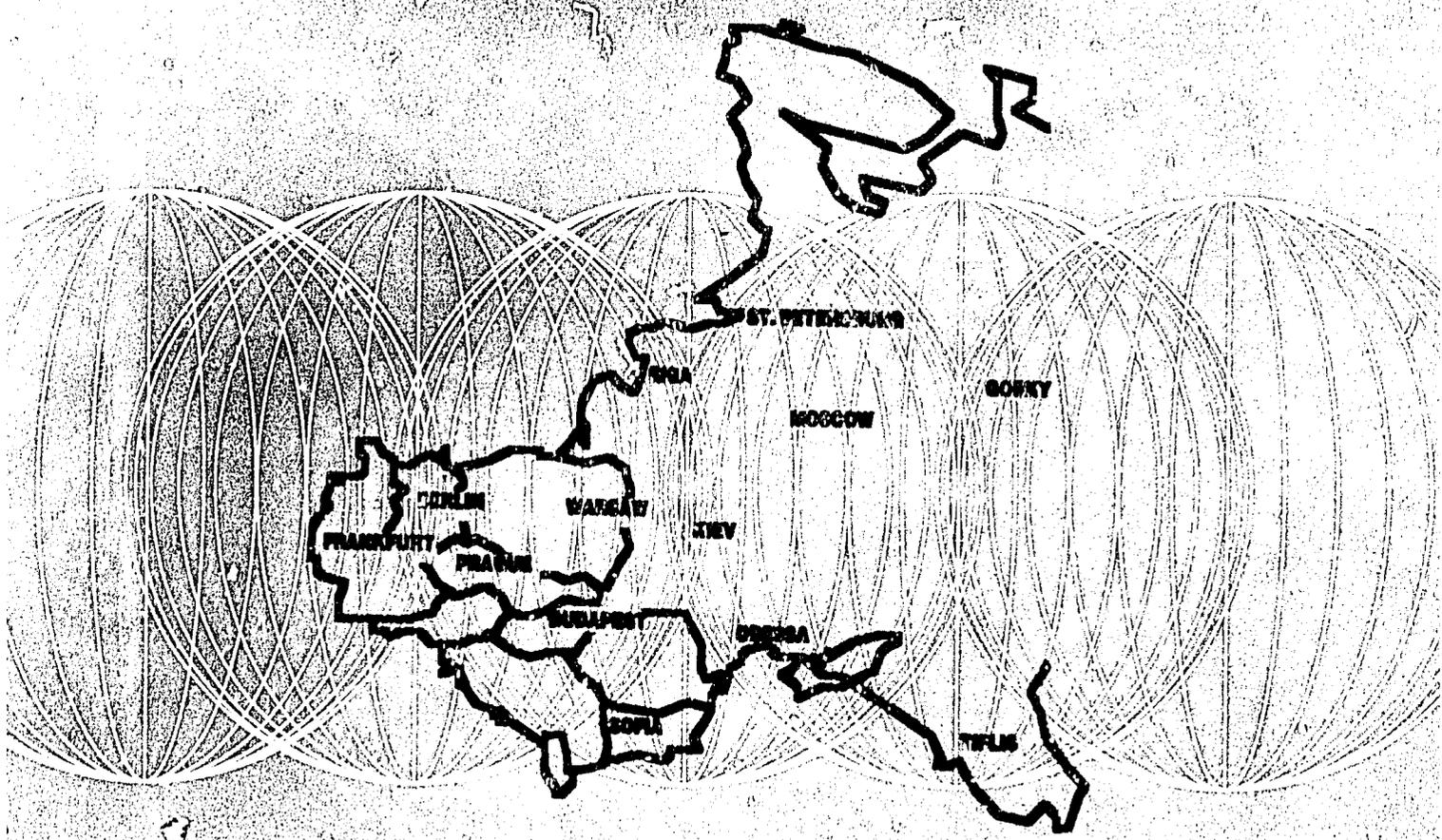
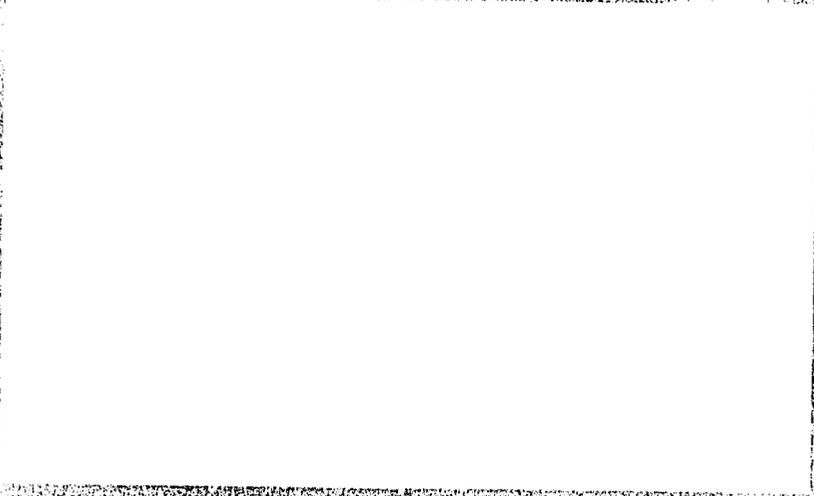


AN INTERNATIONAL ACTIVITIES PROJECT

FROM PLANNING TO MARKETS
FOCUSING IN WESTERN EUROPE



**SHELTER SECTOR REFORM PROJECT
RUSSIAN FEDERATION/CITY OF MOSCOW**

**PRINCIPLES OF MANAGEMENT
TRAINING MATERIALS**

Prepared by

Angus Olson

The Urban Institute
2100 M Street, NW
Washington, DC 20037

Project 6306-01
February 1993

Prepared for

Shelter Sector Reform Project, Russian Federation/City of Moscow
Project 110-0008

U.S. Agency for International Development, PRE/H/NIS
Contract CCS-0008-C-00-2055-00, Task Order No. 1

ABSTRACT

These training materials were developed as part of an AID program of technical assistance to the City of Moscow to reform the municipal housing sector. The goal of this project is to introduce market principles in areas that previously had been the exclusive domain of the state.

The Privatization of Management and Maintenance Pilot Program was designed to demonstrate the feasibility of providing competitive, high-quality private management and maintenance to Moscow's city-owned housing stock.

These training materials were used in a course of ten seminars given to City of Moscow housing staff to introduce them to Western concepts of management. This training was the first step in a process culminating in the development of RFPs and contracts for providing private management to 2,000 city-owned apartments.

TABLE OF CONTENTS

Executive Summary	iii
Unit 1 Evolution of Management	1
Unit 2 Understanding Motivation	6
Unit 3 Perception and Attitudes: Seeing and Believing	12
Unit 4 Group Dynamics: Managing Morale	17
Unit 5 Effective Management: Leaders or Bosses	24
Unit 6 Participation and Productivity: Why, When, and How?	28
Unit 7 Managing Change	33
Unit 8 Management by Objectives: A Process of Management	37
Unit 9 Goal Setting and Feedback	45
Unit 10 Achieving Organizational Effectiveness	52

EXECUTIVE SUMMARY

Unit 1. Systematic identification of those organizational variables which account for or cause problems in communication, motivation, and interdepartmental cooperation and a discussion of the dynamics of a classical organization.

Unit 2. Evaluation of the relationship between needs and productivity and description of how to determine the needs of subordinates and to increase productivity/quality of work by aligning subordinates needs with the needs of the company.

Unit 3. Identification of the causes of conflict which become barriers to productivity in organizations, discussion of management techniques designed to reduce conflict and to foster an open, supportive environment for work.

Unit 4. Utilization of group dynamics to improve the quality of decision making, as well as the acceptance of the decisions made.

Unit 5. Implementation of various management techniques designed to develop mature workers who will be more willing to assume responsibility, and to foster their willingness to participate with organizational goals. Analysis of management and worker needs in light of a contingency management theory.

Unit 6. How to structure participatory management techniques and how to apply them to management situations.

Unit 7. Management of change by using a "force field" analysis to help identify the causes of resistance to change, and to develop strategies to eliminate them.

Unit 8. Development of objectives for management and workers which are time-bounded, measurable, realistic, and specific.

Unit 9. How to structure the tasks of workers so that productivity improves, while at the same time, providing management closer control over worker activities. Use of the proper method of communication for particular situations.

Unit 10. Identification of areas for organizational improvement, development of action plans designed to improve organizational effectiveness, and evaluation of the organizational environment of an organization.

UNIT 1

EVOLUTION OF MANAGEMENT

In this unit, we shall examine the origins of management. You will see that organizing productive activity has been based on principles and assumptions about work and people that are no longer valid today. We shall analyze why this is so, and discuss a more modern and accurate view of people at work.

Upon completion of this unit, you will be able to:

1. Systematically identify those organizational variables which account for or cause problems in communication, motivation, and interdepartmental cooperation.
2. Demonstrate an understanding of the dynamics of a classical organization by completing a test.
3. Assess your own ideas and assumptions about people at work by completing a managerial self-scoring test.



Managing today is not easy. It is more difficult to get things done. There are constant problems of coordination and communication, a lack of dedication and commitment on the part of subordinates, and a host of other considerations.

Management is part of the larger system of civilization, and civilization has changed dramatically in recent times. It is impossible to categorize the social and technical changes that have come about in the last century. For thousands of years, the conditions of our existence remained the same. Since the Industrial Revolution in the 1650s, at an even faster pace, we have seen the invention of the steam engine, the locomotive, the telephone, the automobile, television and computers. Man has travelled into space and even landed on the moon.

Alvin Toffler, in his book *Future Shock*, talks about a "fire storm of change" that has swept through industrialized countries in the last three hundred years. Toffler observes that:

If the last 50,000 years of man's existence were divided into lifetimes of approximately 62 years each, then there have been about 800 such lifetimes. Of these 800, fully 650 were spent in caves.... Only in the last 70 has it been possible to communicate from one lifetime to another—as writing made it possible to do. Only in the last six lifetimes did masses of men ever see a printed work. Only during the last four has it been possible to precisely measure time—only in the last two has

anyone used an electric motor. The overwhelming majority of everything we use in daily life was developed in the present—the 800th lifetime.

Our way of life has changed dramatically, not only in terms of the technologies we use but in the way we earn a living and in the assumptions, values, and perceptions that people bring to their jobs. The modern industrial world is totally different from the agricultural past. People's working lives are spent in environments marked by complex interdependence, where tasks are often broken down into single operations repeated during the workday. Employees often do not see the beginning and end of what they do. Their morale is affected by their work and the technology, the way in which work is designed and done.

The key point of this Unit, and indeed of the whole course, is that we are in the midst of an administrative upheaval caused in great measure by the social and technological changes going on all around us. Problems of communication, coordination, labor unrest, morale, and productivity are symptoms. They tell us more forcefully than anything else that management's assumptions, values, and perceptions must be reexamined. We must design systems to meet the needs of people at work, for ultimately management controls not the employee, but the environment and the systems within which people work.

Evidence indicates that since the beginning of the human race, people have been organized in some fashion. Cave drawings show us that primitive hunting tribes were organized with a chief at the top, who led (or managed) hunting and fishing groups. The building of the pyramids required the management of tens of thousands of workers. The building of the Kremlins and the constant defense of Russia indicate a high degree of organizational ability from the beginning of recorded Russian history.

Classic organizations depended on four elements of management:

1. **Division of Labor.** This involves breaking down the work into small basic tasks so that anyone can do it given the right motivation. In classic organizations, this motivation was often negative.
2. **Span of Control.** It is difficult to manage a very large number of people, so be careful not to have too wide a span of control, or you may lose power.
3. **Scalar Process.** Using the technique of "Managers managing Managers" you may increase your span of control. However, the activities of these subordinate managers must be coordinated.
4. **Structure.** In order for the organization to achieve its goals effectively, the activities must be broken up into two components: direct (or line) activities and support (or staff) activities.

By organizing activities in this fashion, it is possible for one director to organize the work of thousands (and even millions) of people, each doing a small part in a controlled, structured way.

For many years, the **Church** provided the organizational and social structure for much of the world. Society was modeled on three tiers: the church, the lords and the people. Rewards for work during that era were more spiritual in nature than economic.

After the **Renaissance** and development of commerce-centered economies, Western Europe became preeminent. During the **Eighteenth Century**, city-centered economies arose, and wealth was focused on the ownership of property. During the era of the **Industrial Revolution** when "sweat-shop" conditions prevailed, the hypothesis evolved that workers were dull, amoral, uneducated, and lazy.

Management notions about the social ethics and work ethics of man during the Industrial Revolution can best be expressed by **Theory X**. Theory X states that man is principally motivated by economic incentives, and since he is controlled by organizations, man is a passive agent to be manipulated by organizations. Theory X is based on some basic assumptions:

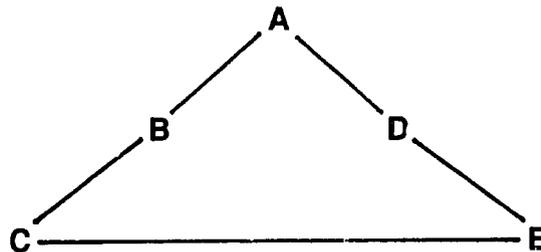
- (1) The average man is lazy and irrational;
- (2) He lacks ambition and dislikes responsibilities;
- (3) He is self-centered and resistant to change; and
- (4) Qualities of intelligence, innovation, and entrepreneurial skills are not evenly distributed throughout the population; instead they are found mainly among the managerial ruling class.

Little changed about the management assumptions of workers until the early twentieth century.

Henri Fayol, a Frenchman who is widely regarded as the father of **modern administrative science**, changed all of that when he advanced the following principles of management:

1. **Authority must equal responsibility.** Anyone issuing orders must accept the responsibility for the consequences; hence authority and responsibility should be consistent and equal.
2. **Unity of command.** Everyone should have only one boss.

3. **Unity of goal.** All activities should focus a total objective.
4. **Gangplanks.** These should be used to cut across the organization to permit interaction between subordinate units. Such as,



C and E should coordinate their activities without going up the chain of command all of the time.

Following on Fayol's work, the **tangible aspects of management** became the focus of this new "science" of management. The motions (or components) of work were studied at length in an effort to increase productivity. The physical environment was also studied, and factors such as the effects of lighting were studied in order to increase worker output. Assembly lines to mass produce consumer products became commonplace during this era of the late 1920s.

Worker satisfaction and productivity would increase up to a certain point when these tangible aspects of management were addressed, but soon a "plateau" was reached beyond which further improvements did not occur.

Douglas McGregor introduced a new theory, called **Theory Y**, which advanced the concept that **intangible management factors** were at work. Theory Y was more precise than Theory X, and took into account the psychology that the worker took with him to the job place. Theory Y is as follows:

1. People are not by nature passive or resistant to organizational needs. In fact, the expenditure of physical and mental effort at work is as natural as play or rest.
2. The capacity to exercise a high degree of creativity and imagination in the solution of organizational problems is distributed widely in the population, not narrowly among a few.
3. The average human being learns under the proper conditions to not only accept responsibility but also to seek it.

The old view of man at work that had been perpetuated over the centuries was finally repudiated!

Another theory regarding the assumptions of the manager was developed. This theory is called the **Self-Fulfilling Prophecy**. This theory holds that a manager's assumptions about workers will lead naturally to the workers assuming that behavior. Hence, if a manager assumes that workers are lazy, the workers will live up to that expectation and become lazy. In the beginning a **false** definition of the situation evoking a new behavior which makes the originally false conception come **true**—the prophecy becomes self-fulfilling.

In this course, we will go beyond Theory Y to examine the impact of your behavior—your way of managing—on your workers. We will not focus on your personality or beliefs but on your methods of organizing and processing work for the people who work for you.

A new self-fulfilling prophecy will surface when management is ready to consider new ways of organizing work—one that assumes that people are conscientious, responsive, bright, and creative.

In this course, we will argue that productivity is a factor depending on the individual, the group, and the environment— **$B = f(I, G, E)$** . To tap and enhance productivity, each factor must be understood and managed accordingly.

In our next two units, we will focus on the first variable—the individual.



REFERENCES

1. Alvin Toffler (1970). *Future Shock*, Random House: New York.
2. J. William Pfeiffer and John E. Jones (1981). "Supervisory Attitudes: The X-Y Scale(Part I and II)," *The Annual Handbook for Group Facilitators*, Human Resources Development Service.

UNIT 2

UNDERSTANDING MOTIVATION

In the next two units, we will deal with the individual—his motivation, perceptions, and the way he looks at the world. Understanding the way motivation works is a start in developing an action plan for improving management effectiveness and achieving higher productivity.

Upon completion of this unit you will be able to:

1. Be able to evaluate the relationship between needs and productivity.
2. Determine the needs of subordinates and to increase productivity/quality of work by aligning subordinates needs with the needs of the company.
3. Use a self-scoring test to determine your own needs.



If work is to be meaningful, it must be satisfying to the individual. Employee behavior and productivity largely depends on how well their needs are being satisfied on the job. The basic problem of management today is how to motivate people to produce a quality product or service.

As a manager, your mission is to maintain an organization that functions effectively. As a manager, you must realize that productive workers will remain productive only as long as their needs are being satisfied.

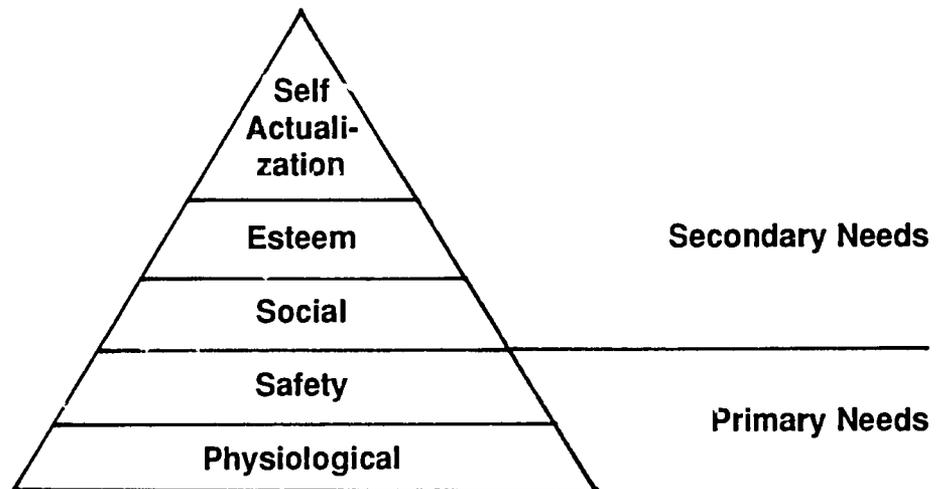
Until the 1940s, motivation was considered to be a factor that was mostly external to the individual—something that one person did to someone else. Motivation was something positive (like a bonus to wages) or something negative (like the threat of being sacked), but it was usually some external force that was applied to the worker.

That concept changed in the early 1940s when Abraham Maslow theorized that motivation was an internal drive that compelled the individual to take a particular type of action. **Maslow's Theory of Motivation** is based on ideas about the very nature of human behavior, as follows:

1. **Human beings are always wanting.** As soon as one of our needs is satisfied, another one will appear in its place! This process of wanting never ends, it continues from birth to death.
2. **Satisfied needs do not motivate or cause behavior.** Only unsatisfied needs can spur us to action! A hungry person can be motivated by food, but food will not motivate a person who is in the second day of a Georgian

banquet. Air will not motivate people until they cannot breathe. Only those needs that have not been satisfied can motivate people.

3. **Human needs** should be thought of in terms of priorities of importance. We have a predetermined order of needs each having its own rank and level of importance to the individual. Maslow has identified five levels of need:



Let us now discuss Primary versus Secondary Needs.

Primary Needs are the most basic of all human needs. Primary Needs are comprised of physiological and safety needs.

Physiological Needs relate to the need to survive. Physiological Needs like air, water, food and sleep must be fulfilled to keep our biological processes functioning. If these needs are not fulfilled, they will take precedence over all other needs in man. If you deprive a person of air for instance, all other needs become unimportant, and all attention will be focused on satisfying the need for air. It has been said that no matter how civilized we may think we are, none of us is more than three days away from being a barbarian if we are deprived of our basic physiological needs.

Once you have enough air, food and water, other basic needs come into play. **Safety Needs**, such as shelter and security, are next in the hierarchy of human needs pursuit. We satisfy our safety needs in various ways:

- We work long hours to achieve economic security;
- We prefer familiar things rather than different or new things;
- We try to live orderly and predictable lives rather lives of uncertainty and chaos.

If you are dependent upon someone else for safety then your feeling of safety may be threatened. Every worker is dependent upon his organization for pay and hence, survival. Please note that decisions of management that are capricious or arbitrary violate one of the strongest and most basic of our needs—the safety need.

Once the primary needs are satisfied, the **Secondary Needs** can become important motivators.

The first secondary need is the **Social Need**—the need to be loved, to belong, to be accepted. When deprived of the social need, most of us feel the deprivation as intensely as a starving man who wants food. Workers will often naturally group to satisfy the social need. Some managers assume that these informal groupings of workers are a threat to the organization and should be broken up, however in doing so they violate a strong human urge—the drive to satisfy the social need.

The next level of secondary need is the **Esteem Need**—the need for achievement, status and recognition. The two types of esteem needs are as follows:

1. The need to have others think highly of you. This type of esteem includes your reputation, respect, status, and recognition.
2. The need for high self-esteem. This type of esteem includes a sense of independence, self-confidence, and knowledge.

Failure to satisfy the human need for prestige and achievement can lead to feelings of inferiority and helplessness. A lack of self-esteem can also lead to feelings of apathy and discouragement. Workers are not innately apathetic to their jobs; rather, it is the worker's inability to meet his self-esteem needs on the job that leads to the apathy.

The third level of secondary need is **Self-Actualization**. Self-actualization is being satisfied with your accomplishments and the achievement of your goals. A self-actualized person feels that he has realized his potential. Self-actualization is highly individualized and may take many forms. For the dancer, it may be dancing at the Bolshoi; for the pilot, it may be becoming a cosmonaut; and for the manager, it may be managing a successful organization. Irregardless of what form self-actualization takes, it is at the top of our needs. It is the way in which we are all heading!

Maslow's Theory of Motivation is a dynamic model. It takes into account the changing goals that we have as we mature. For example, teenagers are motivated by social needs, and they are very subject to peer pressure during that stage of life. As we age, the things that are important to us change, and since the higher needs are almost never completely satisfied, they are a constant source of motivation for us.

The levels of need are not rigidly fixed, and in fact the boundaries between them tend to overlap. Some people never get beyond the primary levels, while others may ignore their lower level needs for the pursuit of higher level ones. The prime example is the struggling artist who is sustained less by the need for food and more by the need to paint.

Some activities may fulfill more than one need. Eating may fulfill several needs—besides satisfying the physiological need for food, it may satisfy the social need (who we eat with), and it may satisfy the self-esteem need (where we eat).

Physiological needs are mostly fulfilled at home with rubles earned on the job. A worker's first need is to earn enough money not only to survive, but to enjoy a certain standard of living, now and in the future. Each individual's standard of living has taken on social as well as security aspects. As a manager, you should realize that jobs are opportunities for fulfilling many of the worker's needs, such as safety, social, esteem, and self-actualization.

Frederick Herzberg, a psychologist, built upon Maslow's work and advanced **The Two-Factor Theory of Motivation and Management**. Herzberg studied factors that lead to either worker satisfaction or dissatisfaction on the job. He found that the factors that produced job satisfaction were distinct from those that produced dissatisfaction.

The dissatisfying variables were found to be related to the **job context** and are called **Health Factors**:

Company Policy

Pay

Working Conditions

Supervision

Benefits

The Health Factors serve only to prevent loss of morale and productivity; they are prerequisites for effective management, but **they are not motivating factors by themselves**. Health Factors may cause bad or good attitudes in workers, but even when they cause good attitudes, **they have no effect on productivity**. Motivation cannot be increased by merely paying people well, or by providing fringe benefits, or attractive work places.

The satisfying variables were found to be related to **job content** and are called **Motivators**:

Achievement

Recognition

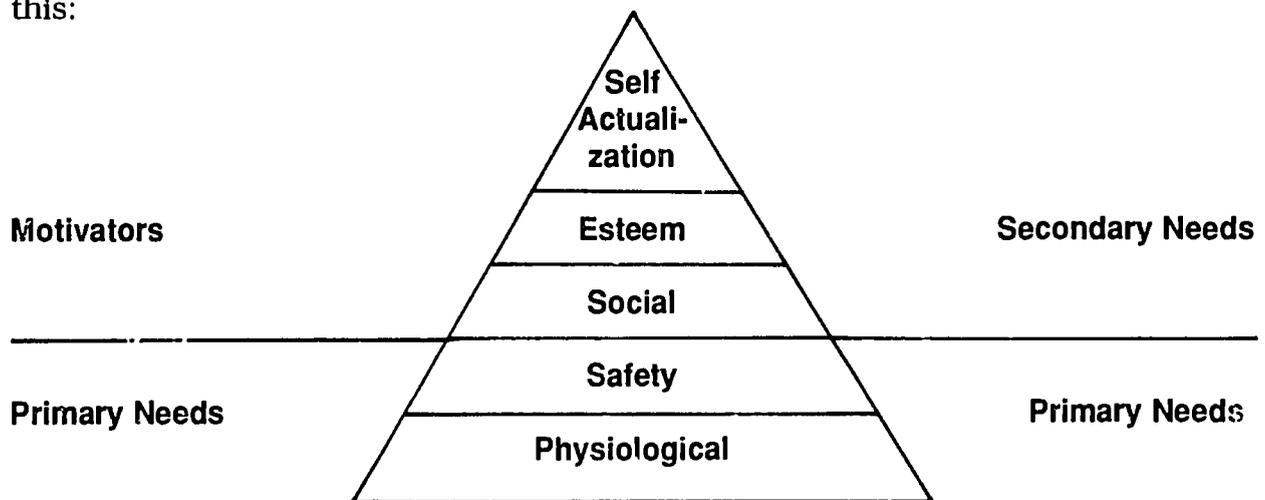
Work Itself

Responsibility

Advancement

The Motivator Factors are the variables that managers should focus on in their efforts to motivate people. Factors that are intrinsic to the job have a greater effect on motivation than those surrounding the work.

Herzberg's Two-Factor Theory may be overlaid on Maslow's Theory of Motivation. The Health Factors are similar to the Primary Needs; they can be satisfied but, after a certain point, they cannot satisfy. The Motivators, on the other hand, obviously relate to the Secondary Needs; these needs are more complex, harder to satisfy, and they must be continually reinforced. The **Hybrid Theory of Motivation** looks like this:



Managers must reconcile themselves to dealing with perpetual worker discontent. Remember that satisfied needs do not motivate, and it is this discontent that may provide managers with their greatest source of worker motivation!

Maslow and Herzberg provide a theoretical basis for analyzing management. The problems of productivity may not be in the workers but in ourselves. Management should not focus on tactics that manipulate workers, instead management should focus on unleashing the potential for work that exists in all of us.

To a great extent, the needs that each of us is trying to satisfy depend upon our background, our perceptions, and our attitudes about life, people, and our world.

UNIT 3

PERCEPTION AND ATTITUDES: SEEING AND BELIEVING

In this unit, we will deal with two factors—perception and attitudes—that make understanding human behavior a difficult task. We will point out that the way organizations are designed and the way work is structured cause problems of perception and coordination. We will also point out that attitudes tend to be fixed and difficult to change. With this in mind, management must focus its concern on behavior and performance.

Upon completion of this unit, you will be able to:

1. Identify the causes of conflict which become barriers to productivity in organizations.
2. Implement management techniques designed to reduce conflict and to foster an open, supportive environment for work.
3. Assess the effect on decision making of your own attitudes and perceptions by participating in a group exercise.



If all human beings were motivated in the same way, the job of management would be very easy. Obviously, we do not all see the world in the same way. **Perception** is what we see. **Attitudes** are what we think about what we see. In this unit, we will look at two views of perception: (1) a **Macro**, or organizationally influenced view; and (2) a **Micro**, or individually influenced view of the perceptual process.

There is a natural order to human behavior at work. Most of us constantly seek to satisfy our self-interest. We all define self-interest in different ways and this causes problems in communication. To a large extent, how we see the world depends on our position and the roles that we play in organizations to which we belong. Managers can easily misjudge the perspective of the individual employee.

Perception is what we experience at any instance. Perception is based on a number of variables, including information received from the five senses (sight, smell, taste, hearing, and touch), memory, emotions, feelings, and needs. What we perceive is not just based on what is happening in the outside world; rather, it is also based to a large extent on what is going on inside us.

Many studies verify that gross differences in perception exist at all levels of an organizational chart. It is almost a universal problem in the workplace. When we break up work into pieces, we create unique and segmented perceptions of the job,

what their superiors expected of them, and superiors do not know what work subordinates were required to perform. In many cases there is simply not enough communication between organizational levels to provide an accurate understanding of the job requirements.

A story of three bricklayers is a case in point. They were asked what they were doing. One replied, "Laying bricks." Another said, "Making a wall." The third said, "Building a cathedral."

In management, it is absolutely necessary to understand the nature of the perceptual process if you are going to be successful. The nature of a classic organization fosters perceptual distortion because division of labor separates individuals and causes them to see only a segment of the total organization. If not controlled, perceptual distortion can result in a decrease in communication and coordination; it can create negative attitudes about individuals within the organization, and hence, create a self-fulfilling prophecy.

Psychological Advantage is a theory that states that all of us constantly seek to serve our own best self-interest. Psychological advantage is a product of how an individual perceives his environment and his ability to affect it. Psychological advantage is a very subjective and private thing.

Referring back to our model $B = f(I, G, E)$, we see that when members of an organization think of their own advantage differently from the way management expects them to, management may inadvertently block the process by which individuals seek to satisfy their needs and interests. Conflict and tension—and ultimately, low productivity—will occur.

The human being is a complex set of sensory receivers gathering information. At any particular moment, our attention is focused on a particular object or event to the exclusion of other objects or events. Were it not for this ability to sort out certain signals from the huge amount of information bombarding us from all sides, our worlds would be chaotic. Selective perception allows us to concentrate.

There are a tremendous number of distractions available to us at work, and we must be selective in what to focus on, on what is the most important. As managers, we must keep in mind that **Selective Perception** includes what promises to satisfy needs and ignores those things that are disturbing. In your efforts to change the behavior of people, you must understand two important facts: people's behavior is determined largely by their perceptions of the environment, and therefore, it is critical that we try to understand the perceptual world of your employees.

Another type of distorted perception is called **Stereotyping**. It is a term most commonly used in describing judgments about people based on their ethnic type or

occupation. For example, many people consider miners to be industrious and "kooperators" in kiosks to be untrustworthy. In conditions of uncertainty, or when we must make quick judgments about another person, we resort to stereotyping. The problem is that even widely held stereotypes are not necessarily remotely true.

As individuals grow, their knowledge and feelings become organized into lasting systems called **Attitudes**. An attitude can be broken down into **three components**:

1. The **Cognitive Component** represents the beliefs that a person may have about a particular person, place, or thing. For example, your attitude about Novosibirsk may be based on firsthand information about the city's climate and demographics.
2. The **Feeling Component** refers to the emotions connected with the information. Not only do you know something about Novosibirsk, but based on what you know, you may dislike it. This emotional component gives attitudes an insistent, stirred up, and motivating character.
3. The **Action Tendency Component** refers to behavior associated with an attitude. If we feel negative toward something, we are inclined to harm, punish, inhibit, or destroy it. If we have a positive attitude about something, we may be disposed to help, reward, or support it.

An **Opinion** is what a person believes to be factually true. It may be an opinion that Novosibirsk has a pleasant climate in the wintertime. Such opinions are generally unemotional. Many of our opinions can be changed by good clear evidence to the contrary. An opinion that contains an evaluative and emotional component is an attitude. Compared to opinions, attitudes are extremely difficult to change.

Over the years, one forms a **Cognitive Map** against which new pieces of information are tested and either accepted or rejected. Most of us do not like new information that threatens the balance of our attitude system. We strive to keep our beliefs consistent with one another. Holding two beliefs that are inconsistent with one another creates a state of tension called Cognitive Dissonance. This tension is uncomfortable, and people will go to great lengths to reduce or eliminate it. **The Theory of Cognitive Dissonance** states that an individual will change one or both beliefs in such a way as to make them more compatible with each other, or will add new beliefs that help to bridge the gaps between the two inconsistent ones. The theory does not depict people as rational; rather it depicts people as rationalizing beings, motivated not so much to *be* right as to *believe* that they are right (and wise, and decent, and good).

Most people have experienced cognitive dissonance at one time or another in their lives. Many people have experienced it after making a large (and expensive) purchase

or after making a very important (and crucial) decision. For example, you may have saved for a long time to buy a new and expensive winter coat. You have wanted this coat for a long time, and once you saved the money, you were very excited to shop for and buy just the coat you were looking for. However, once you returned home with your new coat, you may have had feelings of tension (or even remorse) about your purchase—Was it too expensive? Was it the right color? Should you have spent the money on something else? This tension is termed "**Post-Decision Dissonance.**"

Cognitive dissonance is strongest when dissonance comes about because a person's behavior violates his self-concept. If you think of yourself as intelligent and you do something stupid, if you think yourself moral and you do something immoral, if you think of yourself as kind and you do something unkind—these are the situations where dissonance makes its strongest statement.

This is a vital concept for managers to understand, for it explains a wide variety of seemingly illogical behaviors. For example, two young workers sitting on crates in the warehouse having a cigarette rather than manning their machines on the floor, do not see themselves as lazy; rather they rationalize their behavior by thinking that the factory is exploiting them.

Since many of the management techniques that we shall discuss in our course deal with giving people responsibility and decision-making power, it is important to recognize that this also provides the opportunity to fail. If individuals spend all of their time protecting their egos through an elaborate process of rationalization, they will never grow. In order to grow, we must learn from our mistakes. If a person is intent on reducing his own dissonance, he will not admit to having made mistakes; instead he will ignore them or rationalize them into virtues.

Workers can profit from their mistakes under certain conditions:

- Through an understanding of our own defensiveness and dissonance-reducing tendencies;
- Through an understanding that performing an incorrect or stupid act does not mean that we are permanently stupid;
- Through development of enough ego strength to tolerate errors in ourselves and others; and
- Through increasing our ability to recognize the merit of admitting our mistakes.

Whether or not a worker is able to learn from his mistakes depends to a very great extent on his relationship with his superiors. That relationship must provide

feedback, openness, structure, and support. By developing that kind of relationship, management can reduce the tendency of human beings to rationalize their own mistakes and blame their own failures on their subordinates or superiors.

Through understanding cognitive dissonance and the nature of man as a rationalizing being, we can begin to learn about ourselves and our workers. We have seen how needs govern perceptions. In addition, we have that, when faced with inconsistencies, we have a tendency to delude ourselves. Insight into individual behavior is critical for an appreciation of our general model, $B = f(I, G, E)$. In our next unit, we shall combine what we have learned about the nature of the individual (I) with the role of the group (G) in shaping individual attitudes, and we shall see why the group may be the key to unleashing maximum individual motivation and involvement.

UNIT 4

GROUP DYNAMICS: MANAGING MORALE

In this unit, we shall explore the dynamics of how groups function and the role of the informal group in organizations. We shall discover that groups perform many valuable functions for their members. Groups are one of the most valuable tools for increasing productivity, if they are managed properly.

Upon completion of this unit, you will be able to:

1. Utilize group dynamics to improve the quality of your decision making, as well as the acceptance of the decisions you make.
2. Demonstrate an understanding of group dynamics by completing a self-scoring test.
3. Analyze the impact of group dynamics on decision making by participating in a small group exercise.



In this unit, we will study the second major influence on productivity—the group. **The group is one of the most powerful forces that you can use as a manager to improve productivity and to lower costs.** The group can also be a source of frustration and can play a major role in reducing productivity.

As we discovered in Unit 2, we all share what Maslow calls the social need. Social needs are fulfilled by groups; groups satisfy our need for status, love, affiliation, and power. We need other people with which to share ideas, to test reality, and to provide security (safety in numbers is a true expression). Workers usually are members of groups, either formally designated by the organization or informally derived. Group membership shapes our attitudes regarding ourselves, the organization, and the job. The influence of the group is sometimes more powerful than the influence of management. To increase productivity, we must take advantage of the power in groups.

Groups have the following characteristics:

1. A group has a definable membership of two or more individuals.
2. Members of a group share a sense of group awareness, identity, or psychological consciousness of each other.
3. Members of a group share common goals or ideals; there is a purpose for being together.

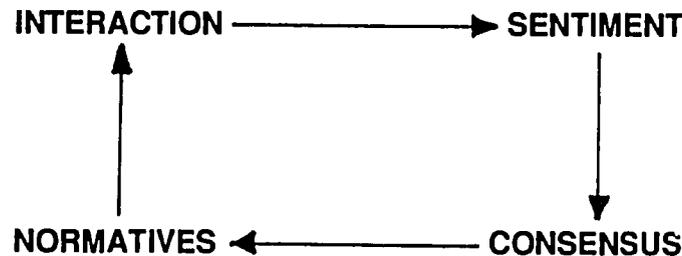
These characteristics distinguish a mere gathering of people from true groups. Let us take the example of some people standing on a corner. They might be waiting for the same trolley bus, but no one is quite certain that the others are there for the same purpose. It suddenly starts to rain, and the people stand there longer and longer. A trolley bus finally approaches, and everyone edges to the curb. However the trolley bus speeds by and does not stop, splashing everyone as it rolls through a large puddle close to the curb. Some critical events then occur in a rapid fashion:

1. **Immediate Interaction.** The people turn to each other, cursing the bus driver, the rain, their wet clothes, and the general fate of working people who must depend upon the trolley bus.
2. **Psychological Awareness.** The previously isolated people on the corner are now suddenly aware of each other.
3. **Perception of a Common Goal.** It is now apparent to the people that they are all waiting for the same trolley bus, that they are all trying to get to work, that they all are afraid of being late for work, that now (more than ever) they all want to get to work right away.

Groups do not form randomly. Certain kinds of behavior must take place to produce a group:

1. **Interaction.** Groups are limited in size by the extent to which the members interact. Even a small number of people does not automatically become a group. They must first talk to each other or otherwise interact.
2. **Sentiment.** In order for a group to form, the members must like or feel good about one another. If sentiments are positive, interaction will continue; if sentiments are negative, then interaction will cease.
3. **Consensus.** In order for a group to form, there must be agreement.
4. **Normatives.** Group formation also depends upon a process of regulation. These regulations or normatives may be implicit or explicit in expression. Normatives are the rules that allow the group to continue to interact in a predictable way; they make the group a fairly stable operation.

From these behaviors, we may create "**A Model of Group Dynamics.**" Interaction resulting from positive sentiment leads to further interaction, resulting in a consensus on various aspects of behavior. Whether in matters of conduct, dress, speaking patterns, values, or whatever, a group will form a consensus on certain rules or codes that will exist for the life of the group. The consensus then becomes the normative.



Failure to adhere to group norms can have extreme consequences for the group member. The power of the group is largely derived from its ability to reward with acceptance those who follow its norms and to discipline those who go astray. Just as the formal organization can sack an erring member, the ultimate punishment of an informal work group is ostracism. Workers that violate the group norms may find that none of their colleagues will talk to them, eat with them, or acknowledge their presence—sometimes for weeks or months on end!

Interaction not only creates consensus, sentiment, and norms; it results in the emergence of certain roles for the members of the group. These roles help fulfill individual needs through the collective activities of the group.

Groups usually divide into Leaders and Followers. We will discuss leadership at great length in Unit 5, but we should note two **types of leadership** here.

Although one person may be designated the formal leader of a group, there are informal leaders who often dominate the activities of the group. **One type of leader performs a "Task Function."** This type of leader propels the group towards its goals by initiating (suggesting new ideas), information seeking (asking for relevant facts), information giving (providing relevant facts), opinion giving (stating strong personal beliefs), clarifying (probing for meaning or understanding), summarizing (reviewing the content of a discussion).

Another type of leader performs the "Social Function." This type of leader performs such functions as encouraging (being warm, friendly, responsive), mediating (harmonizing, resolving conflicts), gatekeeping (making it possible for other members to make a contribution), standard setting (expressing the group standards for moral and ethical conduct), relieving tension (making jokes to overcome hostility or negative feelings).

Both the Task and the Social functions **must** be performed in groups. Both the Task and the Social functions may be performed by the formally designated leader. However, **if the formal supervisor does not perform them, then the informal leader will**, and the ability of the boss to influence the group will be diminished.

Once a group has been established, it develops a life of its own that is almost completely separate from the work from which it arose. This is a dynamic, self-generating process. The group becomes more than just a collection of people—it may take on activities that are not specified on any organizational chart or in any job description. It develops a customary way of doing things—a set of stable characteristics that become very difficult to change. In short, it becomes an organization itself!

There are Four Disadvantages of the Informal Working Group:

1. **Resistance to Change.** The group tends to become overly protective of its life style and to stand like a rock in the face of change. What had been good in the past, shall be good enough for the future! If restriction of autocratic (Theory X) style of management, it will be style of management. Although informal organizations are not bound by any charts on the walls, they are bound by their own customs and culture.
2. **Role Conflict.** Although groups may provide social satisfaction for members, they may also lead members away from organizational objectives. Breaks may be desirable, but if workers spend an extra twenty minutes socializing in the morning, productivity may be reduced to the detriment of the organization and the public. What happens is role conflict. Workers want to meet the requirements of both the informal group and formal organization, but often these requirements are in conflict. Much of this conflict can be avoided if the organization cultivates the mutual interest of informal groups. The more the interest, goals, methods, and evaluation systems of formal and informal organizations can be integrated, the more productivity and satisfaction can be expected.
3. **Rumor.** Informal groups deal in informal communication and this leads to the spreading of rumors.
4. **Strong Pressures Toward Conformity.** Informal group requirements call for a uniform life style. There are rewards and punishments that a group utilizes to encourage people to conform to its normatives.

There are benefits of the informal work group. The most important benefit of the informal work group is that it blends with the formal organization to get the work done. Formal plans can not meet every demand in a changing business situation.

Some demands may be better met by informal relationships, which may be more flexible and spontaneous. Informal groups can also provide a safety valve for employees' frustrations and emotional problems. They may also encourage management to plan and act more carefully than they may otherwise. Managers who understand the workings of informal work groups introduce changes only after careful planning.

Even if management wanted to, it could never destroy informal work groups. **Management must learn to work with informal groups and to have some degree of influence upon them.** Management may do so if:

1. It accepts and understands the dynamics of work groups.
2. It considers the effects on the informal system when it takes actions.
3. It integrates as much as possible the interests of informal groups with the formal organization.
4. It tries to keep formal activities from threatening the formal organization.

Informal systems must remain secondary to formal ones or long-term organizational objectives may be lost in a quagmire of small group interests. When the formal system is too weak to get the job done, the informal system will grow stronger in order to fill the void. If management is weak, it is unable to correct deviant tendencies. If management tries to be autocratic in suppressing informal work groups, the work groups may gain strength in order to protect the group and improve the work situation. The two opposing forces generate conflict. The result will be minimum productivity and negative side effects. The best combination of formal and informal organizations will allow the informal group to be strong enough to support the formal group, but not strong enough to dominate it.

The design of classic management separates not only technologies but people, and fosters informal groups in each division of the formal organization. Whenever people are forced into competition, they tend to retreat into clusters of groups. Negative stereotypes toward other work groups develop, and intellectual distortion occurs. Communication virtually dries up! When work groups clash, it is called **Intergroup Conflict**. Competition for scarce resources is generally agreed to be a major factor in initiating and perpetuating intergroup conflict. Scarce resources can mean other things besides scarce materials; it also can mean scarce opportunities for promotion, recognition, or attention from the supervisor.

Management can use the following strategies to reduce intergroup conflict:

1. **Awareness of Intergroup Dynamics.** Just understanding that groups tend to compete will not overcome the problems of intergroup conflict. This course is designed to be a mechanism to help reduce interdepartmental conflict.
2. **Recognition of a Common Enemy.** Competition is part of human nature. However promoting competition between work groups can be disastrous! Research indicates that intergroup hostility can be reduced when a common enemy is introduced.
3. **Foster Group Problem Solving.** Highly productive organizations typically adopt group methods of management. Experience has shown that the best worker satisfaction occurs when a need for a sense of personal worth is used to create strong motivational forces to *cooperate* rather than compete with one's peers and colleagues.

The most important aspect of group dynamics is the concept of **Morale**. Morale depends mainly on the group's freedom to interact. Morale is a by-product of the group formation process itself. Morale is not contentment, not happiness, but the motivation to get something done. The relationship between morale and productivity is uncertain. Research and experience do not show a direct relationship between contentment and productivity.

Two aspects of the group phenomenon are linked to productivity: **the group's will to produce** and **the group's capacity to produce**. Research has shown that, under stable conditions, most groups establish a work normative—some conception of what is an appropriate day's work for the group as a whole and for each of the component tasks. Unfortunately, a group often has compelling reasons for restricting output. Some reasons for limiting work are as follows:

- Dislike for the work itself;
- Dislike of the formal leader, the organization as a whole, or its goals;
- The fear that if work output is high, jobs will be lost;
- The desire to protect slower group members;
- A general feeling that workers must protect themselves from inevitable attempts by management to exploit them.

In some cases, a group may have a high motivation to produce but may still be unproductive. Motivation alone is not enough; there must also be skill, communication, and coordination. Workers must be able to communicate with each

other and to predict to some extent each other's behavior. Each should be aware of the others' special skills, weaknesses, and ways of doing things. Stability is necessary for group effectiveness.

Organizations cannot function without **superordinate goals**, when intergroup conflict and failure to coordinate are major detractors to organizational effectiveness. Top managers assume that they know the objectives and goals toward which they are working; but frequently they list different goals. **Management By Objectives** is a program that attempts to identify the superordinate objectives and the objectives of each group that functions to achieve them. When everybody works to achieve a set of his own, his group's, and his organization's objectives, the information level of all workers is systematically raised and perceptual distortion and communication problems are reduced. Groups must have goals that link with the goals of the organization. If such a relationship exists between groups and organizations, increased productivity will result.

Management must control the dynamics of the work group through active involvement in the "task" and "social" functions of leadership. Management must also create an atmosphere of leadership that fosters the willingness to produce.

77

UNIT 5

EFFECTIVE MANAGEMENT: LEADERS OR BOSSES

Upon completion of this unit, you will be able to:

1. Implement various management techniques designed to develop mature workers who will be more willing to assume responsibility, and to foster their willingness to participate with organizational goals.
2. Classify your management style by completing a self-scoring inventory.
3. Analyze your needs and those of your workers in light of a contingency management theory.
4. Feel and observe the impact of different management styles by participating in a role playing exercise.



Workers are not the only ones with unique needs and perceptions. You, the boss, have special needs, too. Your perception of the work place is shaped by those needs. The way **you** manage people, the way **you** communicate up and down the organizational chart, the attitudes that **you** have about workers affect your managerial effectiveness. Your leadership style can work for or against promoting productivity. In this unit, we shall discuss the way managers behave.

Leadership is the process of influencing an organized group in its efforts toward goal setting and goal achievement. As all groups tend to have to have informal leaders, the ability to influence groups is not the sole domain of the boss. Informal leadership is much different from formal leadership. The **formal leader** is followed because he or she has the official title and has the power to reward or punish. The **informal leader**, however, has no official power and followed primarily because he or she satisfies the particular needs of the group at a particular moment. The informal leader usually has characteristics (psychological or physical) that the group recognizes as being important to fulfilling their objectives. The informal leader is usually allowed by the group to initiate action, gain consensus, and communicate with the outside world.

Formal leaders often start out as informal leaders, however, informal leaders do not always make the best formal managers. Many informal leaders fail as formal ones because they fear responsibility, something that they did not have as informal leaders. As informal leaders, they often criticized management; but as formal leaders they may become conservative and afraid to make mistakes. Leadership is really a contract between an individual and the group. It is interactive between the leader and the group and is in a continuous state of renegotiation.

In our course, we shall focus on "**Boss Power**" rather than "Leader Power." Boss Power is the power to get things done. In order to be effective, the boss must be able to answer the complex demands of the group and the individuals within it. This requires an understanding of the basis of power from which a boss operates. **The following powers form the basis of Boss Power:**

1. **Reward Power.** Most bosses control rewards, and the source of the bosses's power is that workers understand this. Workers are motivated by the desire to satisfy needs. The power of a manager to offer such satisfaction is an effective means of influencing worker behavior. Rewards should not always be thought of as monetary. Rewards may take many forms, such as praise (particularly in front of a worker's peers) or reinforcement of a worker's position in the organization (this can satisfy security needs).
2. **Coercive Power.** If a boss can reward a worker by satisfying needs, it also follows that withholding that satisfaction is also a source of power. Use of reward is positive leadership, use of coercive power is negative leadership. The stronger the penalty, the more negative the leadership. As managers, we use both types of power every day. Whichever type you use the most will set the tone for the work group. Negative leadership may get acceptable results in some cases, but it also creates consequences. For instance, workers may spend large amounts of time protecting themselves from blame; workers may keep excessive documentation of even trivial decisions, keep unnecessary files, or write useless memos to justify their positions. Quite clearly, coercive power instills fear in workers.
3. **Referent Power.** Referent power causes a person to wish to be like another person. Some workers may strive not only for the boss's position, but also to be like (or act like) their boss. As a result, the boss's views are studied along with his or her mannerisms, clothes, skills, and other habits. A boss's style may exercise a strong influence on the thoughts and actions of workers; usually the leader or the workers or both are aware of the boss's style and the influence it has on the group.
4. **Expert Power.** A manager who has risen through the organizational ranks or who possesses recognized credentials can influence workers because of this expertise. This is the one area where a leader's skill, technical competence, and knowledge can contribute to his effectiveness. Because knowledge is a respected trait, expert power is related to referent power.
5. **Legitimate Power.** Most of us have cultural norms relating to the place of authority in our society as a whole. Legitimate power is based on the individual's sense of obligation to follow the rightful orders of

acknowledged leaders. After working in an organization for a period of time, a person becomes accustomed to being directed by those people that occupy certain formal or informal positions. Therefore a worker will accept directives from a supervisor, as well a limited range of directives from certain specialists. None of these directives would normally force a clarification of legal authority, unless the worker believed that the directives exceeded the limits of the leader-follower relationship.

Managers may fail to control group behavior despite the powers bestowed upon them, because they are competing for influence with the group's informal leaders, the group itself, and other external factors. Managers' control of group activities may be seen as a condition of balance—a balancing of their changing powers with those of competing influences from the informal as well as the formal organization. Many managers exercise little or no leadership, and frequently informal leaders are the actual influencers of thought and action. In this course, our goal is to restore the responsibility for influencing the activities of work groups to the formally designated managers of those groups.

We should think of the behavior available to the boss as a continuum ranging from the "Autocratic Style" in one extreme, to the "Laissez-Faire (or "Hands-Off") Style" in the other extreme. The point that a manager occupies on the continuum depends on a combination of factors in him or herself, factors in the group, and factors in the situation at the moment. Over time, a manager will develop a certain style of decision making, a pattern with its own pros and cons. We will now examine two classic managerial styles in more detail.

The "**Autocratic Manager Style**" structures the *complete* work situation for the workers. For example, a worker may receive a directive to proceed with a certain job; the directive, however, goes beyond merely outlining the goal of the job, specifying in minute detail how the job is to be accomplished. This is the autocratic manager style, and his or her workers will usually do *only* what they are told to do. This type of boss takes full responsibility for *all* activities in the work place. If something goes wrong, the workers are relieved of all the anxiety of failure; they also never learn from their mistakes. If something goes well, the workers are denied the satisfaction of taking credit for a job well done. Frustration, conflict, and low morale develop readily in autocratic situations. Workers may feel that they are producing only because they are required to, not because they are motivated to do so. They tend to work at half speed because their creativity and drives are not being utilized. Workers in these situations tend to organize themselves into cliques; groups will form to resist the autocratic manager's attitude that if there is going to be any production at all, workers will have to be watched very closely. Autocratic managers are often weak, since they hide behind their facade of authority and are unable to deal with workers on an interpersonal level.

The "**Laissez-Faire (or "Hands-Off") Manager Style**" is one that tries to avoid being the boss. This style of management depends on the work group to establish goals and to work their own problems. Laissez-Faire managers fail to provide structure to the group. The workers tend to feel lost and will probably bypass the manager, seeking structure and direction from some other source. Usually, this type of manager takes a patronizing attitude that most workers resent.

In this course, we propose that the best management style will lie somewhere between the two extremes that were just discussed. The leader must recognize that his or her effectiveness depends on the fit between the relationship of the manager and the work group, the nature of the work task, and the power of the leader's position. This is called "**The Contingency Manager Style.**"

Effective management takes into consideration the tasks involved and stresses a proper fit between the two. Strong evidence indicates that higher productivity is reached by bosses who hold more concern for the workers than for production.

Contingency management tailors the management style to the work situation; it is fluid and flexible in its approach, adopting the optimum management style to the ever-changing needs of the work group, while never losing sight of the organization's superordinate goals. In situations of managing change, seeking to gain consensus, attempting to improve the operation of existing systems, and above all, when the manager does not know the best choice to make, **Participative Management** is widely considered to be the most effective style. However, in times of stress or when a quick decision is required, when objectives are clearly understood and operations are standardized, more autocratic approaches to management are effective. The selective use of participatory techniques will over time develop a history of good-will and commitment that can appease workers whenever more autocratic approaches are appropriate.

Effective managers realize that workers can not always participate in decision making; it is up to the manager to decide when and to what extent it is possible to do so. Styles of management are related to the degree of authority used by the boss and the amount of freedom granted to workers in reaching decisions. At one extreme, the manager may exercise total control in the decision making process; at another almost none. Between the two extremes are styles with varying degrees of freedom and authority. The amount of participation will depend on the traits of the manager, the workers, and the work situation. As problems arise, the manager should decide whether workers are permitted more or less freedom in making decisions related to those problems. Allowing workers to participate in the decision-making process fosters involvement in the work and a sense of responsibility for it, and establishes a cushion for the use of an autocratic style when that approach is necessary. The underlying rationale for a participatory management style rests upon the idea that leaders can permit workers to satisfy higher level needs on the job.

UNIT 6

PARTICIPATION AND PRODUCTIVITY: WHY, WHEN, AND HOW?

In this unit, we will study the process of participative management. We shall explain what it is, and we shall show that the selective use of participative management can have considerable impact on productivity.

Upon completion of this unit, you will be able to:

1. Learn how to structure your own participatory management techniques and how to apply them to your own management situations.
2. Evaluate the effects of participatory techniques by participating in an exercise.



In general, anytime you allow workers to influence the design of systems that affect them, you are being a participative manager. Permitting them to influence implies that you control the process. As you are ultimately responsible for your operations, the process of allowing workers to influence decisions should be used selectively; participatory management is not something that you should permit for all decisions regarding all of management operations. It is important to remember that participatory management is **not** management by democracy. You should also remember that there is **no one** form of participatory management. We propose that the participatory style is the best compromise between autocracy on the one extreme and the benign neglect of laissez-faire management on the other.

As a manager, you must carefully define your role as the boss, and you must identify the kinds of activities that should be carried out by the workers. It is critical that the workers understand that it is your role to manage, and that it is the workers' role to do the job that is expected of them. However, you should realize that no manager can successfully manage a group without being willing to rely upon it.

Some managers promoted from the ranks make the mistake of personally handling tasks that are really the responsibility of the workers. You should avoid this trap! By understanding the use of legitimate power, managers can delegate responsibilities. By understanding the use of reward power, managers can motivate workers to accept responsibilities and to successfully complete assigned tasks.

As a manager, you should also remember that workers respond to leadership based on real attitudes towards workers, and they do not respond to transparent human relations tactics or gimmicks. Try to be yourself as a manager and to build your participatory techniques on your natural style.

A participatory climate is created through the delegation process. **Delegation refers to the process of giving workers the authority to do their jobs.** Organizations could not exist without delegation of authority, because you as the manager simply cannot do all of the work. One form of delegating is to use the participatory management approach. One word of caution, however; as a manager, you cannot delegate everything! The functions you must **never** delegate are: planning, organizing, motivating, communicating, and controlling. To relinquish authority in these areas would be to relinquish your role as a manager.

Unfortunately, it is a common practice to delegate as little authority as possible. There is a natural tendency for managers to resist delegating authority; we are often afraid that workers will fail if they are left to their own devices. Often the amount of authority delegated is not enough for the worker to accomplish a task effectively. The risk of delegating is inherent in any manager's job. However, a manager that is unwilling to delegate is unworthy of being a manager. If a manager is capable of doing all of the work himself, then there is no need for the workers. A manager must be willing to delegate in order to get the job done. Whether or not workers are able to handle delegated authority depends on the way they are managed and the extent to which they have been trained by managers. Participative techniques prepare workers for handling increased amounts of delegated authority.

Managers who use participatory management sometimes ask the question, "If I share authority with my workers, won't I lose some of my own authority?" What these managers overlooked was that the final decision rests with the boss; as the boss, you are the only one with the legitimate power to make decisions. When you use participatory techniques, you are sharing operating and planning responsibilities with those who actually perform the work. Participation is the glue that holds together individuals, groups, and the work environment—the result is high productivity. The goal of participatory management is to get workers to say "we" rather than "they" when referring to the organization; it is to have workers view problems as "ours" rather than "theirs." The result is that the entire organization shares a sense of involvement with the goals and objectives of both the whole and the component parts.

As a manager, you may not believe that your workers want responsibility. Participation, however, encourages workers to accept responsibility for their own actions. Each worker is allowed to see how their job can meet his or her own psychological needs. This is ego involvement, not just task involvement. Participation motivates workers to contribute, to release their own ideas and creativity towards the objectives of the organization.

The manager that uses participatory management is interested mainly in results, and he or she permits the workers to decide on the process themselves. The manager sets goals, tells the workers what they are expected to accomplish, fixes the limits

within which they can work, and in cases where the workers are adequately trained, lets them decide how to achieve those goals. Instead of issuing orders, the participatory manager is more likely to communicate helpful information or make suggestions. He or she explains why things should be done and points out how the worker's contribution fits into the organizational plan. Each worker is given the maximum amount of freedom that he or she can handle, consistent with the goals of the organization.

There are some situations where participatory management is not appropriate. There are certain **Prerequisites For Participation**:

1. There must be **sufficient time** for participation prior to action. In an emergency, participative problem is far less appropriate than instant, autocratic action.
2. The **cost** of the participation should not exceed the value of the outcome. There is a difference between participating in the decision to design a new rocket and the decision to order more pencils for the storeroom. Workers should not spend their time participating in the decision making process to the exclusion of their other duties.
3. The subject must be **relevant** to the worker, otherwise it will be misconstrued as busywork. Janitors should not participate in the decision to design a new rocket.
4. The worker must have the **ability**—the knowledge and intelligence --to participate in the decision.
5. The workers must be able to **communicate** with each other.
6. No party to the decision should feel that their position is threatened by participation.
7. Participation for deciding the course of action for the organization can take place only within the group's area of responsibility. No group may violate overall organizational policy or legal requirements.

There are **Guidelines For Successful Group Decision Making**:

1. **Suggest participation only when the group's acceptance of the solution to a problem is at least as important as the quality of the decision.** Such questions as vacation schedules and snack breaks are of little concern to management so long as the work is done. Any vacation schedule will displease someone, since conflicts are inevitable;

consequently, the manager who passes the task on to the group also passes on the problem of resolving conflicts. Because the group is left with the responsibility for drawing up the schedule, the results are more likely to be accepted by all of the members involved.

2. **Clear limits must be set on the area of discussion.** Certain aspects of any topic are reserved for management alone. Setting a budget ceiling for an activity and then allowing workers to design the activities within that ceiling is very different from asking workers how much that activity should cost.
3. **Make your intentions as clear as possible.** Are you asking the group for suggestions on how to solve the problem, or are you asking them to solve the problem for you? Both approaches are valuable, but a manager runs the risk of unfulfilled expectations if he or she does not make clear at the outset what is wanted. If the group comes up with a solution to the problem, thinking that this was their assignment, and you as manager thank them for their suggestion and reject it, they will be frustrated and quite possibly refuse to go through the process again.
4. **Be careful about prematurely defining the problem,** since you might confuse the cause of the problem and its solution. You may call a meeting about the problem of getting bills out on time. After much discussion, a worker may mention that there has been chronic absenteeism among key personnel. Explore the causes of absenteeism in the group and find solutions to the problem if its underlying causes are controllable (dissatisfaction with organization, for example). The solutions may take forms that a manager might not have envisioned when first confronting the original problem. What he or she actually confronted was a symptom, the result of a far different and more complex problem.

Group decision-making processes serve to channel energy into cooperation with, rather than competition with, management. There are some things you can do to foster cohesive work groups:

1. **Be careful in assigning workers** to groups to avoid creating problems—keep enemies apart.
2. **Put friends together.** This may result in more talking on the job, but more work will get done in the process.
3. **Provide special attention to workers who make no friends.** Using informal leaders to integrate these workers into groups can do much to improve their performance and keep them from quitting.

4. **Avoid fostering competing groups** by placing together individuals performing similar kinds of tasks or who are from similar backgrounds. Competition is often seen as a healthy thing, but competition among groups in an organization may lead to tactical warfare between the groups creating lower productivity.

Limitations or disadvantages do exist with participative management techniques. Technology is so complex today that specialized work roles often make it difficult for workers to participate much beyond their particular job environment. This may mean that lower level workers may successfully participate in operating matters, but cannot participate very well in policy matters.

Also remember that a worker has a right not to participate. Participation is not good for everyone, and many workers do not want to be bothered.

Despite these limitations, participative techniques work. They are not the answer to all of an organization's problems, but they are useful when management needs to improve existing systems and gain consensus and commitment during periods of organizational change.

UNIT 7

MANAGING CHANGE

In this Unit, we will examine one of the basic responsibilities of management—managing change. We will explore how people resist change and how managers can reduce resistance to change through the use of participative techniques.

Upon completion of this Unit, you will be able to:

1. Competently manage change by using a "force field" analysis which will help you identify the causes of resistance to change, and to develop strategies to eliminate them.
2. Practice effective management of change by participating in an exercise designed to demonstrate the impact on workers of different ways of managing change.



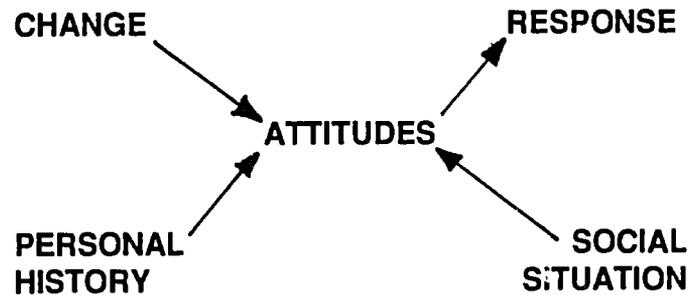
Organizations change so quickly today, that a three-month old organizational chart is practically ancient history. Organizations change their shape so quickly that it can make your head spin. Titles change, jobs are transformed, organizational structures are put together only to be taken apart again.

For workers within changing organizations, change creates a wholly new environment and a new set of problems. Each change requires workers to reorient themselves.

Change, however, is inherent in the life of an organization. One of your basic functions as a manager is to effectively manage change. Unfortunately, in most organizations change is not managed, it is imposed. We all have a need for stability and order. Resistance to change is not irrational; it is very logical to resist changes that effect us personally and negatively. Human behavior is caused, and as managers, we must understand why people resist change and how to reduce that resistance.

Workers do resist change itself—it is the worker's attitude about change that determines whether he will resist it. During times of change, management's objective must be to restore or maintain the group's balance that change seems to upset.

The relationship between change and attitudes can be seen in the "**Theory X**" explanation of change:



This diagram shows that the individual's response to change is a function of personal history, social experiences, and the work environment—all acting on attitudes. Remember that attitudes are highly emotional and very difficult to change. Attempts at modifying attitudes through logical argument and persuasion are often unsuccessful. Usually there is some rational psychological reason behind resistance to change. In fact, if you perceive a proposed change to be to your psychological advantage, you won't fight that change at all.

People resist change for the following reasons:

1. **Economic Factors.** When change strikes at security needs, most of us will resist it, particularly if one's job and career are at stake. Workers toiled to earn their place in the organization and will fight hard to defend their present position.
2. **Inconvenience.** If a change threatens to make life more difficult, it will be met with resistance. Old ways provide tremendous security. For instance, people don't readily move from one location to another because it takes time to learn about new places and people.
3. **Uncertainty.** Even if change represents a clear improvement over the old ways, it is full of uncertainty. New jobs and higher pay bring uncertainty, and this uncertainty is threatening to the worker.
4. **Symbols.** Symbolic change also produces resistance, particularly when the change affects status or prestige. The reserved parking space, the elegant desk, the window in your office are all important symbols. They may seem trivial, but if you try to take them away from the worker it will cause tremendous conflict.

The Change Process has been described by Kurt Lewin as follows:

UNFREEZING CHANGING REFREEZING

Unfreezing is a "thawing-out" process in which the forces acting upon an individual are rearranged so that the person sees the need for change. The purpose of unfreezing is to motivate and to make the person or group ready for change. Unfreezing is the breaking down of the old traditions, ways, and customs. The idea is that you cannot overcome resistance to change, but you may reduce those things that cause resistance to change. Unfreezing, or preparing the way for change, is the hardest part of the change process.

Changing occurs once an individual is ready to change. As managers, you must assist in the actual change of behavior by providing advice, help, training, or equipment necessary to do things the new way.

Refreezing is the process by which newly acquired behavior becomes integrated as regular behavior. For workers to internalize new behavior, it is important for the manager to create an environment that constantly reinforces the change.

The work group is the medium for introducing change as well the target for the proposed change. Organizational change should focus on the group. The group is an instrument for bringing strong forces to bear on its members to change. **Group Participation** is an effective means to build support for change. Through participation workers understand the situation and increase their commitment to the change. Participation also enhances the proposed plan of action by taking into account the ideas of the workers who will work with the change. Sometimes participation stops poor plans from being implemented, and it almost always broadens the outlook of those who initiate plans.

Managers can reduce resistance to change by doing the following:

1. **Explaining the Change in Advance.** This is a common sense notion, but many managers neglect to adequately explain proposed changes to their workers. You should attempt to empathize with the workers to be affected by the change before you implement it. Then you should explain the change to the workers in a face-to-face meeting. You should explain the advantages and disadvantages of the change from the perspective of the worker. Tell the workers what is in it for them!
2. **Making Changes Tentative.** It is sometimes useful to first ask the work group to go along with a change on a trial basis. This approach has several advantages:
 - A. It enables workers to test their reactions to the new situation and provides them with more facts on which to base their decision on whether to accept the change.

- B. It helps to unfreeze their attitudes and encourages them to think objectively about the proposed change. A change introduced on a trial basis is less threatening and generates less resistance than a permanent one.
3. **Two-Way Communication.** The first step in reducing resistance to change is to bring out problems in an atmosphere of open two-way communication. You should be sensitive to explaining the need for the change. You should discuss the proposed change in a way that brings doubts and questions out into the open. Workers with the actual experience may know how to put your theoretical ideas into practice. What management often sees as worker resistance to change is often management's resistance to listening to the worker's suggestions.

Perhaps the best way to summarize this Unit is to ask a humorous question—"How do hedgehogs make love?" and to give the answer, "Very carefully!" As a manager, you should make your changes very carefully. Any change in the work environment sets up behavioral mechanisms that work against the goals of management. Those defense mechanisms are rational and can be eliminated through sensitive management techniques. Participative management and open communication help reduce the negative aspects of change and foster greater commitment and increased productivity.

UNIT 8

MANAGEMENT BY OBJECTIVES: A PROCESS OF MANAGEMENT

In this Unit, we shall examine a process of management, a technique known as **Management By Objectives (MBO)**. We shall stress the *process* of managing this way, rather than the formal system, and show how a technique can link an entire organization together as well as improve the productivity of the workers.

Upon completion of this Unit, you will be able to:

1. Develop objectives for yourself and workers which are time- bounded, measurable, realistic, and specific.
2. Practice the writing of objectives by participating in an MBO workshop.



Management By Objectives (MBO) is a process whereby the managers of an organization jointly identify its common goals, define each worker's major areas of responsibility in terms of the results expected of him or her, and use these measures as guides for operating the work groups and assessing the contributions of each of its members. The term Management By Objectives was first coined by Peter Drucker in the 1950s. MBO is the most popular management technique in use today. It is essentially a participative technique and utilizes a Theory Y style of management.

The MBO process consists of three basic components:

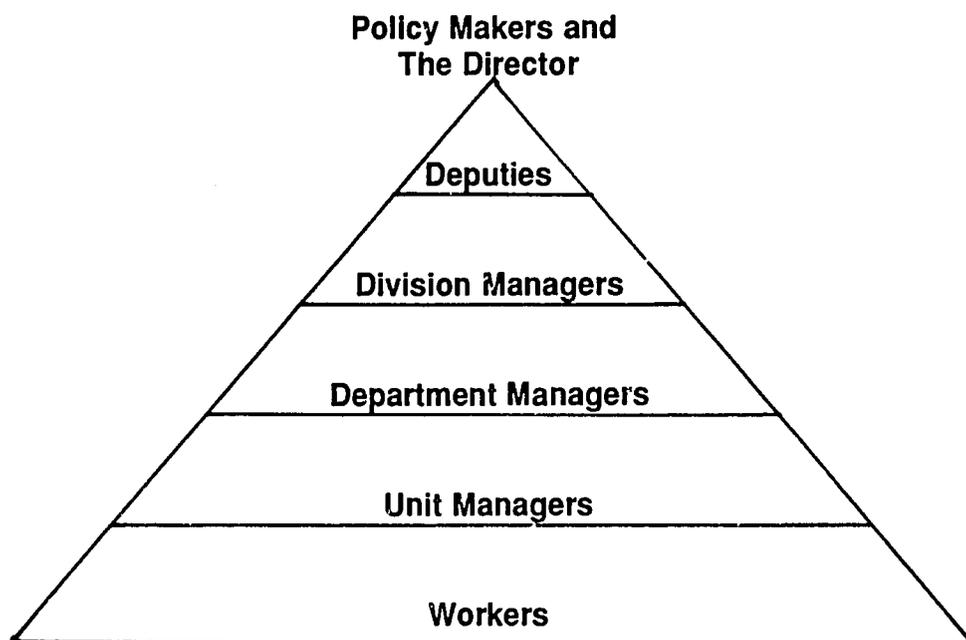
1. **Joint Goal and Objective Setting.**
2. **Action Planning.**
3. **Feedback and Review.**

These components can be thought of as a process that repeats itself as an organization goes through the process of an **Annual MBO Cycle**. Top management with its macro view of the organization during the coming years, writes organizational goals and objectives. These goals and objectives are consistent with a long-term business plan which is updated to forecast five years into the future. Once top management has written its overall plan, each subordinate division meets and writes its goals and objectives to support the overall plan. Hence, the higher managers transmit their directions through a pyramid of increasingly detailed and specific documentation in support of the organization's directions.

Before beginning an MBO Program in your organization, you should have the following in mind:

1. Organizational objectives must be structured throughout the entire organization.
2. Organizational objectives must reinforce individual objectives and vice versa.
3. Organizational objectives must be compatible with individual objectives.
4. There is an interdependency between superordinate and subordinate objectives—they can only be accomplished successfully when both management and the workers cooperate with one another.

A Diagram of the Goal-Setting Process looks like this:



Now let us examine the MBO Process in more detail. Remember that MBO is a way of thinking that says that the future need not consist of a never ending series of crises. Management need not always be reactive, it can be proactive. MBO recognizes that clearly defined responsibilities will motivate workers to move an organization toward agreed upon objectives.

The **Goal-Setting Process** is a negotiation in which the responsibilities of both managers and workers are mapped out. The joint goal-setting process takes place through a series of meetings between the manager and the worker. The initial goal-setting meeting introduces the MBO concept to the worker. This meeting could be an anxious one for the worker because it outlines the system that will be governing his or her performance. The **Initial Goal-Setting Meeting** offers several opportunities for both the manager and the worker, as follows:

1. **From the manager's point of view.** It affords the manager the opportunity to receive feedback on his or her performance. Too often, this information is not constructively provided to managers. By making these meetings as unemotional and objective as possible, both sides can discuss each other's strengths and weaknesses, and emerge from the meeting agreeing as to what the future holds for each of them.
2. **From the worker's point of view.** It affords workers an opportunity to learn firsthand the priorities of the managers. It also gives the worker a chance to express his or her own priorities and to agree or disagree with those of the manager. And finally, it allows the worker to directly promote his or her career development.

The following **Guidelines** can be used for both managers and workers to prepare for and conduct the initial goal-setting meeting:

What To Do Before The Goal-Setting Meeting

Worker

1. Develop your preliminary objectives. These should include clearly stated performance standards and realistic completion dates. These objectives should be in priority order.
2. Provide your boss with a copy of these objectives at least two days ahead of the scheduled meeting so that he or she can become familiar with its contents.
3. Prepare supporting data or material for each of your objectives. This will help clarify any questions that may arise about the objective or its priority.
4. Write down whatever supporting resources and /or coordination will be necessary to reach your objectives.
5. Prepare a list of questions, problems, and issues to discuss with the boss. This is your chance to clarify a variety of job-related topics.

Manager

1. Read the worker's list of objectives. Do not go into the meeting without knowing what goals your worker wishes to achieve.
2. Decide on your own ranking of those objectives and note where your priorities differ from the worker's and why. Bring some facts to support your position.
3. Check for technical completeness of the list: Are there clearly understandable performance standards? Is there a completion date for each objective?
4. Are there any objectives that you believe the worker should have included but did not? Make note of any and find out if the omission was intentional, an oversight, or the result of ignorance.
5. Decide whether the performance standards are difficult, too easy, or about right.
6. Determine whether the worker has sufficient authority in the stated goal area; the listed objectives should match the scope of the worker's job.
7. Determine if the listed resources and coordination requirements can, in fact, be provided. If they cannot, begin formulating possible alternatives for discussion with the worker.
8. Consider the worker involved. How much of your support will be required for that person to reach his or her goals?
9. Examine the worker's other duties. Will they be neglected in order to meet these objectives?
10. Take a look at the list once again. Are the goals realistic or are they too ambiguous?

What To Do During The Meeting

Worker

1. Present your explanation of your objectives with vigor. Be thorough and confident in expressing each one.

2. Accent the positive by emphasizing what you should do in the future; do not dwell on mistakes in the past, either to save face or to fix blame.
3. Listen carefully to your boss's reactions since those are important indicators of the boss's attitudes, priorities, perceptions, and values; these will be useful in dealing with him or her in the future.
4. Insist on a final agreement. Do not settle for, "Let's discuss this again at a later date." Try to get as much commitment and agreement as possible, since another time may never come.

Manager

1. Select a convenient meeting location and stress the meeting's importance. Be prompt and allocate more than enough time for an uninterrupted session. Have all of your duties covered during this period of time. Preferably the meeting room should have no telephone in it.
2. Tailor each conversation to suit the needs of the individual worker. Stop talking and listen!
3. Have the worker begin by explaining each objective in his or her own words, preferably elaborating on the written document. Provide ample time for a full development of each objective; avoid interrupting.
4. Ask questions based on your prior preparation and new information developed during the meeting. Encourage the worker to do the same.
5. Ask how you can help the worker do a better job; listen carefully and take notes. This is feedback on your performance in the role of the boss.
6. If the performance standards are not clear, make them so. Establish completion dates, if there are none.
7. Remember that establishing objectives is a joint process. Be prepared to compromise and be flexible. Remember also that you are the boss, and as such, you are responsible for the resolution of any controversy.

What To Do After The Interview

Worker

1. Establish a method for regularly reviewing your progress toward the mutually agreed upon objectives.

2. When any major change occurs that affects the plan, sit down with the boss as soon possible and renegotiate the objectives affected by the change.
3. Inform your boss about *any* deviation from the plan, either lagging or accelerating progress. In complex organizations, going too quickly can often create problems as great as those created by going too slowly, unless everyone is aware of what you are doing.
4. Inform the boss if you are not getting the required support and/ or coordination from other departments. The boss is responsible for getting that coordination and insuring that it is maintained.

Manager

1. Keep a historical file and a current file on each worker's objectives.
2. Develop a system of checks and reminders for use with each worker's plan to insure that goals are being met.
3. Work out a flexible plan for obtaining updates and progress reports from each worker on a systematic basis.

An **Objective** is the end point toward which management is directing its efforts; an objective is a specific desired result. It has a range of six months to one year.

A **Goal** is more general than an objective. It is a desired future condition that relates to a long-range plan of two or three years. Goals tend to be broad in focus while being specific enough to maintain direction. Goals can very be expressed in either quantitative or qualitative terms.

If an objective is to be meaningful, it must be:

1. **Measurable or Quantifiable.** If it is not measurable, then there can be no objective method to determine if the objective has been attained.
2. **Time-Bounded.** If it is not time-bounded, then no system of evaluation checks can be established.
3. **Specific.** It must be specific in order to minimize confusion about meanings.
4. **Results-Centered.** For the sake all parties involved, it must be results-oriented and not process-oriented.

5. **Realistic and Attainable.** You will violate the philosophy of MBO if you set goals that are recognized as being beyond everyone's grasp.

Feedback is critical in MBO, and it is perhaps the most neglected area in the entire MBO process. It is perceived as being threatening, and it is often misunderstood. Feedback is a tool that managers must use to improve individual effectiveness and productivity. **Feedback should be:**

1. **Directive.** It should keep the organization on course and maintain goal-oriented behavior.
2. **Rewarding.** It should provide rewards and recognition within a structured framework specifically related to the performance of the worker.
3. **Facilitate Learning.** It should be a method for managers to improve the performance of workers through teaching and coaching. In order to facilitate learning, feedback must include not only information about success or failure, but also an inquiry about why things succeeded or failed. The process of actively providing feedback establishes a relationship between the worker and the boss that fosters open communication, improvement of individual productivity, and a clearer understanding of the role that each must play in accomplishing the organizational objectives.

There are **Pitfalls** that organizations can fall into when first implementing an MBO Program:

1. **The "I'm Too Busy" Trap.** A person with this problem spends too little time on MBO to make it work.
2. **The "You Get On With It, I'm Too Busy" Trap.** When a manager tells his workers to go ahead and start MBO without him, the signal has gone out that he has no intention of participating in MBO but he expects them to.
3. **The "Analysis Paralysis" Trap.** Perfectionists should be careful not to spend endless hours refining and reworking the details of the MBO system. Sometimes your standards may have to be compromised. MBO is far from perfect and requires constant updating and improving as time goes by.
4. **The "Tablets Of Stone" Trap.** If you think that once your MBO Program is created, that it should never be changed, you will quickly kill the program. You must be flexible in your approach to MBO. Everyone should recognize that the one constant in the future is change.

5. **The "Definition Precision" Trap.** If workers constantly push for clearer and more precise restatements of MBO terminology and principles, a manager can get caught up in an endless and fruitless exercise that could undermine the credibility of the program.

6. **The "This Is Too Complicated" Trap.** MBO is not at all complicated or difficult to understand. If people do not want to use it, they will find many ways to rationalize not using it. When you hear this excuse, it should be taken as a signal that something else is wrong in the organization (either individual or group problems) and that MBO has been chosen as the scapegoat.

In summary, MBO makes the manager-worker relationship less complicated in that evaluations of success or failure are based on an unemotional analysis of performance against planned objectives. Workers become self-motivated and disciplined in the details of their jobs, negating the requirement of a Theory X manager to structure a worker's job in an autocratic fashion. Management thus frees itself of the concern for detailed normatives by which workers get jobs done. **Workers are held accountable for results** and everyone involved knows it!

MBO does not reduce management's workload; on the contrary, it increases it in the areas that management should be involved.

UNIT 9

GOAL SETTING AND FEEDBACK

In this Unit, we shall focus on the main problem in establishing effective goal setting and coordination—understanding communication.

We shall explore how communication failure occurs and demonstrate how feedback techniques can reduce many of the obstacles to effective communication during the goal setting process.

Upon completion of this Unit, you will be able to:

1. Structure the tasks of workers so that productivity improves, while at the same time, providing management closer control over worker activities.
2. Understand the impact on workers of one-way versus two-way communication patterns by participating in an exercise.
3. Use the proper method of communication for particular situations.



The number-one problem in goal-setting today can be summed up in one word—communication! All managers spend a large amount of their time communicating. A recent study observed one manager and found that over a period of thirty-five days, he spent *only* twelve fifteen-minute periods *not* talking. Another study found that managers, on average, spend eighty percent of their time talking.

According to Peter Drucker:

The manager has a specific tool: information. He does not handle people, he motivates, guides, organizes people to do their own work. His tool—his only tool to do all of this is the written or spoken word. No matter whether the manager's job is engineering, accounting or selling, his effectiveness depends upon his ability to listen and to read, on his ability to speak and write—in other words on his overall ability as a communicator.

Communication is the process of passing information and understanding from one person to another. Communication methods are the glue that binds organizations together. Communication is a bridge of meaning between people. The best planning cannot be implemented without good communication. Effective communication must fulfill three requirements: it must be understood; it must be believed; and it must be accepted.

The **Purposes Of Communication** are as follows;

1. **Becoming Informed or Informing Others.** This is the basic purpose of communication. Communication affirms an organization's purpose so that workers can strive toward compatible objectives.
2. **Evaluating Performance.** An organization demands that constant evaluation be made of its activities to determine if progress is being made.
3. **Directing Others.** If a manager is to direct workers and materials toward goals, good communication must occur. Job training depends upon communication.
4. **Influencing Others.** Communication is a means of motivating. If a worker is not motivated, communication will serve as the stimulus to urge the worker to action.

Productivity is directly related to the openness of communication. Let us now compare **One-Way Communication Versus Two-way Communication**:

One-Way Communication is:

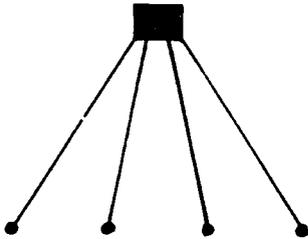
- Better and faster for simple tasks.
- Less accurate and more workers get the wrong message.
- Makes only the boss feel satisfied.

Two-Way Communication is:

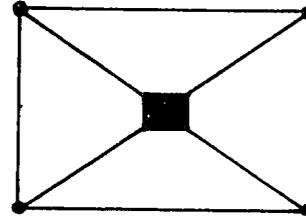
- Better for morale.
- Better during periods of change.
- Better when the boss doesn't know the answer.
- Better to achieve goal-setting.
- Makes the workers feel more satisfied and involved in the task.

The key variable in determining which mode of communication should be used is the nature of the work being done. The best results are obtained when management uses various methods of communication.

CLOSED COMMUNICATION



OPEN COMMUNICATION



The **Barriers To Communication** are as follows:

1. **Our Inability To Adequately Convey Meaning.** Often communication breaks down because of our inability to convey meaning as well as words. The real meaning of words is in the mind of the people who speak them and hear them, not in the words themselves. The full meaning of any word or communication can never be completely understood until it is placed in the context within which the communication takes place.
2. **Perceptual Distortion.** All communication requires a sender and a receiver, and messages are filtered through our own communication-receiving mechanisms. Instead of hearing what people say, we sometimes hear what our minds tell us they say, which may be something very different. We screen what we hear through layers of bias shaped by the group, by our social class, age and experience. Often, we completely filter out those things that do not fit our preconceived notions. In a large organization, the difficulties of perception are compounded. An announcement may be sent to many groups within the organization; these groups have differing occupational and status needs, and what each group hears depends on its own interests.
3. **Words Mean Different Things To Different People.** Any attempt to communicate information has to overcome the barrier of established meanings attached to the words. Abstract concepts such as profits, capital, and productivity, have certain meanings to management but may have an entirely different meaning (or no meaning at all) for the workers.

Feedback is the single most important way to overcome the barriers to communication. You are constantly using feedback, whether you are aware of it or not. For instance, in conversation, we are always looking for cues that we are being understood. A good manager should be alert to the workers reactions' to communications in order to determine if communications are being understood.

Two-way communication has a back-and-forth pattern to it similar to the exchange of play between tennis players. The speaker sends a message, and the listener's responses come back to the speaker. The result is a play-by-play situation in which the speaker can adjust his message to fit the responses of the listener.

Maximum feedback requires face-to-face communication; it is better than written orders or memos. Oral communication is superior because we can communicate more fully and easily by voice. The face-to-face method of communication also provides an opportunity for immediate feedback.

It is not possible for all communication to occur face-to-face, but in times of change, it is important to recognize that this technique is the most effective. As we have seen in prior Units, participative management and Management By Objectives guide a manager to a more direct, verbal style of management. MBO moves a manager closer both figuratively and literally to the workers.

The Principles of Feedback are as follows:

1. Feedback Should Be Measurable And In Relation To A Goal. Why? Feedback that is measurable:

- Gives precise information to the worker on his progress in relation a standard.
- Gives precise information to the manager on the performance of the group.
- Helps a worker know that he is doing well.
- Defines performance areas that are below standard.
- Avoids the problems of generalizations that do not give precise information.

2. Feedback Should Be Self-Administered, As Well As Superior-Administered. The worker should measure his own performance because of these reasons:

- Provides immediate data to the worker on his or her performance.
- Worker is more likely to accept the data.
- Worker can more quickly react to problems.

- The worker becomes his or her own supervisor with the following advantages:
 - More satisfaction to the worker.
 - Less time the manager has to spend solving problems because the worker will be solving them.

3. Feedback Should Be Expressed Positively Instead Of Negatively. Why?

- Behavior is influenced by its consequences. Performance will improve when positive feedback, not negative, is given.
- Positive feedback teaches the worker that he is doing well so that he can supply the newly learned skills to other situations.
- Positive feedback is a powerful reward.
- Positive feedback avoids worker attitude problems that are caused by managers using criticism and punishment.

4. Feedback Should Be Permanent. Why?

- When feedback is permanent, performance will remain high.
- The converse is also true- when feedback stops, performance drops.

5. Feedback Should Be Immediate, While The Job Is Ongoing. Why? With immediate feedback:

- A worker can accurately judge his or her hourly performance in relation to a standard.
- Manager is aware of the group's performance.
- If performance is below standard, it will be apparent and solutions can be developed.

6. Feedback Should Go To The Person Performing The Job. Why?

- The person performing the job is the person responsible for meeting standards and feedback will help this person meet standards.

- Feedback will build worker skills.
- Feedback will help train workers.
- Feedback will define how substandard performance can be improved.

7. Feedback Should Measure Everything—Not Just A Sampling—Every Day. Why?

- A typical reaction to a sampling is to overemphasize bad examples.
- If feedback is only on specific days, the workers will quickly learn the schedule. Result—good performance when measurement is in effect.
- If feedback is only on a sampling, the workers will learn what is being sampled. Result—good performance on those areas being sampled.
- Often times substandard performance areas are hidden and a sampling may not reveal them.

8. Feedback Should Go To All Levels Of The Organization. Why?

- Management will recognize if there is a problem and allocate resources to help solve the problem.
- The manager will recognize his workers' progress and reinforce the improvement.
- Colleagues and friends will know of a worker's successes.
- Colleagues and friends can assist if performance is below standard.

9. Feedback Should Be Easy To Record.

If you are to be an effective manager, you must learn to be a good listener. **The Ten Requirements Of Good Listening** are:

1. Stop talking! You cannot listen if you are talking.
2. Put the talker at ease. Help the talker feel that he or she is free to talk.
3. Show the talker that you want to listen. Do not read your mail while he or she talks.

4. Remove distractions. Don't doodle, tap, or shuffle papers.
5. Empathize with the talker. Try to put yourself in the talker's place so you can see that point of view.
6. Be patient. Allow plenty of time. Do not interrupt.
7. Hold your temper. An angry manager gets the wrong meaning from words.
8. Go easy on argument and criticism. This puts the talker on the defensive. Do not argue: even if you win, you lose.
9. Ask questions. This encourages the talker and shows that you are listening.
10. Stop talking! This is first and last, because all other communications depend on it.

In our next and final Unit, we shall explore an organization wide attempt to effectively link an organization together—the process of organizational development.

UNIT 10

ACHIEVING ORGANIZATIONAL EFFECTIVENESS

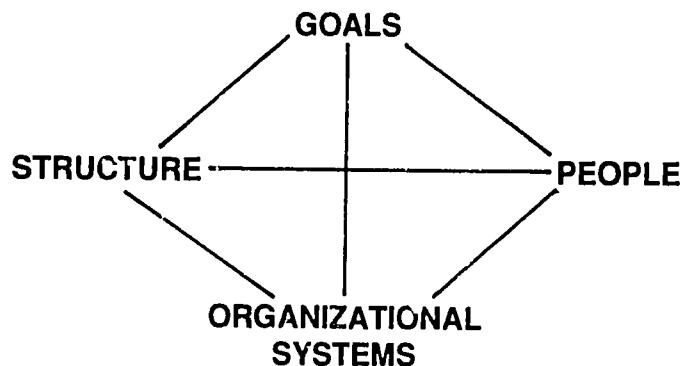
In this last Unit, we shall explore the total organization and the need to *link* it together in order to achieve organizational effectiveness. We shall deal with integrating techniques such as management teams and how organizational environment directly affects productivity.

Upon completion of this Unit, you will be able to:

1. Identify areas for organizational improvement.
2. Develop action plans designed to improve organizational effectiveness.
3. Evaluate the organizational environment of your organization.



Organizational effectiveness depends on the ability of the organization (and its people) to respond to changes that exist outside the organization. Forces external to the organization affect the structure, goals, organizational systems, and people within an organization. We should recognize that organizations consist of these variables and that change affects them all:



As managers, we must recognize the need to make our organizations more organic and responsive entities. Although there are large differences in goals, in the need for information, and structure between departments in organizations, organizations must be held together. A change that occurs in one section will affect all of the parts. Management By Objectives is a technique to link an organization together; participatory management can be used to remove the obstacles that prevent workers from combining their efforts toward the achievement of organizational goals.

Warren Bennis, the President of the University of Cincinnati, believes that in the future, we will see the end of bureaucracies as we know them and the birth of new management systems that are better suited to modern needs. He states that **organizations must continually work at being flexible and dynamic for the following reasons:**

1. **The continuing expansion of research and technology.**
2. **A fundamental change in the philosophies about work.** Changing ideas about man and his needs will lead to organizational values that are based on humanistic and democratic ideals; these concepts will replace the depersonalized and mechanistic value system of the bureaucracy.
3. **The turbulent work environment.** In this changing environment, work will become increasingly specialized and at the same time more interdependent.
4. **A working population that is younger and better educated.** These younger workers will require more involvement of management, more participation in their work, and more independence in their work.

Bennis feels that organizations will have to become more adaptive and more integrated to meet rapidly changing environments. Organizations will be organized around problems to be solved. These problems will be solved by groups that represent a diverse set of professional skills and who often speak "different" languages. To coordinate these diverse activities, "**Linking Pin**" personnel who can link the "theoretical groups" to the "practical groups" will be required. The groups will act on organic rather than mechanical lines; they will emerge and adapt to problems, rather than to programmed role expectations. Workers will be classified not according to rank or roles, but according to skills and training. This new organizational structure is called an "**Organic-Adaptive Structure.**"

Rensis Likert, in his book *The Human Organization* compares classic organizations with modern organizations. Let us look the differences:

Classical Organization

1. Leadership Process includes no perceived confidence and trust. Workers do not feel free to discuss job problems with their managers, who in turn do not solicit their ideas and opinions.
2. Motivational process taps only physical, security, and economic motives through the use of fear and sanctions. Unfavorable attitudes toward the organization prevail among the workers.

3. Communication process is such that information flows downward and tends to be distorted, inaccurate, and viewed with suspicion by the workers.
4. Interaction Process is closed and restricted; workers have little effect on departmental goals, methods and activities.
5. Decision Process occurs only at the top of the organization; it is relatively centralized.
6. Goal-Setting is located at the top of the organization; group participation is discouraged.
7. Control Process is centralized and emphasizes fixing of blame for mistakes.
8. Performance Goals are low and passively sought by managers who make no commitment to developing the human resources of the organization.

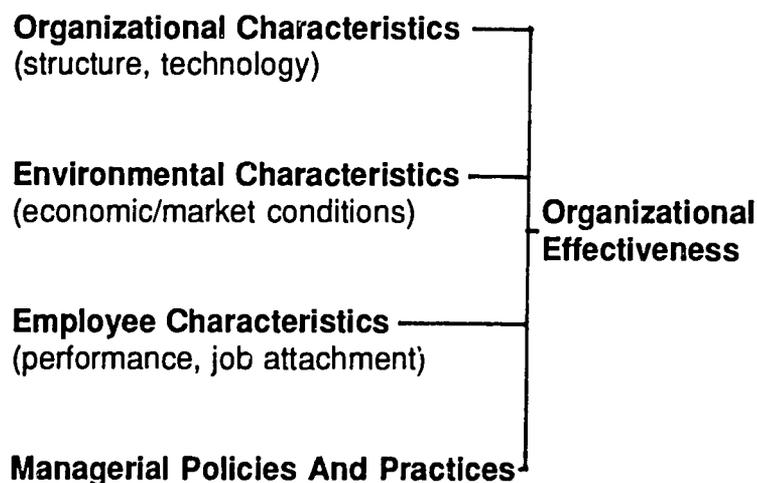
Modern Organization

1. Leadership Process includes perceived confidence and trust between superiors and workers in all matters. Workers feel free to discuss job problems with their managers, who in turn solicit their ideas and opinions.
2. Motivational Process taps a full range of motives through participative methods. Attitudes are favorable toward the organization and its goals.
3. Communication Process is such that information flows freely throughout the organization—upward, downward, and laterally. The information is accurate and undistorted.
4. Interaction Process is open and extensive; both managers and workers are able to affect departmental goals, methods, and activities.
5. Decision Process occurs at all levels through the group process; it is relatively decentralized.
6. Goal-Setting process encourages group participation in setting high, realistic objectives.

7. Control Process is dispersed throughout the organization and emphasizes self-control and problem solving.
8. Performance Goals are relatively high and actively sought by managers, who recognize the necessity for making a full commitment to developing, through training, the human resources potential of the organization.

As you can see from the above analogy, the trend is from rigid, mechanical organizations to organizations that put emphasis on excellence. Such organizations highlight a teamwork approach in which each worker contributes to solutions affecting the entire organization. The focus is on problems rather than on personalities. Conflict is managed by being brought out into the open to be analyzed and resolved. Workers are assumed to be responsible until proven otherwise. Management encourages workers to meet their personal objectives.

Richard Steers, in a monograph called "When Is An Organization Effective?", promotes the view that in a modern organization, effectiveness is measured not solely by profit but also by job satisfaction. Effectiveness is best judged by an organization's ability to compete in a turbulent environment and successfully acquire and use its resources. He presents the following diagram to depict the **Major Influences Impacting On Organizational Effectiveness:**



What Are The Characteristics Of A Creative Organization?

1. A creative organization uses participative management.
2. It does make manuals and rules all important.

3. It takes advantage of the power of small groups.
4. It uses the **Linking Pin Function** described by Rensis Likert. The Linking Pin Function is a process by which the full range of an organization's activity is based on teamwork. It is a cell type of organization that links small teams together much like the way cells are arranged in a living organism to make up a single larger body.
5. It has communication support. Communication supports the team concept by providing access and creating an atmosphere of mutual respect.



SUMMARY OF THE COURSE

During our course, we have designed a model of organizational behavior that began with a study of individual motivation, then a study of groups and the management of groups, then a study of the manager's role and techniques of management, and finally to a perspective of the whole organization and the need for managers to realize that their main mission is to integrate and coordinate the activities of the workers.

Once upon a time, management was thought of as a right—something that was inherited either by class or longevity. Today, we realize that effective management depends on an understanding of the principles of behavior and the effect of management techniques on that behavior.

This course was designed to raise your sensitivity to how you manage. In addition to giving you the knowledge to modify your workers' behavior, this course has been designed to help you modify *your* behavior as a manager.

YOU ARE THE KEY TO ENHANCING THE PRODUCTIVITY IN YOUR ORGANIZATION!

This should not be the end of your education in management, rather it should only be the beginning. We hope that you will apply the theories and principles that you have learned in this course to your organization and to your management style. If you try some of our techniques, we think that you will be quite gratified by the results.

We hope that this course will increase your enjoyment of being a member of the world's most frustrating and most exciting profession—**MANAGEMENT!**