ACES (+5.50%). Open 1,555, Hi 1,630, Low 1,550 and Close 1,630. ACES today managed to break resistance 1 and 2 at 1,575 and 1,605 respectively. Nearest target 1,750. Stochastic golden cross.]

Mr. Harjo then posted a recruitment announcement. A week later, when registration was closed, there were 12 student applicants. Mr. Harjo needed three to four students to help fill the vacancies. The details of the twelve student applicants are as follows.

Table
Report Writing Assistant Vacancy Applicants

	Name	Gender	GPA	Department	Notes
1	Fajri	M	3,53	Economics	
2	Lisa	F	3,41	Economics	Vice Chairman of Student Organization
3	Haryo	M	3,12	Economics	
4	Mutia	F	3,64	Management	2nd place in provincial economics student debate competition
5	Wahyu	M	3,25	Management	Active in student organization as business exhibition treasurer
6	Joko	M	3,53	Management	Participated in extra-curricular activities of poetry and short story writing
7	Hari	M	3,45	Management	1st place in the national capital market competition
8	Lestari	F	3,1	Management	Previously a research assistant to a lecturer
9	Susi	F	3,22	Accounting	Participated in extra-curricular activities, learning English and Chinese
10	Amin	M	3,57	Accounting	Actively involved in student organizations as chairman of the economics student association, owning and managing a restaurant business
11	Mashudi	M	3,21	Accounting	Actively involved in organizations as chairman of the committee for a number of activities
12	Fahri	M	3,45	Accounting	Previously a research assistant to a lecturer, actively involved in organizations as a member

The applications will be reviewed immediately, and Mr. Harjo will then interview the applicants. Mr. Harjo sees that all candidates are equally capable, even though only three or four assistants are needed.

For the stock market update activity, knowledge of the stock market and finance would be helpful. However, from discussions with some of the previous assistants, financial market knowledge is not as important nowadays. There are many assistants who used to know nothing, yet after learning hard, the

assistant was able to master the job well. Therefore, the requirement of a willingness to learn becomes more important.

Mr. Harjo wants assistants who are willing to work hard and don't complain easily. Moreover, this job requires the writing of daily reports. If an interview is conducted, all applicants will definitely say good things about themselves. They will claim that they are eager to learn new things and work hard. However, the difference between those who are hard workers and those who are just claiming to be is the real question.

Next, Mr. Harjo will interview the applicants. But how will he conduct a good interview? One of his colleagues suggested a structured interview. With such an interview, the interviewer must prepare a number of questions. The questions are designed to identify potential candidates. However, Mr. Harjo did not know the list of questions that needed to be made, how the questions should be asked of the applicant, or what kind of answers would indicate the applicant's qualifications. Mr. Harjo has no experience in such matters.

Mr. Harjo also noticed a newer trend in interviewing, which is using Focus Group Discussion. Applicants will be asked to discuss a specific topic. Then the evaluator will assess the potential of the discussion results. However, Mr. Harjo does not know how the FGDs are run or how to assess the applicants from the FGDs. What factors should be looked at?

Whatever the recruitment method is, Mr. Harjo wants to get good assistant candidates who can support the activities and make them run smoothly.

Discussion Questions

1. How should recruitment be done? What should be prepared?
2. If interviews are conducted, how should they be conducted to identify potential applicants?

Answer Key to Formative Test

Formative Test 1

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

Formative Test 2

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

Formative Test 3

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

References

- Blake, R.R., & Jane, M. (1964). *The managerial grid: The key to leadership excellence*, Houston: Gulf Publishing Co.
- Blake, R.R., & Jane, M. (1985). *The managerial grid III: The key to leadership excellence*. Houston: Gulf Publishing Co.
- Dessler, G. (2016). *Human resource management*. New York: Pearson.
- Griffin, R.W. (2016). *Management* (12th edition). Andover: Cengage Learning.
- Hanafi, M.M. (2019). *Manajemen*. Yogyakarta: UPP-AMP YKPN.
- Lewin, K. (1951). *Field theory in social science*. New York: Harper and Row.
- Stoner, J.F., Edward, F.R., & Daniel, R.G. (1995). *Management* (6th edition). New Jersey: Prentice Hall.