

## Managing for Organizational Effectiveness

Final Material Review

March 8, 2006

Rick McPherson

## Agenda

- Finals Overview
- Material Review
- Conflict Management
- Student Feedback
  
- Office Hours Today?

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## Finals

- Section E – Tuesday @ 10:30
- Section F – Monday @ 10:30
- Web Q Essay Questions
  - Open after class until Sunday @ 11:59pm
  - 2 Hour Timed
  - Do Not Exit or Cancel
  - May want to use WORD and cut and paste.
- Exam Day
  - Reference Pages
  - Scantron Form
  - Pencil

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## What is/Are...?

- Management
- Leadership
- Planning
- Organizing
- Leading
- Controlling
- Human and Communication Skills
- Conceptual and Decision Making Skills

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# Organizational Behavior

## Organizational behavior (OB)

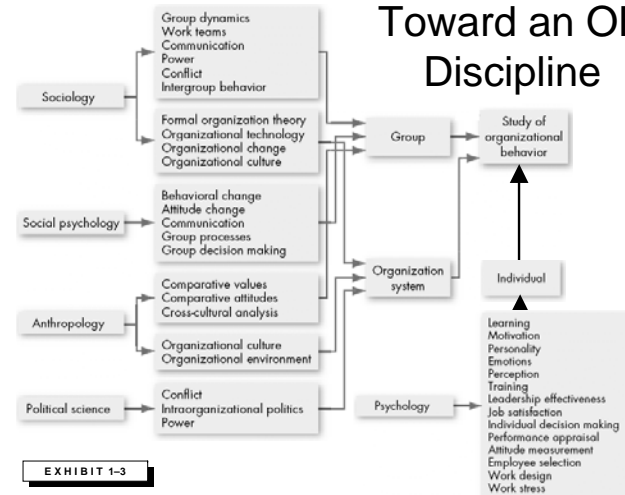
A field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.



From: Organizational Behavior by Stephen P. Robbins, 11<sup>th</sup> Edition

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## Toward an OB Discipline



From: Organizational Behavior by Stephen P. Robbins, 11<sup>th</sup> Edition

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## Challenges and Opportunity for OB - Examples

- Improving People Skills
- Empowering People
- Stimulating Innovation and Change
- Coping with "Temporariness"
- Working in Networked Organizations
- Helping Employees Balance Work/Life Conflicts
- Improving Ethical Behavior



From: Organizational Behavior by Stephen P. Robbins, 11<sup>th</sup> Edition

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## Management Functions

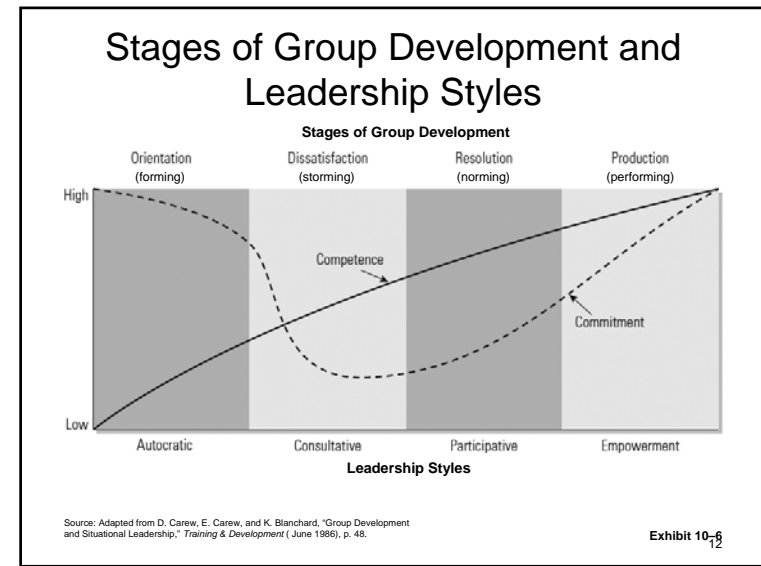
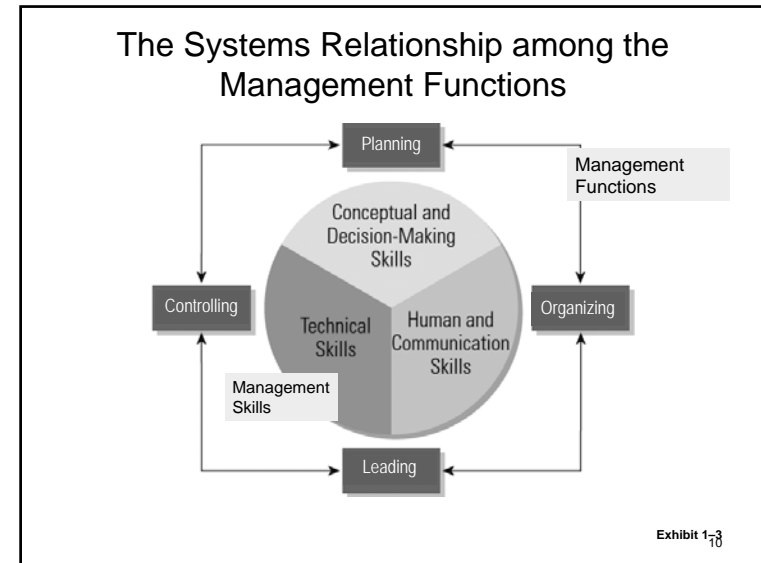
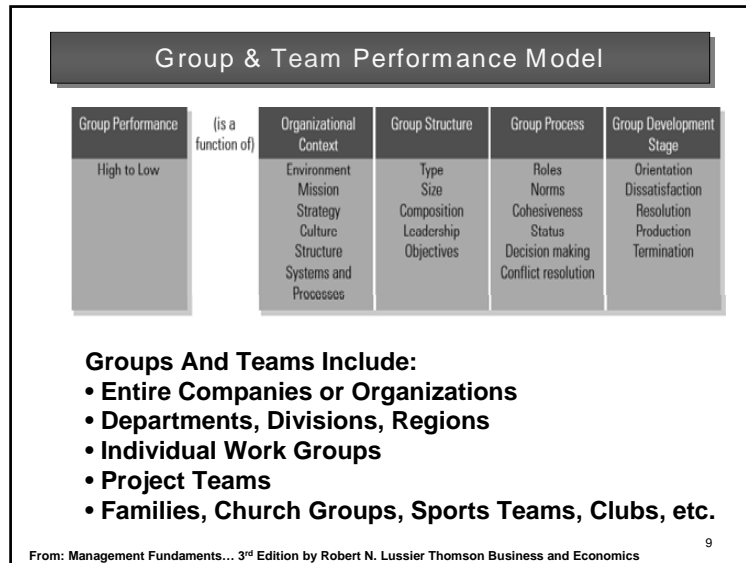
No.....ORGANIZATION Functions

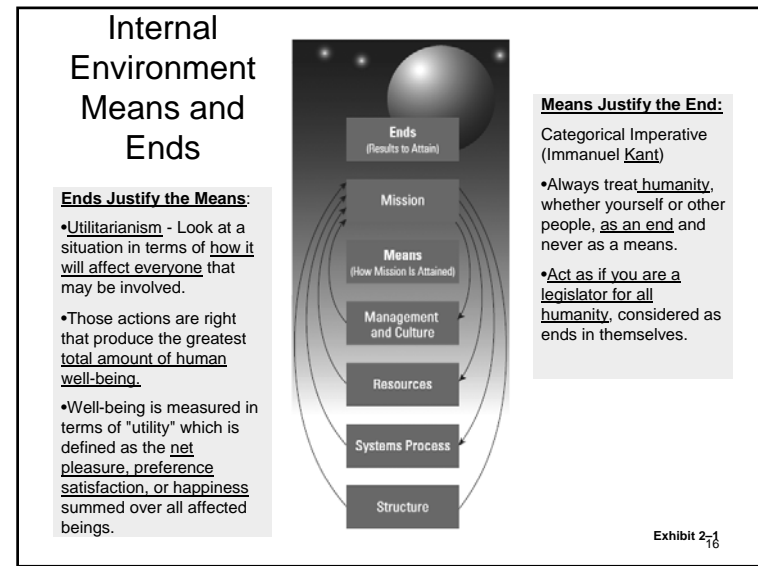
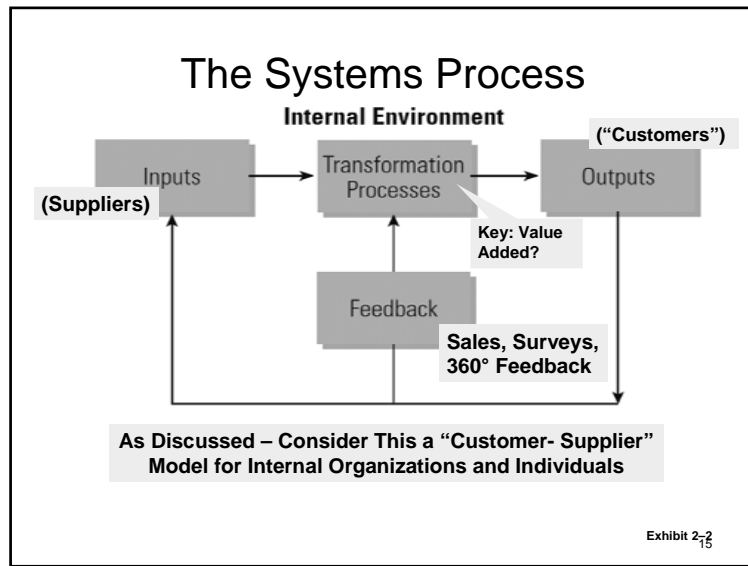
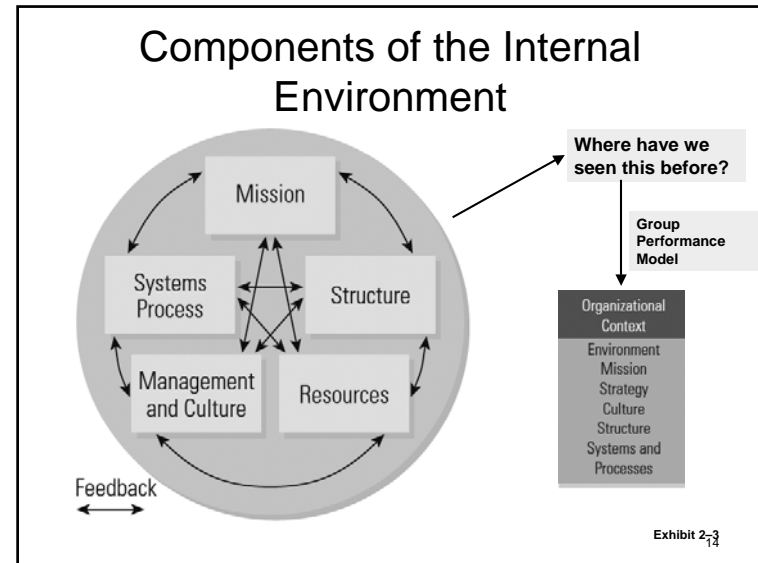
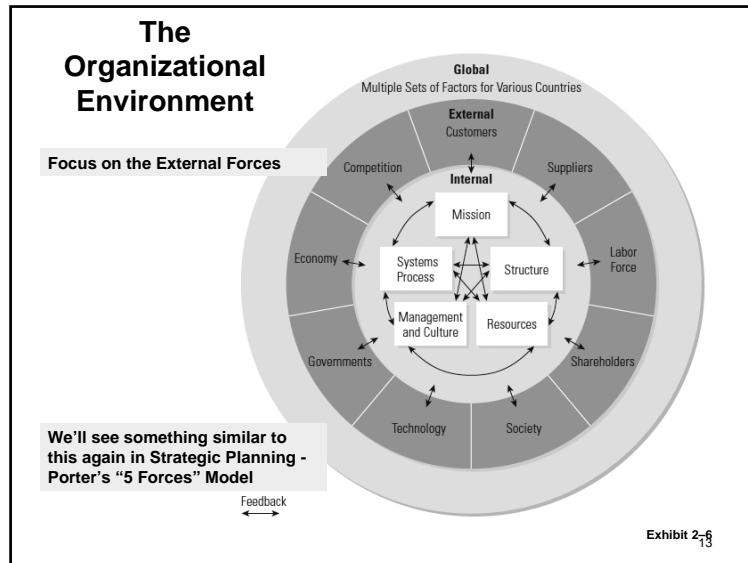
- Planning
  - Setting objectives and determining in advance exactly how the objectives will be met.
- Organizing
  - Delegating and coordinating tasks and allocating resources to achieve objectives.
- Leading
  - Influencing employees to work toward achieving objectives.
- Controlling
  - Establishing and implementing mechanisms to ensure that objectives are achieved.



From: Management Fundamentals... 3<sup>rd</sup> Edition by Robert N. Lussier Thomson Business and Economics

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## Three Levels of Organizational Culture

### Culture is Manifested in:

- Heroes
- Stories
- Slogans
- Symbols
- Ceremonies

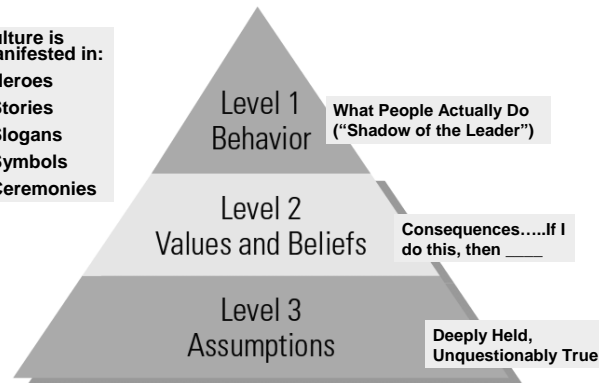


Exhibit 2-4

## Business Ethics

### Simple Guides to Ethical Behavior

- Golden Rule
  - "Do unto others as you would want them to do unto you."
- Four-Way Test
  - Is it the truth?
  - Is it fair to all concerned?
  - Will it build goodwill and better friendship?
  - Will it be beneficial to all concerned?
- Stakeholders' Approach to Ethics
  - Creating a win-win situation for all stakeholders so that everyone benefits from the decision.
  - Who are the stakeholders in Ethical Situations?
- Would you like to read it in the Newspapers...

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## Social Responsibility

- Social Responsibility to Stakeholders
    - The conscious effort to try to create a win-win situation for all external stakeholders, as well as internal stakeholders.
  - Does It Pay to Be Socially Responsible?
    - Social responsibility doesn't guarantee or improve profits, but scandals hurt corporate reputations. It is more than Scandals.....
- Social Responsibility has become a more significant issue for Businesses AND Organizations – Community Citizenship (People and Communities) Environmental Responsibilities (Regulatory and Moral), and Business Performance (Sales & Costs of Penalties) Impact**
- Social Audit
    - A measure of how well a firm's social behavior helps it achieve its social objectives.

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## Examples of Stakeholders - Businesses

### Inputs Side:

- Employees
  - Unions & Interest Groups
- Suppliers
  - Materials, skills, services
  - Strategic Relationships
- Natural Resources
  - Interest Groups
- Government Regulations
  - "Local", States, Countries (Global)
- Communities
- Financial Markets?
  - Expectations
  - Benchmark Comparisons

### Outputs Side:

- Customers
- Shareholders
- Employees
- Environment
  - Interest Groups
- Communities
  - Local Area
  - Metro Areas
  - States or Regions
  - Service/Non-profits
- Government Resources
  - Taxes
  - Reactions (regulation)

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## Bias in Perception

- **Selectivity**
  - Screening information in favor of the desired outcome.
- **Frame of Reference**
  - Seeing things from your point of view rather than another's.
- **Stereotypes**
  - The process of generalizing the behavior of a group and then applying the generalities to one individual.
- **Expectations**
  - Perceiving what is expected to be perceived.

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DO NOT  
PRE-JUDGE PEOPLE  
FROM  
TEMPERAMENT  
OR PERSONALITY  
TESTS!!!!

USE THE  
INFORMATION  
TO OPEN  
DIALOGUE!!

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## Four Temperament Quadrants

<p>Rational (NT) – 5% Pop. (3) <u>Strategic Analysis (Task)</u> <u>Pros:</u> Visionary, Logical, Expertise, Understand Complex, Task Oriented, Organized <u>Trouble:</u> Too competitive, abstract, quick to decide, offend others <u>Needs:</u> Challenge their imagination</p>	<p>Idealist (NF) – 10% Pop. (7) <u>Diplomatic Integration (People)</u> <u>Pros:</u> Energizer, Persuasive, Catalyst, Inclusive, People Oriented, "E" likes Groups <u>Trouble:</u> Too Idealistic, overlook details, overextend self <u>Needs:</u> Congruence with who they are.</p>
<p>Artisan (SP) – 40% Pop. (0) <u>Tactical Variation (Task)</u> <u>Pros:</u> Common Sense, Resourceful, Negotiator, Factual, Efficient <u>Trouble:</u> Too expedient, short term, can be blunt, risky <u>Needs:</u> Freedom to do things as they see fit</p>	<p>Guardian (SJ) – 45% Pop. (5) <u>Logistics (Task/People)</u> <u>Pros:</u> Thorough, Logical, Detail, Sense of Duty, Supporting <u>Trouble:</u> Bureaucratic, may avoid conflict, short range, may overlook interpersonal needs <u>Needs:</u> Knowledge of the Goal and Steps to get there.</p>

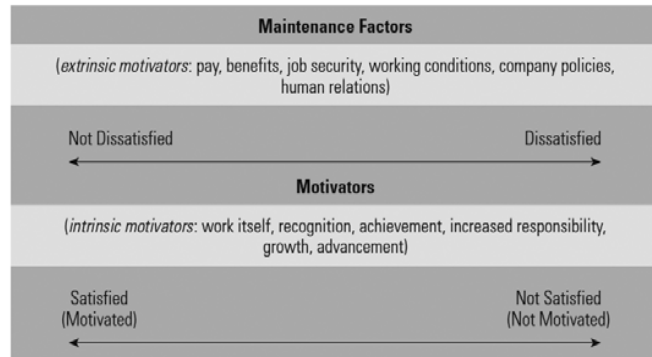
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## How Managers Motivate Based on Maslow's Hierarchy of Needs Theory



Exhibit 12-2

## Herzberg's Two-Factor Theory

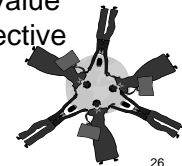


Proposes that employees are motivated by motivators rather than by maintenance factors

Exhibit 12-3  
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## Do Motivation Theories Apply Globally?

- Cultural Differences in Motivation
  - The source of motivation (intrinsic vs. extrinsic)
  - The level of needs on which people focus varies.
  - Individualistic societies tend to value individual accomplishment; collective societies tend to value group accomplishment and loyalty.



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## Sources and Bases of Power



### ● How to Increase Your Power

- You can increase your power without taking power away from others.
- Generally, power is given to those who get results and have good human relations skills.

Exhibit 9-2  
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## Political Behaviors and Guidelines for Developing Political Skills



Exhibit 9-3  
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## Managing Conflict (cont'd)

### ● Functional Conflict

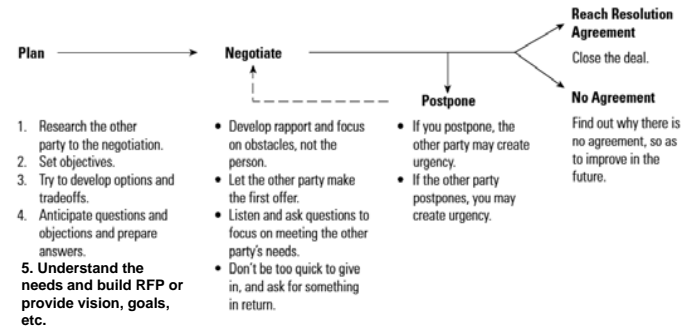
- Exists when disagreement and opposition support the achievement of organizational goals.

### ● Dysfunctional Conflict

- Exists when conflict prevents the achievement of organizational goals.
- Complacency and confrontation are both dysfunctional forms of conflict.

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## The Negotiation Process



Planning should be the most time consuming

What are you "willing to give up to get"?

Exhibit 9-5

## The Stress Tug-of-War

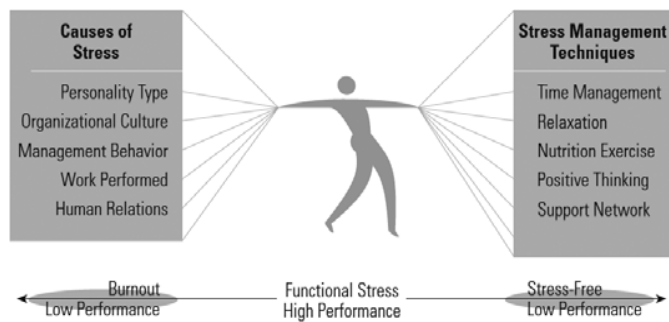


Exhibit 9-8

## The Decision-Making Model

- A six-step process that when properly utilized increases chances of success in decision making and problem solving.

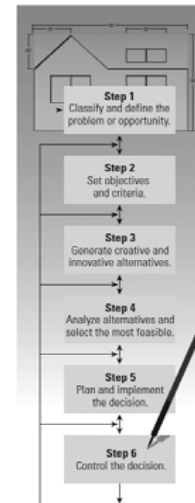


Exhibit 4-1

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## Decision-Making Styles

- Reflexive Style
  - Makes quick decisions without taking the time to get all the information that may be needed and without considering all the alternatives.
- Reflective Style
  - Takes plenty of time to make decisions, gathering considerable information and analyzing several alternatives.
- Consistent Style
  - Tends to make decisions without either rushing or wasting time.

Temperament Types May Indicate Decision Making Style

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## Define the Problem

- Distinguish Symptoms from the Cause of the Problem
  - List the observable and describable occurrences (symptoms) that indicate a problem exists.
  - Determine the cause of the problem.
  - Removing the cause should cause the symptoms to disappear or cease.
    - Symptom: Customer dissatisfaction
    - Cause: Poorly trained employees
    - Penalty (So what? – what are the impacts to Goals and Objectives of the Organization)
    - Problem Definition based on Root Causes
    - Alternatives
    - Solution: Implement customer relations training program for employees

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## “Asking Why 5 Times” by Robert Pojasek

- Helps Teams Identify Alternatives Faster
  - Spend More Time Diagnosing → Better Solutions
- Promotes Use of Higher Order Thinking Skills
- Cut through layers of bureaucracy
- Cut across organizational boundaries
- Encourages People to Challenge
- Find issues that affect the whole organization
- Focus on the Process Not the Person(s)
- Difficulties:
  - **Team Management to Follow the Process**
  - **Can Be Complex – Cause and Effect Diagram**

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## Analyzing the Feasibility of Alternatives

- Quantitative Techniques
  - Break-even analysis\*\*
  - Capital budgeting (Investment)\*\*\*
    - Payback
    - Discounted cash flow
      - Net Present Value (NPV)
  - Linear programming
  - Queuing theory
  - Probability theory
    - Sensitivity Analysis - Used on all
  - Combination\*\*\*



Use Whatever the Organization Uses Unless It's Wrong

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## Alternatives Decision Matrix Balmer Café Example

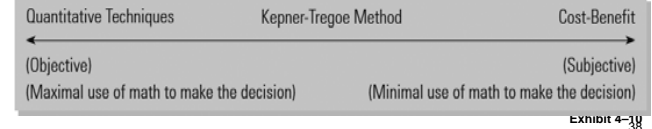
Option Criteria	Option 1 Hire Person	Option 2 Buy Equipment	Option 3 Reduce Menu
BEST FINANCIAL	NPV = \$59K	NPV = \$59K	NPV = \$34K
IMPROVE CUSTOMER SATISFACTION	HIGH	HIGH	LOW
LOW RISK	LOW RISK	HIGH RISK \$35k purchase	MEDIUM More customers leave
GOOD EMPLOYEE IMPACT	HIGH	MEDIUM	LOW
OTHERS?			

## Cost-Benefit (Pros and Cons) Analysis

### ● Cost-Benefit Analysis

- A technique for comparing the cost and benefit of each alternative course of action using subjective intuition and judgment along with math. (often financials become cost/benefit)

### ● Continuum of Analysis Techniques:



## The Strategic Planning Process

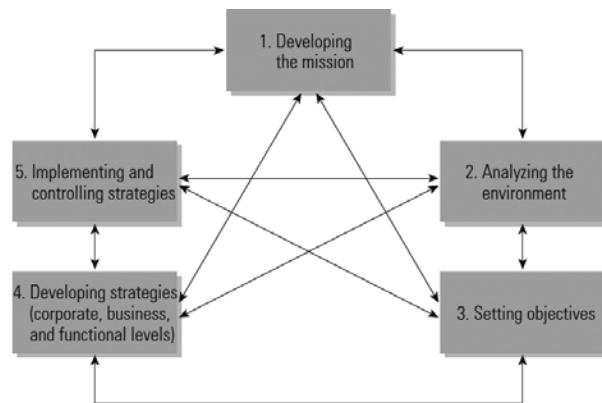


Exhibit 5-30

## Industry and Competitive Situation Analysis

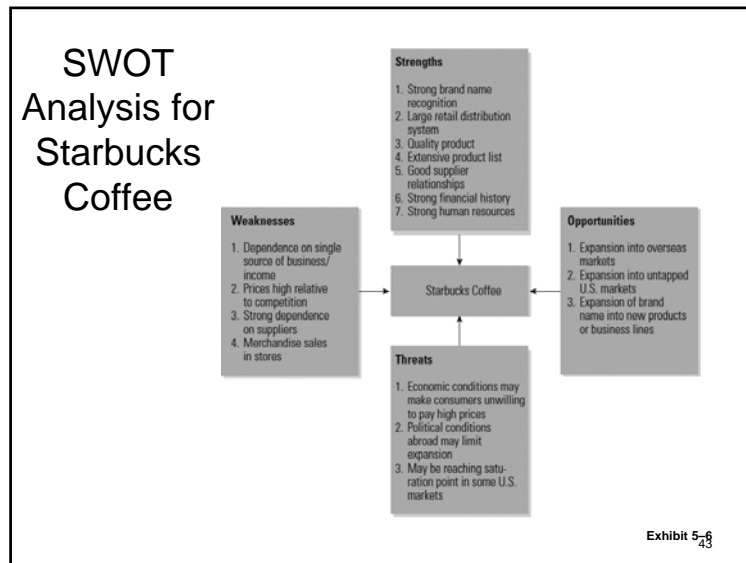
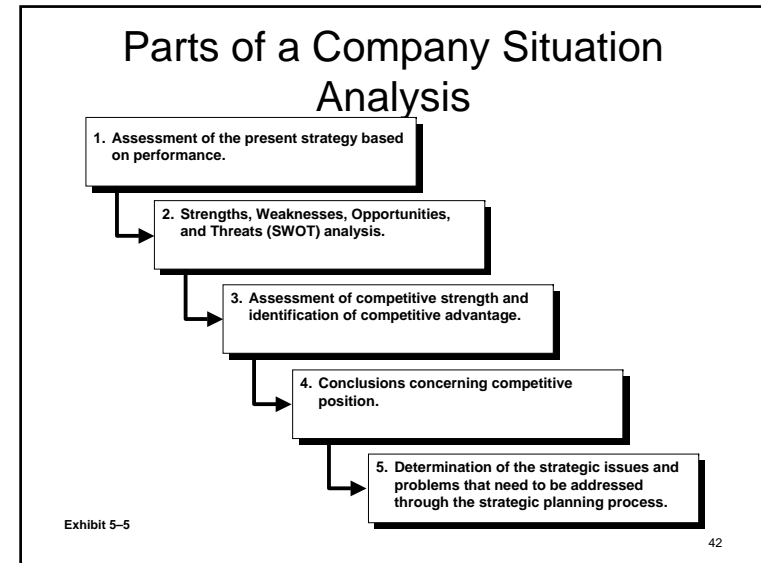
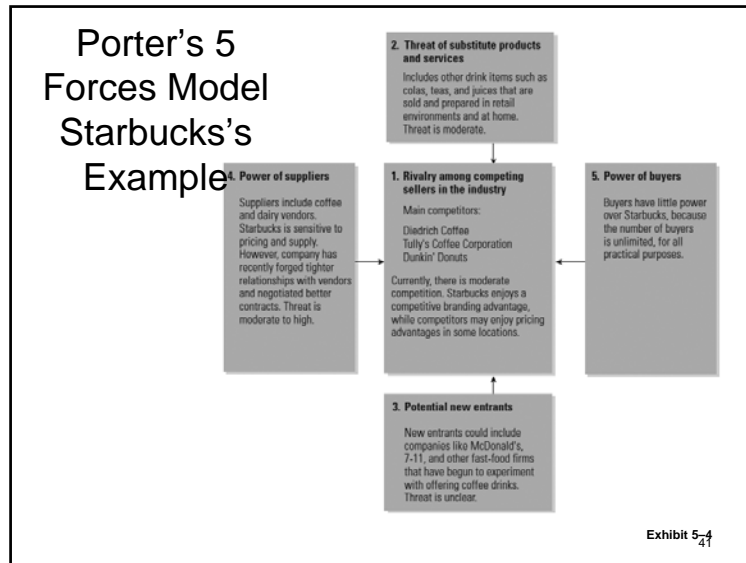
### ● Situation Analysis

- Focuses on those features in a company's environment that most directly affect its options and opportunities.

### ● Five Competitive Forces (Porter)

- Rivalry among competing sellers in the industry
- Threat of substitute products and services
- Potential new entrants
- Power of suppliers
- Power of buyers

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- ### Competitive Advantage
- Core Competency
    - A functional capability (strength) that the firm does well and one that creates a competitive advantage for the firm.
  - Benchmarking
    - The process of comparing an organization's products or services and processes with those of other companies.
  - Scanning the Environment
    - Searching the external environment for opportunities and threats.
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## Stages in the Change Process

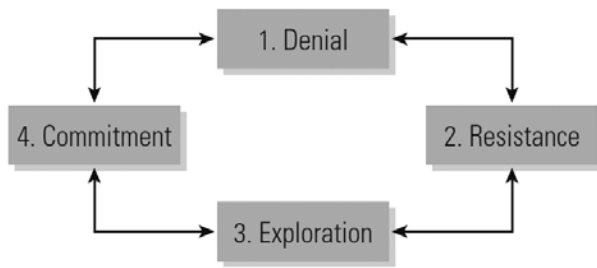


Exhibit 7-2  
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## Change = Grieving Process

1. Anger → Listen
2. Bargaining → Stay the course
3. Anxiety → Feed them information as it comes
4. Sadness → Encourage Sharing & Sympathize
5. Disorientation → Extra support, Listen
6. Depression → Help people understand what control they do have.
7. Re-commitment

**Keys – Information and Communication (2 Way)**

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## Resistance to Change and Ways to Overcome Resistance

Resistance to Change	Overcoming Resistance
Uncertainty	Develop trust climate for change
Learning anxiety	Plan
Self-interest	State why change is needed and how it will affect employees
Fear of loss	Create a win-win situation
Fear of loss of control	Involve employees
	Provide support
	Create urgency

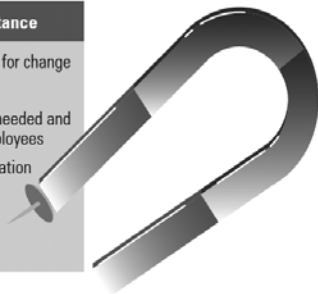


Exhibit 7-3  
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## Innovation

- Innovative Organizational Structures
  - Flat organizations with limited bureaucracy
  - Generalist division of labor
  - Coordinate with cross functional teams
  - Informal with decentralized authority
  - Create separate systems for innovative groups
  - Attract and retain creative employees
  - Reward innovation and creativity
- Innovative Organizational Cultures
  - Encourage risk-taking
  - Foster intrapreneurship
  - Have open systems
  - Focus on ends rather than means
  - Accept ambiguous and impractical ideas
  - Tolerate conflict

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## Diversity

- Diversity
  - The degree of differences among members of a group or an organization.
    - Race/ethnicity, religion, gender, age, ability
    - Diversity in all forms is increasing in the general population and the workforce.
  - Incorporating diversity opens up a larger labor pool of skilled workers from which to recruit.
  - *Diversity is a legal requirement, an ethical obligation, and a competitive advantage.*

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## The Human Resources Management Process

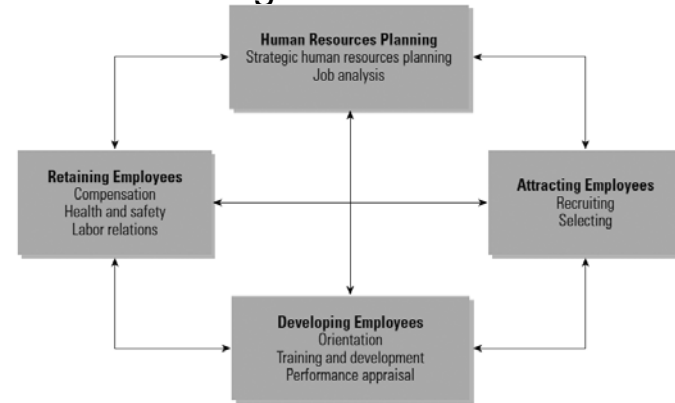


Exhibit 8-1

## Federal Laws Related to HRM

- Equal Employment Opportunity
  - Equal Employment Opportunity Act of 1972 (Title VII of the Civil Rights Act of 1964)
  - Civil Rights Act of 1991
  - Age Discrimination in Employment Act of 1967 (amended 1978, 1984)
  - Vocational Rehabilitation Act of 1973
  - Americans with Disabilities Act of 1990
- Compensation and Benefits
  - Equal Pay Act of 1963
  - Family and Medical Leave Act of 1993
- Health and Safety
  - Occupational Safety and Health Act of 1970

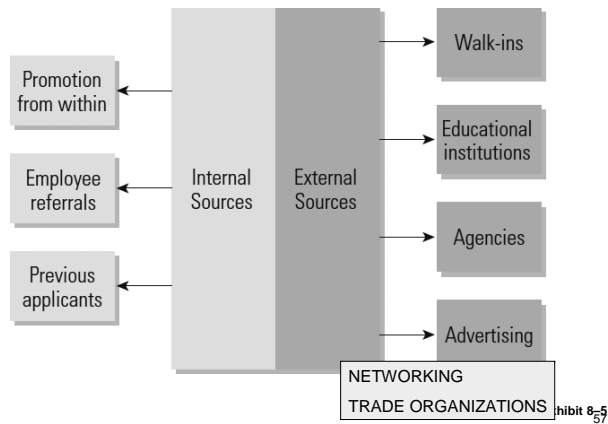
Exhibit 8-2

## Preemployment Inquires

- To avoid asking discriminatory questions:
  - All questions asked applicants must be job-related.
  - Any general question you ask should be asked of all candidates.
- Bona Fide Occupational Qualification (BFOQ)
  - A characteristic that an individual must possess that is directly related to performing the essential functions of the job or is a business necessity.
    - Example: Casting only females for the leading actress's part in a play.

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## Attracting Employees: Recruiting Sources



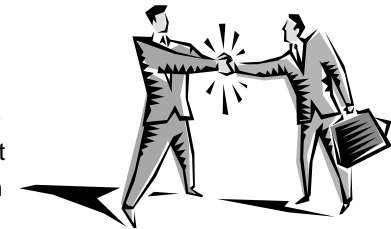
## Selecting the Candidate

### ● Problems to Avoid

- Rushing
- Stereotyping
- “Like me” syndrome
- Halo and horn effect
- Premature selection

### ● Helpful Ideas:

- Peer/Employee Interviews
- Consider Impact
  - Hire from unemployed vs. Hire Away or Move



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## The Performance Appraisal Process

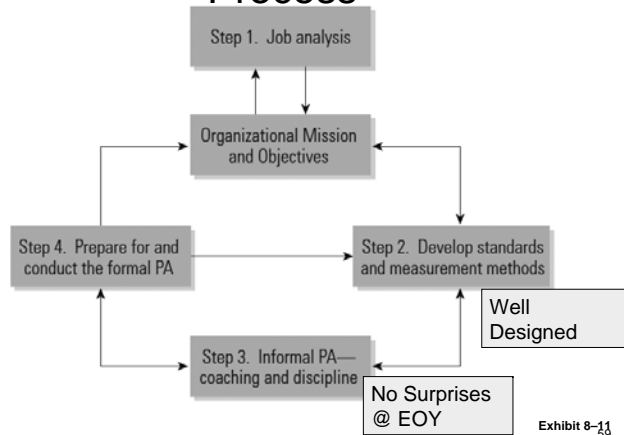


Exhibit 8-11

## Retaining Employees

### ● Compensation

- Pay
- Bonus or Performance Awards
  - Short Term and Long Term Incentives
- Benefits
- Health and Safety

### ● Culture, People, Work Itself, Boss (Barry Posner Study):

- Reasons that People Stay:
  - Work Worth Doing
  - Like the People they are working with
  - Feel valued
- Boss Direct Impact on Likelihood to Leave in 1 Year:
  - Poor Boss = 40% Likelihood of Leaving
  - Great Boss = 11% Likelihood of Leaving

**Turnover Costs Typically = 75% of Employee Salary/Wage**

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## The Communication Process

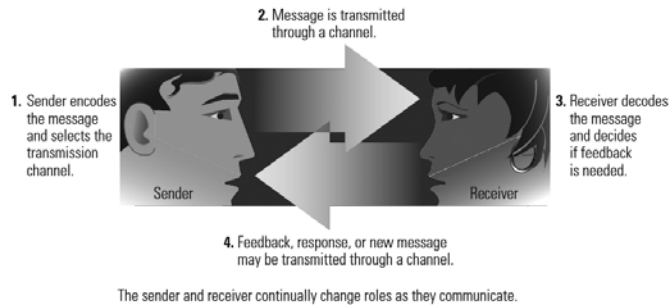
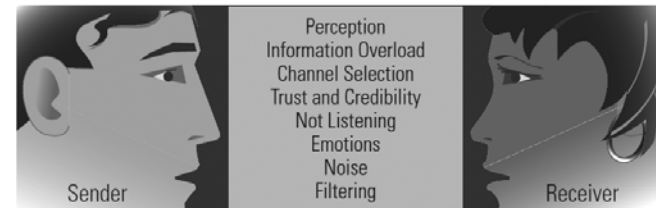


Exhibit 11-2  
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## Major Communication Barriers



Communication Processes – each has pros and cons:

- Verbal Communication
- Non-Verbal
- Written/E-Mail

Exhibit 11-3  
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## Checking Understanding: Feedback

- Feedback
  - Information that verifies a message.
- Paraphrasing
  - The process of having the receiver restate the message in his or her own words.
- Feedback Problems
  - Receivers feel ignorant.
  - Receivers are ignorant.
  - Receivers are reluctant to point out sender's ignorance.

**A.K.A. "Listen for Understanding"**

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## Situational Communication Model

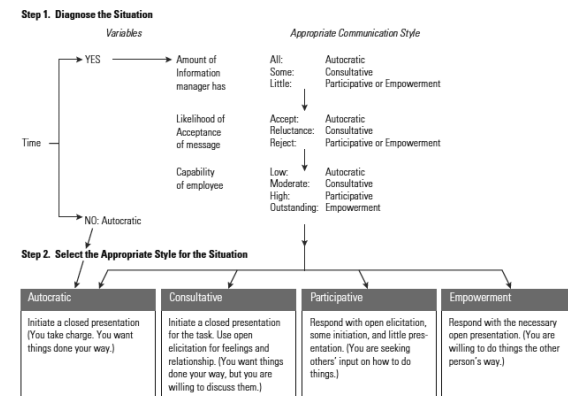
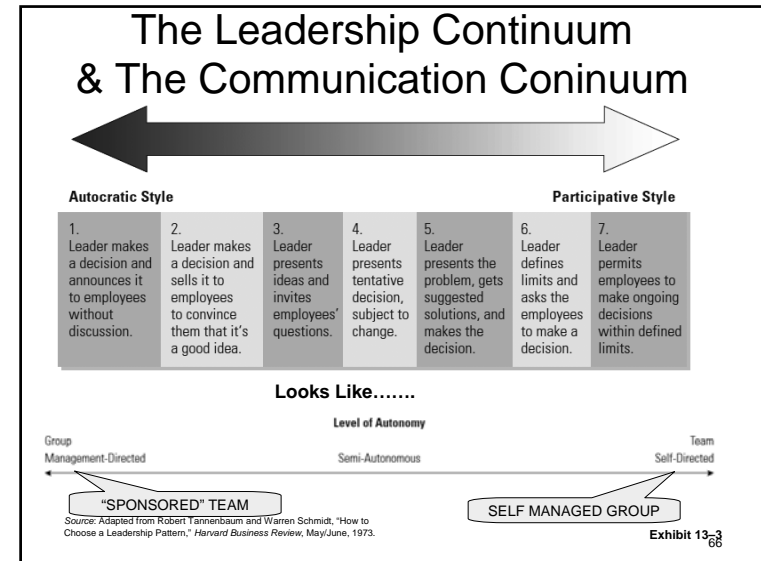
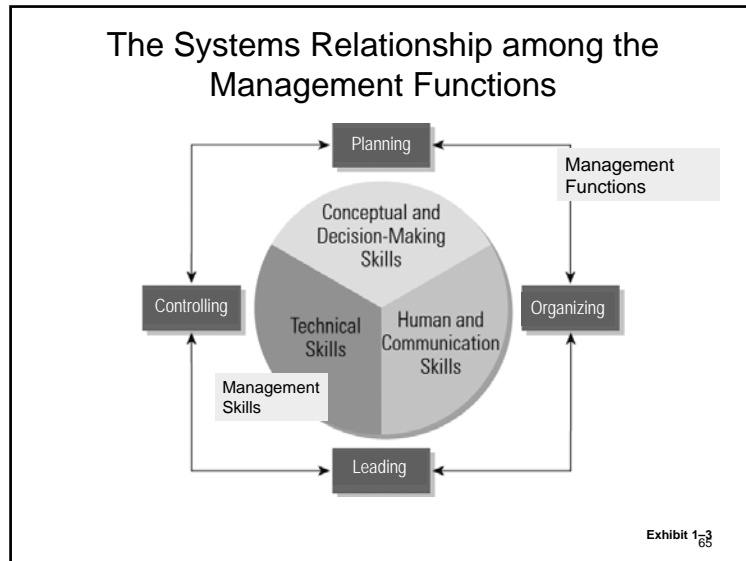


Exhibit 11-4  
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- ## Creating Greatest Value
- Creative and Integrated Solutions
    - Problem Solving
    - Strategic Planning
  - An engaged and diverse work team
    - Diversity of People
    - Diversity of Thoughts
    - Active listening and probing involvement
    - Group Performance Model & Leadership Style
  - How will **you** leave the world, your organizations, your co-workers, and your family **better than when you found them?**
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- ## Key Concepts
- Organizations are Systemic & Integrated
    - Action Creates a Reaction – positive or negative
    - Understand the Interrelationships
    - People Make up Organizations – It's the People Silly!
  - Leadership
    - Is Situational—with a preference towards Empowerment
    - An organization/Group/Team performance is influenced by:
      - Organizational Context
      - Group Structure
      - Group Processes
    - Starts and Builds From Trust, Ethics and Empathy
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