FACULTY OF BUSINESS, HUMANITIES & HOSPITALITY

MASTER IN BUSINESS ADMINISTRATION

BM4401
ORGANIZATIONAL MANAGEMENT

SELF INSTRUCTIONAL MATERIALS

ACADEMIC YEAR 2024

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Welcome

This module is introduced to instill an in-depth understanding on management theories specifically in managing organizations. It is important to learn this course as it provides a fundamental concept on how organization can be successfully managed by individuals and teams.

Description of the Course

This course serves as an introduction to the discipline of management. It is designed to integrate the accepted theories in the area with real-world applications to provide students with the basic knowledge and skills needed for managing others. This course begins with a discussion of the current issues in management and then proceeds to cover the traditional functions of management: planning, organizing, leading, and controlling. Lecture and class assignments given in the course are intended to help students understand the needs of modern public and private organizations, including emerging national and international trends.

Aim of the Course

This course is designed to help MBA students in developing understanding and awareness of the essentials in managing the organizations. In addition, the aim of this course is to help students understand the important basic terminology and principles of management.

Course Learning Outcome

Upon completion of this course, students will be able to:

- Analyze the management and organizational theory and practice at three distinct levels i.e. individual, team and organization.
- Evaluate organizational management issues at three distinct levels.
- Select the management and organizational theory and practice to resolve the organizational management issues.

Support and Contact Details

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Assessment

Assessment Methods and Types

TASK	PERCENTAGE
Short Case Study	20%
Article Review	20%
Project Report	30%

Formative Assessment

1. Learning Organization, Communication, and Motivation
   Knowledge check activity
   Case Discussion (10%)

2. Organization Structures: Strategy, Design, Function
   Knowledge check activity

3. Organization Processes: Survival, Change, Growth & Development
   Knowledge check activity
   Case Discussion (10%)

4. Leadership and Decision Making
   Knowledge check activity
   Online Forum (10%)

5. Power, Control and Conflict Resolution
   Knowledge check activity
   Online Forum (10%)

Summative Assessment

1. Individuals, Groups, and Teams in the Organization
   Short Case Study Submission (20%)

2. The Importance of Organizational Culture
   Article Review Submission (20%)

3. Theories and Models of Management
   Project Report Submission (30%)

Text

Main Reference:

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.

Additional References:

- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.
- Scandura, T. A., Gower, K. (2020). *Management today: best practices for the modern workplace.* SAGE Publications.

Topic 1: Overview of the course

Introduction to Organizational Management

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Explain why managers are Important to organizations.
- Discuss the functions, roles, and skills of managers.
- Discuss the factors that are reshaping and redefining the manager's job.
- Explain the value of studying organizational management.

Introduction

The first lesson introduces the basic concept of organizational management which covers the aspect of knowing managers and employees in the workplace setting. Specifically, during the overview of the course, students will be exposed on the importance of managers roles and functions in the organizations. In addition, students will be explaining the value of studying organizational management.

1.1 Who are Managers

- Managers may not always be what we expect. Today's managers range from 18 to 80, they're found in a variety of different types of organizations, and they perform a variety of jobs from the top to the bottom of the organization. Statistics show an increasing number of women in management; however, while their number is increasing, it is mostly in the area of lower and middle management, not top management. Similarly, only 20 (4%) were minorities.

Who Is a Manager?

- The changing nature of organizations and work often requires employees in formerly nonmanagerial jobs to perform managerial activities. Students who are preparing for careers on any organizational level can benefit from acquiring management skills. Today's employees need to be cross-trained and multi-skilled.
- How do we define a manager? A manager is someone who coordinates and oversees the work of other people so that organizational goals can be accomplished. However, keep in mind that managers may have additional work duties not related to coordinating the work of others.
- Managers can be classified by their level in the organization, particularly in traditionally structured organizations—those shaped like a pyramid (see Figure 1.1).
    - First-line (or front-line) managers (often called supervisors) are typically involved with producing the organization's products or servicing the organization's customers. These managers are located on the lowest level of management.

- Middle managers include all levels of management between the first level and the top level of the organization. They may have titles such as regional manager, project leader, store manager, or division manager.
- Top managers include managers at or near the top of the organization who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

Figure 1.1 Managerial Level
Source: https://www.managementstudyguide.com/images/levels-of-management.gif

SELF CHECK 1.1

While the text presents a fairly accurate description of today's workplace, the future is not certain. Work life in the future may be very different than today and will likely include workers who are robots. How will a manager's job be different? How will working with robots affect human coworkers?

Discuss the following questions:

- Is it still managing when what you're managing are robots? Discuss.
- If you had to "manage" people and robots, how do you think your job as manager might be different than what the chapter describes?

1.2 Why are Managers Important?

- Managers have an important impact on both employees and the organizations in which they work. The following three reasons address their importance:
    - Organizations need their managerial skills and abilities more than ever in these uncertain, complex, and chaotic times.
    - Managers are critical to getting things done.
    - Managers do matter to organizations! According to a Gallup poll of tens of thousands of managers and employees, the relationship of manager to their employees and supervisors is the single most important variable in employee productivity and loyalty.

Source: https://www.youtube.com/watch?v=zW2KM1wPSiA

SELF CHECK 1.2

- Based on the video, discuss the importance jobs and duties as a manager.

1.3 Management vs Managers

What is Management?

- Management involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.
    - Coordinating and overseeing the work of others is what distinguishes a managerial position from a nonmanagerial one.
    - Efficiency is getting the most output from the least amount of inputs in order to minimize resource costs. Efficiency is often referred to as "doing things right".
    - Effectiveness is completing activities so that organizational goals are attained and is often described as "doing the right things".

Management Functions

- Henri Fayol, a French industrialist in the early 1900s, proposed that managers perform five management functions: POCCC (planning, organizing, commanding, coordinating, and controlling).
    - Over time, Fayol's five management functions have been reorganized into four functions, which provide a foundation for the organization of many current management textbooks (see Figure 1.3).
    - Planning involves defining goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities.
    - Organizing involves arranging and structuring work to accomplish the organization's goals.
    - Leading involves working with and through people to accomplish organizational goals.
    - Controlling involves monitoring, comparing, and correcting work performance.

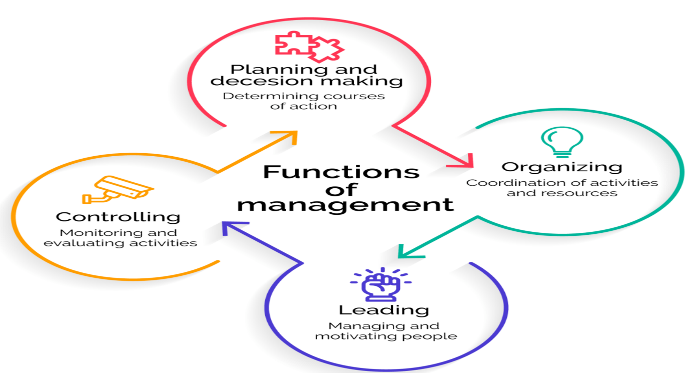


Figure 1.3 Management Functions

Source: https://i1.wp.com/www.iedunote.com/img/1547/functions-steps-of-management-process.png?resize=1280%2C1280&quality=100&ssl=1

- In practice, managing is not always performed in a sequence as outlined above. Since these four management functions are integrated into the activities of managers throughout the workday, they should be viewed as an ongoing process.

Management Roles

- Henry Mintzberg, a management researcher, conducted a precise study of managers at work. He concluded that managers perform 10 different roles, which are highly interrelated.

- Managerial roles refer to specific categories of managerial behavior (see Figure 1.3.1).
  - Interpersonal roles include figurehead, leadership, and liaison activities.
  - Informational roles include monitor, disseminator, and spokesperson.
  - Decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

- Follow-up studies of Mintzberg's role categories in different types of organizations and at different managerial levels within organizations generally support the idea that managers perform similar roles.

- Although the functions approach represents the most useful way to describe the manager's job, Mintzberg's roles give additional insight into managers' work.

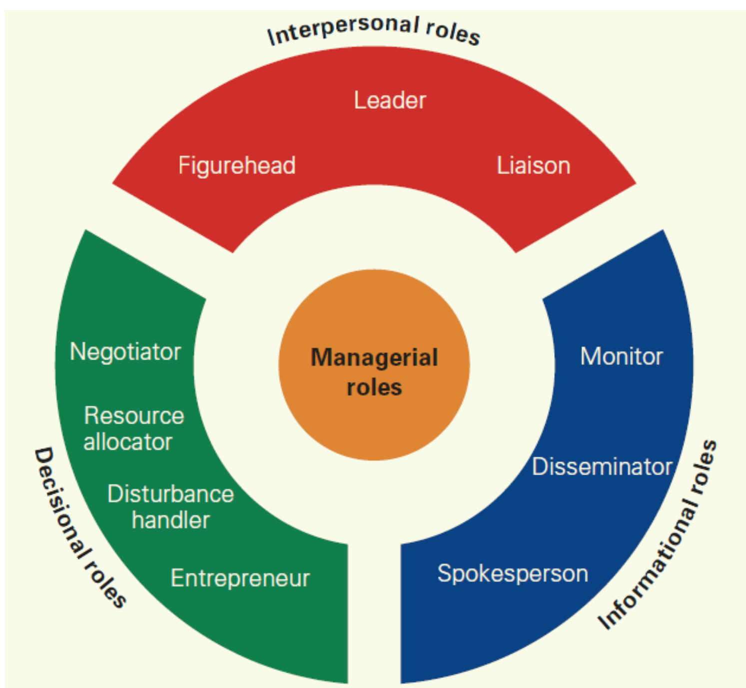


Figure 1.3.1 Managerial Roles
Source: https://www.wisdomjobs.com/tutorials/managerial-roles.png

Management Skills

- Managers need certain skills to perform the challenging duties and activities associated with being a manager.

- Robert L. Katz found through his research that managers need three essential skills (see Figure 1.3.2).

    - Technical skills are job-specific knowledge and techniques needed to proficiently perform specific tasks.
    - Human skills involve the ability to work well with other people individually and in a group.
    - Conceptual skills involve the ability to think and to conceptualize about abstract and complex situations.

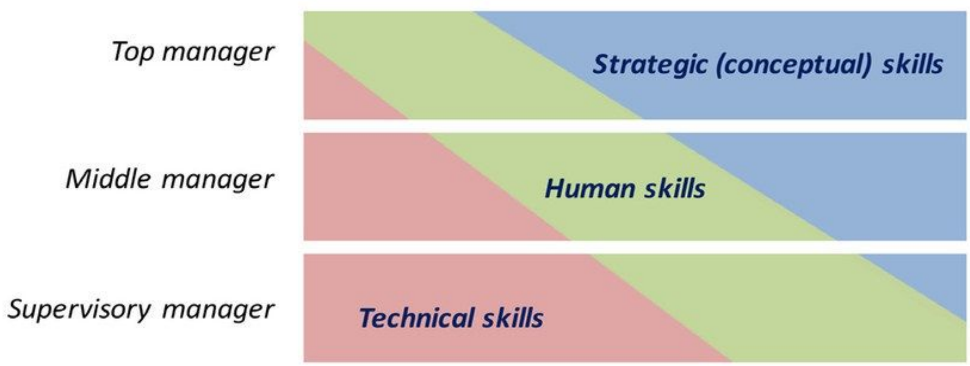


Figure 1.3.2 Management Skills
Source: https://www.researchgate.net/profile/Hyo-Jin-Kang-3/publication/317675137/figure/fig1/AS:512582009667584@1499220482422/Different-management-skills-required-by-manager-level-Adapted-from-Daft-2003-Dance.png

SELF CHECK 1.3

- What is the difference between efficiency and effectiveness?
- Is your course instructor a manager? Discuss in terms of managerial functions, managerial roles, and skills.

1.4 Managerial Challenges Today and into the Future

- Security threats, corporate ethics scandals, global economic and political uncertainties, and technological advancements should be discussed. While all managers will not have to manage under tragically demanding circumstances, *how* managers manage in today's workplace is changing.

  - **Focus on Technology**
    Cloud computing, social media, and robotics are all changing how things get done in the workplace. Managers need to get employees on board with new technology and ensure that they are comfortable with it, can use it, and understand how it improves their lives.

  - **Focus on Disruptive Innovation**
    Innovation is critical to today's organizations and managers. All organizations innovate; however, a problem for organizations is working to get all employees involved in the innovation process. Managers can respond to this need by creating a "team close," a time when all employees are scheduled to close the store and leave together. This helps create an attitude of working together and commitment.

  - **Focus on Social Media**
    The new frontier in communication is social media. Platforms such as Facebook and Twitter have moved beyond personal uses to work, and managers need to understand their power and dangers. In some cases, social media can enhance customer relationships, help better manage customers, and tap into talent. But, managers need to remember that social media is a tool that needs to be managed to be beneficial.

  - **Focus on Ethics**
    The long-term success of an organization depends on building trust with customers, clients, suppliers, and employees. Leaders need to take responsibility for setting high ethical standards and creating ethical workplaces. Each chapter will have an ethical dilemma to help focus students on the importance of ethical behavior.

  - **Focus on Political Uncertainty**
    Today's political environment is rife with uncertainty, even in democratic societies that have a long history of relatively stable and predictable political environments. This new uncertainty poses challenges for managers that must learn to adapt to different regimes and significant changes. Examples include Brexit, renegotiation of NAFTA, and state and city laws increasing the minimum wage.

  - **Focus on the Customer**
    With all of the technology available to managers, it is possible now more than ever to lose touch with customers. Face-to-face contact is being replaced by e-mails and text messages. In a service-oriented economy, like the United States, the need to deliver high quality customer service is the basis for competitiveness. As a result, many managers are re-

discovering the importance of a customer-responsive organization where employees are friendly, courteous, accessible, and responsive to customer needs.

SELF CHECK 1.4

- What is an example of a disruptive innovation that managers might have to cope with in the future?
- Why is it important for managers to focus on the customer?

Points to Ponder/Takeaways

- Management involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.
- The importance of studying management in today's dynamic global environment can be explained by looking at the universality of management, the reality of work, and the rewards and challenges of being a manager.

References

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.
- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.
- Scandura, T. A., Gower, K. (2020). *Management today: best practices for the modern workplace.* SAGE Publications.

Topic 2: Theories and models of management

Theories and models of management

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Explain the importance of theory and history of management.
- Identify early management pioneers.
- Discuss the early theories in management.

Introduction

This chapter describes the importance of theory and history of management together with early management pioneers. Specifically, this chapter describes the theories and models of management such as the classical management perspective, scientific management, administrative management theory, behavioral management perspective, systems and contingency perspective.

2.1 Theory and History

- Why Theory?
  - Theory: a conceptual framework for organizing knowledge and providing a blueprint for action.
  - Management theories are grounded in reality.
  - Managers develop their own theories about how they should run their organizations.
- Why History?
  - Understanding historical developments in management aids managers in the development of management practices and in avoiding the mistakes of others.
- Management in Antiquity:
  - Management has been practised for thousands of years (see Figure 1.1). For example, the ancient Babylonians used management in governing their empire, and the ancient Romans used management to facilitate communication and control throughout their far-flung territories. The Egyptians used planning and controlling techniques in the construction of their pyramids.

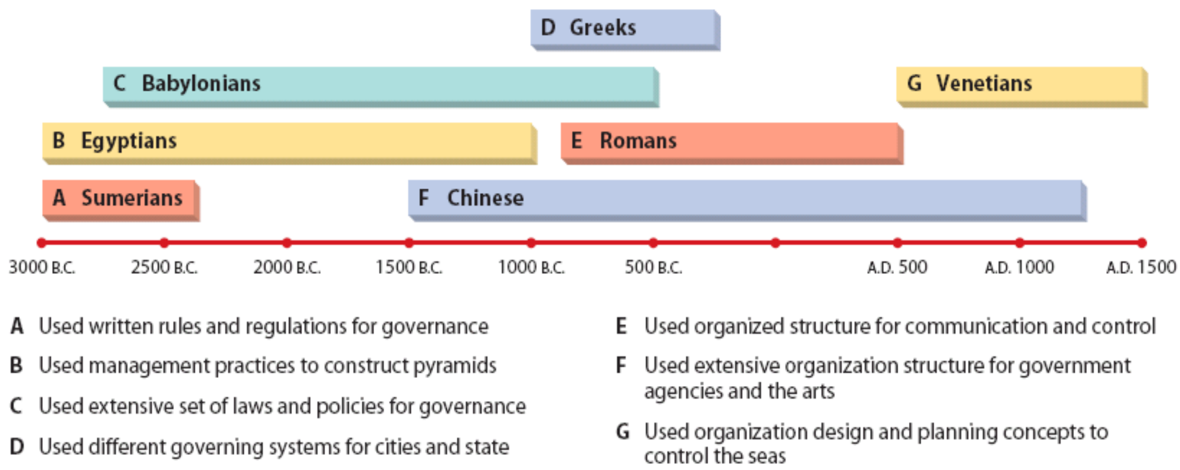


Figure 2.1 Management Antiquity

Source: https://image.slidesharecdn.com/chapter2perspectivesinmanagement-131221061625-phpapp01/95/chapter-2-perspectives-in-management-2-638.jpg?cb=1387606671

Early Management Pioneers

- **Robert Owen** (1771–1858)
  - British industrialist who recognized the importance of human resources and implemented better working conditions through reduced child labor, meals, and shorter hours.
- **Charles Babbage** (1792–1871)
  - English mathematician who focused on creating efficiencies of production through the division of labor, management and labor cooperation, and application of mathematics to management problems.
  - Wrote "*On the Economy of Machinery and Manufactures.*"

Source: https://www.youtube.com/watch?v=45lmyDhoQcc

SELF CHECK 2.1
• Referring to the attached video, explain how management theory evolve and being used in the organization.

2.2 Classical Management Perspectives

- The two major schools of the Classical Management Approach:
  - **Scientific Management**
    - Concerned with improving the performance of individual workers (i.e., efficiency).
    - Grew out of the industrial revolution's labor shortage at the beginning of the twentieth century.
  - **Administrative Management**
    - A theory that focuses on managing the total organization

- **Scientific Management**
  - **Frederick Taylor** (1856–1915)
    - "Father of Scientific Management."
    - Replaced rule-of-thumb/intuitive methods with scientifically-based work methods to eliminate "soldiering" (we would call it "gaming the system" today)
    - Believed in selecting, training, teaching, and developing workers.
    - Used time studies, standards planning, exception rule, slide-rules, instruction cards, and piece-work pay systems to control and motivate employees.

- **Steps in Scientific Management**
  - Frederick Taylor developed the system of scientific management, which he believed would lead to a more efficient and productive workforce. (see Figure 1.2).

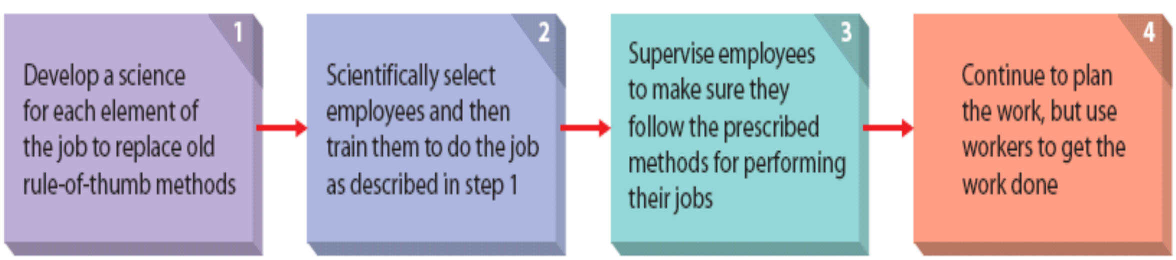


Figure 2.2 Steps in Scientific Management
Source: https://slidetodoc.com/presentation_image/887125b527176dc0ae38f5af7cb53a0d/image-12.jpg

- **Other Scientific Management Pioneers**
- Frank (1868-1924) and Lillian Gilbreth (1878-1972)
    - Time-motions studies [broke movements into therbligs].
    - Reduced the number of movements in bricklaying, resulting in increased output of 200%.
- Henry Gantt (1861- 1919)
    - Was an early associate of Fredrick Taylor.
    - Developed other techniques, including the Gantt chart, to improve working efficiency through planning/scheduling.
- Harrington Emerson (1838-1931)
    - Advocated job specialization in both managerial and operating jobs.

- **Administrative Management Theory**
    - Focuses on managing the total organization rather than individuals.
    - Henri Fayol (1841-1925)
    - Wrote *"General and Industrial Management."*
    - Helped to systematize the practice of management.
    - He was the first researcher to identify the specific management functions of planning, organizing, leading, and controlling.

- **Administrative Management Theory-Fayol's 14 Principles**
    - **Division of work.** This principle is the same as Adam Smith's 'division of labor'. Specialization increases output by making employees more efficient.
    - **Authority.** Managers must be able to give orders. Authority gives them this right. Authority should be commensurate to responsibility.
    - **Discipline.** Employees must obey and respect the rules that govern the organization. Good discipline is the result of effective leadership, a clear understanding between management and workers regarding the organization's rules.
    - **Unity of command.** Every employee should receive orders from only one superior.
    - **Unity of direction.** Each group of organizational activities that have the same objective should be directed by one manager using one plan.
    - **Subordination of individual interests to the general interest**. The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
    - **Remuneration.** Workers must be paid a fair wage for their services.
    - **Centralization.** The degree to which subordinates are involved in decision making. Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralization for each situation.
    - **Scalar chain.** The line of authority from top management to the lowest ranks represents the scalar chain. Generally, formal communications should follow this chain.
    - **Order.** People and materials should be in the right place at the right time.
    - **Equity.** Managers should be kind and fair to their subordinates.
    - **Stability/tenure of personnel.** High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
    - **Initiative.** Employees who are allowed to originate and carry out plans will exert high levels of effort.

- **Esprit de corps**. Promoting team spirit will build harmony and unity within the organization.

SELF CHECK 2.2

- Can scientific management principles help you be more efficient? Choose a task that you do regularly (such as laundry, fixing dinner, grocery shopping, studying for exams, etc.). Analyze it by writing down the steps involved in completing that task. See if there are activities that could be combined or eliminated. Find the "one best way" to do this task and the next time you have to do the task, try the scientifically managed way and see if you become more efficient (keeping in mind that changing habits isn't easy to do).

2.3 Behavioral Management Perspective

- **Behavioral Management**
  - Emphasized individual attitudes and behaviors, and group processes.
  - Recognized the importance of behavioral processes in the workplace.

- **Hugo Munsterberg** (1863–1916)
  - A German psychologist, considered the father of industrial psychology, wrote " Psychology and Industrial Efficiency," a pioneering work in the practice of applying psychological concepts to industrial settings.

- **The Hawthorne Studies**
- The Hawthorne studies was developed by Elton Mayo (1880-1949).
- Elton Mayo conducted Hawthorne studies in Western Electric Hawthorne, IL plant (1927–1935):
  - Illumination study of changes in workplace lighting unexpectedly affected both the control group and the experimental group of production employees.
  - Group study—the effects of a piecework incentive plan on production workers.
    - Workers established informal levels of acceptable individual output; over-producing workers ("rate busters") and under-producing workers ("chiselers").
  - Interview program
    - Confirmed the importance of human behavior in the workplace.

- **The Human Relations Movement**
  - Grew out of the Hawthorne studies.
  - Proposed that workers respond primarily to the social context of work, including social conditioning, group norms, and interpersonal dynamics.
  - Assumed that the manager's concern for workers would lead to increased worker satisfaction and improved worker performance.

- **Human Relations Movement**
  - Abraham Maslow (1908-1970)
    - Advanced a needs theory that employees are motivated by a hierarchy of needs that they seek to satisfy.
  - Douglas McGregor (1906-1964)
    - Proposed Theory X and Theory Y concepts of managerial beliefs about people and work.

- **Theory X and Theory Y**
  - Douglas McGregor developed Theory X and Theory Y. he argued that Theory X best represented the view of scientific management and Theory Y represented the human relations approach. McGregor believed that Theory Y was the best philosophy for all managers.
  - Assumptions of Theory X and Y are in the Figure 1.3

Theory X Assumptions	1. People do not like work and try to avoid it. 2. People do not like work, so managers have to control, direct, coerce, and threaten employees to get them to work toward organizational goals. 3. People prefer to be directed, to avoid responsibility, and to want security; they have little ambition.
Theory Y Assumptions	1. People do not naturally dislike work; work is a natural part of their lives. 2. People are internally motivated to reach objectives to which they are committed. 3. People are committed to goals to the degree that they receive personal rewards when they reach their objectives. 4. People will both seek and accept responsibility under favorable conditions. 5. People have the capacity to be innovative in solving organizational problems. 6. People are bright, but under most organizational conditions their potential is underutilized.

Figure 2.3 Assumptions in Theory X and Y

- **Emergence of Organizational Behavior**
  - A contemporary field focusing on behavioral perspectives on management.
  - Draws on psychology, sociology, anthropology, economics, and medicine.
  - Important organizational behavior topics:
    - Job satisfaction and job stress
    - Motivation and leadership
    - Group dynamics and organizational politics
    - Interpersonal conflict
    - The design of organizations

- **Behavioral Management Perspective Today**
  - Contributions
    - Provided insights into motivation, group dynamics, and other interpersonal processes.
    - Focused managerial attention on these critical processes.
    - Challenged the view that employees are tools and furthered the belief that employees are valuable resources.
  - Limitations
    - Complexity of individuals makes behavior difficult to predict.
    - Many concepts not put to use because managers are reluctant to adopt them.
    - Contemporary research findings are not often communicated to practicing managers in an understandable form.

SELF CHECK 2.3

- Discuss how organizational behavior topics emerge in management theories.
- Elaborate Human Relations movement.
- Explain the importance and effect of Hawthorne studies in management todays.
- Discuss management perspective today.

2.4 Systems Perspective

- **Systems Perspective**
  - Ludwig von Bertalanffy (1901-1972)
  - A system is an interrelated set of elements functioning as a whole.

- **Open system**
  - An organization that interacts with its external environment.

- **Closed system**
  - An organization that does not interact with its environment.

- **Subsystems**
  - The importance of subsystems is due to their interdependence on each other within the organization.

- By reviewing organization as systems, managers can better understand the importance of their environment and the level of interdependence among subsystems within the organization.
- Managers must also understand how their decisions affect and are affected by other subsystem within the organization (see Figure 1.4).

Figure 2.4 Systems Perspective of Organizations

- **Synergy**
  - Subsystems are more successful working together in a cooperative and coordinated fashion than working alone.
  - The whole system (subsystems working together as one system) is more productive and efficient than the sum of its parts.
- **Entropy**
  - A normal process in which an organizational system declines due to failing to adjust to change in its environment
  - Entropy can be avoided and the organization re-energized through organizational change and renewal.

SELF CHECK 2.4

- Elaborate the systems perspective in the organization.
- Explain how synergy and entropy plays important roles in the systems perspectives.

2.5 Contingency Perspective

- **Universal Perspectives**
  - Include the classical, behavioral, and quantitative approaches.
  - Each attempted to identify the "one best way" to manage organizations.

- **The Contingency Perspective**
  - Suggests that each organization is unique.
  - The appropriate managerial behavior for managing an organization depends (is contingent) on the current situation in the organization.

- **An Integrative Framework**
  - Is a complementary way of thinking about theories of management.
  - Involves the recognition of current system and subsystem interdependencies, environmental influences, and the situational nature of management.

SELF CHECK 2.5

- Come on, admit it. You multitask, don't you? And if not, you probably know people who do. Multitasking is common in the workplace. However, does it make employees more efficient and effective?
- Pretend you're the manager in charge of a loan-processing department. Describe how you would research this issue, using each of the following management approaches or theories: scientific management, general administrative theory, behavioral approach, systems theory, and contingency theory.

Points to Ponder/Takeaways

- While the study of management history reviews the work of experts in the past, from a practical side, it shows the techniques and implementations that companies are using today.
- While Taylor and Weber sought to make work more efficient, they did not focus on the human element of work. Whether through chance or intentional design, the Hawthorne studies brought up the point that people are more complex than tools and machines because an
- employee is put in a job that has been designed to maximize efficiency, does not mean that the employee will make the choice to do so.
- Going back to the view of Scientific Management, Taylor sought for the one best way to organize work. What we know today from the systems and contingency view is that there is no one best way to do anything in an organization. There are too many internal and external factors that affect employee and organizational performance to design a job or task and then sit back and be comfortable. Managers must understand that the workplace is both complex and dynamic. However, this should not be an excuse for managers who attempt to use accepted theory and

practices. Managers should embrace the differences in people and organizations and do their best to apply theory to the context of their organization.

References

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.
- Cole, G. A. (2004). *Management Theory and Practice.* Cengage Learning.

Lesson 3: Individuals, groups, and teams in the organization

Individuals, groups, and teams in the organization

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Identify the focus and goals of individual behavior within organizations.
- Explain the role that attitudes play in job performance.
- Describe different personality theories.
- Define groups and the stages of group development.
- Describe the major components that determine group performance and satisfaction.
- Define teams and best practices influencing team performance.

Introduction

This chapter examines numerous factors that influence employee behavior and their implications for managers. Few trends have influenced how work gets done in organizations as much as the use of work teams. Organizations are increasingly structuring work around teams rather than individuals. Managers need to understand what influences team performance and satisfaction. Work groups are a common arrangement within today's business organizations. Work is being restructured around groups of all kinds and in all sizes of organizations. Managers need an understanding of group behavior and the concept of teams in order to appreciate what groups can and cannot do within organizations and how groups function.

3.1 Personality

- What Is Personality?
    - Personality is a dynamic concept describing the growth and development of a person's whole psychological system.

- Defining personality
    - The text defines personality as the sum total of ways in which an individual reacts to and interacts with others.

- Measuring personality
    - Personality tests are useful in hiring decisions and help managers forecast who is best for a job.
    - The most common means of measuring personality is through self-report surveys, in which individuals evaluate themselves on a series of factors.
    - Research indicates our culture influences the way we rate ourselves.

- People in individualistic countries trend toward self-enhancement, while people in collectivist countries like Taiwan, China, and South Korea trend toward self-diminishment.
- Observer-ratings surveys provide an independent assessment of personality. Here, a coworker or another observer does the rating.
- Though the results of self-reports and observer-ratings surveys are strongly correlated, research suggests observer-ratings surveys predict job success more than self-ratings alone.
- However, each can tell us something unique about an individual's behavior, so a combination of self-reports and observer reports predicts performance better than any one type of information.

- Personality determinants
  - Introduction
    - An early argument centered on whether personality was the result of heredity or environment.
    - Personality appears to be a result of both influences. b. Heredity refers to those factors that were determined at conception.

- The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes.
- Enduring characteristics that describe an individual's behavior include shy, aggressive, submissive, lazy, ambitious, loyal, and timid. These are personality traits.

SELF CHECK 3.1

- What is personality?
- How do we typically measure it?
- What factors determine personality?

3.2 Personality Frameworks

- The Myers-Briggs Type Indicator
  - The most widely used personality frameworks is the Myers-Briggs Type Indicator (MBTI).
  - Individuals are classified as:
    - Extroverted or Introverted (E or I).
    - Sensing or Intuitive (S or N).
    - Thinking or Feeling (T or F).
    - Perceiving or Judging (P or J).

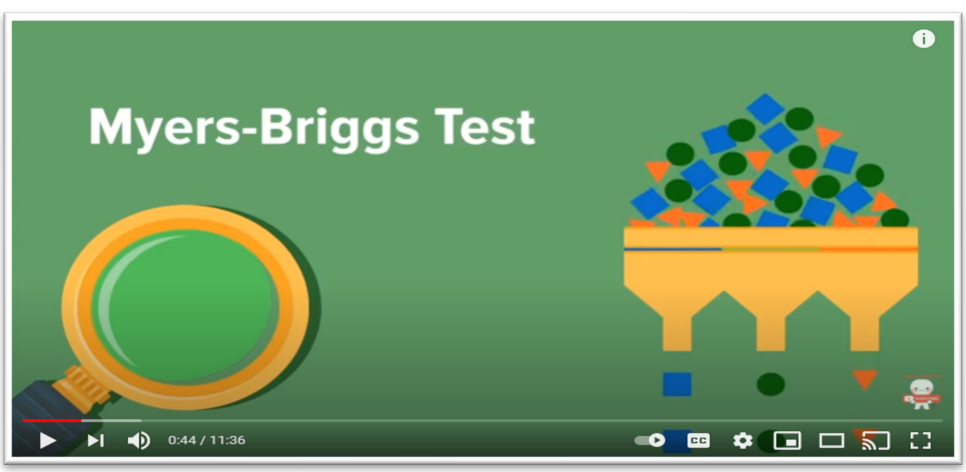
- These classifications are then combined into sixteen personality types.
  - For example:

- INTJs are visionaries. They usually have original minds and great drive. They are characterized as skeptical, critical, independent, determined, and often stubborn.
- ESTJs are organizers. They are realistic, logical, analytical, decisive, and have a natural head for business or mechanics.
- The ENTP type is a conceptualizer. He or she is innovative, individualistic, versatile, and attracted to entrepreneurial ideas. This person tends to be resourceful in solving challenging problems but may neglect routine assignments.

- MBTI is widely used in practice. Some organizations using it include Apple Computer, AT&T, Citigroup, GE, 3M Company, and others.

- The Big Five Personality Model
  - An impressive body of research supports that five basic dimensions underlie all other personality dimensions.
  - The five basic dimensions are:
    - Extraversion. Comfort level with relationships.
    - Extroverts tend to be gregarious, assertive, and sociable. Introverts tend to be reserved, timid, and quiet. Agreeableness. Individual's propensity to defer to others. High agreeableness people—cooperative, warm, and trusting. Low agreeableness people—cold, disagreeable, and antagonistic.
    - Conscientiousness. A measure of reliability. A high conscientious person is responsible, organized, dependable, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.
    - Emotional stability. A person's ability to withstand stress. People with positive emotional stability tend to be calm, self-confident, and secure. Those with high negative scores tend to be nervous, anxious, depressed, and insecure.
    - Openness to experience. The range of interests and fascination with novelty. Extremely open people are creative, curious, and artistically sensitive. Those at the other end of the openness category are conventional and find comfort in the familiar.

- How do the Big Five traits predict behavior at work?
  - Research has shown relationships between these personality dimensions and job performance.



Source: https://www.youtube.com/watch?v=NXcWZnQPUXw&t=42s

SELF CHECK 3.2

- Based on the video attached, discuss the possible combinations of personalities as suggest by Myers-Briggs Type Indicator framework.

3.3 Values

- Introduction
  - Values represent basic convictions.
  - The content attribute says a mode of conduct or end-state of existence is important.
  - The intensity attribute specifies how important it is.
  - They have both content and intensity attributes.
  - An individual's set of values ranked in terms of intensity is considered the person's value system.
  - Values have the tendency to be stable.

- The Importance and Organization of Values
  - Values lay the foundation for the understanding of attitudes and motivation.
  - We enter an organization with preconceived notions of what "ought" and "ought not" be.
    - These notions are not value-free; on the contrary, they contain our interpretations of right and wrong and our preference for certain behaviors or outcomes over others.
  - Values influence attitudes and behavior.

- Terminal Versus Instrumental Values
  - How can we organize values?
    - Milton Rokeach separates them into:
      - Terminal Values—refer to desirable end states.
      - Instrumental Values—refer to preferable modes of behavior.

- Generational Values
  - Contemporary work cohorts
  - Figure 3.3 segments employees by the era during which they entered the workforce.
  - Because most people start work between the ages of 18 and 23, the eras also correlate closely with employee age.
      - Boomers (Baby Boomers)—entered the workforce during the 1960s through the mid-1980s.
      - Xers—entered the workforce beginning in the mid-1980s.
      - The most recent entrants to the workforce are the Millennials.
  - Though it is fascinating to think about generational values, remember these classifications lack solid research support.
  - Generational classifications may help us understand our own and other generations better, but we must also appreciate their limits

Cohort	Entered the Workforce	Approximate Current Age	Dominant Work Values
Boomers	1965–1985	50s to 70s	Success, achievement, ambition, dislike of authority; loyalty to career
Xers	1985–2000	Mid-30s to 50s	Work-life balance, team-oriented, dislike of rules; loyalty to relationships
Millennials	2000 to present	To mid-30s	Confident, financial success, self-reliant but team-oriented; loyalty to both self and relationships

Figure 3.3: Dominant Work Values in Today's Workforce

SELF CHECK 3.3

- What is value?
- Explain importance of values.
- Differentiate terminal and instrumental values.
- Elaborate generational values.

3.4 Linking Individual's Personality and Values to the Workplace

- The Person-Job Fit
    - This concern is best articulated in John Holland's personality-job fit theory.
    - Holland presents six personality types and proposes that satisfaction and the propensity to leave a job depends on the degree to which individuals successfully match their personalities to an occupational environment.
    - The six personality types are: realistic, investigative, social, conventional, enterprising, and artistic. (Figure 3.4)

- The Vocational Preference Inventory questionnaire contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike; their answers are used to form personality profiles.
- The key point of this model is that people in jobs congruent with their personality should be more satisfied and less likely to voluntarily resign than people in incongruent jobs.

- The Person-Organization Fit
    - The person-organization fit essentially argues that people are attracted to and selected by organizations that match their values, and they leave organizations that are not compatible with their personalities.

- Other Dimensions of Fit.
  - Although person-job fit and person-organization fit are considered the most salient dimensions for workplace outcomes, other avenues of fit are worth examining.
  - These include person-group fit and person-supervisor fit.
  - Person-group fit is important in team settings, where the dynamics of team interactions significantly affect work outcomes.
  - Person-supervisor fit has become an important area of research since poor fit in this dimension can lead to lower job satisfaction and reduced performance.

Figure 3.4: Person Job Fit

Source: https://www.edrawsoft.com/templates/images/career-choice-diagram.png

SELF CHECK 3.4

- What are the differences between person-job fit and person-organization fit?
- Discuss six personality types that matches with occupation types.
- What is Vocational Preference Inventory questionnaire?

3.5 Cultural Values

- Hofstede's Framework for Assessing Cultures
  - Five value dimensions of national culture:
    - Power distance: the degree to which people in a country accept that power in institutions and organizations is distributed unequally.
    - Individualism versus collectivism: individualism is the degree to which people in a country prefer to act as individuals rather than as members of groups; collectivism emphasizes a tight social framework in which people expect others in groups of which they are a part to look after them and protect them.
    - Masculinity versus femininity: masculinity is the degree to which the culture favors traditional masculine roles such as achievement, power, and control, as opposed to viewing men and women as equals.
    - Uncertainty avoidance: the degree to which people in a country prefer structured over unstructured situations.
    - Long-term versus short-term orientation: long-term orientations look to the future and value thrift and persistence. In a short-term orientation, people value the here and now; they accept change more readily and don't see commitments as impediments to change.

- Hofstede's research findings.
  - Asian countries were more collectivistic than individualistic.
  - United States ranked highest on individualism.
  - Germany and Hong Kong rated high on masculinity.
  - Russia and The Netherlands were low on masculinity.
  - China and Hong Kong had a long-term orientation.
  - France and the United States had short-term orientation.

- Hofstede's recent research
  - Studies investigated the relationship of cultural values and a variety of organizational criteria at both the individual and national level of analysis.
  - Overall, the five original culture dimensions were equally strong predictors of relevant outcomes, meaning researchers and practicing managers need to think about culture holistically and not just focus on one or two dimensions.
  - The researchers also found that individual scores were much better predictors of most outcomes than assigning all people in a country the same cultural values. d. In sum, this research suggests that Hofstede's value framework may be a valuable way of thinking about differences among people, but we should be cautious about assuming all people from a country have the same values.

- The GLOBE Framework for Assessing Cultures
  - The Global Leadership and Organizational Behavior Effectiveness (GLOBE) began updating Hofstede's research with data from 825 organizations and 62 countries.
  - Variables similar to Hofstede's.
  - Comparison of Hofstede's Framework and the GLOBE Framework:

- We give more emphasis to Hofstede's dimensions here because they have stood the test of time and the GLOBE study confirmed them.
- Researchers continue to debate the differences between these frameworks, and future studies may, in time, favor the more nuanced perspective of the GLOBE study

Source: https://www.youtube.com/watch?v=jVCfuVU35eU

SELF CHECK 3.5
• Referring to the video attached, compare cultural values in United States and Japan based on the Hofstede Framework. Justify why there is a huge difference between Western and Asian culture?

3.6 Defining and Classifying Groups

- Definition
    - A group is defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
    - Groups can be either formal or informal.
        - Formal groups—those defined by the organization's structure, with designated work assignments establishing tasks.
        - Informal groups—alliances that are neither formally structured nor organizationally determined.

- Social Identity
    - Our tendency to take personal pride or offense for the accomplishments of a group is the territory of social identity theory.
    - Social identity theory proposes that people have emotional reactions to the failure or success of their group because their self-esteem gets tied into the performance of the group.
    - Social identities help us understand who we are and where we fit in with other people, but they can have a negative side as well.
        - Social identities can even lead people to experience pleasure as a result of seeing another group suffer.
        - We often see these feelings of schadenfreude in the joy fans experience when a hated team loses.
        - Our social identities help us understand who we are and where we fit in with other people, and research indicates they bring us better health and lower levels of depression because we become less likely to attribute negative situations to internal or insurmountable reasons.

- Ingroups and Outgroups
    - Ingroup favoritism occurs when we see members of our group as better than other people, and people not in our group as all the same.
    - Recent research suggests that people with low openness and/or low agreeableness are more susceptible to ingroup favoritism.
    - Whenever there is an ingroup, there is, by necessity, an outgroup, which is sometimes everyone else, but is usually an identified group known by the ingroup's members.
    - When there are ingroups and outgroups, there is often animosity between them.
    - One of the most powerful sources of ingroup–outgroup feelings is the practice of religion, even in the workplace.
        - One global study, for instance, found that when groups became heavily steeped in religious rituals and discussions, they became especially discriminatory toward outgroups and aggressive if the outgroups had more resources.

- Social Identity Threat
    - Ingroups and outgroups pave the way for social identity threat, which is akin to stereotype threat.

- With social identity threat, individuals believe they will be personally negatively evaluated due to their association with a devalued group, and they may lose confidence and performance effectiveness.

SELF CHECK 3.6

- What is group?
- Differentiate formal and inform groups.
- Explain the significance of social identity.
- Elaborate ingroups and outgroups.
- Explain social identity threat.

3.7 Stages of Group Development

- Temporary groups have their own unique sequencing of actions (or inaction):
  - Their first meeting sets the group's direction.
  - This first phase of group activity is one of inertia.
  - A transition takes place at the end of this phase, which occurs exactly when the group has used up half its allotted time.
  - A transition initiates major changes.
  - A second phase of inertia follows the transition.
  - The group's last meeting is characterized by markedly accelerated activity. This pattern, called the punctuated-equilibrium model, is shown in Figure 3.7
  - Alternative models suggest that teams progress through a formation stage; a conflict resolution or "storming" stage; a "norming" stage where members agree on roles and make decisions; and a "performing" stage where members begin to work collaboratively. The forming, storming, norming, and performing stages may occur at phase one of the punctuated equilibrium, while a second performing and conforming stage may occur in the second phase, following a short period of reforming group norms and expectations.

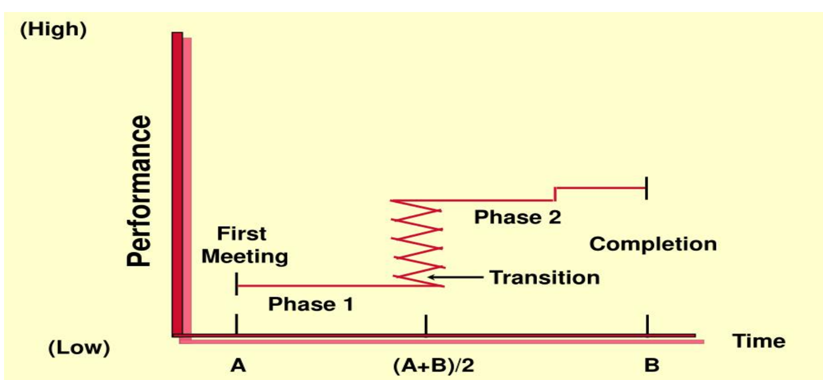


Figure 3.7: Punctuated Equilibrium Model
Source: https://image3.slideserve.com/6731501/punctuated-equilibrium-model-n.jpg

SELF CHECK 3.7

- What are the key components of the punctuated-equilibrium model?

3.8 Group Properties: Roles, Norms, Status, Size and Cohesiveness

- Group Properties: Roles
  - Introduction
    - Work groups are not unorganized mobs; they have properties that shape members' behavior and help explain and predict individual behavior within the group, as well as the performance of the group itself.
    - Some of these properties are roles, norms, status, size, cohesiveness, and diversity.

- Group Property 1: Roles
  - Introduction
    - All group members are actors, each playing a role.
    - A set of expected behavior patterns attributed to someone occupying a given position in a social unit.
    - We are required to play a number of diverse roles, both on and off our jobs.
    - Different groups impose different role requirements on individuals.

  - Role perception: One's view of how one is supposed to act in a given situation is a role perception.
    - Apprenticeship programs exist to allow beginners to watch an "expert," so that they can learn to act as they are supposed to.

  - Role expectations: How others believe you should act in a given situation.
    - How you behave is determined to a large extent by the role defined in the context in which you are acting.
    - The psychological contract is an unwritten agreement that exists between employees and their employer. It sets out mutual expectations.
    - If role expectations as implied are not met, expect negative effects on employee performance and satisfaction.

  - Role conflict: At the extreme, two or more role expectations are mutually contradictory.
    - It exists when compliance with one role requirement may make the compliance with another more difficult.
    - We can experience interrole conflict when the expectations of our different, separate groups are in opposition.
    - Within organizations, most employees are simultaneously in occupations, workgroups, divisions, and demographic groups, and these identities can conflict when the expectations of one clash with the expectations of another.
    - During mergers and acquisitions, employees can be torn between their identities as members of their original organization and of the new parent company.

- Multinational organizations also have been shown to lead to dual identification—with the local division and with the international organization.

- Role Play and Assimilation
  - One of the most illuminating role and identity experiments was done a number of years ago by Stanford University psychologist Philip Zimbardo and his associates. They created a "prison" in the basement of the Stanford psychology building, hired, at $15 a day, two dozen emotionally stable, physically healthy, law-abiding students who scored "normal average" on extensive personality tests, randomly assigned them the role of either "guard" or "prisoner," and established some basic rules.
  - It took little time for the "prisoners" to accept the authority positions of the "guards" and for the mock guards to adjust to their new authority roles. Consistent with social identity theory, the guards came to see the prisoners as a negative out-group, and their comments to researchers showed they had developed stereotypes about the "typical" prisoner personality type. After the guards crushed a rebellion attempt on the second day, the prisoners became increasingly passive. Whatever the guards "dished out," the prisoners took. The prisoners actually began to believe and act as if they were inferior and powerless, as the guards constantly reminded them. And every guard, at some time during the simulation, engaged in abusive, authoritative behavior. One said, "I was surprised at myself…I made them call each other names and clean the toilets out with their bare hands. I practically considered the prisoners cattle, and I kept thinking: 'I have to watch out for them in case they try something.'" Surprisingly, during the entire experiment—even after days of abuse—not one prisoner said, "Stop this. I'm a student like you. This is just an experiment!"
  - The simulation actually proved too successful in demonstrating how quickly individuals learn new roles. The researchers had to end it after only 6 days because of the participants' pathological reactions. And remember, these were individuals chosen precisely for their normalcy and emotional stability.
  - What should you conclude from this prison simulation?
    - The participants had learned stereotyped conceptions of guard and prisoner roles from the mass media and their own personal experiences in power and powerless relationships at home.
    - This allowed them easily and rapidly to assume roles that were very different from their inherent personalities.

- Group Properties 2: Norms
  - Introduction
  - All groups have norms
    - Acceptable standards of behavior that are shared by the group's members that tell members what they ought and ought not to do under certain circumstances.
  - Norms and Emotions
    - A recent study found that, in a task group, individuals' emotions influenced the group's emotions and vice versa.
    - Researchers have also found that norms dictated the experience of emotions for the individuals and for the groups—in other words, people grew to interpret their shared emotions in the same way.
  - Norms and Conformity

- The impact that group pressures for conformity can have on an individual member's judgment was demonstrated in studies by Solomon Asch and others.
- Do individuals conform to the pressures of all groups to which they belong?
- Obviously not, because people belong to many groups, and their norms vary and sometimes are contradictory.
- People conform to their reference groups, in which a person is aware of other members, defines himself or herself as a member or would like to be a member, and feels group members are significant to him or her. The implication, then, is that all groups do not impose equal conformity pressures on their members.

- Norms and Behavior
  - Experiments conducted between 1924 and 1932 by Elton Mayo at Western Electric at the company's Hawthorne Works in Chicago.
  - The Hawthorne researchers began by examining the relationship between the physical environment and productivity. Illumination and other working conditions were selected to represent this physical environment.
    - The researchers' initial findings contradicted their anticipated results.
  - As a follow-up, the researchers began a second set of experiments in the relay assembly test room at Western Electric.
    - Observations covering a multiyear period found this small group's output increased steadily.
    - It became evident that this group's performance was significantly influenced by its status as "special."
  - In essence, workers in both the illumination and assembly-test-room experiments were reacting to the increased attention they received.
  - A third study, in the bank wiring observation room, was introduced to ascertain the effect of a sophisticated wage incentive plan.
    - The most important finding of this study was that employees did not individually maximize their outputs.
    - Their output became controlled by a group norm that determined what was a proper day's work.
    - Interviews determined the group was operating well below its capability and was leveling output to protect itself.
  - Members were afraid that if they significantly increased their output, the unit incentive rate would be cut, the expected daily output would be increased, layoffs might occur, or slower workers would be reprimanded.
  - The norms the group established included a number of "don'ts":
    - Don't be a rate-buster, turning out too much work.
    - Don't be a chiseler, turning out too little work.
    - Don't squeal on any of your peers.
  - How did the group enforce these norms?
    - The methods included sarcasm, name-calling, ridicule, and even punches to the upper arm of any member who violated the group's norms.
    - Members also ostracized individuals whose behavior was against the group's interest.

- Positive Norms and Group Outcomes
  - One goal of every organization with corporate social responsibility (CSR) initiatives is for the organization's values (or the values of the CEO and executives) to hold normative sway over employees. After all, if employees aligned their thinking with the organization's positive norms, these norms would become stronger and the probability of positive impact would grow exponentially.
  - We might expect the same outcomes from political correctness (PC) norms. But what is the effect of strong positive norms on group outcomes?
  - The popular thinking is that to increase creativity in groups, for instance, norms should be loosened. However, research on gender-diverse groups indicates that strong PC norms increase group creativity.
  - Positive group norms may well beget positive outcomes, but only if other factors are present, too.
    - As powerful as norms can be, though, not everyone is equally susceptible to positive group norms.
    - Individual personalities factor in, too, as well as the level of a person's social identity with the group.

- Negative Norms and Group Outcomes
  - Deviant workplace behavior refers to a full range of antisocial actions by organizational members that intentionally violate established norms and that result in negative consequences for the organization, its members, or both.
  - Few organizations will admit to creating or condoning conditions that encourage and maintain deviant behaviors. Yet they exist.
    - For one, as we discussed before, a workgroup can become characterized by positive or negative attributes.
    - Second, employees have been reporting an increase in rudeness and disregard toward others by bosses and coworkers in recent years.
      - Workplace incivility, like many other deviant behaviors, has many negative outcomes for the victims.
        - Nearly half of employees who have suffered this incivility say it has led them to think about changing jobs; 12 percent actually quit because of it.
    - Research suggests that a lack of sleep, which is often caused by heightened work demands and which hinders a person's ability to regulate emotions and behaviors, can lead to deviant behavior.
  - Someone who ordinarily wouldn't engage in deviant behavior might be more likely to do so when working in a group.

- Group Property 3: Status
  - Status is a socially defined position or rank given to groups or group members by others.
  - What determines status?
    - Status characteristics theory—differences in status characteristics create status hierarchies within groups.
      - Status is derived from one of three sources: (a) The power a person wields over others. (b) A person's ability to contribute to group's goals. (c) Individual's personal characteristics.

- Status and Norms
  - High-status members of groups often are given more freedom to deviate from norms than other group members.
  - High-status people are also better able to resist conformity pressures.

- Status and Group Interaction
  - Interaction is influenced by status.
  - High-status people tend to be assertive.
  - Status differences inhibit diversity of ideas & creativity.
  - Lower-status members tend to be less active.

- Status Inequity
  - When inequity is perceived, it creates disequilibrium that results in corrective behavior.
  - Hierarchical groups can lead to resentment among those at the lower end of the status continuum.
  - Large differences in status within groups are also associated with poorer individual performance, lower health, and higher intentions to leave the group.
  - Groups generally agree within themselves on status criteria; hence, there is usually high concurrence in group rankings of individuals.
  - Managers who occupy central positions in their social networks are typically seen as higher in status by their subordinates, and this position translates into greater influence over the group's functioning.
  - Individuals can find themselves in conflicts when they move between groups whose status criteria are different, or when they join groups whose members have heterogeneous backgrounds.
    - Business executives may use personal income or the growth rate of their companies as determinants of status.
    - Government bureaucrats may use the size of their budgets, and blue-collar workers years of seniority.
  - When groups are heterogeneous or when heterogeneous groups must be interdependent, status differences may initiate conflict as the group attempts to reconcile the differing hierarchies.

- Group Property 4: Size
- The size of a group affects the group's overall behavior, but the effect depends on the dependent variables.
  - Large groups—a dozen or more members—are good for gaining diverse input.
  - Smaller groups—seven members—are better at doing something productive with that input.

- Social loafing is the tendency for individuals to expend less effort when working collectively than when working individually.
  - Causes of social loafing
    - A belief that others in the group are not carrying their fair share.
    - The dispersion of responsibility and the relationship between an individual's input and the group's output is clouded.

    - There will be a reduction in efficiency where individuals think that their contribution cannot be measured.
  - Social loafing appears to have a Western bias.
    - It's consistent with individualistic cultures, such as the United States and Canada that are dominated by self-interest.
    - It is not consistent with collective societies, in which individuals are motivated by group goals.
      - When research is compared across cultures, groups from Eastern cultures had significantly lower rates of social loafing.

  - Preventing social loafing
    - Set group goals, so the group has a common purpose to strive toward.
    - Increase intergroup competition, which again focuses on the shared outcome.
    - Engage in peer evaluation so each person evaluates each other person's contribution.
    - Select members who have high motivation and prefer to work in groups.
    - If possible, base group rewards in part on each member's unique contributions.

- Group Property 5: Cohesiveness, and Group Property 6: Diversity
  - Group Property 5: Cohesiveness
  - Groups differ in their cohesiveness—the degree to which members are attracted to each other and are motivated to stay in the group.
  - Cohesiveness is important because it is related to the group's productivity.
  - The relationship of cohesiveness and productivity depends on the performance-related norms established by the group.
  - If performance-related norms are high, a cohesive group will be more productive.
  - If cohesiveness is high and performance norms are low, productivity will be low.
  - How to encourage group cohesiveness:
    - Make the group smaller.
    - Encourage agreement with group goals.
    - Increase the time members spend together.
    - Increase the status of the group and the perceived difficulty of attaining membership in the group.
    - Stimulate competition with other groups.
    - Give rewards to the group rather than to individual members.
    - Physically isolate the group.

- Group Property 6: Diversity
  - The final property of groups we consider is diversity in the group's membership, the degree to which members of the group are similar to, or different from, one another.
  - A great deal of research is being done on how diversity influences group performance.
    - One study compared groups that were culturally diverse (composed of people from different countries) and homogeneous (composed of people from the same country).
      - On a wilderness survival exercise (not unlike the Experiential Exercise at the end of this chapter), the groups performed equally well, but the diverse groups were less satisfied with their groups, were less cohesive, and had more conflict.

- Another study examined the effect of differences in tenure on the performance of 67 engineering research and development groups.
  - When most people had roughly the same level of tenure, performance was high, but as tenure diversity increased, performance dropped off. There was an important qualifier: higher levels of tenure diversity were not related to lower performance for groups when there were effective team-oriented human resources practices.
- However, culturally and demographically diverse groups may perform better over time—if they can get over their initial conflicts.
  - Surface-level diversity—in observable characteristics such as national origin, race, and gender—alerts people to possible deep-level diversity—in underlying attitudes, values, and opinions.
    - One researcher argues, "The mere presence of diversity you can see, such as a person's race or gender, actually cues a team that there's likely to be differences of opinion."
    - Two studies of MBA student groups found surface-level diversity led to greater openness even without deep-level diversity.
      - Here, surface-level diversity may subconsciously cue team members to be more open-minded in their views.

SELF CHECK 3.8

- Discuss elements in roles group property.
- Are all groups have norms? Discuss.
- Elaborate the relationship between group norms and behavior.
- Explain status characteristics theory.
- What is status inequity?
- What is social loafing?
- What is group cohesiveness?
- How group diversity influences group performance?

3.9 Group Decision Making

- Groups Versus the Individual
- Strengths of group decision making:
    - Groups generate more complete information and knowledge.
    - They offer increased diversity of views.
    - This opens up the opportunity for more approaches and alternatives to be considered.
    - The evidence indicates that a group will almost always outperform even the best individual.
    - Groups lead to increased acceptance of a solution.

- Weaknesses of group decision making:
    - It is time consuming.
    - There is a conformity pressure in groups.
    - One or a few members can dominate group discussion.
    - Group decisions suffer from ambiguous responsibility.

- Effectiveness and efficiency
    - Whether groups are more effective than individuals depends on the criteria you use.
    - In terms of accuracy, group decisions will tend to be more accurate.
    - On the average, groups make better-quality decisions than individuals.
    - If decision effectiveness is defined in terms of speed, individuals are superior.
    - If creativity is important, groups tend to be more effective than individuals.
    - If effectiveness means the degree of acceptance the final solution achieves, groups are better.
    - In terms of efficiency, group decision making consumes more work hours than having an individual tackle the same problem.
        - The exceptions tend to be instances in which, to achieve comparable quantities of diverse input, the single decision maker must spend a great deal of time reviewing files and talking to other people. In deciding whether to use groups, then, managers must assess whether increases in effectiveness are more than enough to offset the reductions in efficiency.

- Groupthink and Groupshift
    - Groupthink is related to norms.
        - It describes situations in which group pressures for conformity deter the group from critically appraising unusual, minority, or unpopular views. b. Groupthink is a disease that attacks many groups and can dramatically hinder performance.
    - Groupshift
        - In groupshift, which describes the way of discussing a given set of alternatives and arriving at a solution, group members tend to exaggerate the initial positions they hold.
        - In some situations, caution dominates and there is a conservative shift, while in others, groups tend toward a risky shift.
    - Groupthink
        - Groupthink appears closely aligned with the conclusions Solomon Asch drew in his experiments with a lone dissenter.

- Individuals who hold a position different from that of the dominant majority are under pressure to suppress, withhold, or modify their true feelings and beliefs.
  - As members of a group, we find it more pleasant to be in agreement— to be a positive part of the group—than to be a disruptive force, even if disruption would improve effectiveness.
  - Groups that are more focused on performance than learning are especially likely to fall victim to groupthink and to suppress the opinions of those who do not agree with the majority.
  - Does groupthink attack all groups? No. It seems to occur most often when there is a clear group identity, when members hold a positive image of their group they want to protect, and when the group perceives a collective threat to its positive image.
  - What can managers do to minimize groupthink?
    - First, they can monitor group size. People grow more intimidated and hesitant as group size increases, and although there is no magic number that will eliminate groupthink, individuals are likely to feel less personal responsibility when groups get larger than about 10 members.
    - Managers should also encourage group leaders to play an impartial role. Leaders should actively seek input from all members and avoid expressing their own opinions, especially in the early stages of deliberation.
    - In addition, managers should appoint one group member to play the role of devil's advocate, overtly challenging the majority position and offering divergent perspectives.
    - Yet another suggestion is to use exercises that stimulate active discussion of diverse alternatives without threatening the group or intensifying identity protection.

- Group Decision Making Techniques.
  - Most group decision making takes place in interacting groups.
    - In these groups, members meet face to face and rely on both verbal and nonverbal interaction to communicate with each other.
    - Interacting groups often censor themselves and pressure individual members toward conformity of opinion.
    - Brainstorming, the nominal group technique, and electronic meetings have been proposed as ways to reduce many of the problems inherent in the traditional interacting group.

  - Brainstorming is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives.
    - In a typical brainstorming session, a half dozen to a dozen people sit around a table.
    - The nominal group technique restricts discussion or interpersonal communication during the decision-making process.
      - Group members are all physically present, but members operate independently.
      - Specifically, a problem is presented, and then the following steps take place:
        - Before any discussion takes place, each member independently writes down his or her ideas on the problem.

- After this silent period, each member presents one idea to the group.
- The group now discusses the ideas for clarity and evaluates them.
  - Each group member silently and independently rank-orders the ideas. The idea with the highest aggregate ranking determines the final decision.
  - The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group.
  - Each of the group-decision techniques has its own set of strengths and weaknesses. a. The choice depends on what criteria you want to emphasize and the cost– benefit trade-off. Brainstorming develops group cohesiveness, and the nominal group technique is an inexpensive means for generating a large number of ideas.

Source: https://www.youtube.com/watch?v=YXZamW4-Ysk

SELF CHECK 3.9
• Based on the video attached, explain how you can create effective brainstorming in a group?

3.10 Why Have Teams Become So Popular?

- Why are teams popular?
  - In short, because we believe they are effective.
  - Teams can sometimes achieve feats an individual could never accomplish.
  - Teams are more flexible and responsive to changing events than traditional departments or other forms of permanent groupings.
  - They can quickly assemble, deploy, refocus, and disband.
  - They are an effective means to democratize organizations and increase employee involvement.
  - Finally, research indicates that our involvement in teams positively shapes the way we think as individuals, introducing a collaborative mindset about even our personal decision making.
- The fact that organizations have embraced teamwork doesn't necessarily mean teams are always effective.
  - Team members, as humans, can be swayed by fads and herd mentality that can lead them astray from the best decisions.

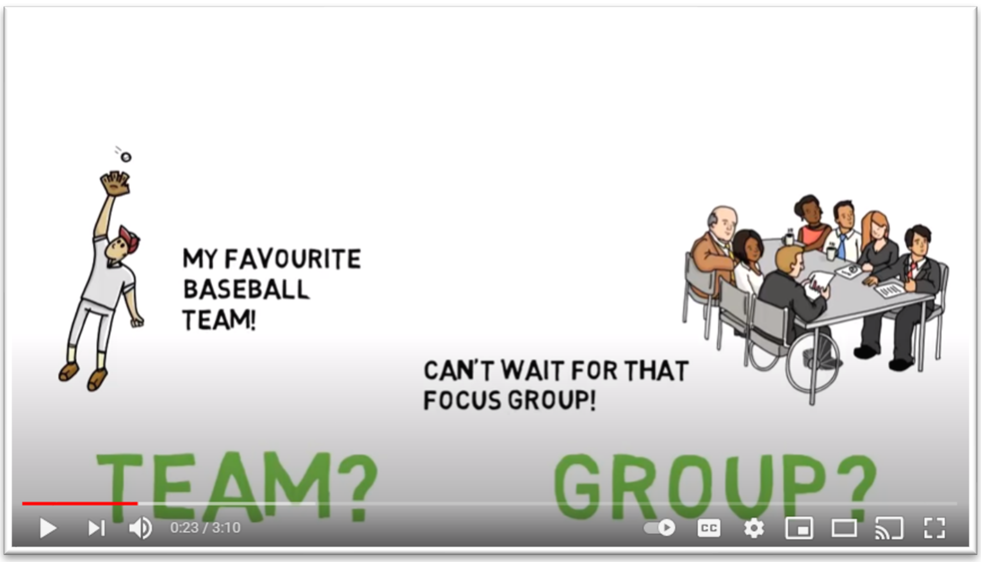
Source: https://www.youtube.com/watch?v=hHIikHJV9fI

SELF CHECK 3.10

- Based on the video attached, discuss why teams become so popular nowadays?

3.11 Differences Between Groups and Teams

- Groups and teams are not the same thing.
- We defined a group as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
- A workgroup interacts primarily to share information and make decisions to help each member perform within his/her area of responsibility.
- A work team generates positive synergy through coordinated effort. Individual efforts result in a level of performance that is greater than the sum of those individual inputs.



Source: https://www.youtube.com/watch?v=uG-FLOi4OOU

SELF CHECK 3.11
• Based on the video attached, discuss the differences between groups and teams?

3.12 Types of Teams

- Problem-Solving Teams
  - In the past, teams were typically composed of 5–12 hourly employees from the same department who met for a few hours each week to discuss ways of improving quality, efficiency, and the work environment.
  - These problem solving teams rarely have the authority to unilaterally implement their suggested actions.

- Self-Managed Work Teams
  - Problem-solving teams only make recommendations.
  - Some organizations have created teams to not only make recommendations but also to implement solutions.
  - Self-managed teams are groups of employees (typically 10–15 in number) that perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors.
  - This includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems.
  - Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result supervisory roles become less important.
  - But research on the effectiveness of self-managed work teams has not been uniformly positive.

- Cross-Functional Teams
  - Cross-functional teams are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
  - Many organizations have used horizontal, boundary-spanning groups for years.
  - Cross-functional teams are challenging to manage.

- Virtual Teams
  - Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.
  - Despite their ubiquity, virtual teams face special challenges.
    - They may suffer because there is less social rapport and direct interaction among members.
    - As a result, low levels of virtuality in teams results in higher levels of information sharing, but high levels of virtuality hinder it.
    - For virtual teams to be effective, management should ensure that:
      - Trust is established among members (one inflammatory remark in a team member e-mail can severely undermine team trust).
      - Team progress is monitored closely (so the team doesn't lose sight of its goals and no team member "disappears").
      - The efforts and products of the team are publicized throughout the organization (so the team does not become invisible).

- Multiteam Systems
    - The types of teams we've described so far are typically smaller, standalone teams, though their activities relate to the broader objectives of the organization.
        - As tasks become more complex, teams are often made bigger.
        - However, increases in team size are accompanied by higher coordination demands, creating a tipping point at which the addition of another member does more harm than good.
    - To solve this problem, organizations are employing multiteam systems, collections of two or more interdependent teams that share a superordinate goal. In other words, multiteam systems are a "team of teams."
    - Some factors that make smaller, more traditional teams effective do not necessarily apply to multiteam systems and can even hinder their performance.

SELF CHECK 3.12

- What is the differentiation between problem-solving teams and self-managed work teams?
- Justify why cross-functional teams are challenging to manage.
- Discuss the advantages of virtual teams.
- Elaborate multiteam systems.

3.13 Creating Effective Teams

- Introduction
    - Factors for creating effective teams have been summarized in the model found in Figure 3.13.
- Two caveats:
    - First, teams differ in form and structure—be careful not to rigidly apply the model's predictions to all teams.
    - Second, the model assumes that it is already been determined that teamwork is preferable over individual work.

- Team Context: What Factors Determine Whether Teams Are Successful?
    - Four contextual factors most significant to team performance are the following:
        - Adequate resources
            - All work teams rely on resources outside the group to sustain it.
            - A scarcity of resources directly reduces the ability of the team to perform its job effectively.

        - Leadership and structure
            - Teams can't function if they can't agree on who is to do what and ensure all members share the workload.
            - Leadership is especially important in multiteam systems.

- Climate of trust
    - Members of effective teams trust each other and exhibit trust in their leaders.
    - When members trust each other they are more willing to take risks.
    - When members trust their leadership, they are more willing to commit to their leader's goals and decisions.

- Performance evaluation and reward systems
    - Individual performance evaluations and individual incentives are not consistent with the development of high-performance teams.
    - In addition to evaluating and rewarding employees for their individual contributions, management should modify the traditional, individually oriented evaluation and reward system to reflect team performance and focus on hybrid systems that recognize individual members for their exceptional contributions and reward the entire group for positive outcomes.
    - Management should consider group-based appraisals, profit sharing, gainsharing, small-group incentives, and other system modifications that will reinforce team effort and commitment.

- Team Composition
    - Abilities of members
        - Part of a team's performance depends on the knowledge, skills, and abilities of its individual members.
        - Research reveals some insights into team composition and performance.
            - First, when the task entails considerable thought (solving a complex problem such as reengineering an assembly line), high-ability teams (composed of mostly intelligent members) do better than lower-ability teams, especially when the workload is distributed evenly.
            - The ability of the team's leader also matters.

- Personality of Members
    - Some of the dimensions identified in the Big Five personality model have shown to be relevant to team effectiveness.
    - Research has also provided us with a good idea about why these personality traits are important to teams.
        - Conscientious people are good at backing up other team members, and they're also good at sensing when their support is truly needed.
        - One study found that specific behavioral tendencies such as personal organization, cognitive structuring, achievement orientation, and endurance were all related to higher levels of team performance.
        - Open team members communicate better with one another and throw out more ideas, which makes teams composed of open people more creative and innovative.
- Allocation of Roles
    - Teams have different needs, and people should be selected for a team to ensure that there is diversity and that all various roles are filled.

    - Managers need to understand the individual strengths that each person can bring to a team, select members with their strengths in mind, and allocate work assignments accordingly.
        - Put your most able, experienced, and conscientious workers in the most central roles in a team.

- Diversity of Members
    - How does team diversity affect team performance?
        - The degree to which members of a work unit (group, team, or department) share a common demographic attribute, such as age, sex, race, educational level, or length of service in the organization, is the subject of organizational demography.
        - Organizational demography suggests that attributes such as age or the date of joining should help us predict turnover. (a) The logic goes like this: turnover will be greater among those with dissimilar experiences because communication is more difficult and conflict is more likely. (b) Increased conflict makes membership less attractive, so employees are more likely to quit. (c) Similarly, the losers in a power struggle are more apt to leave voluntarily or be forced out.
    - Many of us hold the optimistic view that diversity should be a good thing—diverse teams should benefit from differing perspectives and do better. i. Two meta-analytic reviews of the research literature show, however, that demographic diversity is essentially unrelated to team performance overall. ii. One qualifier is that gender and ethnic diversity have more negative effects in occupations, or when attitudes towards diversity are more positive, diversity is less of a problem. iii. Diversity in function, education, and expertise are positively related to team performance, but these effects are quite small and depend on the situation. Diversity may also have a negative effect when trust between members is already low.
    - Proper leadership can also improve the performance of diverse teams. i. When leaders provide an inspirational common goal for members with varying types of education and knowledge, teams are very creative. ii. When leaders don't provide such goals, diverse teams fail to take advantage of their unique skills and are actually less creative than teams with homogeneous skills.

- Cultural Differences
    - We have discussed research on team diversity in race or gender. But what about diversity created by national differences?
    - Like the earlier research, evidence here indicates these elements of diversity interfere with team processes, at least in the short term.
        - Cultural diversity does seem to be an asset for tasks that call for a variety of viewpoints.
        - But culturally heterogeneous teams have more difficulty learning to work with each other and solving problems.
        - The good news is that these difficulties seem to dissipate with time.
            - Although newly formed culturally diverse teams underperform newly formed culturally homogeneous teams, the differences disappear after about 3 months.

- Size of teams
  - Most experts agree, keeping teams small is a key to improving group effectiveness.
    - Generally speaking, the most effective teams have five to nine members.
    - Experts suggest using the smallest number of people who can do the task.
    - Managers often err by making teams too large. (a) It may require only four or five members to develop diversity of views and skills, while coordination problems can increase exponentially as team members are added. (b) When teams have excess members, cohesiveness and mutual accountability decline, social loafing increases, and more people communicate less. (c) Members of large teams have trouble coordinating with one another, especially under time pressure.

- Member preferences
  - Not every employee is a team player.
  - Given the option, many employees will select themselves out of team participation.
  - High performing teams are likely to be composed of people who prefer working as part of a group.

- Team Processes
  - Introduction
    - The final category related to team effectiveness is process variables such as member commitment to a common purpose, establishment of specific team goals, team efficacy, a managed level of conflict, and minimized social loafing.
    - These will be especially important in larger teams, and in teams that are highly interdependent.
    - Why are processes important to team effectiveness? i. When each member's contribution is not clearly visible, individuals tend to decrease their effort. ii. Social loafing, in other words, illustrates a process loss from using teams.
    - Teams are often used in research laboratories because they can draw on the diverse skills of various individuals to produce more meaningful research than could be generated by all the researchers working independently—that is, they produce positive synergy, and their process gains exceed their process losses.

  - Common Plan and Purpose
    - Effective teams begin by analyzing the team's mission, developing goals to achieve that mission, and creating strategies for achieving the goals.
    - Teams that establish a clear sense of what needs to be done and how consistently perform better.
    - Members of successful teams put a tremendous amount of time and effort into discussing, shaping, and sharing a purpose that belongs to them both collectively and individually.
    - Effective teams also show reflexivity, meaning they reflect on and adjust their master plan when necessary.

  - Specific goals
    - Successful teams translate their common purpose into specific, measurable, and realistic performance goals. They energize the team.

  - Specific goals facilitate clear communication and help teams maintain their focus on results. Team goals should be challenging.

- Team efficacy
  - Effective teams have confidence in themselves and believe they can succeed—this is team efficacy.
  - Teams that have a shared knowledge of who knows what within the team can strengthen the link between the team's self-efficacy and their individual creativity because members can more effectively solicit opinions and advice from their teammates. i. What can management do to increase team efficacy? (a) Two options are helping the team achieve small successes that build confidence and providing training to improve members' technical and interpersonal skills. (i) The greater the abilities of team members, the more likely the team will develop confidence and the ability to deliver on that confidence.

- Team Identity
  - When people connect emotionally with the groups they're in, they are more likely to invest in their relationship with those groups. It's the same with teams.
    - For example, research with soldiers in the Netherlands indicated that individuals who felt included and respected by team members became more willing to work hard for their teams, even though as soldiers they were already called upon to be dedicated to their units.
    - Similarly, when team identity is strong, team members who are highly motivated by performance goals are more likely to direct their efforts towards team goals rather than individual goals.
    - Therefore, by recognizing individuals' specific skills and abilities, as well as creating a climate of respect and inclusion, leaders and members can foster positive team identity and improved team outcomes.
  - Managers should pay special care to fostering team identity in virtual teams. Teams identity may be lower in virtual teams, leading to lower effort in virtual team members.
  - Organizational identity is important, too.
    - Rarely do teams operate in a vacuum—more often teams interact with other teams, requiring interteam coordination.
    - Individuals with a positive team identity but without a positive organizational identity can become fixed to their teams and unwilling to coordinate with other teams within the organization.

- Team Cohesion
  - The term team cohesion means members are emotionally attached to one another and motivated toward the team because of their attachment.
  - Team cohesion is a useful tool to predict team outcomes.
    - For example, a large study in China recently indicated that if team cohesion is high and tasks are complex, costly investments in promotions, rewards, training, and so forth yield greater profitable team creativity.
    - Teams with low cohesion and simple tasks, on the other hand, are not likely to respond to incentives with greater creativity.

- Team cohesion is a strong predictor of team performance such that when cohesion is harmed, performance may be too.
- To mitigate this effect, teams can foster high levels of interdependence and high-quality interpersonal interactions.
  - Team cohesion is higher in teams with female team leaders when teams are larger and more functionally diverse. Team cohesion is also higher in teams with shared leadership, or when leaders are fair.

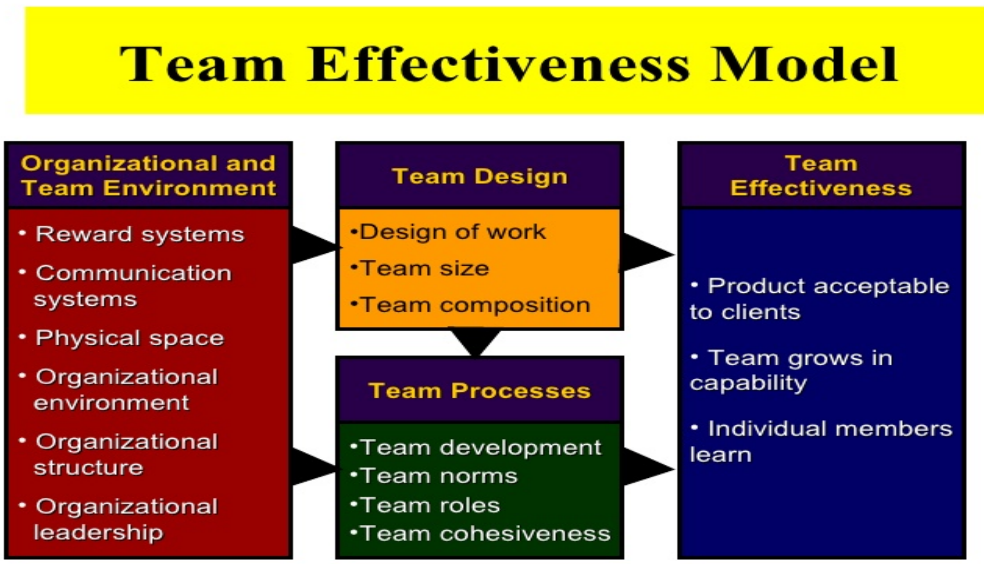


Figure 3.13: Team Effectiveness Model
Source: https://image.slidesharecdn.com/TeamEffectivenessModel-123675999791-phpapp01/95/team-effectiveness-model-1-728.jpg?cb=1236793692

SELF CHECK 3.13
• Elaborate how employees can be a good team player in the organization by referring to Team Effectiveness Model.

3.14 Turning Individual into Team Players

- Introduction
  - Many people are not inherently team players. They are loners or want to be recognized for their own accomplishments.
  - There are also a great many organizations that have historically nurtured individual accomplishments. How do we introduce teams in highly individualistic environments?

- Selecting: Hiring Team Players
  - Some people already possess the interpersonal skills to be effective team players.
  - Care should be taken to ensure that candidates could fulfill their team roles as well as technical requirements.

- Training: Creating Team Players
  - Training specialists conduct exercises that allow employees to experience the satisfaction teamwork can provide.
  - L'Oréal found that successful sales teams required much more than being staffed with high-ability salespeople: management had to focus much of its efforts on team building.
  - Developing an effective team doesn't happen overnight—it takes time, but good team training has tangible positive effects on performance regardless of employee and training characteristics, as evidenced by a recent review of 112 studies of medical team training programs.

- Rewarding: Providing Incentives to Be a Good Team Player
  - An organization's reward system must be reworked to encourage cooperative efforts rather than competitive ones.
  - Hallmark Cards, Inc., added to its basic individual-incentive system an annual bonus based on achievement of team goals.
  - Apparently, the low trust typical of the competitive group will not be readily replaced by high trust with a quick change in reward systems.
  - Promotions, pay raises, and other forms of recognition should be given to individuals who work effectively as team members by training new colleagues, sharing information, helping resolve team conflicts, and mastering needed new skills.
  - This doesn't mean individual contributions should be ignored; rather, they should be balanced with selfless contributions to the team.
  - Finally, don't forget the intrinsic rewards, such as camaraderie, that employees can receive from teamwork. It's exciting and satisfying to be part of a successful team.
  - The opportunity for personal development of self and teammates can be a very satisfying and rewarding experience.

SELF CHECK 3.14

- Discuss on how to select and hiring team players.
- Elaborate appropriate training should be provided to create effective team players.
- Discuss on what rewards should be given to employees in order to turn them to be effective team players.

Points to ponder/Takeaways

- Like the iceberg that sunk the Titanic, the real danger of icebergs is not what lies on top, but the hidden portion underneath. In the attempt to understand employee behavior, it's the hidden organizational elements (attitudes, perceptions, norms, etc.) that make understanding individual behavior so challenging.
- Employee productivity is a performance measure of both efficiency and effectiveness. Absenteeism is the failure to report to work. Turnover is the voluntary and involuntary permanent withdrawal from an organization. Organizational citizenship behavior (OCB) is discretionary behavior that's not part of an employee's formal job requirements but it promotes the effective functioning of an organization. Job satisfaction is an individual's general attitude toward his or her job. Workplace misbehavior is any intentional employee behavior that is potentially harmful to the organization or individuals within the organization.
- A group is two or more interacting and interdependent individuals who come together to achieve specific goals. Formal groups are work groups that are defined by the organization's structure and have designated work assignments and specific tasks directed at accomplishing organizational goals. Informal groups are social groups.
- The forming stage of groups consists of two phases: joining the group and defining the group's purpose, structure, and leadership. The storming stage is one of intragroup conflict over who will control the group and what the group will be doing. The norming stage is when close relationships and cohesiveness develop, as norms are determined. The performing stage is when group members began to work on the group's task. The adjourning stage is when the group prepares to disband.

References

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- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.

Topic 4: Learning organizations, communication, motivation and teamwork

Learning organizations, communication, motivation and teamwork

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Describe the communication process.
- Explain how communication can flow most effectively in organizations.
- Describe how the internet and social media affect managerial communication and organizations.
- Discuss how to become a better communicator.
- Define motivation.
- Compare and contrast early theories of motivation.
- Compare and contrast contemporary theories of motivation.
- Discuss current issues in motivation.

Introduction

Without communication, nothing would ever get done in organizations. Managers are concerned with two types of communication: interpersonal and organizational. We look at both in this chapter and the role they play in a manager's ability to be efficient and effective. Communication between managers and employees provides the information necessary to get work done effectively and efficiently in organizations. This chapter presents basic managerial communication concepts including the interpersonal communication process, methods of communicating, barriers to effective communications, and ways to overcome these barriers. Organizational communication issues such as communication flow and communication networks, and contemporary issues and challenges associated with electronic communications and information technology are covered as well. Meanwhile, motivating and rewarding employees is one of the most important and challenging activities that managers do. To get employees to put forth maximum work effort, managers need to know how and why they're motivated. That's what we discuss in this chapter. Managers need to understand and apply motivational concepts and practices to encourage their employees to devote maximum effort to their jobs. This chapter explores essential information on the concepts of motivation.

4.1 Learning

- Organizational Learning:
    - A perspective that holds that organizational effectiveness depends on the organization's capacity to acquire, share, use, and store valuable knowledge.
    - Knowledge is a resource or asset called intellectual capital.
    - 3 forms of intellectual capital:
        - Human capital
        - Structural capital
        - Relationship capital

Source: https://www.youtube.com/watch?v=SiKroe6CVTM

SELF CHECK 4.1

- Based on the video attached, discuss the process of learning organization. You may choose one company to be as a sample.

4.2 Function of Communication

- Functions of Communication
  - Communication serves five major functions within a group or organization:
    - Management
    - Feedback
    - Emotional sharing
    - Persuasion
    - Information exchange

Source: https://www.youtube.com/watch?v=jk5kyQnqrqI

SELF CHECK 4.2
• Based on the video attached, discuss the functions of communication in the workplace. • What is the impact of poor communication in the workplace?

4.3 Communication Process

- The Communication Process
    - Communication process can be shown in Figure 4.3.
    - Before communication can take place, a purpose expressed as a message to be conveyed is needed.
    - The message is encoded (converted to symbolic form) and is passed by way of some medium (channel) to the receiver, who retranslates (decodes) the message initiated by the sender.
    - The result is transference of meaning from one person to another.
    - The communication process is made up of eight parts: the sender, encoding, the message, the channel, decoding, the receiver, noise, and feedback.
    - The sender initiates a message by encoding a thought.
    - The message is the actual physical product of the sender's encoding.
    - When we speak, the speech is the message. When we write, the writing is the message. When we gesture, the movements of our arms and the expressions on our faces are the message.
    - The channel is the medium through which the message travels.
        - Formal channels are established by the organization and transmit messages related to the professional activities of members.
        - Other forms of messages, such as personal or social, follow informal channels, which are spontaneous and subject to individual choice.
    - The receiver is the person(s) to whom the message is directed, who must first translate the symbols into understandable form. This step is the decoding of the message.
    - Noise represents communication barriers that distort the clarity of the message, such as perceptual problems, information overload, semantic difficulties, or cultural differences.
    - The final link in the communication process is feedback. Feedback is the check on how successful we have been in transferring our messages as originally intended. It determines whether understanding has been achieved.

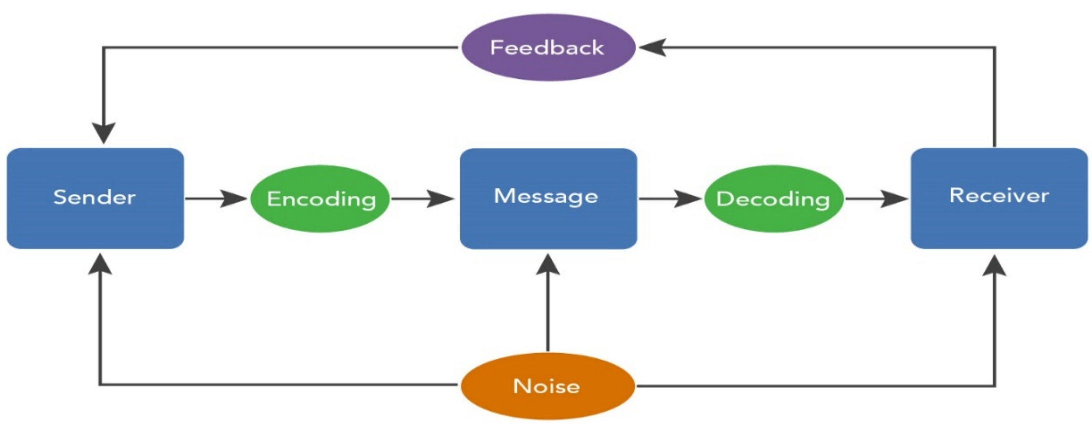


Figure 4.3: Communication Process
Source: https://s3-us-west-2.amazonaws.com/courses-images/wp-content/uploads/sites/4052/2019/04/08194200/CommunicationProcessModel3.jpg

SELF CHECK 4.3

- Discuss communication process together with example.
- How to improve communication process?
- Are there any other elements that you may want to add in the communication process?

4.4 Direction of Communication

- Downward Communication
    - Communication that flows from one level of a group organization to a lower level is downward communication.
    - Its purpose is to assign goals, provide instructions, communicate policies and procedures, provide feedback, etc.
    - When engaging in downward communication, managers must explain the reasons why a decision was made.
        - Evidence indicates that explanations increase employee commitment and support of decisions.
    - Another problem in downward communication is its one-way nature; generally, managers inform employees but rarely solicit their advice or opinions.
    - The best communicators explain the reasons behind their downward communications but also solicit communication from the employees they supervise.

- Upward Communication
    - Upward communication flows to a higher level in the group or organization.
    - It is used to provide feedback to higher-ups, inform them of progress, and relay current problems.
    - Managers also rely on upward communication for ideas on how conditions can be improved.
        - It is also important for subordinates to give honest, authentic feedback because, if managers are not given reasonable negative feedback about allocating resources, they are more likely to make self-interested decisions at the expense of their subordinates.
    - To engage in effective upward communication, try to communicate in headlines not paragraphs, support your headlines with actionable items, and prepare an agenda to make sure you use your boss's attention well.

- Lateral Communication
    - When communication takes place among members of the same work group, among members of work groups at the same level, among managers at the same level, or among any horizontally equivalent personnel, it is called lateral communication.
    - Lateral communications save time and facilitate coordination.
    - In some cases, these lateral relationships are formally sanctioned.
    - Often, they are informally created to short-circuit the vertical hierarchy and expedite action.

- They can create dysfunctional conflicts when the formal vertical channels are breached, when members go above or around their superiors to get things done, or when bosses find out that actions have been taken or decisions made without their knowledge.

SELF CHECK 4.4
• Discuss three directions of communication. • What are the disadvantages of upward communication? • What are the drawbacks of downward communication? • How to improve lateral communication?

4.5 Organizational Communication

- Formal Small-Group Networks
    - Formal organizational networks can be complicated, including hundreds of people and a half-dozen or more hierarchical levels.
    - To simplify, we've condensed these networks into three common small groups of five people each: chain, wheel, and all-channel.
        - The chain rigidly follows the formal chain of command; this network approximates the communication channels you might find in a rigid three level organization.
        - The wheel relies on a central figure to act as the conduit for all group communication; it simulates the communication network you would find on a team with a strong leader.
        - The all-channel network permits group members to actively communicate with each other; it's most often characterized in practice by self-managed teams, in which group members are free to contribute and no one person takes on a leadership role.
    - The structure of the wheel facilitates the emergence of a leader, the all channel network is best if you desire high member satisfaction, and the chain is best if accuracy is most important.

- The Grapevine
    - The informal communication network in a group or organization is called the grapevine. Rumors emerge as a response to situations that are important to us, when there is ambiguity, and under conditions that arouse anxiety.
        - The fact that work situations frequently contain these three elements explains why rumors flourish in organizations.
    - The grapevine is an important part of any group or organization communication network. It gives managers a feel for the morale of their organization, identifies issues employees consider important, and helps tap into employee anxieties.
    - The grapevine also serves employees' needs: small talk creates a sense of closeness and friendship among those who share information, although research suggests it often does so at the expense of those in the "out" group.

- There is also evidence that gossip is driven largely by employee social networks that managers can study to learn more about how positive and negative information is flowing through their organization. While some consider gossiping to be deviant behavior, not all gossip is malicious.
- Managers should minimize the negative consequences of rumors by limiting their range and impact.

SELF CHECK 4.5

- What is grapevine.
- Discuss the impact of grapevine.
- Discuss communication in Formal Small-Group Networks

4.6 Modes of Communication

- Oral Communication
    - Oral communication is the primary means of conveying messages. Speeches, formal one-on-one and group discussions, and the informal rumor mill or grapevine are popular forms of oral communication.
    - Advantages are speed and feedback.
    - A major disadvantage arises when the message must be passed through a number of people: the more people, the more the potential for distortion.

- Meetings—can be formal or informal, include two or more people, and take place in almost any venue.
- Videoconferencing and Conference Calling—videoconferencing permits employees and clients to conduct real-time meetings with people at different locations, while conference calling is generally limited to telephone exchanges where some people may gather around one speaker phone, and others call in through a secure line.
- Telephone—offers many of the benefits of meetings (formal and informal), and can prompt immediate response.

- Written Communication
    - Written communications include memos, letters, e-mail, instant messaging, periodicals, and any other method that conveys written words or symbols.
    - Letters—the oldest and most enduring form of written communication.
    - PowerPoint—can be an excellent mode of communication because it combines words with visual elements to engage the reader and help explain complex ideas.
    - E-mail—has become so persuasive it's hard to imagine life without it. a. Many managers report that they spend too much time on e-mail.
    - Instant Messaging—a synchronous technology, meaning that you need to be there to receive the message.

- Text Messaging—usually done via cell phone and often as a real-time alternative to phone calls.
- Social Media—transformed communication. Many organizations have their own in-house social networking applications.
- Apps—easily accessed mobile-friendly platforms—are increasingly the forum of choice for the public.
- Blogs—short for web log—a website about a single person or company.
- Others—Flickr, Pinterest, Google+, and so on.

- Nonverbal Communication
  - Every time we deliver a verbal message, we also impart a nonverbal message. Sometimes the nonverbal component may stand alone.
  - No discussion of communication would thus be complete without consideration of nonverbal communication—which includes body movements, the intonations or emphasis we give to words, facial expressions, and the physical distance between the sender and receiver.
  - We could argue that every body movement has meaning, and no movement is accidental (though some are unconscious).
  - Physical distance also has meaning.
  - It's important to be alert to these nonverbal aspects of communication and look for nonverbal cues as well as the literal meaning of a sender's words.

SELF CHECK 4.6

- Which one is the best communication channel? Oral or written?
- What is non-verbal communication?
- List five written communication channel.

4.7 Choice of Communication Channel

- People choose one channel of communication over another for several reasons. A model of media richness has been developed to explain channel selection among managers.

- Channel Richness
    - Channels differ in their capacity to convey information.
    - Some are rich in that they have the ability to:
        - Handle multiple cues simultaneously.
        - Facilitate rapid feedback.
        - Be very personal.
    - Face-to-face conversation scores highest in channel richness because it transmits the most information per communication episode—multiple information cues (words, postures, facial expressions, gestures, intonations), immediate feedback (both verbal and nonverbal), and the personal touch of being present.
    - Others are lean in that they score low on these factors.

- Choosing Communication Methods
    - The choice of one channel over another depends on whether the message is routine.
    - Routine messages tend to be straightforward and have a minimum of ambiguity. When tough times hit Manpower Business Solutions during the recent economic contraction, the company elected to communicate with employees daily in a variety of media to ensure that everyone remained informed.
    - Whenever you need to gauge the receiver's receptivity, oral communication is usually the better choice.
    - Written communication is generally the most reliable more for complex and lengthy communications, and can be the most efficient for short messages as well.
    - Choose written communication when you want the information to be tangible and verifiable. People are usually forced to think more thoroughly about what they want to convey in a written message than in a spoken one, so your written communication can also be well thought out, logical, and clear.
    - Letters are used in business primarily for networking purposes and when signatures need to be authentic.
    - In general, respond to instant messages only when they are professional, and initiate them only when you know they will be welcome.
    - There are significant gains and challenges from the introduction of text messaging in business settings. Texts are cheap to send and receive, and the willingness to be available for quick communications from clients and managers is conducive to good business. However, some users view text messaging as intrusive and distracting. Many organizations are also concerned about the security of texting. It is best to severely limit personal text messages during work hours and be cautious about using texting for business purposes.

- Information Security
    - Security is a huge concern for nearly all organizations with private or proprietary information about clients, customers, and employees.
    - Organizations worry about the security of the electronic information they seek to protect, such as hospital patient data, the physical information they still keep in file cabinets, and the security of the information they entrust their employees with knowing, such as Apple's need-to-know-only information sharing. The recent adoption of cloud-based electronic data storage has brought a new level of worry; 51 percent of managers in a recent survey were considering cloud-based human resources software.
    - Most companies actively monitor employee Internet use and e-mail records, and some even use video surveillance and record phone conversations.
    - Necessary though they may be, such practices can seem invasive to employees.
    - An organization can relieve employee concerns by engaging them in the creation of information-security policies and giving them some control over how their personal information is used.

- Persuasive Communications
    - Automatic and Controlled Processing
    - To understand the process of communication, it is useful to consider two relatively different ways that we process information.
    - We often rely on automatic processing, a relatively superficial consideration of evidence and information making use of heuristics. Automatic processing takes little time and low effort, so it makes sense to use it for processing persuasive messages related to topics you don't care much about. The disadvantage is that it lets us be easily fooled by a variety of tricks, like a cute jingle or glamorous photo.
    - Now consider the last time you chose a place to live. You probably did some independent research among experts who know something about the area, gathered information about prices from a variety of sources, and considered the costs and benefits of renting versus buying.
    - This is called controlled processing, a detailed consideration of evidence and information relying on facts, figures, and logic. Controlled processing requires effort and energy, but it's harder to fool someone who has taken the time and effort to engage in it.
    - There are a few rules of thumb for determining what types of processing an audience will use.

SELF CHECK 4.7

- Elaborate on how to choose best communication channel.
- What is persuasive communication?
- How information security embedded in the communication process?

4.8 Barriers to Effective Communication

- Filtering
    - Filtering refers to a sender's purposely manipulating information so it will be seen as more favorable by the receiver. For example, telling the boss what he/she wants to hear.
    - The more levels in an organization's structure, the more opportunities there are for filtering. Being reluctant to give bad news, or trying to please one's boss distorts upward communications.

- Selective Perception
    - Receivers in their communication process selectively see and hear based on their needs, motivations, experience, background, and other personal characteristics.
    - Receivers project their interests and expectations into communications as they decode them.

- Information Overload
    - When the information we have to work with exceeds our processing capacity, the result is information overload.
    - The result is they tend to select out, ignore, pass over, or forget information. Or they may put it aside until the overload situation is over. The result is lost information and less effective communication.
    - Employees must balance the need for constant communication with their own personal need for breaks from work, or they risk burnout from being on call 24 hours a day.

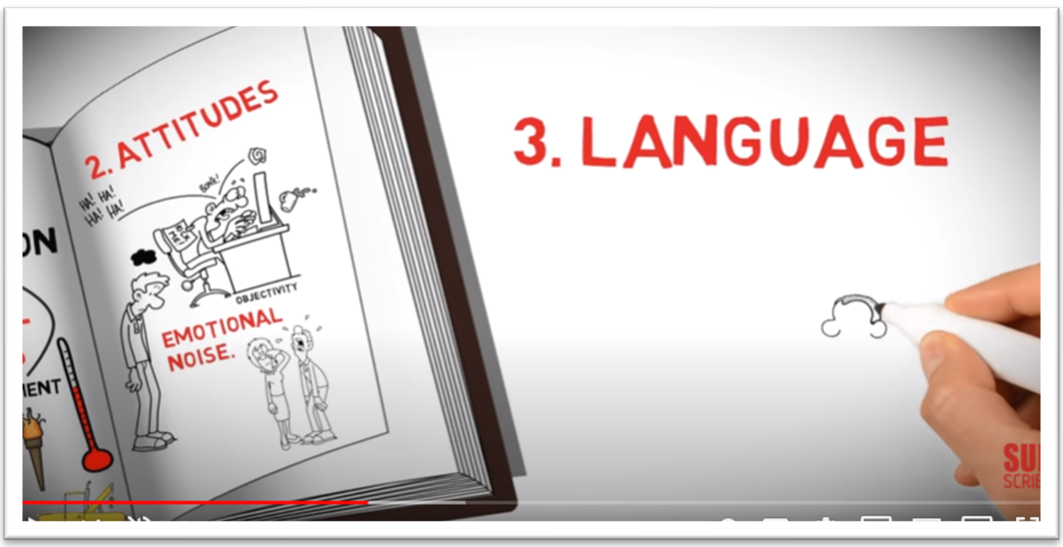
- Emotions
    - How a receiver feels at the time a message is received will influence how he or she interprets it. Extreme emotions are likely to hinder effective communication.
    - During those times, we are most likely to disregard objective thinking and substitute emotions for judgments.

- Language
    - Words mean different things to different people.
    - Age and context are two of the biggest factors that influence such differences. Senders tend to incorrectly assume the words and terms they use mean the same to the receiver as to them.

- Silence
    - It's easy to ignore silence or lack of communication, precisely because it is defined by the absence of information. Employees are more likely to be silent if they are being mistreated by managers, are experiencing frequent negative emotions and rumination, or feel like they have less power in the organization.
    - Research suggests silence and withholding communication are both common and problematic.

- Communication Apprehension
    - An estimated 5 to 20 percent of the population suffers from communication apprehension, or social anxiety.
    - Oral-communication apprehensives avoid situations, such as teaching, for which oral communication is a dominant requirement.

- Lying
    - The final barrier to effective communication is outright misrepresentation of information, or lying.
    - People differ in their definition of what constitutes a lie.
    - Evidence also shows that people are more comfortable lying over the phone than face-to-face and more comfortable lying in e-mails than when they have to write with pen and paper.
    - Research generally suggests most people are not very good at detecting deception in others.



Source: https://www.youtube.com/watch?v=slq1nAhZuqE

SELF CHECK 4.8
• Based on the video attached, discuss barriers to effective communication.

4.9 Motivation Defined

- Motivation Defined
  - What Is Motivation?
    - The level of motivation varies both between individuals and within individuals at different times.
    - Motivation is the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal.
    - We will narrow the focus to organizational goals in order to reflect our singular interest in work-related behavior.
    - The three key elements of our definition are intensity, direction, and persistence.

Source: https://www.youtube.com/watch?v=MOrdTd6IOnQ

SELF CHECK 4.9

- Based on the video attached, describe what motivation is.
- How far motivation can lead people to succeed in their life?

4.10 Early Theories of Motivation

- Introduction
  - In the 1950s, three specific theories were formulated and are the best known.
  - These early theories are important to understand because they represent a foundation from which contemporary theories have grown.

- Hierarchy of Needs Theory
  - Abraham Maslow's hierarchy of needs is the most well-known theory of motivation. He hypothesized that within every human being there exists a hierarchy of five needs (Figure 4.10)
    - Physiological: Includes hunger, thirst, shelter, sex, and other bodily needs.
    - Safety: Includes security and protection from physical and emotional harm.
    - Social: Includes affection, belongingness, acceptance, and friendship.
    - Esteem: Includes internal factors such as self-respect, autonomy, and achievement; and external factors such as status, recognition, and attention.
    - Self-actualization: The drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment.
  - As a need becomes substantially satisfied, the next need becomes dominant. No need is ever fully gratified; a substantially satisfied need no longer motivates.
  - Maslow separated the five needs into higher and lower orders.
  - Maslow's need theory has received wide recognition, particularly among managers.
    - Research does not generally validate the theory.

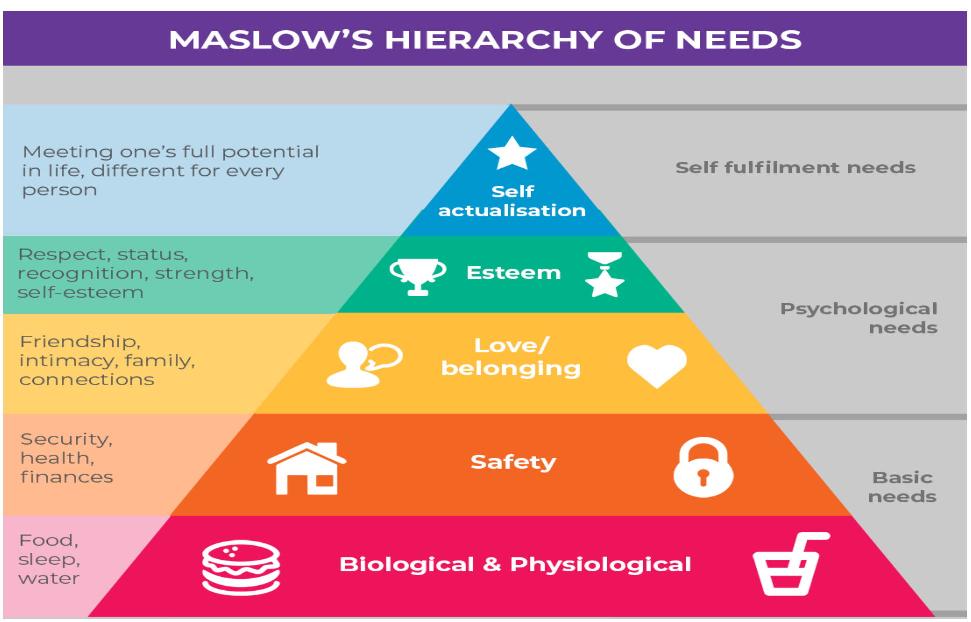


Figure 4.10: Maslow's Hierarchy of Needs
Source:https://cpawebsiteimages.blob.core.windows.net/publicimages/Marketing%20Theories/Maslows%20Hierarchy%20of%20Needs2.png

- Two-Factor Theory
    - The two-factor theory is sometimes also called motivation-hygiene theory.
    - Proposed by psychologist Frederick Herzberg when he investigated the question, "What do people want from their jobs?" He asked people to describe, in detail, situations in which they felt exceptionally good or bad about their jobs. These responses were then tabulated and categorized.
    - From the categorized responses, Herzberg concluded:
        - Intrinsic factors, such as advancement, recognition, responsibility, and achievement, seem to be related to job satisfaction.
        - Dissatisfied respondents tended to cite extrinsic factors, such as supervision, pay, company policies, and working conditions.
        - The opposite of satisfaction is not dissatisfaction.
        - Removing dissatisfying characteristics from a job does not necessarily make the job satisfying.
        - Job satisfaction factors are separate and distinct from job dissatisfaction factors. Managers who eliminate job dissatisfaction factors may not necessarily bring about motivation.
        - When hygiene factors are adequate, people will not be dissatisfied; neither will they be satisfied. To motivate people, emphasize factors intrinsically rewarding that are associated with the work itself or to outcomes directly derived from it.
    - Criticisms of the theory:
        - The procedure that Herzberg used is limited by its methodology.
        - The reliability of Herzberg's methodology is questioned.
        - No overall measure of satisfaction was utilized.

- McClelland's Theory of Needs
    - McClelland's theory of needs focuses on three needs: achievement, power, and affiliation.
        - Need for achievement (nAch): the drive to excel, to achieve in relation to a set of standards.
            - High achievers perform best when they perceive their probability of success as 50/50.
            - They like to set goals that require stretching themselves a little.
            - The view that a high achievement need acts as an internal motivator presupposes two U.S. cultural characteristics—willingness to accept moderate risk and concern with performance.
        - Need for power: the need to make others behave in a way that they would not have behaved otherwise.
            - The need for power (nPow) is the desire to have impact, to be influential, and to control others.
        - Need for affiliation (nAfl): the desire for friendly and close interpersonal relationships.
    - McClelland's theory has research support, particularly cross-culturally (when cultural dimensions including power distance are considered).
        - Unfortunately, the theory is difficult to put into practice.

SELF CHECK 4.10

- Elaborate Maslow's Hierarchy of Need Theory.
- Explain Two-Factor Theory.
- What are criticisms of Two-Factor theory?
- Elaborate McClelland's Theory of Needs.

4.11 Contemporary Theories of Motivation

- Contemporary Theories of Motivation
  - Introduction
    - In contrast, contemporary theories have one thing in common: each has a reasonable degree of valid supporting documentation.

  - Self-Determination Theory
    - Self-determination theory proposes (in part) that people prefer to feel they have control over their actions, and anything that makes a previously enjoyed task feel more like an obligation than a freely chosen activity will undermine motivation.
    - Much research on self-determination theory in OB has focused on cognitive evaluation theory, which hypothesizes that extrinsic rewards will reduce intrinsic interest in a task.
    - Self-determination theory also proposes that in addition to being driven by a need for autonomy, people seek ways to achieve competence and positive connections to others.
    - What does self-determination theory suggest for providing rewards?
      - If a computer programmer values writing code because she likes to solve problems, a reward for working to an externally imposed standard she does not accept, such as writing a certain number of lines of code every day, could feel coercive, and her intrinsic motivation would suffer.
      - A recent outgrowth of self-determination theory is self-concordance, which considers how strongly peoples' reasons for pursuing goals are consistent with their interests and core values.
    - Implications
      - For individuals, it means choose your job for reasons other than extrinsic rewards.
      - For organizations, it means managers should provide intrinsic as well as extrinsic incentives.

- Goal-Setting Theory
    - Goal-setting theory: in the late 1960s, Edwin Locke proposed that intentions to work toward a goal are a major source of work motivation.
    - Goals tell an employee what needs to be done and how much effort is needed.
    - Evidence strongly suggests that specific goals increase performance, that difficult goals, when accepted, result in higher performance than do easy goals, and that feedback leads to higher performance than does non-feedback.
    - Specific hard goals produce a higher level of output than do the generalized goals.
    - If factors like ability and acceptance of the goals are held constant, we can also state that the more difficult the goal, the higher the level of performance.
    - There are contingencies in goal-setting theory. In addition to feedback, three other factors influence the goals-performance relationship: goal commitment, task characteristics, and national culture.
    - Goal Commitment.
        - Goal-setting theory presupposes that an individual is committed to the goal. i. Believes he or she can achieve the goal and wants to achieve it.
    - Task Characteristics
        - Goals themselves seem to affect performance more strongly when tasks are simple rather than complex, well learned rather than novel, and independent rather than interdependent.
        - On interdependent tasks, group goals are preferable.
    - National Culture
        - Goal-setting theory is culture bound.
            - In collectivistic and high-power distance cultures, achievable moderate goals can be more motivating than difficult ones.
    - When learning something is important, goals related to performance undermine adaptation and creativity because people become too focused on outcomes and ignore changing conditions.
    - Goals can lead employees to be too focused on a single standard to the exclusion of all others.
    - Despite differences of opinion, most researchers do agree that goals are powerful in shaping behavior.
    - Research has also found that people differ in the way they regulate their thoughts and behaviors during goal pursuit.
    - Generally, people fall into one of two categories, though they could belong to both.
        - Those with a promotion focus strive for advancement and accomplishment and approach conditions that move them closer toward desired goals.
        - Those with a prevention focus strive to fulfill duties and obligations and avoid conditions that pull them away from desired goals.
    - Which is the better strategy? Ideally, it's probably best to be both promotion and prevention oriented.
    - Implementing goal-setting.
        - How do you make goal-setting operational in practice?
            - Management by Objectives (MBO)
                - Participatively set goals that are tangible, verifiable, and measurable. ii. Organizations' overall objectives are translated into specific objectives for each succeeding level.

- Four ingredients common to MBO programs:
  - Goal specificity.
  - Participation in decision making.
  - Explicit time period.
  - Performance feedback.

SELF CHECK 4.11

- Elaborate self-determination theory.
- Discuss implications of self-determination theory.
- How do you make goal-setting operational in practice?

Points to Ponder/Takeaways

- Communication is the transfer and understanding of meaning. Interpersonal communication is communication between two or more people. Organizational communication includes all the patterns, networks, and systems of communication within an organization. Effective communication is not the same as agreement because if someone disagrees with us, we assume that the person just didn't fully understand our position. In other words, many of us define good communication as having someone accept our views. However, I can clearly understand what you mean and just *not* agree with what you say.
- The functions of communication include controlling employee behavior, motivating employees, providing a release for emotional expression of feelings and fulfillment of social needs, and providing information.
- Motivation is the process by which a person's efforts are energized, directed, and sustained toward attaining a goal. The *energy* element is a measure of intensity, drive, or vigor. The high level of effort needs to be *directed* in ways that help the organization achieve its goals. Employees must *persist* in putting forth effort to achieve those goals.
- In Maslow's hierarchy, individuals move up the hierarchy of five needs (physiological, safety, social, esteem, and self-actualization) as needs are substantially satisfied. A need that's substantially satisfied no longer motivates. A Theory X manager believes that people don't like to work or won't seek out responsibility so they have to be threatened and coerced to work. A Theory Y manager assumes that people like to work and seek out responsibility, so they will exercise self-motivation and self-direction. Herzberg's theory proposed that intrinsic factors associated with job satisfaction were what motivated people. Extrinsic factors associated with job dissatisfaction simply kept people from being dissatisfied. Three-needs theory proposed three acquired needs that are major motives in work: need for achievement, need for affiliation, and need for power.

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Topic 5: Organization structures: Strategy, design and function

Organization structures: Strategy, design and function

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Describe six key elements in organizational design.
- Contrast mechanistic and organic structures.
- Discuss the contingency factors that favor either the mechanistic model or the organic model of organizational design.
- Describe traditional organizational design options.
- Discuss organizing for flexibility in the twenty-first century.

Introduction

Once managers are done planning, then what? This is when managers need to begin to "work the plan." And the first step in doing that involves designing an appropriate organizational structure. This chapter covers the decisions involved with designing this structure. We also address the issue of structure with an emphasis on the new designs that companies are implementing to deal with an increasingly competitive environment that focuses on efficiency.

5.1 Six Elements of organizational Design

Managers need to establish structural designs that will best support and allow employees to do their work effectively and efficiently.

Several important terms must be defined in order to understand the elements of organizational structure and design:

1. **Organizing** is arranging and structuring work to accomplish the organization's goals. This process has several purposes.
2. **Organizational structure** is the formal arrangement of jobs within an organization.
3. **Organizational design** is developing or changing an organization's structure. This process involves decisions about six key elements: work specialization, departmentalization, chain of command, span of control, centralization-decentralization, and formalization.

A. **Work specialization** is dividing work activities into separate job tasks. Most of today's managers regard work specialization as an important organizing mechanism, but not as a source of ever-increasing productivity.

B. **Departmentalization.** When work tasks have been defined, they must be arranged in order to accomplish organizational goals. This process, known as **departmentalization**, is the basis by which jobs are grouped. There are five major ways to departmentalization:

1. **Functional departmentalization** groups jobs by functions performed.
2. **Product departmentalization** groups jobs by product line.
3. **Geographical departmentalization** groups jobs on the basis of geographical region.
4. **Process departmentalization** groups jobs on the basis of product or customer flow.
5. **Customer departmentalization** groups jobs on the basis of specific and unique customers who have common needs.

- Today's View. Popular trends in departmentalization include the following:
  a. Customer departmentalization continues to be a highly popular approach because it allows better monitoring of customers' needs and responds to changes in the needs of customers.

  b. **Cross-functional teams**, which are work teams composed of individuals from various functional specialties, are being used along with traditional departmental arrangements.

C. **Chain of Command.** The **chain of command** is the line of authority extending from upper organizational levels to the lowest levels, which clarifies who reports to whom. Three concepts related to chain of command are *authority*, *responsibility*, and *unity of command*.

1. **Authority** is the rights inherent in a managerial position to tell people what to do and to expect them to do it.
   a. The **acceptance theory of authority** proposed by Chester Barnard says that authority comes from the willingness of subordinates to accept it. Barnard contended that subordinates *will* accept orders only if the following conditions are satisfied:
      1. They understand the order.
      2. They feel the order is consistent with the organization's purpose.
      3. The order does not conflict with their personal beliefs.
      4. They are able to perform the task as directed.
   b. **Line authority** entitles a manager to direct the work of an employee. It is the employer–employee authority relationship that extends from the top of the organization to the lowest echelon, according to the chain of command.
   c. **Staff authority** functions to support, assist, advise, and generally reduce some of their informational burdens.
2. **Responsibility** is the obligation to perform any assigned duties.
3. **Unity of command** is the management principle that each person should report to only one manager.
4. Today's View. Information technology has made some of the early theories of management less relevant. While in the past elements like chain of command, authority, responsibility, and unity of command were essential, in today's organization information that used to be only available to managers is easily

accessible and employees can communicate with each other without going through a traditional chain of command.

D. **Span of Control. Span of control** is the number of employees a manager can efficiently and effectively manage.

1. The span of control concept is important because it determines how many levels and managers an organization will have.
2. What determines the "ideal" span of control? Contingency factors such as the skills and abilities of the manager and the employees, the characteristics of the work being done, similarity and complexity of employee tasks, the physical proximity of subordinates, the degree to which standardized procedures are in place, the sophistication of the organization's information system, the strength of the organization's culture, and the preferred style of the manager influence the ideal number of subordinates.
3. The trend in recent years has been toward wider (larger) spans of control.

- **Centralization and Decentralization.** The concepts of centralization and decentralization address who, where, and how decisions are made in organizations.

  - Centralization is the degree to which decision making is concentrated at upper levels of the organization.
  - Decentralization is the degree to which lower-level employees provide input or actually make decisions.
  - Employee empowerment is giving employees more authority (power) to make decisions.
  - Formalization refers to the degree to which jobs within an organization are standardized and the extent to which employee behavior is guided by rules and procedures.

SELF CHECK 5.1

- Elaborate the elements of organizational structure and design.
- What is work specialization?
- Discuss the significance span of control.
- What is chain of command?
- Differentiate centralization and decentralization.

5.2 Mechanistic and Organic Structures

Organizations do not have identical structures. Even companies of comparable size do not necessarily have similar structures.

Two Models of Organizational Design.

- A mechanistic organization is an organizational design that is rigid and tightly controlled. It is characterized by high specialization, rigid departmentalization, narrow spans of control, high formalization, a limited information network, and little participation in decision making by lower-level employees.

- An organic organization is an organizational design that is highly adaptive and flexible. It is characterized by little work specialization, minimal formalization, and little direct supervision of employees.

Source: https://www.youtube.com/watch?v=SxspGK4SaYM

SELF CHECK 5.2
• Referring to the attached video, provide your review on mechanistic and organic structures.

5.3 Contingency Factors Affecting Structural Choice

- Appropriate organizational structure depends upon four contingency variables:
  - **Strategy and Structure.** The organization's strategy is one of the contingency variables that influences organizational design.
  - Alfred Chandler originated the strategy-structure relationship. His finding that structure follows strategy indicates that as organizations change their strategies, they must change their structure to support that strategy.
  - Most current strategy/structure frameworks focus on three strategy dimensions: Innovation needs the flexibility and free flow of information present in the organic organization.
  - Cost minimization needs the efficiency, stability, and tight controls of the mechanistic organization.
  - Imitation uses some of the characteristics of both mechanistic and organic organizations.

  - **Size and Structure**. Considerable historical evidence indicates that an organization's size significantly affects its structure. Larger organizations tend to have more specialization, departmentalization, centralization, and formalization, although the size-structure relationship is not linear.

  - **Technology and Structure**. Technology has been shown to affect an organization's choice of structure.
  - Every organization uses some form of technology to transform inputs into outputs.
  - Joan Woodward's study of structure and technology shows that organizations adapt to their technology. She found that three distinct technologies have increasing levels of complexity and sophistication.
    - Unit production is the production of items in units or small batches.
    - Mass production is the production of items in large batches.
    - Process production is the production of items in continuous processes.

  - **Environmental Uncertainty and Structure**. Environmental uncertainty is the final contingency factor that has been shown to affect organizational structure. Environmental uncertainty may be managed by making adjustments in the organization's structure. The more uncertain the environment, the more flexible and responsive the organization needs to be.

SELF CHECK 5.3

- How strategy affecting structural choice?
- How size affecting structural choice?
- How technology affecting structural choice?
- How environmental uncertainty affecting structural choice?

5.4 Traditional Organization Design Options

- A number of different organizational designs can be found in today's organizations.
- A simple structure is an organizational design with low departmentalization, wide spans of control, authority centralized in a single person, and little formalization.
- Strengths of the simple structure are its flexibility, speed, clear accountability, and low maintenance costs.
- The major limitation of a simple structure is that it is most effective when used in small organizations.
- As an organization grows, its structure tends to become more specialized and formalized. When contingency factors favor a bureaucratic or mechanistic design, one of the following two options is likely to be used: functional structure or divisional structure.
- A functional structure is an organizational design that groups similar or related occupational specialties together.
- A divisional structure is an organizational structure made up of separate, semiautonomous units or divisions.

Source: https://www.youtube.com/watch?v=Q2kj6-LVk1o

SELF CHECK 5.4

- Referring to the attached video, contrast the three organizational design.

5.5 Organizing for Flexibility in the Twenty First Century

- Today's increasingly dynamic and complex environment demands greater flexibility and innovation in organizational structure. Many organizations are abandoning traditional organizational designs in favor of more organic approaches.
- Team Structures. One of the newer concepts in organizational design is team structure, an organizational structure in which the entire organization is made up of work groups or teams.
- Matrix and Project Structures. Other variations in organizational arrangements are based on the fact that many of today's organizations deal with work activities of different time requirements and magnitude.
- The Virtual Organization. Another approach to organizational design is the virtual organization, sometimes called the *network* or *modular* organization.
- The Virtual Organization. A virtual organization operates with a small core of full-time employees, while hiring outside specialists to work on projects temporarily, as needed.
- The prototype of the virtual structure is today's filmmaking organization. Movies are made by a collection of individuals and small firms that come together to make the film project by project. This structural form allows the studio the flexibility to contract the best talent for the specific project. Flexibility is the major advantage of this structural form.
- Telecommuting is a work arrangement in which employees work at home and are linked to the workplace by computer.
- Telecommuting provides the company a way to grow without having to incur any additional fixed costs such as office buildings, equipment, or parking lots. In addition, some companies view the arrangement as a way to combat high gas prices and to attract talented employees who want more freedom and control.

SELF CHECK 5.5

- With the availability of advanced information technology that allows an organization's work to be done anywhere at any time, is organizing still an important managerial function? Why or why not?
- How could a job-sharing arrangement be made effective? What would a job sharer need to do to make the arrangement work?

Points to Ponder/Takeaways

- Traditionally, work specialization was viewed as a way to divide work activities into separate job tasks. Today's view is that it is an important organizing mechanism but it can lead to problems. The chain of command and its companion concepts—authority, responsibility, and unity of command—were viewed as important ways of maintaining control in organizations. The contemporary view is that they are less relevant in today's organizations. The traditional view of span of control was that managers should directly supervise no more than five to six individuals. The contemporary view is that the span of control depends on the skills and abilities of the manager and the employees and on the characteristics of the situation.
- A project structure, unlike the matrix structure, has no formal departments where employees return at the completion of a project. Instead, employees take their specific skills, abilities, and experiences to other projects. Also, all work-in-project structures are performed by teams of employees.

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Topic 6: Organization processes: Survival, change growth and development

Organization processes: Survival, change growth and development

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Discuss how Lewin's Force Field Analysis Model can be used to foster changes in the organization.
- Explain the reasons why employees resist to change.
- Describes change agents and diffusion of change.

Introduction

This chapter emphasize on the organizational processes such as how organization survive, organizational change and the development in the organization. This chapter will explain the Lewin's Force Field Analysis Model, restraining forces, why people resist to change, change agents and diffusion of change.

6.1 The Case of Change

- Organizational change is defined as any alteration of people, structure, or technology in an organization. Instead of trying to eliminate change, managers must realize that change is always present and that they should seek ways to manage change successfully. Change requires a catalyst. The manager may act as a change agent— someone who acts as a catalyst and assumes the responsibility for managing the change process.

- Living with VUCA.
    - Today's business environment is becoming increasingly complex and unpredictable. Military planners call this VUCA – an environment of nonstop volatility, uncertainty, complexity, and ambiguity. Figure 6.1 shows that both external and internal forces create the need for change.
- External Forces for Change.
    - External forces creating the need for change come from various sources:
        - Consumer needs and wants
        - New government laws.
        - Technology
        - The Economy
- Internal Forces for Change.

- Internal forces creating change usually originate from the internal operations of the organization or from the impact of external changes. These internal forces include:
    - New organizational strategy
    - Composition of the workforce
    - New equipment
    - Employee attitudes

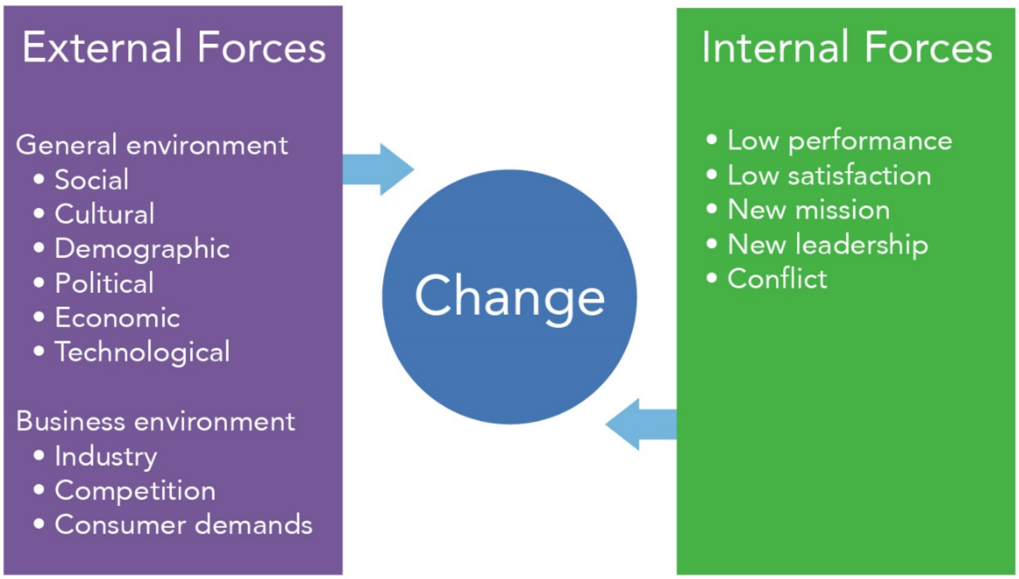


Figure 6.1: External and Internal Forces for Change
Source: https://s3-us-west-2.amazonaws.com/courses-images/wp-content/uploads/sites/4052/2019/04/26171613/ForcesonChange.jpg

SELF CHECK 6.1
• What is organizational change? • Elaborate external forces for change. • Elaborate internal forces for change. • How do organization live nowadays?

6.2 The Change Process

- Two very different metaphors can be used to describe the change process.
  - The Calm Waters Metaphor.
    - The calm waters metaphor characterizes the process of change as being like a ship crossing a calm sea. The calm waters metaphor can be illustrated by Lewin's 3-step process for change (Figure 6.2).
    - Unfreezing the equilibrium is the first step. Unfreezing the equilibrium can be accomplished in one of three ways:
      - Increasing driving forces, which are forces that direct behavior away from the status quo.
      - Decreasing restraining forces, which are forces that hinder movement from the existing equilibrium.
      - Combining the two approaches.
    - The next step is to implement the change itself.
    - The final step is to refreeze the situation.
  - The White-Water Rapids Metaphor.
  - The white-water rapids metaphor describes change that takes place in uncertain and dynamic environments. To put the two views into perspective, it is helpful to note that not every manager constantly faces a world of chaotic change. However, the number of managers who do not face this type of environment is rapidly dwindling.

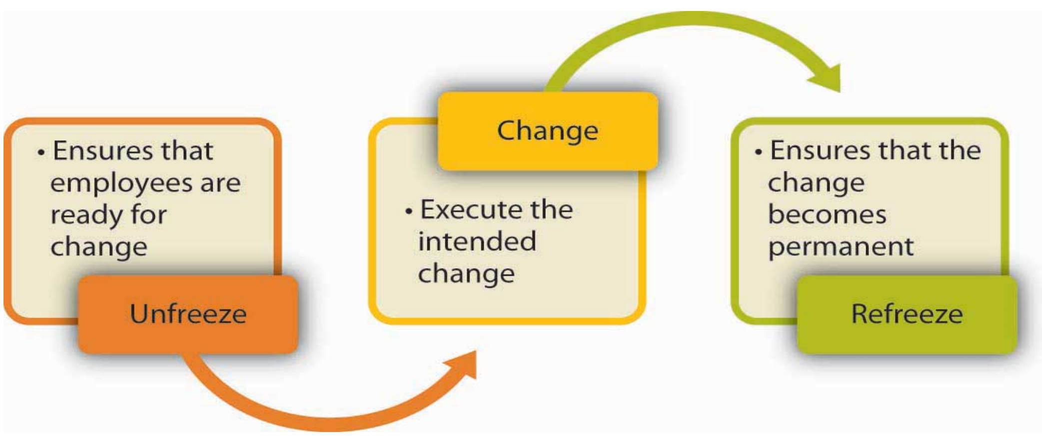


Figure 6.2: Lewin's 3-step process for change
Source: https://saylordotorg.github.io/text_principles-of-management-v1.1/section_11/a2a590a623bb60a104433bc7c06a0aa4.jpg

SELF CHECK 6.2
• Choose one organization and discuss their change process.

6.3 Areas of Change

- Types of Change.
    - What can a manager change? A manager may make changes in four categories: strategy, structure, technology, and people.
    - Strategy
        - Companies that fail to change strategy when circumstances dictate it run the risk of failing.
        - Changing strategy involves modifying the approach to ensuring the organization's success.
    - Structure
        - Managers can alter one or more structural components of the organization, such as work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization.
        - Frequently, the design of the organization's structure is changed in order to meet new demands.
    - Technology
        - Competitive factors or new innovations often require introduction of new equipment, tools, or operating methods.
        - Automation is a technological change that replaces certain tasks done by people with machines.
        - Computerization has probably been the most visible technological change in recent years.
    - People
        - Organizational development (OD) is techniques or programs to change people and the nature and quality of interpersonal work relationships.
        - Figure 6.3 provides descriptions of the most popular OD approaches.

Figure 6.3: Organizational Development Approaches

SELF CHECK 6.3

- Choose one organization and discuss in detail their areas of change which include strategy, structure, technology and people.

6.4 Managing Change

- Managers are motivated to initiate change when they are committed to improving organizational performance.

- Why do People Resist Change?
    - Resistance to change is a natural event in organizations and occurs for the main reasons including: uncertainty, habit, concern about personal loss, and the belief that the change is not in the organization's best interest.

- Techniques for Reducing Resistance to Change.
    - Organizations can build up inertia that actually motivates employees to resist change. The techniques for Reducing Resistance are listed in Figure 6.4.
    - They are:
        - Education and communication
        - Participation
        - Facilitation and support
        - Negotiation
        - Manipulation and co-optation
        - Coercion

Technique	When Used	Advantage	Disadvantage
Education and communication	When resistance is due to misinformation	Clear up misunderstandings	May not work when mutual trust and credibility are lacking
Participation	When resisters have the expertise to make a contribution	Increase involvement and acceptance	Time-consuming; has potential for a poor solution
Facilitation and support	When resisters are fearful and anxiety ridden	Can facilitate needed adjustments	Expensive; no guarantee of success
Negotiation	When resistance comes from a powerful group	Can "buy" commitment	Potentially high cost; opens doors for others to apply pressure too
Manipulation and co-optation	When a powerful group's endorsement is needed	Inexpensive, easy way to gain support	Can back re, causing change agent to lose credibility
Coercion	When a powerful group's endorsement is needed	Inexpensive, easy way to gain support	May be illegal; may undermine change agent's credibility

Figure 6.4: Techniques for Reducing Resistance to Change

SELF CHECK 6.4

- Assuming you are manager for one big company, which technique for reducing resistance to change will you choose? Justify your answer.
- Discuss techniques for reducing resistance to change.

6.5 Contemporary Issues in Managing Change

- Contemporary issues related to managing change include organizational culture, employee stress, and successful change action. Culture is resistant to change because it consists of relatively stable and permanent characteristics. The fact that culture is formed over a long period of time and that strong cultures have highly committed people also make it difficult to change an organization's culture.

- Changing an Organization's Culture.
    - Understanding the Situational Factors Some situations can facilitate culture change, including:
        - A dramatic crisis
        - A change in leadership
        - A young organization that is small in size
        - A culture that is weak

- Employee Stress.
    - What is Stress? Stress is the adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities.
    - What Causes Stress? Research shows that stress may be related to the organization or to personal factors. Important variables that have been known to cause employee stress include:
        - Task demands
        - Role demands
            - Role Conflict: Work expectations that are hard to satisfy.
            - Role Overload: Having more work to accomplish than time permits.
            - Role Ambiguity: When role expectations are not clearly understood.
        - Interpersonal demands
        - Organizational structure
        - Organizational leadership
        - Personality
            - Type A personality: People who have a chronic sense of urgency and an excessive competitive drive.
            - Type B personality: People who are relaxed and easygoing and accept change easily.

- What are the Symptoms of Stress? Stress may be exhibited in a number of ways. For example, an employee who is experiencing a high degree of stress may become depressed, accident prone, or argumentative and may be easily distracted.
- How Can Stress Be Reduced? Employee selection, realistic job previews, MBO, and job redesign are methods of reducing stress in an organization.

SELF CHECK 6.5

- Choose one organization that near with you. Observe or interview their staff on change process that occurred in the organization. You may also ask the challenges experienced by the manager in handling change situation in the organization.

Points to Ponder/Takeaways

- View resistance as a resource: Symptoms of deeper problems in the change process, a form of constructive conflict -- may improve decisions in the change process, a form of voice – helps procedural justice.
- Creating an urgency of change: Inform employees about driving forces. Most difficult when organization is doing well.
- Customer-driven change: Adverse consequences for firm. Human element energizes employees.
- Sometimes need to create urgency to change without external drivers: Requires persuasive influence. Use positive vision rather than threats.

References

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.
- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.

Topic 7: The importance of organizational culture

The importance of organization culture

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Contrast the actions of managers according to the omnipotent and symbolic views.
- Describe the constraints and challenges facing managers in today's external environment.
- Discuss the characteristics and importance of organizational culture.

Introduction

The components of an organization's culture are as complex as the different aspects of an individual's personality. Today's managers must understand how the force of an organization's internal and external environments may influence, and sometimes constrain, its productivity. Managers must realize that organizational culture and organizational environment have important implications for the way an organization is managed. Both organizational culture and external forces that can shape an organization are explored in order to gain a better understanding of the complexities presented by internal and external environments.

7.1 Organizational Culture

- Just as individuals have a personality, so, too, do organizations. We refer to an organization's personality as its culture.

- What is Organizational Culture? Organizational culture is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. This definition implies:
    1. Individuals *perceive* organizational culture based on what they see, hear, or experience within the organization.
    2. Organizational culture is *shared* by individuals within the organization.
    3. Organizational culture is a *descriptive* term. It describes how members perceive the culture, rather than evaluates.
    4. Six dimensions of an organization's culture have been proposed.
        a. Adaptability (the degree to which employees are encouraged to be innovative and take risks)

        b. Attention to detail (the degree to which employees are expected to exhibit precision, analysis, and attention to detail)

c. Outcome orientation (the degree to which managers focus on results or outcomes rather than on the techniques and processes used to achieve those outcomes)

d. People orientation (the degree to which management decisions take into consideration the effect on people within the organization)

e. Team orientation (the degree to which work activities are organized around teams rather than individuals)

f. Integrity (the degree to which people exhibit honesty and high ethical principles in their work)

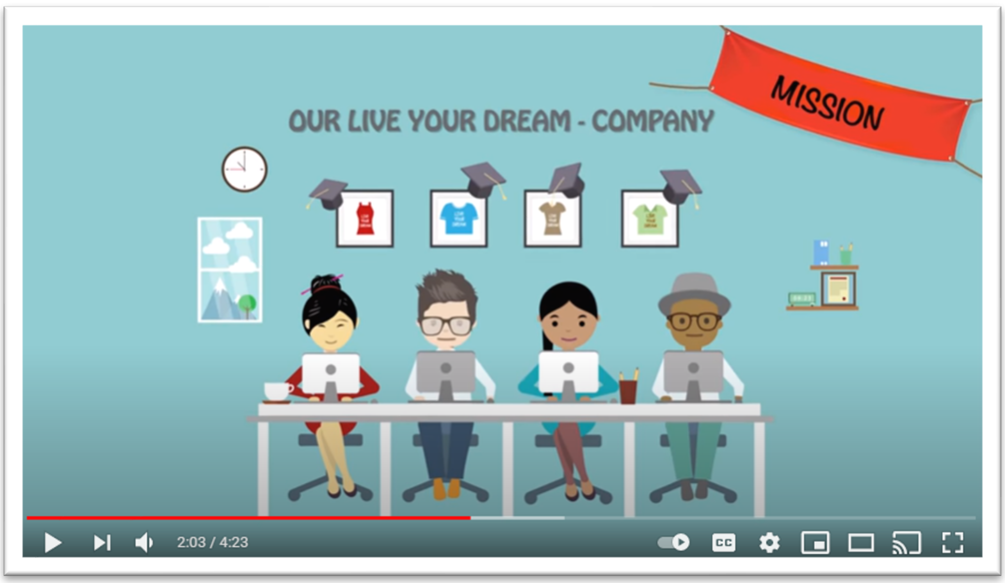
- Do Organizations Have Uniform Cultures?
    - Most organizations have a dominant culture and numerous sets of subcultures.
    - Dominant culture expresses the core values that are shared by a majority of the organization's members.
    - Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face.
    - However, sometimes the subcultures can be so strong that they subtly reject that "official" culture and do not conform.

- Strong Cultures.
    1. Strong cultures are found in organizations where key values are intensely held and widely shared.
    2. Whether a company's culture is strong, weak, or somewhere in between depends on organizational factors such as size, age, employee turnover rate, and intensity of original culture.
    3. A culture has increasing impact on what managers do as the culture becomes stronger.
    4. Most organizations have moderate-to-strong cultures. In these organizations, high agreement exists about what is important and what defines "good" employee behavior, for example.
    5. Studies of organizational culture have yielded various results. One study found that employees in firms with strong cultures were more committed to their firm than were employees in firms with weak cultures. Organizations with strong cultures also used their recruitment efforts and socialization practices to build employee commitment. An increasing body of research suggests that strong cultures are associated with high organizational performance.

- What Do Cultures Do?
    - Cultures can be positive or negative for organizations.
    - The Functions of Culture:
        - Boundary-defining role.
        - Conveys a sense of identity for members.
        - Facilitates the generation of commitment.
        - Enhances the stability of the social system.

- Culture serves as a sense-making and control mechanism; guides and shapes attitudes and behavior of employees.

- Today's trend toward decentralized organizations makes culture more important than ever, but ironically it also makes establishing a strong culture more difficult.
- When formal authority and control systems are reduced, culture's shared meaning points everyone in the same direction.
- Strong leadership that fosters a strong culture by communicating frequently about common goals and priorities may be especially important for organizations.
- Furthermore, research on 114 CEOs and 324 top management team (TMT) members suggest that more positive organizational outcomes are achieved when the culture and leadership styles are complementary in content, not redundant.
- Individual–organization "fit"—that is, whether the applicant's or employee's attitudes and behavior are compatible with the culture—strongly influences who gets a job offer, a favorable performance review, or a promotion.



Source: https://www.youtube.com/watch?v=4cBN8xH-5Qw

SELF CHECK 7.1
• Referring to the attached video, what do you understand about organizational culture? How organizational culture derived?

7.2 Creating and Sustaining Culture

- How a Culture Begins
    - Ultimate source of an organization's culture is its founders.
    - Founders have a vision of what the organization should be.
    - Unconstrained by previous ideologies or customs.
    - New organizations are typically small; facilitates the founders' imparting of their vision on all organizational members.
    - Culture creation occurs in three ways:
        - Founders hire employees who think and feel the way they do.
        - Employees are indoctrinated and socialized into the founders' way of thinking.
        - Founders' behavior acts as a role model.

- Keeping a Culture Alive
    - Selection
        - The explicit goal of the selection process is to identify and hire individuals with the knowledge, skills, and abilities to perform successfully.
        - Selection also provides information to applicants.
        - Selection thus becomes a two-way street, allowing employer or applicant to avoid a mismatch and sustaining an organization's culture by selecting out those who might attack or undermine its core values.

    - Top management
        - The actions of top management also have a major impact on the organization's culture.
            - Through words and behavior, senior executives establish norms that filter through the organization about, for instance, whether risk taking is desirable, how much freedom managers give employees, what is appropriate dress, and what actions earn pay raises, promotions, and other rewards.

    - Socialization
        - The process of helping new employees adapt to the organization's culture is socialization.
        - Three stage process:
            - Pre-arrival
                - Recognizes that each individual arrives with a set of values, attitudes, and expectations.
            - Encounter
                - Individual confronts the possible dichotomy between expectations and reality.
            - Metamorphosis
                - Process of working out any problems discovered during the encounter stage.

- Most research suggests high levels of institutional practices encourage person–organization fit and high levels of commitment, whereas individual practices produce more role innovation.

SELF CHECK 7.2

- Discuss how a culture begin.
- Elaborate how to keep culture alive in the organization.

7.3 How Employees Learn Culture

- Introduction
  - Culture is transmitted to employees through stories, rituals, material symbols, and language.
- Stories
  - Stories such as these circulate through many organizations, anchoring the present in the past and legitimating current practices.
- Rituals
  - Repetitive sequences of activities that express and reinforce the key values of the organization are rituals.
- Symbols
  - Layout of corporation headquarters, types of automobile top executives are given, aircraft, size of offices, executive perks, etc. are examples of material symbols.
- Language
  - Many organizations and subunits within them use language to help members identify with the culture, attest to their acceptance of it, and help preserve it.

SELF CHECK 7.3

- Discuss how employees learn culture in the new organization.

7.4 Influencing on Ethical Organizational Culture

- Developing an Ethical Culture
    - How can management create a more ethical culture?
        - Be a visible role model.
        - Communicate ethical expectations.
        - Provide ethical training.
        - Visibly reward ethical acts and punish unethical ones.
        - Provide protective mechanisms.

- The work of setting a positive ethical climate must start at the top of the organization.
    - When top management emphasizes strong ethical values, supervisors are more likely to practice ethical leadership.
        - Positive ethical attitudes transfer down to line employees, who show lower levels of deviant behavior and higher levels of cooperation and assistance.
    - A study involving auditors found perceived pressure from organizational leaders to behave unethically was associated with increased intentions to engage in unethical practices.
        - Clearly the wrong type of organizational culture can negatively influence employee ethical behavior.
        - Conversely, ethical leadership has been shown to improve group ethical voice, or the extent to which employees feel comfortably speaking up about issues that seem unethical to them, through improvements in ethical culture.
    - Finally, employees whose ethical values are similar to those of their department are more likely to be promoted, so we can think of ethical culture as flowing from the bottom up as well.

Source: https://www.youtube.com/watch?v=D5auahx76ow

SELF CHECK 7.4

- Referring to the attached video, elaborate on how to create an ethical organizational culture.

7.5 Developing Positive Culture

- Introduction
    - There is a trend today for organizations to attempt to create a positive organizational culture.
    - A positive organizational culture emphasizes building on employee strengths, rewards more than it punishes, and emphasizes individual vitality growth.

- Building on Employee Strengths
    - Although a positive organizational culture does not ignore problems, it does emphasize showing workers how they can capitalize on their strengths.

- Rewarding More Than Punishing
    - Although most organizations are sufficiently focused on extrinsic rewards such as pay and promotions, they often forget about the power of smaller (and cheaper) rewards such as praise.
    - Part of creating a positive organizational culture is "catching employees doing something right."

- Emphasizing Vitality and Growth
    - No organization will get the best from employees who see themselves as mere cogs in the machine.

- A positive culture recognizes the difference between a job and a career.
- Limits of Positive Culture
    - Not a panacea for all companies.
    - All cultures don't value being positive.
    - There may be benefits to establishing a positive culture, but an organization also needs to be careful to be objective and not pursue it past the point of effectiveness.

SELF CHECK 7.5

- Choose one organization that attempt to create a positive culture.
- Based on the organization that you choose, discuss positive culture that they are trying to develop.
- Elaborate how that organization develop a positive culture among their employees.
- Elaborate the challenges that the organization might facing in order to develop a positive culture.

Points to Ponder/Takeaways

- In some cases, organizational culture could be a liability. In the global environment, a society that discriminates on the basis of ethnicity or gender or in the exploitation of workers could experience a backlash from the reactions of consumers in other nations.
- At one time, researchers supported a direct connection between the strength of an organization's culture and its performance. Today, we know that the strength of an organization's culture is more closely tied to acceptance of an organization's values.
- An organization communicates its culture through stories, rituals, material artifacts and symbols, and language.

References

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.
- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.

Topic 8: Leadership and decision making

Leadership and decision making

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Compare and contrast early theories of leadership.
- Describe the three major contingency theories of leadership.
- Describe contemporary views of leadership.
- Describe the eight steps in the decision-making process.
- Explain the five approaches managers can use when making decisions.
- Classify decisions and decision-making styles.

Introduction

Leaders in organizations make things happen. But what makes leaders different from non-leaders? What's the most appropriate style of leadership? What can you do to be seen as a leader? In this chapter, students will explore the importance of decision making to managers and learn how to make effective decisions.

8.1 Early Leadership Theories

WHO ARE LEADERS AND WHAT IS LEADERSHIP?

Certain distinctions can be made between managers and leaders.

A. While managers are appointed and have legitimate power within the organization, a leader is someone who can influence others and who has managerial authority.
B. Leadership is the process of influencing a group to achieve goals.

EARLY LEADERSHIP THEORIES

Researchers began to study leadership in the early twentieth century and developed behavioral theories that focused on the leader (trait theories) and how the leader interacts with his or her group members.

A. Leadership Traits.

1. Research in the 1920s and 1930s focused on the *traits* of the leader, with the intent to isolate characteristics that might by used to differentiate leaders from non-leaders.
2. Identifying a set of traits consistently associated with the *process of leadership* proved to be more successful than one set of traits that would always differentiate leaders from non-leaders.

B. Leadership Behaviors.

1. Researchers began to hope that a behavioral theories' approach would provide more definitive information about the nature of leadership than did trait theories.
2. Four main leader behavior studies are:

   a. University of Iowa Studies. Kurt Lewin and his associates explored three leadership styles: autocratic, democratic, and laissez-faire.

   b. The Ohio State Studies identified two important dimensions of leader behavior: initiating structure and consideration. High-high leaders (leaders high in both behaviors) sometimes achieved high group task performance and high group member satisfaction.

   c. University of Michigan Studies identified two dimensions of leader behavior: leaders who were employee-oriented and leaders who were production-oriented.

   d. The Managerial Grid is a two-dimensional grid used to appraise leadership styles using "concern for people" and "concern for production" as dimensions.

3. Predicting leadership success involved more than isolating a few leader traits or behavior. The lack of success in attaining consistent results led to a focus on situational influences.

SELF CHECK 8.1

- Differentiate managers and leaders.
- What is leadership?
- Explain early leadership theories.
- Explain leadership behaviors.

8.2 Contingency Theories

A. The Fiedler Model. The Fiedler contingency model, developed by Fred Fiedler, is a contingency theory proposing that effective group performance depended upon the proper match between a leader's style of interacting with his/her followers and the degree to which the situation allowed the leader to control and influence.

1. Fiedler developed the least-preferred coworker (LPC) questionnaire, which measures whether a person is task or relationship oriented. This questionnaire contained 18 pairs of contrasting adjectives. Respondents were asked to think of all the coworkers they had ever had and to describe the person they least preferred to work with, using the 18 sets of adjectives. Fiedler believed that a person's basic leadership style could be determined on the basis of their answers.
2. Fiedler also isolated three situational criteria that he believed could be manipulated to create the proper match with the behavioral orientation of the leader:
   a. Leader-member relations described the degree of confidence, trust, and respect subordinates have in their leader.

   b. Task structure described the degree to which job assignments were formalized and pro-creaturized.

   c. Position power described the degree of influence a leader had over power-based activities such as hiring, firing, discipline, promotions, and salary increases.

B. Hersey and Blanchard's Situational Leadership Theory. Situational leadership theory (SLT) is a leadership contingency theory developed by Paul Hersey and Ken Blanchard that focuses on followers' readiness.

1. Hersey and Blanchard propose that successful leadership is achieved by selecting the right leadership style that matches the level of the followers' readiness.
2. Readiness is the extent to which people have the ability and willingness to accomplish a specific task.
3. SLT uses the same leadership dimensions identified by Fiedler: task and relationship behaviors.
4. Each of the two leadership dimensions is considered either high or low and then combined into four specific leadership styles.
5. Research efforts to test and support this theory generally have been disappointing, possibly because of internal ambiguities or inconsistencies in the model itself.

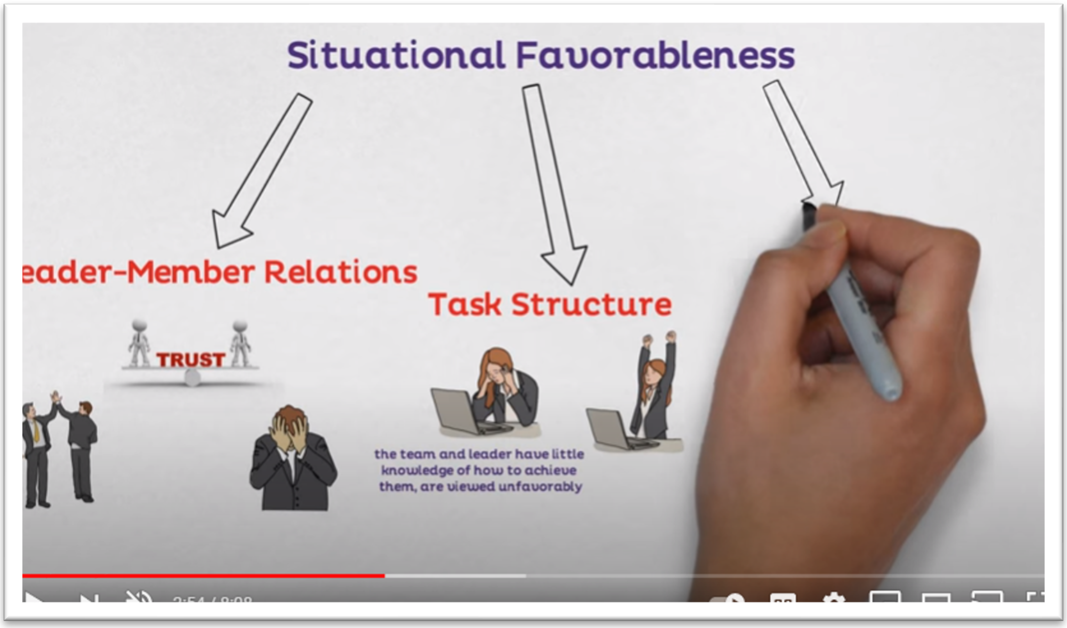
C. Path-Goal Model. Path-goal theory, developed by Robert House, is a leadership theory that purports that it is the leader's job to assist his or her followers in attaining their goals and to provide the direction or support needed to ensure that their goals are compatible with the overall objectives of the organization.

1. Four leadership behaviors were identified by House:
   a. The *directive leader* lets subordinates know what is expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks.

   b. The *supportive leader* is friendly and shows concern for subordinates' needs.

c. The *participative leader* consults with subordinates and uses their suggestions before making a decision.

d. The *achievement-oriented leader* sets challenging goals and expects subordinates to perform at their highest level.



Source: https://www.youtube.com/watch?v=uVJpHqqGEww

SELF CHECK 8.2

- Referring the attached video, discuss contingency theories of leadership.

8.3 Contemporary Theories of Leadership

- The leader-member exchange (LMX) theory argues that because of time pressures, leaders establish a special relationship with a small group of their followers.
- These individuals make up the in-group—they are trusted, get a disproportionate amount of the leader's attention, and are more likely to receive special privileges.
- The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an "in" or an "out" and that relationship is relatively stable over time.
  - How the leader chooses who falls into each category is unclear.
  - The leader does the choosing on the basis of the follower's characteristics.
  - In groups have similar characteristics.
- The theory and research surrounding it provide substantive evidence that leaders do differentiate among followers.

Source: https://www.youtube.com/watch?v=kmD1R8hXsN4

SELF CHECK 8.3

- Referring the attached video, elaborate the process of leader-member exchange theory.

8.4 Charismatic Leadership

- Introduction
  - View leaders as individuals who inspire followers through their words, ideas, and behaviors.

- What is charismatic leadership?
  - According to House's charismatic leadership theory, followers make attributes of heroic or extraordinary leadership abilities when they observe certain behaviors.
  - Charismatic leaders have vision, a sense of mission, are willing to take personal risks, are sensitive to followers' needs, have confidence that their vision can be achieved, and exhibit extraordinary behaviors.

- Are charismatic leaders born or made?
  - Individuals are born with personality traits that make them more charismatic, on average.
  - People can learn to be a charismatic leader.
    - First, an individual needs to develop the aura of charisma by maintaining an optimistic view; using passion as a catalyst for generating enthusiasm; and communicating with the whole body, not just with words.
    - Second, an individual draws others in by creating a bond that inspires others to follow.
    - Third, the individual brings out the potential in followers by tapping into their emotions.

- How charismatic leaders influence followers
  - Articulating an appealing vision.
    - Vision statement
    - High performance expectations
    - A new set of values

- Does effective charismatic leadership depend on the situation?
  - A strong correlation between charismatic leadership and high performance and satisfaction exists among followers.

- Does Effective Charismatic Leadership Depend on the Situation?
  - Charisma appears to be most appropriate when the follower's task has an ideological component or when the environment involves a high degree of stress and uncertainty.
  - This may explain why, when charismatic leaders surface, it's more likely to be in politics, religion, wartime; or when a business firm is in its infancy or facing a life-threatening crisis.
  - Another situational factor apparently limiting charisma is level in the organization.
  - Finally, people are especially receptive to charismatic leadership when they sense a crisis, when they are under stress, or when they fear for their lives.

- The dark side of charismatic leadership.

  - Don't necessarily act in the best interest of their companies.

- Many have allowed their personal goals to override the goals of the organization.
- The results at companies such as Enron, Tyco, WorldCom, and HealthSouth were leaders who recklessly used organizational resources for their personal benefit and executives who violated laws and ethical boundaries to inflate stock prices and allow leaders to cash in millions of dollars in stock options.
- It's not that charismatic leadership isn't effective; overall, it is.

- Transactional and Transformational Leadership
    - Introduction
        - A stream of research has focuses on differentiating transformational and transactional leaders.
        - Transformational leaders act as role models to intellectually stimulate and develop or mentor their followers having a profound and extraordinary effect on them.
        - Transactional leaders guide their followers toward established goals by clarifying role and task requirements.
        - Transactional and transformational leadership complement each other.
        - The best leaders are transactional and transformational.

    - Full range of leadership model
        - The full range of leadership model depicts seven management styles on a continuum: laissez-faire, management by exception, contingent reward leadership, individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence.
        - Laissez-faire is the most passive and least effective type.
        - Management by exception (active or passive) is slightly better.
        - Contingent reward leadership can be effective.
        - The remaining four correspond to transformational leadership:
            - Individualized consideration
            - Intellectual stimulation
            - Inspirational motivation iv. Idealized influence

    - How transformational leadership works?
        - Overall, most research suggests that the reason transformational leadership works is that it inspires and motivates followers.
            - For example, research in Germany and Switzerland found that transformational leadership improves employee job satisfaction, self-efficacy, and commitment to the leader by fulfilling follower autonomy, competence, and relatedness needs (see self-determination theory, Chapter 7).
        - Companies with transformational leaders also show greater agreement among top managers about the organization's goals, which yields superior organizational performance.

    - Evaluation of transformational leadership
        - Transformational leadership has been impressively supported at diverse job levels and occupations (school principals, teachers, marine commanders, ministers, presidents of MBA associations, military cadets, union shop stewards, sales reps).

- Transformational leadership isn't equally effective in all situations.
    - In general, transformational leadership has a greater impact on the bottom line in smaller, privately held firms than in more complex organizations.
    - A great deal of research suggests that the stress and demands surrounding the context affects whether or not transformational leadership improves health outcomes and work engagement.
    - Transformational leaders can help reduce emotional exhaustion and improve perceptions of work-life balance in German IT professionals when the time pressures are high.
    - Transformational leadership may also be more effective when leaders can directly interact with the workforce to make decisions (when they have high task autonomy) than when they report to an external board of directors or deal with a complex bureaucratic structure. One study showed transformational leaders were more effective in improving group potency in teams higher in power distance and collectivism.
    - The characteristics of the leader and the followers may also matter for how effective transformational leadership is as well.

- Transformational versus Transactional Leadership
    - When comparing transformational leadership with transactional leadership, research indicates transformational leadership is more strongly correlated than transactional leadership with satisfaction variety of workplace outcomes.
    - However, transformational leadership theory is not perfect. The full range of leadership model shows a clear division between transactional and transformational leadership that may not fully exist in effective leadership, especially given that research suggests that transformational leadership is highly related to contingent reward leadership, to the point of being redundant.

    - Contrary to the full range of leadership model, the four I's of transformational leadership are not always superior in effectiveness to transactional leadership; contingent reward leadership, in which leaders dole out rewards as certain goals are reached by employees, sometimes works as well as transformational leadership.

    - More research is needed, but the general supportable conclusion is that transformational leadership is desirable and effective, given the right application.

- Transformational versus Charismatic Leadership

    - Charismatic leadership places somewhat more emphasis on the way leaders communicate (are they passionate and dynamic?), while transformational leadership focuses more on what they are communicating (is it a compelling vision?).

    - Still, the theories are more alike than different. At their heart, both focus on the leader's ability to inspire followers, and sometimes they do so in the same way. Because of this, some researchers believe the concepts are somewhat interchangeable.

SELF CHECK 8.4

- ***Choosing an Effective Group Leadership Styles***
  Students are provided with six suggestions for choosing an effective leadership style. They are then asked to consider two different situations from their past experiences. In one, they are to think of a group or team which they have been a part of and evaluate the leadership style of the leader. In the second, they are asked to observe a successful sports team and evaluate the leadership styles. Students should be able to use terms from the text while sharing their experiences and observations.

8.5 Decision Making in Organization

- A decision is a choice made from two or more alternatives. The decision-making process is a set of eight steps that include identifying a problem, selecting an alternative, and evaluating the decision's effectiveness. (See Figure 8.5 for an illustration of the decision-making process.)

  A. Step 1: Identify a Problem. A problem is a discrepancy between an existing and a desired condition. In order to identify a problem, you, as a manager, should recognize and understand the three characteristics of problems:
     1. You must be aware of the problem. Be sure to identify the actual problem rather than a symptom of the problem.
     2. You must be under pressure to act. A true problem puts pressure on the manager to take action; a problem without pressure to act is a problem that can be postponed.
     3. You must have the authority or resources to act. When managers recognize a problem and are under pressure to take action but do not have the necessary resources, they usually feel that unrealistic demands are being put upon them.

  B. Step 2: Identify Decision Criteria. Decision criteria are criteria that define what is relevant in a decision.

  C. Step 3: Allocate Weights to the Criteria. The criteria identified in Step 2 of the decision-making process do not have equal importance, so the decision maker must assign a weight to each of the items in order to give each item accurate priority in the decision.

  D. Step 4: Develop Alternatives. The decision maker must now identify viable alternatives that could resolve the problem.

  E. Step 5: Analyze Alternatives. Each of the alternatives must now be critically analyzed by evaluating it against the criteria established in Steps 2 and 3.

F. Step 6: Select an Alternative. This step to select the best alternative from among those identified and assessed is critical. If criteria weights have been used, the decision maker simply selects the alternative that received the highest score in Step 5.

G. Step 7: Implement the Alternative. The selected alternative must be implemented by effectively communicating the decision to the individuals who will be affected by it and winning their commitment to the decision.

H. Step 8: Evaluate Decision Effectiveness. This last step in the decision-making process assesses the result of the decision to determine whether or not the problem has been resolved.

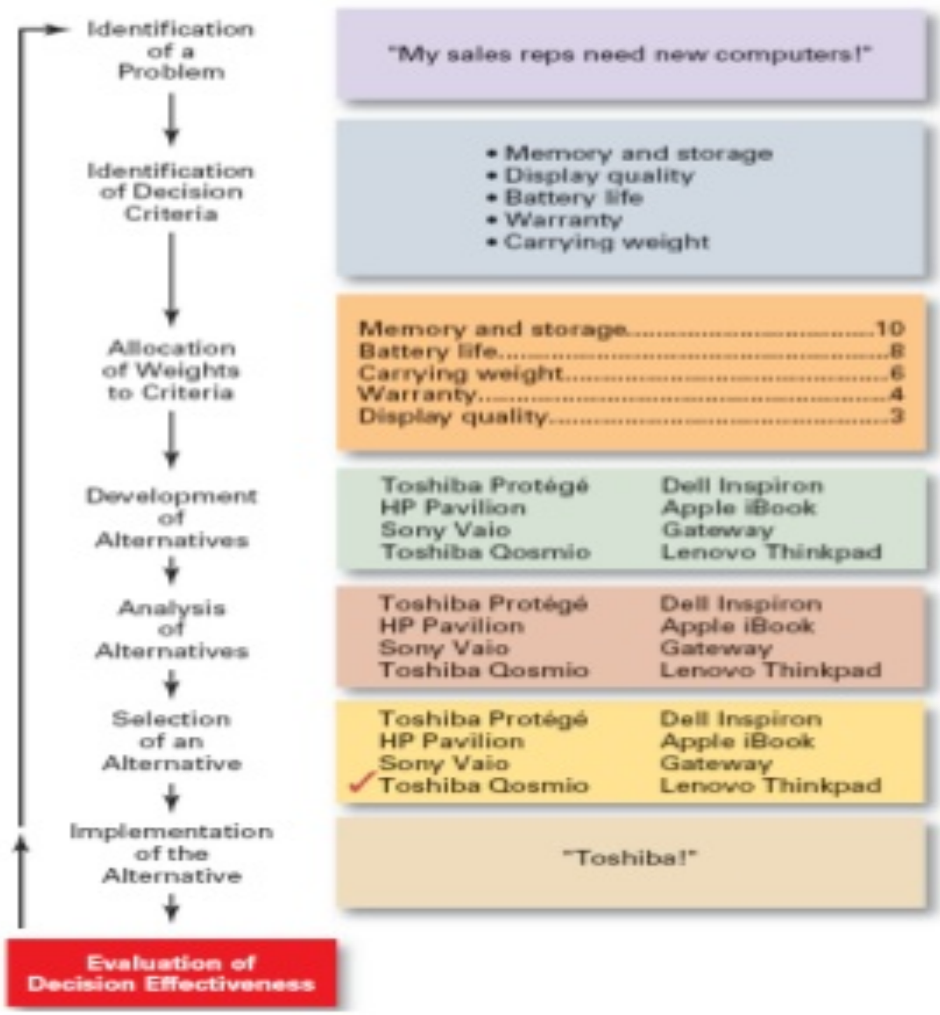


Figure 8.5: Decision Making Process

SELF CHECK 8.5

- Assuming you wish to continue postgraduate study in one of the private institutions in other country. Discuss the decision-making process involve in your decision.

8.6 Common Bases and Errors in Decision Making

- Introduction
    - Decision makers allow systematic biases and errors to creep into their judgments.
    - People tend to rely on experience, impulses, gut feelings, and rules of thumb. These can lead to distortions.

- Overconfidence Biases
    - Individuals whose intellectual and interpersonal abilities are weakest are most likely to overestimate their performance and ability.
    - The tendency to be too confident about their ideas might keep some from planning how to avoid problems that arise.
    - Investor overconfidence operates in a variety of ways.
        - People think they know more than they do, and it costs them.
        - Investors, especially novices, overestimate not just their own skill in processing information, but also the quality of the information they're working with.

- Anchoring Bias
    - Anchoring bias involves fixating on initial information as a starting point and failing to adequately adjust for subsequent information.
    - Anchors are widely used by people in advertising, management, politics, real estate, and lawyers—where persuasion skills are important.
    - Any time a negotiation takes place, so does anchoring.

- Confirmation Bias
    - Confirmation bias is a type of selective perception: we seek out information that reaffirms past choices, and discount information that contradicts past judgments.

- Availability Bias
    - Availability bias is the tendency for people to base judgments on information that is readily available.

- Escalation of Commitment
    - Escalation of commitment occurs when we stay with a decision even when there is clear evidence that it's wrong.
    - When is escalation most likely to occur?

        - Evidence indicates it occurs when individuals view themselves as responsible for the outcome.
- Randomness Error
    - Decision making becomes impaired when we try to create meaning out of random events.
    - Our tendency to believe we can predict the outcome of random events is the randomness error.

- Risk Aversion
    - The tendency to prefer a sure thing instead of a risky outcome is risk aversion.
    - Overall, the framing of a decision has an effect on whether or not people will engage in risk aversive behavior—when decisions are framed positively, such as a potential gain of $50, people will be more risk averse (conversely, when the decision is framed in a negative manner, such as a loss of $50, people will engage in riskier behaviors).
        - CEOs at risk of termination are exceptionally risk averse, even when a riskier investment strategy is in their firms' best interests.
        - Furthermore, organizations have a stronger hold on employees who are more risk averse, as they tend to perceive that they have more to lose and are less likely to leave the organization.
    - People will more likely engage in risk-seeking behavior for negative outcomes, and risk-averse behavior for positive outcomes, when under stress.

- Hindsight Bias
    - Hindsight bias is the tendency to believe, falsely, that one has accurately predicted the outcome of an event, after that outcome is actually known.
    - The hindsight bias reduces our ability to learn from the past.

SELF CHECK 8.6

True/False

- Decision makers allow systematic biases and errors to creep into their judgments.
- Individuals whose intellectual and interpersonal abilities are strongest are most likely to overestimate their performance and ability.
- Anchoring bias involves fixating on initial information as a starting point and failing to adequately adjust for subsequent information.
- Confirmation bias is a type of selective attention.
- Availability bias is the tendency for people to base judgments on information that is readily available.
- Escalation of commitment occurs when we stay with a decision even when there is unclear evidence that it's wrong.

8.7 Ethics in Decision Making

- Introduction
    - Ethical considerations should be an important criterion in organizational decision making.

- Three Ethical Decision Criteria
    - Utilitarianism—decisions are made solely on the basis of their outcomes or consequences.
    - Focus on rights—calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents such as the Bill of Rights.
        - This criterion protects whistleblowers when they reveal an organization's unethical practices to the press or government agencies, using their right to free speech.
    - A third criterion is to impose and enforce rules fairly and impartially to ensure justice or an equitable distribution of benefits and costs.
    - This criterion is often approached from a denounce standpoint (employees feel as if they ought to behave in a certain way, as laid out in rules, laws, norms, or moral principles). Each criterion has advantages and liabilities.
        - A focus on utilitarianism promotes efficiency and productivity, but it can sideline the rights of some individuals, particularly those with minority representation.
        - The use of rights protects individuals from injury and is consistent with freedom and privacy, but it can create a legalistic environment that hinders productivity and efficiency.
        - A focus on justice protects the interests of the underrepresented and less powerful, but it can encourage a sense of entitlement that reduces risk taking, innovation, and productivity.
    - Increasingly, researchers are turning to behavioral ethics—an area of study that analyzes how people actually behave when confronted with ethical dilemmas.
        - Their research tells us that while ethical standards exist collectively (society and organizations) and individually (personal ethics), individuals do not always follow ethical standards promulgated by their organizations, and we sometimes violate our own standards.
    - How might we increase ethical decision making in organizations?
        - First, seemingly superficial aspects of the environment—such as lighting, outward displays of wealth and status, and cleanliness—can affect ethical behavior in organizations. Managers must first realize that ethical behavior can be affected by these signals; for example, if signs of status and money are everywhere, an employee may perceive those, rather than ethical standards, to be of the highest importance. Second, managers should encourage conversations about moral issues; they may serve as a reminder and increase ethical decision making.
        - Finally, we should be aware of our own moral "blind spots"—the tendency to see ourselves as more moral than we are, and others as less moral than they are.

    - Behavioral ethics research stresses the importance of culture to ethical decision making.
        - There are few global ethical standards, as contrasts between Asia and the West illustrate.
        - What is ethical in one culture may be unethical in another.

- Without sensitivity to cultural differences in defining ethical conduct, organizations may encourage unethical conduct without even knowing it.

- Lying
  - Lying is one of the top unethical activities we may indulge in daily, and it undermines all efforts toward sound decision making.
  - Lying is deadly to decision making, whether we sense the lies or not.
    - Managers—and organizations—simply cannot make good decisions when facts are misrepresented and people give false motives for their behaviors.
  - Lying is a big ethical problem as well.

Source: https://www.youtube.com/watch?v=n0uwTBrgqxI

SELF CHECK 8.7
• Referring to the attached video, write what do you understand about ethics in decision making.

8.8 Creativity, Creative Decision Making and Innovation in Organizations

- Introduction
    - Creativity is the ability to produce novel and useful ideas. These are ideas that are different from what has been done before, but that are also appropriate to the problem.

- Creative behavior occurs in four steps, each of which leads to the next:
    - Problem formulation: any act of creativity begins with a problem that the behavior is designed to solve.
        - Problem formulation: the stage of creative behavior in which we identify a problem or opportunity that requires a solution as yet unknown.
    - Information gathering: given a problem, the solution is rarely directly at hand. We need time to learn more and to process that learning.
        - Information gathering: the stage of creative behavior when possible solutions to a problem incubate in an individual's mind.
    - Idea generation: once we have collected the relevant information, it is time to translate that knowledge into ideas.
        - Idea generation: the process of creative behavior in which we develop possible solutions to a problem from relevant information and knowledge.
    - Idea evaluation: finally, it's time to choose from the ideas we have generated.
        - Idea evaluation: the process of creative behavior in which we evaluate potential solutions to identify the best one.

- Causes of Creative Behavior
    - Creative potential
    - Is there such a thing as a creative personality?
        - Indeed. Most people have some of the characteristics shared by exceptionally creative people. The more of these characteristics we have, the higher our creative potential.
            - Intelligence and Creativity
            - Personality and Creativity
            - Expertise and Personality
            - Ethics and Creativity

- Creative environment
    - What environmental factors affect whether creative potential translates into creative behaviors?
        - First, and perhaps most important, is motivation. If you aren't motivated to be creative, it is unlikely you will be.
        - It is also valuable to work in an environment that rewards and recognizes creative work.
        - A recent nation-level study suggests that countries scoring high on Hofstede's culture dimension of individuality are more creative.
        - Good leadership matters to creativity too.
        - Studies show that diverse teams can be more creative, but only under certain conditions.

- Creative outcomes (Innovation)
    - We can define creative outcomes as ideas or solutions judged to be novel and useful by relevant stakeholders.
        - Novelty itself does not generate a creative outcome if it isn't useful. Thus, "off-the-wall" solutions are creative only if they help solve the problem.
        - Softs skills help translate ideas into results.

SELF CHECK 8.8

True/False

- Creativity is the ability to produce novel and useful ideas. These are ideas that are different from what has been done before, but that are also appropriate to the problem.
- Problem integration: any act of creativity begins with a problem that the behavior is designed to solve.
- Problem generation: once we have collected the relevant information, it is time to translate that knowledge into ideas.
- Idea evaluation: the process of creative behavior in which we evaluate potential solutions to identify the best one.
- Most people have some of the characteristics shared by exceptionally creative people. The more of these characteristics we have, the lowest our creative potential.
- A recent nation-level study suggests that countries scoring high on Hofstede's culture dimension of individuality are more creative.

Points to Ponder/Takeaways

- The University of Iowa Studies explored three styles of leadership: autocratic, democratic, and laissez-faire. Initial results found that a democratic style leader was more effective. However, later studies had mixed results. When group member satisfaction was examined, it was found that a democratic style was more effective than an autocratic one. The Ohio State Studies found that a leader who was high in both initiating structure and consideration sometimes achieved high group task performance and high group member satisfaction, but not always. The University of Michigan Studies presented two dimensions of leadership: employee orientation and production orientation. Researchers concluded that leaders who were employee oriented were able to get high group productivity and high group member satisfaction. Finally, the Managerial Grid attempted to categorize various leadership behaviors. Ultimately, the grid offered no answers to the question of what made a manager an effective leader; it only provided a framework for conceptualizing leadership style.
- Decisions are made throughout the performance of all four functions of management. Almost anything a manager does in terms of planning, organizing, leading, and controlling involves decision making. The pervasiveness of decision making in management explains why managers are often called decision makers.

References

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Topic 9: Power, control and conflict resolution

Power, control and conflict resolution

Learning Outcomes

Upon completion of the chapter, students should be able to:

- Discuss the four contingencies of power.
- Explain how people and work units gain power through social networks.
- Describe eight types of influence tactics, three consequences of influencing others, and three contingencies to consider when choosing an influence tactic.
- Evaluate either the conflict situations is bad or good to the organizations.
- Explain the conflict process.

Introduction

This chapter emphasize on power, control and conflict resolution in the organization. Specifically, this chapter will explain the bases of power and strategic contingencies model. In addition, this chapter describes on the nature of conflict, effects of conflict and how to response to conflict situations.

9.1 Bases of Power

- Formal Power
  - Coercive power
    - The coercive power base depends on fear of negative results.
  - Reward power
    - The opposite of coercive power is reward power.
  - Legitimate power
    - In formal groups and organizations, the most common access power is through legitimate power.

- Personal Power
  - Expert power
    - Expert power is influence wielded as a result of expertise, special skill, or knowledge.
  - Referent power
    - Referent power is based on identification with a person who has desirable resources or personal traits.

- Which Bases of Power Are Most Effective?
    - Personal sources are most effective.
    - Both expert and referent power are positively related to employees' satisfaction with supervision, their organizational commitment, and their performance, whereas reward and legitimate power seem to be unrelated to these outcomes.
    - Coercive power usually backfires.

Source: https://www.youtube.com/watch?v=S4V2FlNR_h4

SELF CHECK 9.1
• Referring to the attached video, discuss bases of power.

9.2 Dependence: The Key to Power

- The General Dependency Postulate
  - The greater B's dependency on A, the greater the power A has over B.
  - When you possess anything that others require but that you alone control, you make them dependent upon you and, therefore, you gain power over them.
  - Dependence, then, is inversely proportional to the alternative sources of supply.
  - This is why most organizations develop multiple suppliers rather than using just one.
  - It also explains why so many of us aspire to financial independence.

- What Creates Dependence?
  - Importance
    - To create dependency, the thing(s) you control must be perceived as being important.
  - Scarcity
    - A resource needs to be perceived as scarce to create dependency.
    - The scarcity-dependency relationship can further be seen in the power of occupational categories.
      - Individuals in occupations in which the supply of personnel is low relative to demand can negotiate compensation and benefit packages, which are far more attractive than can those in occupations where there is an abundance of candidates.
  - Nonsubstitutability
    - The more that a resource has no viable substitutes, the more power that control over that resource provides.

- Social Network Analysis: A Tool for Assessing Resources
  - One tool to assess the exchange of resources and dependencies within an organization is social network analysis.
  - This method examines patterns of communication among organizational members to identify how information flows between them.
  - Within a social network, or connections between people who share professional interests, each individual or group is called a node, and the links between nodes are called ties. When nodes communicate or exchange resources frequently, they are said to have very strong ties.
    - A graphical illustration of the associations among individuals in a social network is called a sociogram and functions like an informal version of an organization chart. The difference is that a formal organization chart shows how authority is supposed to flow, whereas a sociogram shows how resources really flow in an organization. (Networks can create substantial power dynamics, such as enforcing norms or creating change within an organization.
  - Employees who have many connections to an organizational social network are less likely to engage in corruption. Those in the position of brokers tend to have more power because they can leverage the unique resources they can acquire from different groups.
  - In other words, many people are dependent upon brokers, which gives the brokers more power.
  - There are many ways to implement a social network analysis in an organization.

- Some organizations keep track of the flow of e-mail communications or document sharing across departments.
- Other organizations look at data from human resources information systems, analyzing how supervisors and subordinates interact with one another.

SELF CHECK 9.2

- Discuss the postulation on dependency of power.
- What creates dependence of power?
- One tool to assess the exchange of resources and dependencies within an organization is social network analysis. Elaborate social network analysis.

9.3 Power Tactics

- What power tactics do people use to translate power bases into specific action?
    - Research has identified nine distinct influence tactics.
    - Legitimacy. Relying on your authority position or saying a request accords with organizational policies or rules.
    - Rational persuasion. Presenting logical arguments and factual evidence to demonstrate a request is reasonable.
    - Inspirational appeals. Developing emotional commitment by appealing to a target's values, needs, hopes, and aspirations.
    - Consultation. Increasing the target's support by involving him or her in deciding how you will accomplish your plan.
    - Exchange. Rewarding the target with benefits or favors in exchange for following a request.
    - Personal appeals. Asking for compliance based on friendship or loyalty.
    - Ingratiation. Using flattery, praise, or friendly behavior prior to making a request.
    - Pressure. Using warnings, repeated demands, and threats.
    - Coalitions. Enlisting the aid or support of others to persuade the target to agree.

- Using Power Tactics
    - Some tactics are more effective than others.
        - Rational persuasion, inspirational appeals, and consultation tend to be the most effective, especially when the audience is highly interested in the outcomes of a decision process.
    - The effectiveness of some influence tactics depends on the direction of influence.
        - Rational persuasion is the only tactic effective across organizational levels. Inspirational appeals work best as a downward influencing tactic with subordinates.
        - When pressure works, it's generally downward only. Personal appeals and coalitions are most effective as lateral influence.

- Interestingly, a single soft tactic is more effective than a single hard tactic, and combining two soft tactics or a soft tactic and rational persuasion is more effective than any single tactic or combination of hard tactics.
- The effectiveness of tactics depends on the audience.

SELF CHECK 9.3

True/False

- Legitimacy. Relying on your authority position or saying a request accords with organizational policies or rules.
- Inspirational appeals. Developing emotional commitment by appealing to a target's values, needs, hopes, and aspirations.
- Coalitions. Enlisting the aid or support of others to persuade the target to disagree.
- Rational persuasion, inspirational appeals, and consultation tend to be the most effective, especially when the audience is highly interested in the outcomes of a decision process.

9.4 How Power Affects People

- Does power corrupt? Evidence suggests that power leads people to place their own interests ahead of others.
    - Powerful people react—especially negatively—to any threats to their competence.
    - Power also leads to overconfident decision making.

- Power Variables
    - Power doesn't affect everyone in the same way, and there are even positive effects of power. Let's consider each of these in turn.
        - First, the toxic effects of power depend on one's personality.
        - Research suggests that if we have an anxious personality, power does not corrupt us because we are less likely to think that using power benefits us.
        - Second, the corrosive effect of power can be contained by organizational systems.
        - One study found, for example, that while power made people behave in a self-serving manner, when accountability of this behavior was initiated, the self-serving behavior stopped.
        - Third, forgive the pun, but we have the power to blunt the negative effects of power.
        - One study showed that simply expressing gratitude toward powerful others made them less likely to aggress against us.
        - Finally, remember the aphorism that those with little power grab and abuse what little they have? There appears to be some truth to this in that the people most likely to abuse power are those who are low in status and gain power. Why is this the case? It appears that having low status is threatening, and this fear is used in negative ways if power is given.
        - As you can see, there are factors that can ameliorate the negative effects of power.

- But there also appear to be general positive effects.
- Power energizes and leads to approach motivation.
- It also can enhance people's motivation to help others, at least for certain people.
- It is not so much that power corrupts as it reveals what we value.
- For those with strong moral identities, power actually enhanced their moral awareness.

SELF CHECK 9.4

- Does power corrupt? Discuss.
- Elaborate power variables.
- How power affect people?

9.5 Definition of Conflict

- There has been no shortage of definitions of conflict, but common to most is the idea that conflict is a perception.
  - If no one is aware of a conflict, then it is generally agreed no conflict exists. Also needed to begin the conflict process are opposition or incompatibility and interaction.
  - We define conflict as a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.
  - There is no consensus over the role of conflict in groups and organizations.
  - In the past, researchers tended to argue about whether conflict was uniformly good or bad. Such simplistic views eventually gave way to approaches recognizing that not all conflicts are the same and that different types of conflict have different effects.
  - Contemporary perspectives differentiate types of conflict based on their effects. Functional conflict supports the goals of the group and improves its performance. Conflicts that hinder group performance are dysfunctional or destructive forms of conflict.

SELF CHECK 9.5

- Choose one organization that experience conflict in their daily operations management. Discuss how the organization overcome the conflict in order to resolve it. You may present your ideas in class.

9.6 Types of Conflict

- Types of Conflict
    - Researchers have classified conflicts into three categories: task, relationship, or process.
        - Task conflict relates to the content and goals of the work.
        - Relationship conflict focuses on interpersonal relationships.
        - Process conflict is about how the work gets done.
    - Studies demonstrate that relationship conflicts, at least in work settings, are almost always dysfunctional (though it may improve creativity under some circumstances).
        - Why? It appears that the friction and interpersonal hostilities inherent in relationship conflicts increase personality clashes and decrease mutual understanding, which hinders the completion of organizational tasks.
    - Of the three types, relationship conflicts also appear to be the most psychologically exhausting to individuals.
        - This type of conflict can also be very problematic for employees who are new to the organization, since newcomers rely on coworkers to learn information about the job.
    - While scholars agree that relationship conflict is dysfunctional, there is considerably less agreement as to whether task and process conflicts are functional.
        - Early research suggested that task conflict within groups was associated with higher group performance, but a recent review of 116 studies found that task conflict was essentially unrelated to group performance.
        - However, there were factors that could create a relationship between conflict and performance.
        - One such factor was whether the conflict included top management or occurred lower in the organization.
        - Task conflict among top management teams was positively associated with their performance, whereas conflict lower in the organization was negatively associated with group performance.
        - This review also found that it mattered whether other types of conflict were occurring at the same time.
        - If task and relationship conflict occurred together, task conflict was more likely negative, whereas if task conflict occurred by itself, it more likely was positive.
    - Finally, some scholars have argued that the strength of conflict is important— if task conflict is very low, people aren't really engaged or addressing the important issues.
        - If task conflict is too high, however, infighting will quickly degenerate into personality conflict.
        - According to this view, moderate levels of task conflict are optimal.
            - Supporting this argument, one study in China found that moderate levels of task conflict in the early development stage increased creativity in groups, but high levels decreased team performance.
        - Finally, the personalities of the teams appear to matter.
            - A recent study demonstrated that teams made up of individuals who are, on average, high in openness and emotional stability are better able to turn task conflict into increased group performance.

        - The reason may be that open and emotionally stable teams can put task conflict in perspective and focus on how the variance in ideas can help solve the problem, rather than letting it degenerate into relationship conflicts.
    - What about process conflict? Researchers found that process conflicts revolve around delegation and roles. Conflicts over delegation often revolve around shirking, and conflicts over roles can leave some group members feeling marginalized.
    - Thus, process conflicts often become highly personalized and quickly devolve into relationship conflicts.
        - It's also true, of course, that arguing about how to do something takes time away from actually doing it. We're all been part of groups in which the arguments and debates about roles and responsibilities seem to go nowhere.

- Loci of Conflict
    - Another way to understand conflict is to consider its locus, or where the conflict occurs.
    - Here, too, there are three basic types.
        - Dyadic conflict is conflict between two people.
        - Intragroup conflict occurs within a group or team.
        - Intergroup conflict is conflict between groups or teams.
    - Nearly all the literature on task, relationship, and process conflict considers intragroup conflict (within the group).
    - That makes sense given that groups and teams often exist only to perform a particular task. However, it doesn't necessarily tell us about the other loci of conflict.
    - Another intriguing question about loci is whether conflicts interact or buffer one another.
        - Intense intergroup conflict can be quite stressful to group members and might well affect the way they interact.
    - Thus, understanding functional and dysfunctional conflict requires not only that we identify the type of conflict; we also need to know where it occurs.
    - It's possible that while the concepts of task, relationship, and process conflict are useful in understanding intragroup or even dyadic conflict, they are less useful in explaining the effects of intergroup conflict.

SELF CHECK 9.6

True/False

- Researchers have classified conflicts into three categories: task, relationship, or process.
- Task conflict relates to the content and environment of the work.
- Relationship conflict focuses on interpersonal relationships.
- Process conflict is about how the work gets done.
- Some scholars have argued that the strength of conflict is less important.

9.7 Conflict Process

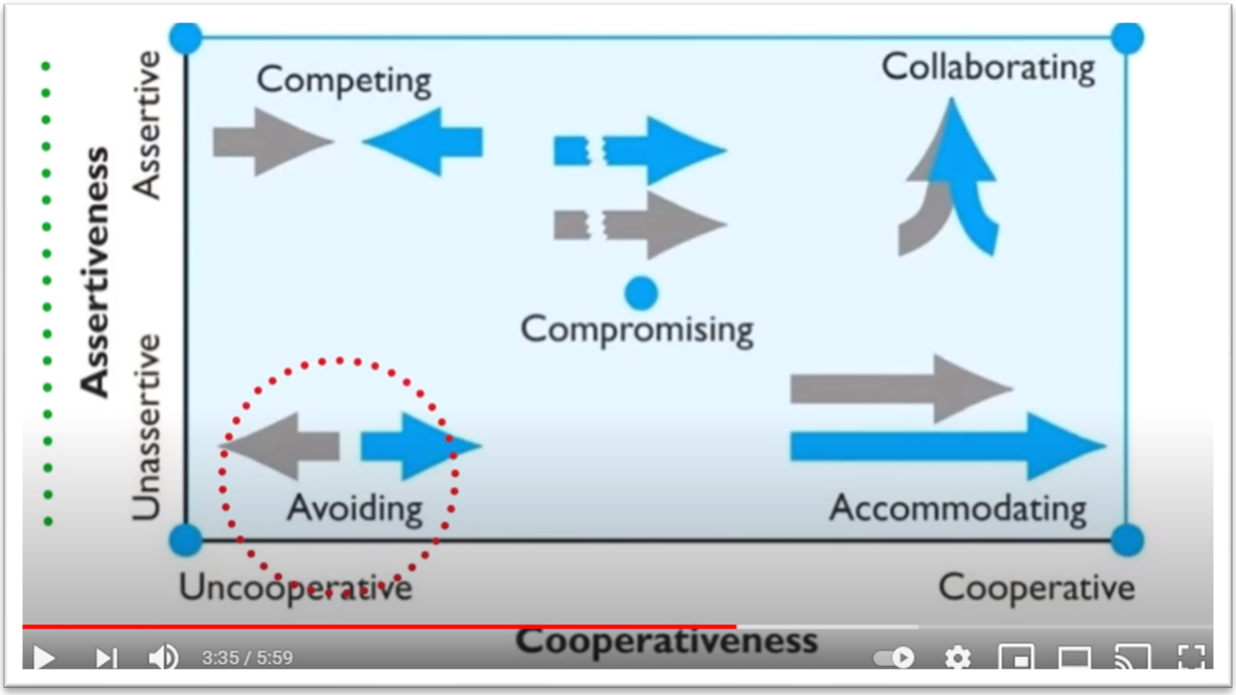
- Stage I: Potential Opposition or Incompatibility
  - Communication
    - Communication as a source of conflict represents those opposing forces that arise from semantic difficulties, misunderstandings, and "noise" in the communication channels.
    - Differing word connotations, jargon, insufficient exchange of information, and noise in the communication channel are all barriers to communication and potential antecedents to conflict.
    - The potential for conflict increases when either too little or too much communication takes place.
    - Communication is functional up to a point, after which it is possible to over communicate, increasing the potential for conflict.
  - Structure
    - The term structure includes variables such as size, degree of specialization, jurisdictional clarity, member-goal compatibility, leadership styles, reward systems, and the degree of dependence.
    - Size and specialization act as forces to stimulate conflict.
  - Personal variables—include personality, emotions, and values.
    - People high in the personality traits of disagreeableness, neuroticism, or self-monitoring are prone to tangle with other people more often, and to react poorly when conflicts occur.
    - Emotions can also cause conflict even when they are not directed at others.

- Stage II: Cognition and Personalization
  - Antecedent conditions lead to conflict only when the parties are affected by and aware of it.
  - However, because a disagreement is a perceived conflict does not mean it is personalized.
  - Conflict is personalized when it is felt and when individuals become emotionally involved.
  - This stage is where conflict issues tend to be defined and this definition delineates the possible settlements.
  - Second, emotions play a major role in shaping perceptions.
  - Negative emotions produce oversimplification of issues, reductions in trust, and negative interpretations of the other party's behavior.
  - Positive feelings increase the tendency to see potential relationships among the elements of a problem, to take a broader view of the situation, and to develop more innovative solutions.

- Stage III: Intentions
  - Intentions are decisions to act in a given way.
    - Why are intentions separated out as a distinct stage? Merely one party attributing the wrong intentions to the other escalates a lot of conflicts.
    - Five conflict-handling intentions can be identified: competing, collaborating, avoiding, accommodating, and compromising.
- Stage IV: Behavior 1.

- Stage IV is where conflicts become visible. The behavior stage includes the statements, actions, and reactions made by the conflicting parties. These conflict behaviors are usually overt attempts to implement each party's intentions.
- At the lower part of the continuum, conflicts are characterized by subtle, indirect, and highly controlled forms of tension.
- Conflict intensities escalate as they move upward along the continuum until they become highly destructive. Collaboration may be especially effective for tasks that require innovation, but can lead to mistrust and conflict when groups are splintered into smaller groups of two or three based on task. Individuals who have been assigned power tend to have a more difficult time using collaborative strategies. This further demonstrates that it is not just the existence of conflict or even the type of conflict that creates problems, but rather the ways people respond to conflict and manage the process once conflicts arise.
- If a conflict is dysfunctional, what can the parties do to de-escalate it? Or, conversely, what options exist if conflict is too low and needs to be increased? a. This brings us to techniques of conflict management. We have already described several as conflict-handling intentions. Under ideal conditions, a person's intentions should translate into comparable behaviors.

- Stage V: Outcomes
  - Outcomes may be functional—improving group performance, or dysfunctional in hindering it.
  - Functional outcomes
    - Conflict is constructive when it:
      - Improves the quality of decisions.
      - Stimulates creativity and innovation.
      - Encourages interest and curiosity.
      - Provides the medium through which problems can be aired and tensions released.
      - Fosters an environment of self-evaluation and change.
  - Dysfunctional outcomes
    - The destructive consequences of conflict on the performance of a group or an organization are generally well known.
    - A substantial body of literature documents how dysfunctional conflicts can reduce group effectiveness.
  - Managing functional conflict
    - If managers recognize that in some situations conflict can be beneficial, what can they do to manage conflict effectively in their organizations?
    - Groups that resolve conflicts successfully discuss differences of opinion openly and are prepared to manage conflict when it arises.
    - Differences across countries in conflict resolution strategies may be based on collectivistic tendencies and motives.



Source: https://www.youtube.com/watch?v=ASL_yBlC8dU

SELF CHECK 9.7
• Referring to the attached video, discuss the conflict process. How you may relate the conflict process with your daily life?

9.8 Negotiation

- Introduction
    - Negotiation is a process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them. We use the terms negotiation and bargaining interchangeably.
    - Although we commonly think of the outcomes of negotiation in one-shot economic terms, every negotiation in organizations also affects the relationship between the negotiators and the way the negotiators feel about themselves.
    - Depending on how much the parties are going to interact with one another, sometimes maintaining the social relationship and behaving ethically will be just as important as achieving an immediate outcome of bargaining.
    - Note that we use the terms negotiation and bargaining interchangeably.

- Bargaining Strategies
    - Two general approaches to negotiation:
        - Distributive bargaining
        - Integrative bargaining

- Distributive bargaining
    - The essence of distributive bargaining is negotiating over who gets what share of a fixed pie.
        - By fixed pie, we mean a set amount of goods or services to be divvied up.
        - When the pie is fixed, or the parties believe it is, they tend to bargain distributivity.
    - The most widely cited example of distributive bargaining is in labormanagement negotiations over wages.
        - Parties A and B represent two negotiators.
        - Each has a target point that defines what he or she would like to achieve.
        - Each also has a resistance point, which marks the lowest outcome that is acceptable.
        - The area between these two points makes up each one's aspiration range.
        - As long as there is some overlap between A and B's aspiration ranges, there exists a settlement range where each one's aspirations can be met.
    - When engaged in distributive bargaining, one of the best things you can do is make the first offer, and make it an aggressive one.

- Integrative bargaining
    - In contrast to distributive bargaining, integrative bargaining operates under the assumption that one or more of the possible settlements can create a win-win solution.
    - Both parties must be engaged for it to work.
    - In terms of intra-organizational behavior, all things being equal, integrative bargaining is preferable to distributive bargaining.
    - Why do we not see more integrative bargaining in organizations? The answer lies in the conditions necessary for this type of negotiation to succeed. These include opposing parties who are open with information and candid about concerns, are sensitive to the other's needs and trust, and maintain flexibility. Because these conditions seldom exist in organizations, negotiations often take a win-at-any-cost dynamic. Employees' personal characteristics

and perceived accountability also play a role in whether negotiators come to an integrative solution. The use and effectiveness of negotiation strategies may depend on regulatory focus of the parties involved.

- Compromise might be your worst enemy in negotiating a win-win agreement. The reason is that compromising reduces the pressure to bargain interactively. After all, if you or your opponent caves in easily, it doesn't require anyone to be creative to reach a settlement. Thus, people end up settling for less than they could have obtained if they had been forced to consider the other party's interests, trade off issues, and be creative.

- The Negotiation Process (Figure 9.8)
    - Preparation and planning
        - Do your homework. What is the nature of the conflict? What is the history leading up to this negotiation? Who is involved, and what are their perceptions of the conflict? What do you want from the negotiation? What are your goals?
        - You also want assess what you think are the other party's goals.
        - When you can anticipate your opponent's position, you are better equipped to counter his or her arguments with the facts and figures that support your position.
        - Relationships will change as a result of a negotiation, so that's another outcome to take into consideration.
        - Once you have gathered your information, use it to develop a strategy. Determine your and the other side's Best Alternative to a Negotiated Agreement (BATNA). Your BATNA determines the lowest value acceptable to you for a negotiated agreement. Any offer you receive that is higher than your BATNA is better than an impasse.
    - Definition of ground rules
        - Who will do the negotiating? Where will it take place? What time constraints, if any, will apply?
        - To what issues will negotiation be limited? Will there be a specific procedure to follow if an impasse is reached?
        - During this phase, the parties will also exchange their initial proposals or demands.
    - Clarification and justification
        - When initial positions have been exchanged, explain, amplify, clarify, bolster, and justify your original demands.
        - This need not be confrontational.
        - You might want to provide the other party with any documentation that helps support your position.
    - Bargaining and problem solving
        - The essence of the negotiation process is the actual give-and-take in trying to hash out an agreement.
        - Concessions will undoubtedly need to be made by both parties.
    - Closure and implementation
        - The final step—formalizing the agreement that has been worked out and developing any procedures that are necessary for implementation and monitoring.
        - Major negotiations will require hammering out the specifics in a formal contract.
        - For most cases, however, closure of the negotiation process is nothing more formal than a handshake.

Figure 9.8: Negotiation Process

SELF CHECK 9.8

- What is negotiation.
- Elaborate bargaining strategies.
- Explain distributive bargaining.
- Explain integrative bargaining.
- Discuss negotiation process.

Points to Ponder/Takeaways

- Power is the capacity of a person, team, or organization to influence others.
- Cultivating social relationships with others to accomplish one's goals.
- Increases power through: social capital, referent power, visibility and centrality contingencies.
- The process in which one party perceives that its interests are being opposed or negatively affected by another party.

References

- Robbins, S. P., Coulter, M. A. (2020). *Management.* Person Higher Education.
- Griffin, R. W., Phillips, J. M., Gully, S. M. (2020). *Organizational behavior: managing people and organizations.* Cengage Learning.