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## Management – nature, scope, processes

- French industrialist Henri Fayol wrote that all managers perform five management functions: planning, organizing, commanding, coordinating, and controlling. Today, we have condensed these to four: planning, organizing, leading, and controlling
- **Planning** – defining an organization's goals, establishing an overall strategy for achieving those goals, developing a comprehensive set of plans to integrate and coordinate activities. This function increases the most as managers move up the ladder
- **Organizing** – designing an org's structure; includes determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made
- **Leading** – directing and coordinating among people; When managers motivate employees, direct their activities, select the most effective communication channels or resolve conflicts among members, they're engaging in leading
- **Controlling** – management must monitor the organization's performance and compare it with previously set goals. If there are any significant deviations, it is management's job to get the organization back on track. This monitoring, comparing, and potential correcting is the controlling

## Theories of management

- Theory of scientific mgt by Frederick Taylor – 5 principles
  - Science (not rule of thumb), harmony (not discord), mental revolution, cooperation (not individualism), development of every person to his greatest efficiency
- Administrative mgt theory by Henri Fayol – 14 principles of mgt
  - Division of work, equity, discipline, initiative, authority and responsibility, esprit de corps, general interest over personal interest, stability of tenure, remuneration, unity of direction, unity of command, centralization, scalar chain
- Bureaucratic mgt theory by Max Weber
- Behavioral theory of mgt by Elton Mayo – Hawthorne experiments
- Systems theory by Bertalanffy
- Neoclassical theory focused on behavioral sciences and human relations
  - Human relations – how people relate and interact within a group
  - Behavioral science – individual behavior of employees

## Organization cultures

- Normative : norms and procedures predefined, employees strictly adhere to policies
- Pragmatic : customer satisfaction is the main motive; employees strive hard to satisfy customers
- Academy : high focus on training; hires skilled and experienced individuals
- Baseball team : employees are the most treasured possessions
- Club : orgs are very particular about employees they recruit; individuals hired as per specialization, educational qualification and interests; each one does what he is best at; high potential employees; regular appraisals
- Fortress : employees terminated if employees not performing well; eg. Stock broking
- Tough guy : employees constantly monitored
- Bet your company : orgs taking greatly risky decisions
- Process : employees adhere to processes and procedures; feedback and performance do not matter much; eg. Govt orgs

## Role of a manager in an org

- Interpersonal
  - Figurehead – routine duties of a legal or social nature
  - Leader – motivate and direct employees
  - Liaison – maintain a network of outside contacts who provide favour and info
- Informational
  - Monitor – receive a wide variety of info and serve as a nerve center of internal and external info
  - Disseminator – transmit info to other members of org
  - Spokesperson – transmit info to outsiders
- Decisional
  - Entrepreneur – search org and environment for opportunities and initiate projects to bring about change
  - Disturbance handler
  - Resource allocator – make or approve significant organizational decisions
  - Negotiator – represent org at major negotiations

## Management skills

- Technical
- Human
- Conceptual

## Communication

### Communication process

- Key parts are – sender, encoding, message, channel, decoding, receiver, noise, feedback
- Berlo's SMCR model – Sender-Msg-Channel-Receiver
- Shannon Weaver's model –
  - Sender (info source) – eg. Brain
  - Encoder (transmitter) – eg. Mouth
  - Channel (medium)
  - Decoder (receiver) – eg. Ears
  - Receiver (destination) – eg. Brain
  - Noise
  - Feedback
- Direction of communication
  - Downward – managers use it to assign goals, provide job instructions, explain policies and procedures etc; its one way nature is a problem
  - Upward – used to provide feedback, inform higher ups of progress on goals, relay current problems
  - Lateral – saves time and facilitates coordination; more often, these are informally formed to short circuit the vertical hierarchy and expedite action
- Interpersonal communication
  - Oral communication
    - Advantages are speed and feedback
    - Disadvantage – distortion, especially when number of people involved is large

- Written communication
  - Advantages – tangible and verifiable; msg can be stored indefinitely; more likely to be well thought out, logical and clear
  - Disadvantages – time consuming; lack of built in feedback system
- Non-verbal communication
  - Kinesics – gestures, head movements, postures, eye contact, facial expressions
  - Haptics – communication by touch
  - Vocalics – pitch, volume, rate, vocal quality etc; aka paralinguistics
  - Proxemics – how space and distance influence communication
  - Chronemics – how time affects communication
  - Artefact – hands, clothing, head gear etc
- Organizational communication
  - Chain – rigidly follows the formal chain of command; best if accuracy is most important
  - Wheel – relies on a central figure to act as a conduit for all the group's communication; found in a team with a strong leader; facilitates the emergence of a leader
  - All channel network permits all group members to actively communicate with each other; most often practiced in self-managed teams; high member satisfaction
  - Grapevine – informal communication
- Electronic communication
  - E-mail
    - Advantages
      - Can be quickly written, edited and stored
      - Can be sent to one or many at the click of a button
      - Fraction of cost of printing and distributing same conversation in hard copy
    - Disadvantages
      - Risk of misinterpreting the message
      - Drawbacks for communicating negative msgs
      - Time consuming nature
      - Limited expression of emotions
      - Privacy concerns
  - Instant messaging
  - Social network

## Choice of communication channel

- Channel richness – channel is rich if it can handle multiple cues simultaneously, facilitate rapid feedback and be very personal; face to face communication scores highest in richness and formal reports and bulletins score lowest

## Barriers to effective communication

- Filtering – sender purposely manipulating info so that the receiver will see it more favourably; eg. Manager telling his boss what he thinks his boss wants to hear; the more vertical levels in an organization, the more opportunities there are for filtering; tends to distort upward communication
- Selective perception – receivers selectively see and hear based on their needs, motivation, experience, background etc.
- Info overload

- Emotions – people in negative mood are more likely to scrutinize msgs in greater detail whereas those in positive moods tend to accept the communication at face value; extreme emotions are most likely to hinder effective communication
- Language
- Silence and withholding communication – silence is less likely when minority opinions are treated with respect, workgroup identification is high and high procedural justice prevails
- Communication apprehension or social anxiety
- Lying
- Cultural barriers
- Cultural context
  - In high context cultures such as China, Vietnam, Japan etc, people rely heavily on nonverbal and subtle situational cues in communicating with others and a person's official status, his place in society and reputation carry considerable weight
  - In contrast, people from Europe and North America reflect their low context cultures. They rely essentially on spoken and written words to convey meaning; body language and formal titles are secondary

## Leadership – tasks, styles, theories

### Leadership

- ability to influence a group toward the achievement of a vision or set of goals
- The source of this influence may be formal, such as that provided by managerial rank in an organization
- But not all leaders are managers, nor, for that matter, are all managers leaders
- Organizations need strong leadership and strong management for optimal effectiveness. We need leaders today to challenge the status quo, create visions of the future, and inspire organizational members to want to achieve the visions. We also need managers to formulate detailed plans, create efficient organizational structures, and oversee day-to-day operations

### Successful vs effective managers/leaders

- among managers who were *successful* (defined in terms of speed of promotion within their organization), networking made the largest relative contribution to success, and human resource mgt activities made the least relative contribution
- Among *effective managers* (defined in terms of quantity and quality of their performance and the satisfaction and commitment of employees), communication made the largest relative contribution and networking the least

### Leadership styles

- Transformational - inspire staff through effective communication and by creating an environment of intellectual stimulation
- Transactional - focused on group organisation, establishing a clear chain of command and implementing a carrot-and-stick approach to management activities; While this can be an effective way of completing short-term tasks, employees are unlikely to reach their full creative potential in such conditions.
- Servant leadership - People who practice servant leadership prefer power-sharing models of authority, prioritising the needs of their team and encouraging collective decision-making; altruistic leadership; can improve diversity and boost morale; servant leaders lack authority and suffer a conflict of interest by putting their employees ahead of business objectives.

- Democratic - Also known as participative leadership, this style – as the name suggests – means leaders often ask for input from team members before making a final decision; slower
- Autocratic - A more extreme version of transactional leadership, autocratic leaders have significant control over staff and rarely consider worker suggestions or share power; best suited to environments where jobs are fairly routine or require limited skills.
- Strategic - manager's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision; Strategic leaders create organizational structure, allocate resources and express strategic vision
- laissez-faire - hands-off approach, allowing employees to get on with tasks as they see fit; effective in creative jobs or workplaces where employees are very experienced
- Bureaucratic - implemented in highly regulated or administrative environments, where adherence to the rules and a defined hierarchy are important; These leaders ensure people follow the rules and carry out tasks by the book
- Charismatic - certain amount of overlap between charismatic and transformational leadership. Both styles rely heavily on the positive charm and personality of the leader in question; However, charismatic leadership is usually considered less favourable, largely because the success of projects and initiatives is closely linked to the presence of the leader
- Situational - theory that the best leaders utilise a range of different styles depending on the environment

## Trait theories

- Focus on personal qualities and characteristics
- Traits do a better job predicting the emergence of a leader than actually distinguishing between effective and ineffective leaders
- Great Man theory

## Behavioral theories

- Trait research provides a basis for selecting the right people for leadership. In contrast, behavioral theories implied we could train people to be leaders
- Types
  - Initiating structure = task oriented leader
  - Consideration = employee oriented leader
- Blake and Mouton proposed a graphic portrayal of leadership styles through a managerial grid aka leadership grid with 2 dimensions of leader behavior – concern for people on y-axis and concern for production on x-axis, with each dimension ranging from 1 to 9
  - (1,1) = Impoverished mgt
  - (9,1) = task mgt, dictatorial or perish style; theory X
  - (1,9) = country club
  - (5,5) = middle of the road, compromising
  - (9,9) = team mgt; theory Y; most effective style

## Contingency theories

- Fiedler contingency model
  - Effective group performance depends on the proper match between the leader's style and the degree to which the situation gives the leader control

- Least Preferred Co-worker (LPC) questionnaire to identify an individual's basic leadership style – if you describe the person you are least able to work with in favourable terms, you would be labeled as relationship oriented, else task oriented
- Fiedler assumes an individual's leadership style is fixed
- 3 contingency or situational dimensions
  - Leader-member relations
  - Task structure, whether structured or unstructured
  - Position power
- Thus, leadership style and situations are defined first, then situations and leaders are to be matched – matching LPC score with the 8 possible combinations arrived at from 3 situations
- Conclusions
  - Task oriented leaders perform better in situations very favourable to them and very unfavourable (high and low control situations)
  - Relationship oriented leaders perform better in moderately favourable situations (moderate control situations)
- Since individual's leadership style is assumed to be fixed, the only 2 ways to improve leader effectiveness are either to change the leader to fit the situation or change the situation to fit the leader
- Situational leadership theory – focuses on followers; successful leadership style depends on selecting the right leadership style contingent on followers' readiness, or the extent to which they are willing and able to accomplish a specific task
  - Unable and unwilling – leader needs to give clear and specific directions
  - Unable and willing – leader needs to display high task orientation and high relationship orientation
  - Able and unwilling – Use a supportive and participative style
  - Able and willing – leader doesn't need to do much
- Path-goal theory by Robert House
  - Path-goal implies that effective leaders clarify followers' paths to their work goals and make the journey easier by reducing roadblocks
  - It is the leader's job to provide followers with the info, support or other resources necessary to achieve their goals
  - Directive leadership is suitable when tasks are ambiguous or stressful than when tasks are well structured and well laid out
  - Supportive leadership results in high performance and satisfaction when employees are performing structured tasks
- Leader-participation model – the way a leader makes decisions is as important as what he decides
  - Model by Vroom and Yetton
  - It provides a decision tree of 7 contingencies and 5 leadership styles for determining the form and amount of participation in decision making

## Leader-member exchange theory (LMX)

- Argues that because of time pressures, leaders establish a special relationship with a small group of their followers. This group is called the ingroup and other followers fall in the outgroup
- Early in his interaction with followers, a leader implicitly categorises a follower as in or out and this relationship then remain stable over time
- All relationships between managers and subordinates go through 3 stages
  - Role taking, role making and routinization

## Contemporary theories

- Charismatic leadership – theory by House; followers attribute heroic or extraordinary leadership abilities when they observe certain behaviours such as having a vision, willing to take personal risk to achieve that vision, being sensitive to followers needs and exhibiting extraordinary behaviors
- Transformational leadership – these leaders inspire their followers to transcend their self-interests for the good of the organization
  - Characteristics of transactional leader
    - Contingent reward
    - Mgt by exception (active) – watches and searches for deviations from rules and standards, takes correct action
    - Mgt by exception (passive) – intervenes only if standards are not met
    - Laissez-faire – abdicates responsibilities, avoids decision making
  - Characteristics of transformational leader
    - Idealized influence – provides vision and sense of mission, instills pride, gains respect and trust
    - Inspirational motivation – communicates high expectations, uses symbols to focus efforts
    - Intellectual stimulation
    - Individualized consideration

## 5 Levels of leadership by John Maxwell

- Level 1 – Position
  - Entry level of leadership
  - Requires no ability or effort to achieve
  - People only follow if they believe they HAVE to (paycheck, job security is with leader)
  - Volunteers cannot work with such a leader
- Level 2 – Permission
  - Based on relationship; people choose to follow because they want to ie they give the leader the permission to lead them
  - Environment becomes much more positive
- Level 3 – Production
  - Leaders who produce results build their influence and credibility
  - People still follow because they want to but they do it because of more than the relationship
- Level 4 – People development
  - The goal at this level is to identify and develop as many leaders as you can by investing in them and helping them grow
- Level 5 – Pinnacle
  - These leaders often transcend their position, their organization and sometimes their industry

## 3 levels of leadership model by Scouller (3P model)

- Public leadership
  - refers to the actions or behaviors that leaders take to influence two or more people simultaneously – perhaps in a meeting or when addressing a large group
- Private leadership
  - Refers to leader's one to one handling of individuals
- Personal leadership
  - addresses the leader's technical, psychological and moral development and its impact on his or her leadership presence, skill and behavior



- key to making the theory of the two outer behavioral levels practical

## Five practices of exemplary leadership by Kouzes and Posner

- Model the way
- Inspire a shared vision
- Challenge the process
- Enable others to act
- Encourage the heart

## Likert's management systems

- System 1 : Exploitative authoritative – low concern for people; use methods such as threats and other fear-based methods to get their workers to conform; Communication is entirely downwards and psychological concerns of people are ignored
- System 2 : Benevolent authoritative – less control over employees than the exploitative authoritative system, however, this system motivates employees through potential punishment and rewards; The upper management tends to control the way employees can communicate to others and how they make decisions; satisfaction is low
- System 3 : Consultative system - Subordinates gain motivation through rewards, occasional punishments, and little involvement in making decisions and setting goals. When compared to the first two systems, employees have more freedom to communicate and make company decision; Managers talk to their subordinates about problems and action plans before they set organizational goals
- System 4 : Participative system – promotes genuine participation in decision-making and goal setting in order to promote a workplace where all members equally share information; most effective

## Training and development programs

### Types of training

- Basic skills
- Technical skills
- Problem solving skills
- Interpersonal skills
- Civility training
- Ethics training

### Training models

- System model : ADDIE are the 5 phases
  - Analysis and identification– who needs training on what and when; cost etc
  - Designing – develop objectives of training, identify learning steps, structuring etc
  - Developing – listing activities in the training program, select delivery method, validating training material etc
  - Implementation
  - Evaluation
- Transitional model – focus is on org as a whole; Vision -> Mission -> Values ->Objectives -> Plan -> Implement -> Evaluate
- Instructional system development model : Analysis -> Planning -> Development -> Execution -> Evaluation

## Training methods

- On-the-job training methods include job rotation, apprenticeships, understudy assignments and formal mentoring programs
- Off-the-job training includes live classroom lectures, public seminars, self-study programs, internet courses, webinars, podcasts and group activities that use role-plays and case studies
- Fastest growing method is e-training
  - Increases flexibility of delivering material any time anywhere
  - Fast and efficient
  - Expensive
  - Employees miss social interaction of a classroom and are more susceptible to distractions and clicking through training without engaging in practice activities

## Performance evaluation

### What is performance?

- 3 major types of behavior that constitute performance at work
  - Task performance
  - Citizenship – actions that contribute to the psychological environment of the org such as helping others when not required, supporting org objectives, treating co-workers with respect etc
  - Counterproductivity – actions that actively damage the org

### Purposes of performance evaluation

- Help management make general HR decisions like promotions, transfers and terminations
- Identify training and development needs
- Pinpoint employee skills and competencies for which remedial programs can be developed
- Provide feedback to employees
- Basis for reward allocations

### What do we evaluate?

- Individual task outcomes
- Behaviors
- Traits – weakest criterion

### Who should do the evaluation

- Traditionally done by managers
- Today even peers and subordinates are being asked to take part in the process
- Employees are also participating in their own evaluation
- 360 degree evaluations – provide performance feedback from the employee's full circle of daily contacts

### Methods of performance evaluation

- Traditional
  - Written essays – simplest; problem is evaluator's writing skills, comparison of essays for different or same employees since there is no standardized scoring key
  - Critical incidents – focus the evaluator's attention on the difference between executing a job effectively and ineffectively

- Graphic rating scales – rating a set of performance factors such as quantity and quality of work, depth of knowledge, cooperation, attendance and initiative – less time consuming, allow for quantitative analysis and comparison but lesser depth of information than essays or critical incidents provide
- Forced comparisons – evaluate one individual's performance against the performance of another or others; relative rather than absolute measuring device. Types
  - Group order ranking – requires evaluator to place employees in a particular classification such as top one-fifth or second one-fifth etc
  - Individual ranking approach rank orders employees from best to worst
- Paired comparisons - each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each containing a pair of names, the rater puts a tick mark against the employee whom he considers the better of the two. The number of times this employee is considered better than the other determines his or her final ranking.
- Grading – similar to group order ranking
- Forced distribution method – similar to group order ranking but considers normal distribution
- Forced choice method - contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.
- Checklist method – list of questions in which evaluator ticks yes or no
- Field review method - When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department
- Confidential report – preferred by govt
- Modern
  - Behaviourally anchored rating scales (BARS) – combine major elements from critical incidents and graphic rating scale approaches – the appraiser rates employees on items along a continuum, but the items are examples of actual behavior on the job rather than general descriptions or traits
  - Mgt By Objectives (MBO) – concept by Peter Drucker in 1954 - MBO requires the manager to set goals with each employee and then periodically discuss his or her progress toward these goals
  - Assessment Centers – an assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days. Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assesses; first developed by German army
  - 360-degree appraisal – first adopted by GE
  - Cost accounting method - This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organization derives from Him/her.

## Suggestions for improving performance evaluations

- Errors
  - Positive leniency – unconsciously inflate evaluations
  - Negative leniency – understate performance
  - Halo error – allow the assessment of one characteristic to unduly influence the assessment of others

- Similarity error – some appraisers bias their evaluations by unconsciously favouring people who have qualities and traits similar to their own
- How to improve
  - Use multiple evaluators
  - Evaluate selectively – appraisers should evaluate only where they have some expertise
  - Train evaluators
  - Provide employees with due process – individuals to be provided with adequate notice of what is expected of them, all evidence relevant to a proposed violation is aired in a fair hearing and final decision is based on evidence and free of bias

## Theories of Motivation

- Processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal. Intensity describes how hard a person tries; effort must be channeled in a direction that benefits the org; person should be able to maintain the effort long enough for goal to be achieved

## Early theories of motivation

### Hierarchy of needs theory

- Maslow's hierarchy of needs
  - Physiological – hunger, thirst, shelter, sex etc
  - Safety – security and protection from physical and emotional harm
  - Social – affection, belongingness, acceptance, friendship
  - Esteem – internal factors such as self-respect, autonomy, achievement and external factors like status, recognition and attention
  - Self-actualization – drive to become what we are capable of becoming; achieving our potential; self fulfillment
- Although no need is ever fully gratified, a substantially satisfied need no longer motivates. Thus as each becomes satisfied, the next one becomes dominant
- Physiological and safety needs are where people start – called lower order needs – predominantly satisfied externally
- Social, esteem and self-actualization are higher order needs – satisfied internally

### ERG theory by Alderfer

- Further development of Maslow's hierarchy of needs
- Existence – basic material existence requirements i.e. physiological and safety needs
- Relatedness – desire of people to maintain interpersonal relationships i.e. social needs and external component of esteem classification
- Growth – internal desire for personal development, i.e. intrinsic component of esteem classification and self-actualization

### Theory X and theory Y

- By Douglas McGregor
- Proposed 2 distinct views of human beings – one basically negative, labeled Theory X and the other basically positive, labeled Theory Y
- Under theory X, managers believe that employees inherently dislike work and therefore be directed or even coerced into performing it

- Under theory Y, managers assume employees can view work as being as natural as rest or play and therefore an average person can learn to accept and seek responsibility – higher order needs dominate individuals

### Two factor theory aka Motivation-Hygiene theory

- By Frederick Herzberg
- Opposite of satisfaction is not dissatisfaction, as was traditionally believed
- Factors that lead to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Hence, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace, but not necessarily motivation
- Herzberg characterized conditions such as quality of supervision, pay, company policies, physical working conditions, relationships with others and job security as hygiene factors – when these are adequate, people will not be dissatisfied, but they will not be satisfied either
- Factors associated with work itself, or with the outcomes directly derived from it, such as promotional opportunities, personal growth opportunities, recognition, responsibility and achievement are called motivation factors

### McClelland's theory of needs

- Looks at 3 needs
  - Need for achievement (nAch) – drive to excel
  - Need for power (nPow) – need to make others behave in a way they would not have otherwise
  - Need for affiliation (nAff) – desire for friendly and close interpersonal relationships
- McClelland focused most on nAch
- High achievers perform best when they perceive their probability of success as 50-50 – dislike gambling with high odds because they get no achievement satisfaction from success that comes purely by chance and they dislike low odds because then there is no challenge to their skills
- When jobs have a high degree of personal responsibility and feedback and an intermediate degree of risk, high achievers are strongly motivated
- High need to achieve does not necessarily make someone a good manager, especially in large orgs – since they are not keen on influencing others to do well
- Needs for affiliation and power tend to be closely related to managerial success – best managers are high in their need for power and low in their need for affiliation
- These needs are in the subconscious and hence measuring and ranking them is not possible

### Contemporary theories of motivation

#### Self determination theory

- Proposes that people prefer to feel they have control over their actions, so anything that makes a previously enjoyed task feel more like an obligation than a freely chosen activity will undermine motivation
- Cognitive evaluation theory – proposes that extrinsic rewards will reduce intrinsic interest in a task. When people are paid for work, it feels less like something they want to do and more like something they have to do

#### Job engagement

- Investment of an employee's physical, cognitive and emotional energies into job performance
- Factors determining job engagement
  - Job characteristics and access to sufficient resources to work efficiently
  - Match between individual's values and those of the org
  - Inspiring leadership

## Goal-setting theory

- First proposed by Edwin Locke – intentions to work towards a goal are a major source of motivation
- Specific goals increase performance; difficult goals, when accepted, result in higher performance than do easy goals; feedback leads to higher performance than non-feedback
- A systematic way to utilize goal setting is Management By Objectives (MBO) which emphasizes participatively set goals that are tangible, verifiable and measurable – MBO works from bottom up as well as top down.
  - 4 ingredients common in MBO
    - Goal specificity
    - Participation in decision making – including setting of goals and objectives
    - An explicit time period
    - Performance feedback
  - Limitations
    - Lack of support from top mgt is a possibility
    - Resistance by subordinates is a possibility
    - Problems in enumerating goals and objectives
    - Time consuming and costly
    - Emphasis on short term goals
    - Inflexibility
    - Limited application
    - Poor integration, difficult to follow up, lack of training and skills

## Self-efficacy theory aka Social Cognitive theory aka Social Learning theory

- Self efficacy refers to an individual's belief that she is capable of performing a task
- Self efficacy can create a positive spiral in which those with high efficacy become more engaged in their tasks and then, in turn, increase performance, which increases efficacy further
- Goal setting theory and self efficacy theory complement each other
- Bandura has proposed 4 ways in which self efficacy can be increased
  - Enactive mastery – gaining relevant experience with the task
  - Vicarious modeling – becoming more confident because you see someone else doing the task
  - Verbal persuasion – best way for a manager to use this is through the Pygmalion effect or Galatea effect which is a form of self-fulfilling prophecy in which believing something can make it true
  - Arousal

## Reinforcement theory

- Reinforcement theorists see behavior as environmentally caused – what controls behavior is reinforcers i.e. any consequences that, when immediately following responses, increase the probability that the behavior will be repeated
- It ignores the inner state of the individual
- **Operant conditioning theory** – argues that people learn to behave to get something they want or to avoid something they don't want; B F Skinner is a prominent advocate of this theory
- In its pure form, reinforcement theory ignores feelings, attitudes, expectations, and other cognitive variables known to affect behavior

## Equity theory/organizational justice

- Employees perceive what they get from a job situation (salary, raises, recognition) in relationship to what they put into it (effort, experience, education) and then they compare their outcome-input ratio with that of relevant others

- If we perceive our ratio to be equal to that of the relevant others with whom we compare ourselves, a state of equity exists; we perceive that our situation is just and fair
- When we see the ratio as unequal and we feel underrewarded, we experience equity tension that creates anger
- When we see ourselves as overrewarded, tension creates guilt

### Expectancy theory

- By Victor Vroom
- Strength of our tendency to act a certain way depends on the strength of our expectation of a given outcome and its attractiveness
- Employees will be motivated to exert a high level of effort when they believe it will lead to a good performance appraisal
- Focuses on 3 relationships
  - Effort-performance relationship
  - Performance-reward relationship
  - Rewards-personal goals relationship

## How managers motivate

### Motivating by job design : job characteristics model (JCM)

- Developed by Richard Hackman and Greg Oldham
- Any job can be described in terms of 5 core job dimensions
  - Skill variety
  - Task identity – degree to which a job requires completion of a whole and identifiable piece of work
  - Task significance – degree to which a job affects the lives or work of other people
  - Autonomy
  - Feedback
- First 3 in above list lead to experienced meaningfulness of the work; autonomy leads to experienced responsibility for outcomes of work and feedback leads to knowledge of the actual results of the work activities
- Core dimensions can be combined into single predictive index called Motivating Potential Score (MPS)
  - To be high on MPS, job must be high on at least one of the first 3 factors + high on both autonomy and feedback
- Way to make jobs more motivating using above model
  - Job rotation – periodic shifting of an employee from one job to another with similar skill requirements at the same organizational level; aka cross-training
  - Job enlargement – additional responsibilities to enhance variety are of a horizontal nature
  - Job enrichment – expands jobs by increasing the degree to which the worker controls the planning, execution and evaluation of the work; an enriched job allows the worker to do a complete activity, increase the employee's freedom and independence, increases responsibility and provides feedback.

#### Methods

- Combining tasks
- Forming natural work units
- Establishing client relationships (clients can also be internal)
- Expanding jobs vertically
- Opening feedback channels
- Alternative work arrangements
  - Flextime

- Job sharing – allows 2 or more individuals to split a traditional 40-hour-a-week job
- Telecommuting – work at home at least 2 days a week

## Employee involvement

- Participative mgt – joint decision making in which subordinates share a significant degree of decision making power with their immediate superiors
- Representative participation – letting workers be represented by a small group of employees who actually participate

## Using rewards to motivate employees

- Establishing a pay structure
  - Entails balancing internal equity (worth of the job to the org) and external equity (competitiveness of org's pay relative to pay elsewhere in the industry)
- Steps to designing a pay structure for an org by HR
  - Job analysis : process of studying jobs in an org
    - Outcome is Job Description that includes job title, summary of tasks, list of essential tasks and responsibilities and description of work context
    - Also included are knowledge, skills and abilities needed to perform the job, i.e. Job Specification
    - Methods
      - Observation : an analyst observes an employees and records all his performed and non-performed work, responsibilities etc
        - Work method analysis : study of time and motion; specifically used for assembly line workers
        - Critical indent : identifying the work behaviours that result in performance; observation and recording of examples of particularly effective or ineffective behaviors
        - Work sampling
        - Employee diary/log
      - Interview
      - Questionnaire
      - Task inventory
      - Job element method
      - Competency profiling
      - Technical conference
      - Threshold traits analysis system
  - Job evaluation : process of judging the relative worth of jobs in an org
    - Outcome is development of internal structure or hierarchical ranking of jobs
    - methods of doing this are
      - Qualitative
        - Point method (most common) - Under this method, each job's key factor is identified and then the subfactors are determined. These sub-factors are then assigned the points by its importance.
        - Factor comparison - each factor of a job is compared with the same factor of the other jobs or the key job either defined or existing one. When all factors are compared, the final rating is arrived at by adding the value received at each comparison



- Under this method, the job is evaluated, and the ranks are given on the basis of a series of factors Viz. Mental effort, physical effort, skills required supervisory responsibilities, working conditions, and other relevant factors.
  - Quantitative
    - Ranking - a whole job is compared with others and rank is provided on the basis of this comparison
    - Classification or grading
      - Helps ensure that pay is internally aligned and perceived to be fair by employees
  - Pay policy identification : determine whether the org wants to lead, lag or meet the market in compensation
  - Pay survey analysis : process of analyzing compensation data gathered from other employers in a survey of the relevant labour market
    - Essential to keep org's compensation externally competitive within its industry
  - Pay structure creation
    - Internal structure (job evaluation) is merged with external market pay rates (pay survey analysis) to develop a market pay line
- Variable pay program bases a portion of an employee's pay on some individual and/or organizational measure of performance. Types of variable pay programs
  - Piece-Rate pay – for compensating production workers with a fixed sum for each unit of production completed; no base salary; not feasible for many jobs
  - Merit-based pay – pay based on performance appraisal ratings
  - Bonuses
  - Skill based pay aka competency based aka knowledge based – bases pay levels on how many skills employees have or how many jobs they can do
  - Profit sharing plans – can be direct cash outlays or
  - Gain sharing – formula based group incentive plan that uses improvements in group productivity from one period to another to determine the total amount of money allocated; tying rewards to productivity gains rather than profits, so employees can receive incentive awards even when company is not profitable
  - Employee stock ownership plans

## Morale

- Attitude of satisfaction with desire to continue in and willingness to strive for the goals of the org; morale is viewed as the capacity of a group to pull together persistently and consistently in pursuit of a common purpose
- Individual morale
  - Group climate must provide opportunity for individual self expression or self accommodation
  - Occupational context must furnish outlets for the individual's pride in his own workmanship
  - Members of the group must find it easy to accept values and purposes of the group as their own
- Group morale
  - Pride in group
- Factors affecting morale
  - The organization itself – to maintain employees morale every org is required to ensure –
    - A proper HR program
    - Survey of employees' attitudes should be undertaken

- Findings of surveys should be communicated to employees to gain their faith
  - Free flow of info to and from and amongst employees
  - A reward system for good work
- Nature of work – tedious, boring and routine work will not contribute to morale building
- Supervisory techniques – to boost up morale, supervisor should be democratic and allow participation of employees in running the departmental affairs; supervisor should be fair and impartial
- Fellow employees' interaction – colleagues' informal assistance, fraternity, cooperation will help new comers in performing their work better
- Evaluation of morale
  - Attitude survey
  - Morale interviews
  - Spies and informers – outdated method
  - Indices of morale
    - Absenteeism
    - Turnover
    - Grievances
    - Output level
- Measures to improve morale
  - Jobs should be made more interesting and satisfying
  - Job training, orientation, education etc
  - Recognition of aspirations and definite provision of means by which such goals can be achieved
  - Study indices on employee unrest
  - Counseling interviews
  - Opportunities
  - Human, informal relations
  - Facilities like transport, health, housing etc
- Motivation vs Morale
  - While motivation is an internal-psychological drive of an individual which urges him to behave in a specific manner, morale is more of a group scenario
  - Higher motivation often leads to higher morale of employees, but high morale does not essentially result in greatly motivated employees as to have a positive attitude towards all factors of work situation may not essentially force the employees to work more efficiently
  - Motivation acquires primary concern in every organization, while morale is a secondary phenomenon because high motivation essentially leads to higher productivity while high morale may not necessarily lead to higher productivity.

## Other theories

- Self theory by Carl Rogers – emphasizes on set of perceptions an individual has of himself and the perceptions of the relationships he has with others and other aspects of life (self-concept)
  - Self image – what individual thinks of self
  - Ideal self – what an individual would like to be; acts as motivation
  - Looking glass self – individual's perception of how others are perceiving his qualities or feeling about him
  - Real self – what others show you wrt your self image
- PAC model in ego states

- Parent – behaviours copied from parents – ‘you should’, ‘under no circumstances’, ‘never forget’, ‘always’ etc
  - Adult – our ability to think and determine action for ourselves based upon here and now
  - Child – in this state, individuals behave, feel and think similarly to how they did as a child
- McKinsey 7S framework – for an org to perform well, these 7 elements need to align and mutually reinforce each other
  - Skills, strategy, structure, shared value, style, staff, systems
- Traditionally, profit maximization used to be the main aim of business and financial mgt. Now wealth maximization is the main aim (maximization of shareholder wealth) aka Net Worth maximization
- Social loafing is a phenomenon of a person exerting less effort to achieve a goal when they work in a group than when they work alone
- Perquisites are perks that come with the employee’s title – they are not considered as earned income. Eg. Club membership, car etc
- Type A and type B personalities
  - Type A : outgoing, ambitious, rigidly organized, highly status-conscious, sensitive, impatient, anxious, proactive, and concerned with time management. People with Type A personalities are often high-achieving "workaholics". They push themselves with deadlines, and hate both delays and ambivalence. People with Type A personalities experience more job-related stress and less job satisfaction
  - Type B : contrast to type A; lower stress levels; typically work steadily, and may enjoy achievement, although they have a greater tendency to disregard physical or mental stress when they do not achieve. When faced with competition, they may focus less on winning or losing than their Type A counterparts, and more on enjoying the game regardless of winning or losing
- Type A, B, C, D personalities
  - A : focus on competition; love to achieve greatness
  - B : more relaxed but can still be highly competitive; procrastinate
  - C : focus on fine details; let other people follow their own path and not assertive
  - D : see world in a negative way; always pessimistic
- Relational returns are non-cash part of compensation package – eg recognition, work satisfaction, learning opportunities etc
- Mgt by Exception looks from deviation from best practices and focuses on core responsibilities
  - examining the financial and operational results of a business, and only bringing issues to the attention of management if results represent substantial differences from the budgeted or expected amount
- Leaders vs managers
  - Leaders create a vision, managers create goals
  - Leaders are change agents, managers maintain status quo
  - Leaders are unique, managers copy
  - Leaders take risk, managers control risk
  - Leaders are in it for a long haul, managers think short-term
  - Leaders grow personally, managers rely on existing, proven skills
  - Leaders build relationships, managers build systems and processes
  - Leaders coach, managers direct
  - Leaders create followers, managers have employees
- Kurt Lewin developed a change model involving 3 steps
  - Unfreezing – goal is to create an awareness of how the status quo is hindering the org in some way
  - Changing
  - Refreezing – reinforcing the change