Lesson 10

PERCEPTION

Overview

- Individuals behave in a given manner based not on the way their external environment actually is but, rather, on what they see or believe it to be. An organization may spend millions of dollars to create a pleasant work environment for its employees. However, in spite of these expenditures, if an employee believes that his or her job is lousy, that employee will behave accordingly. It is the employee's perception of a situation that becomes the basis for his or her behavior. The employee who perceives his/her supervisor as a hurdle reducer who helps him/her do a better job and the employee who sees the same supervisor as "big brother, closely monitoring every motion, to ensure that I keep working" will differ in their behavioral responses to their supervisor. The difference has nothing to do with the reality of the supervisor's actions; the difference in employee behavior is due to different perceptions.

- The evidence suggests that what individuals perceive from their work situation will influence their productivity more than will the situation itself. Whether or not a job is actually interesting or challenging is irrelevant. Whether or not a manager successfully plans and organizes the work of his or her employees and actually helps them to structure their work more efficiently and effectively is far less important than how employees perceive the manager's efforts. Similarly, issues like fair pay for work performed, the validity of performance appraisals, and the adequacy of working conditions are not judged by employees in a way that assures common perceptions, nor can we be assured that individuals will interpret conditions about their jobs in a favorable light. Therefore, to be able to influence productivity, it is necessary to assess how workers perceive their jobs.

- Absenteeism, turnover, and job satisfaction are also reactions to the individual's perceptions. Dissatisfaction with working conditions or the belief that there is a lack of promotion opportunities in the organization are judgments based on attempts to make some meaning out of one's job. The employee's conclusion that a job is good or bad is an interpretation. Managers must spend time understanding how each individual interprets reality and, where there is a significant difference between what is seen and what exists, try to eliminate the distortions. Failure to deal with the differences when individuals perceive the job in negative terms will result in increased absenteeism and turnover and lower job satisfaction.

- Perception and attribution are important topics because all decisions and behaviors in organizations are influenced by how people interpret and make sense of the world around them and each other. Perception is the process by which individuals select, organize, and interpret sensory input. Attribution is an explanation of the cause of behavior. Perception and attribution explain how and why people behave in organizations and how and why they react to the behavior of others.

    - Perception is the process by which people interpret the input from their senses to give meaning and order to the world around them. The three components of perception are the perceiver, the target, and the situation. Accurate perceptions are necessary to make good decisions and to motivate workers to perform at a high level, to be fair and equitable, and to be ethical.

    - The perceiver's knowledge base is organized into schemas, abstract knowledge structures stored in memory that allow people to organize and interpret information about a given target of perception. Schemas tend to be resistant to change and can be functional or dysfunctional. A stereotype is a dysfunctional schema because stereotypes often lead perceivers to assume erroneously that targets have a whole range of characteristics simply because they possess one distinguishing characteristic (e.g., race, age, or gender). In

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addition to the perceiver's schemas, the motivational state and mood also influence perception.

- Characteristics of the target also influence perception. Ambiguous targets are subject to a lot of interpretation by the perceiver; the more ambiguous the target, the more likely perceivers are to differ in their perceptions of it. The target's social status also affects how the target is perceived. Through impression management, targets can actively try to manage the perceptions that others have of them.
- The situation affects perception by providing the perceiver with additional information. One particularly important aspect of the situation is the target's salience—that is, the extent to which the target stands out in a group of people or things.

- Biases and problems in person perception include primacy effects, contrast effects, halo effects, similar-to-me effects, harshness, leniency, average tendencies, and knowledge-of-predictor bias. Inaccurate perceptions resulting from these biases can lead to faulty decision making.

- Attributions are important determinants of behavior in organizations because organization members react to other people's behavior based on what they think caused the behavior. Common external attributions for behavior include task difficulty and luck or chance. Like perceptions, attributions can be inaccurate because of biases, including the fundamental attribution error, the actor-observer effect, and self-serving attribution.

- Three ways in which organizations can promote accurate perceptions and attributions and effectively manage diverse employees include: securing top management's commitment to diversity, diversity training, and education. Organizations also need to take steps to eliminate and prevent both quid pro quo and hostile work environment.

What is Perception?

"A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment"

Why is it Important?

- Because people's behavior is based on their perception of what reality is, not on reality itself.
- *The world that is perceived is the world that is behaviorally important.*

Factors Influencing Perception

- Perceiver
- Target
- Situation

When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver.

The more relevant personal characteristics affecting perception of the perceiver are attitudes, motives, interests, past experiences, and expectations.

Characteristics of the target can also affect what is being perceived. This would include attractiveness, gregariousness, and our tendency to group similar things together. For example, members of a group with clearly distinguishable features or color are often perceived as alike in other, unrelated

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characteristics as well. The context in which we see objects or events also influences our attention. This could include time, heat, light, or other situational factors.

The Nature of Perception

Perception is the process by which individuals select, organize, and interpret the input from their senses to give meaning and order to the world around them. The process of perception involves the **perceiver**—the person making the interpretation, the **target of perception**—what the perceiver interprets, and the **situation** in which perception takes place. The target can be an event, a situation, an idea, a noise, a group of people, or another person. **Person perception**, or the process of perceiving another person, plays a large role in organizational behavior.

Internal and External Attributions

Causal explanations for behaviors can be either **internal attributions**, behavior caused by some characteristic of the target, or **external attributions**, behavior assigned to factors outside the individual. Common internal attributions include ability, effort, and personality. Poor performance may be attributed to lack of effort or ability, and poor relations with coworkers may be attributed to personality. Common external attributions include luck, chance, and easy tasks. A worker's accomplishment may be viewed as a stroke of luck.
Whether attributions are internal or external determines how people respond to behavior. High performance, attributed to ability, results in a promotion, but attributed to luck, results in no promotion. The attributions people make for their own behavior influence subsequent actions. A successful worker who attributes an outcome to luck remains unaffected, whereas attributing success to ability increases confidence.

The Link between Perception and Individual Decision Making

Individuals in organizations make decisions; they make choices from among two or more alternatives.

- Top managers determine their organization's goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant.
- Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated.
- Non-managerial employees also make decisions including whether or not to come to work on any given day, how much effort to put forward once at work, and whether or not to comply with a request made by the boss.
- A number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers.
- There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
- The awareness that a problem exists and that a decision needs to be made is a perceptual issue.
- Every decision requires interpretation and evaluation of information. The perceptions of the decision maker will address these two issues.
- Data are typically received from multiple sources.
- Which data are relevant to the decision and which are not?
- Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated.

Social Perception

"The processes, through which individuals attempt to combine, integrate and interpret information about others". Social status, a target's real or perceived position in society or an organization, also affects perception. High-status targets are perceived as more credible, knowledgeable, and responsible than low-status targets. Organizations use a high-status target to make public announcements and presentations because the audience perceives that person as credible.

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To ensure that women and minorities enjoy equal footing including social status, many organizations have adopted affirmative action programs. Yet, these programs may perpetuate the low status of women and minorities because others perceive and treat affirmative action hires as second-class citizens. This can result in not fully utilizing these workers' capabilities. After qualified employees left the company, Monsanto realized that affirmative action initiatives must include training programs to manage diversity, eliminate bias, and avoid the second-class citizen status that minorities inadvertently acquire.

Barriers to Social Perception

1. **Selective Perception**
   - Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived.
   - It is impossible for us to assimilate everything we see—only certain stimuli can be taken in.

2. **Halo Effect**
   - The halo effect occurs when we draw a general impression on the basis of a single characteristic:
     a. This phenomenon frequently occurs when students appraise their classroom instructor.

     b. Students may give prominence to a single trait such as enthusiasm and allow their entire evaluation to be tainted by how they judge the instructor on that one trait.
   - The reality of the halo effect was confirmed in a classic study.
     a. Subjects were given a list of traits such as intelligent, skillful, practical, industrious, determined, and warm, and were asked to evaluate the person to whom those traits applied. When the word "warm" was substituted with "cold" the subjects changed their evaluation of the person.
     b. The experiment showed that subjects were allowing a single trait to influence their overall impression of the person being judged.
     c. Research suggests that it is likely to be most extreme when the traits to be perceived are ambiguous in behavioral terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has had limited experience.

3. **Stereotyping**
   - Stereotyping—judging someone on the basis of our perception of the group to which he or she belongs
   - Generalization is not without advantages. It is a means of simplifying a complex world, and it permits us to maintain consistency. The problem, of course, is when we inaccurately stereotype.
   - In organizations, we frequently hear comments that represent stereotypes based on gender, age, race, ethnicity, and even weight.
   - From a perceptual standpoint, if people expect to see these stereotypes, that is what they will perceive, whether or not they are accurate.

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Lesson 11

PERCEPTION, ATTITUDES AND PERSONALITY

Overview

Perception and attribution are important topics because all decisions and behaviors in organizations are influenced by how people interpret and make sense of the world around them and each other. Perception is the process by which individuals select, organize, and interpret sensory input. Attribution is an explanation of the cause of behavior. Perception and attribution explain how and why people behave in organizations and how and why they react to the behavior of others. This chapter makes the following points:

- Perception is the process by which people interpret the input from their senses to give meaning and order to the world around them. The three components of perception are the perceiver, the target, and the situation. Accurate perceptions are necessary to make good decisions and to motivate workers to perform at a high level, to be fair and equitable, and to be ethical.

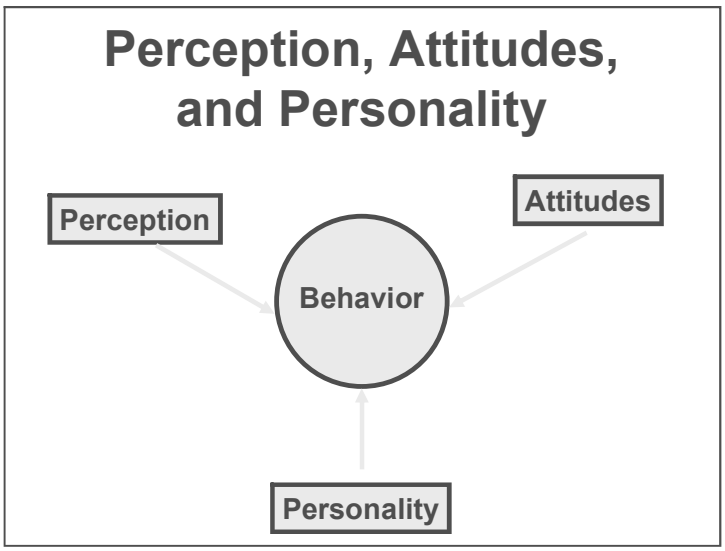
- The perceiver's knowledge base is organized into schemas, abstract knowledge structures stored in memory that allow people to organize and interpret information about a given target of perception. Schemas tend to be resistant to change and can be functional or dysfunctional. A stereotype is a dysfunctional schema because stereotypes often lead perceivers to assume erroneously that targets have a whole range of characteristics simply because they possess one distinguishing characteristic (e.g., race, age, or gender). In addition to the perceiver's schemas, the motivational state and mood also influence perception.

- Characteristics of the target also influence perception. Ambiguous targets are subject to a lot of interpretation by the perceiver; the more ambiguous the target, the more likely perceivers are to differ in their perceptions of it. The target's social status also affects how the target is perceived. Through impression management, targets can actively try to manage the perceptions that others have of them.

- The situation affects perception by providing the perceiver with additional information. One particularly important aspect of the situation is the target's salience—that is, the extent to which the target stands out in a group of people or things.

- Biases and problems in person perception include primacy effects, contrast effects, halo effects, similar-to-me effects, harshness, leniency, average tendencies, and knowledge-of-predictor bias. Inaccurate perceptions resulting from these biases can lead to faulty decision making.

- Attributions are important determinants of behavior in organizations because organization members react to other people's behavior based on what they think caused the behavior. Common external attributions for behavior include task difficulty and luck or chance. Like perceptions, attributions can be inaccurate because of biases, including the fundamental attribution error, the actor-observer effect, and self-serving attribution.



- Three ways in which organizations can promote accurate perceptions and attributions and effectively manage diverse employees include: securing top management's commitment to

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diversity, diversity training, and education. Organizations also need to take steps to eliminate and prevent both quid pro quo and hostile work environment.

Attributes

The Process through which individuals attempt to determine the causes of others behavior

Attribution Theory

People try to make sense of a situation by explaining its cause; this explanation is an **attribution**. **Attribution theory** describes how people explain the causes of their own and other people's behavior. To the extent that attributions are accurate, better organizational decisions can be made.
Supervisors make attributions for high or low performance. If a supervisor attributes high performance to exceptional ability, challenging work is assigned, but if it is attributed to luck, no change in assignment will be made. Incorrect attributions result in over challenging or under challenging assignments. Smooth day-to-day interactions often hinge on accurate attributions.

Internal and External Attributions

Causal explanations for behaviors can be either **internal attributions**, behavior caused by some characteristic of the target, or **external attributions**, behavior assigned to factors outside the individual. Common internal attributions include ability, effort, and personality. Poor performance may be attributed to lack of effort or ability, and poor relations with coworkers may be attributed to personality. Common external attributions include luck, chance, and easy tasks. A worker's accomplishment may be viewed as a stroke of luck.
Whether attributions are internal or external determines how people respond to behavior. High performance, attributed to ability, results in a promotion, but attributed to luck, results in no promotion. The attributions people make for their own behavior influence subsequent actions. A successful worker who attributes an outcome to luck remains unaffected, whereas attributing success to ability increases confidence.

1. Our perceptions of people differ from our perceptions of inanimate objects.
   - We make inferences about the actions of people that we do not make about inanimate objects.
   - Nonliving objects are subject to the laws of nature.
   - People have beliefs, motives, or intentions.

2. Our perception and judgment of a person's actions are influenced by these assumptions.
   Attribution theory suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused. That determination depends largely on three factors:
   - **Distinctiveness:** shows different behaviors in different situations.
   - **Consensus:** Response is the same as others to same situation.
   - **Consistency:** Responds in the same way over time.

3. Clarification of the differences between internal and external causation:
   - Internally caused behaviors are those that are believed to be under the personal control of the individual.
   - Externally caused behavior is seen as resulting from outside causes; that is, the person is seen as having been forced into the behavior by the situation.

4. *Distinctiveness* refers to whether an individual displays different behaviors in different situations. What we want to know is whether the observed behavior is unusual.
   - If it is, the observer is likely to give the behavior an external attribution.
   - If this action is not unusual, it will probably be judged as internal.

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5. *Consensus* occurs if everyone who is faced with a similar situation responds in the same way. If consensus is high, you would be expected to give an external attribution to the employee's tardiness, whereas if other employees who took the same route made it to work on time, your conclusion as to causation would be internal.

6. *Consistency* in a person's actions. Does the person respond the same way over time? The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.

7. Fundamental Attribution Error
   - There is substantial evidence that we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
   - There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as luck. This is called the "self-serving bias" and suggests that feedback provided to employees will be distorted by recipients.

8. Are these errors or biases that distort attribution universal across different cultures? While there is no definitive answer there is some preliminary evidence that indicates cultural differences:
   - Korean managers found that, contrary to the self-serving bias, they tended to accept responsibility for group failure.
   - Attribution theory was developed largely based on experiments with Americans and Western Europeans.
   - The Korean study suggests caution in making attribution theory predictions in non-Western societies, especially in countries with strong collectivist traditions.

Frequently Used Shortcuts in Judging Others

- **Selective Perception**
  - People selectively interpret what they see on the basis of their interest, background, experience, and attitudes.
- **Halo Effect**
  - A general impression about an individual is based on a single positive characteristic.
- **Contrast Effects**
  - Evaluations of a person's characteristics that are affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics.
- **Projection**
  - Attributing one's own characteristics to other people
- **Stereotyping**
  - Judging someone on the basis of the group to which he/she belongs.

Specific Applications in Organizations

1. **Employment Interview**
   - Evidence indicates that interviewers make perceptual judgments that are often inaccurate.
   - In addition, agreement among interviewers is often poor. Different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant.
   - Interviewers generally draw early impressions that become very quickly entrenched. Studies indicate that most interviewers' decisions change very little after the first four or five minutes of the interview.
   - Because interviews usually have so little consistent structure and interviewers vary in terms of what they are looking for in a candidate, judgments of the same candidate can vary widely.

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2. **Performance Expectations**
   - Evidence demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty.
   - Self-fulfilling prophecy or Pygmalion effect characterizes the fact that people's expectations determine their behavior. Expectations become reality.
   - A study was undertaken with 105 soldiers in the Israeli Defense Forces who were taking a fifteen-week combat command course. Soldiers were randomly divided and identified as having high potential, normal potential, and potential not known. Instructors got better results from the high potential group because they expected it confirming the effect of a self-fulfilling prophecy.

3. **Performance Evaluation**
   - An employee's performance appraisal is very much dependent on the perceptual process.
   - Although the appraisal can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgmental.
   - To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviors will significantly influence the outcome of the appraisal.

4. **Employee Effort**
   - An individual's future in an organization is usually not dependent on performance alone. An assessment of an individual's effort is a subjective judgment susceptible to perceptual distortions and bias.

Perception and Performance Appraisal

Objective and Subjective Measures
- Higher in the organizational hierarchy, it becomes more difficult to find objective measures or quantifiable evidence to use to measure performance.
- Therefore, organizations rely on subjective measures of effectiveness provided by managers.

Rater Errors

Sometimes individuals make similar judgments, even though job performance is varied. Some supervisors are overly harsh in appraisals, whereas others are overly lenient. Others rate everyone as average. One effect is that high performers do not receive the rewards they deserve and low performers do not improve performance. Biases make it difficult to compare employees rated by different supervisors. Should an employee with a good performance rating from a lenient supervisor be promoted over an employee with a poor rating from a harsh supervisor?
- **Leniency** – The tendency to perceive the job performance of ratees as especially good.
- **Harshness** – The tendency to perceive the job performance of ratees as especially ineffective.
- **Central tendency** – The tendency to assign most ratees to middle-range job performance categories.

Halo effect – The rating of an individual on one trait or characteristic tends to colour ratings on other traits or characteristics. A **halo effect** occurs when the perceiver's general impression of a target distorts perception of the target on specific dimensions. Halo effects can be positive or negative. A subordinate viewed positively may be rated high on work quality though the work is full of mistakes. Because of the halo effect, the subordinate will not receive the feedback necessary to improve performance. A negative impression may lead the supervisor to perceive the subordinate as uncooperative.

Similar-to-me effect – A rater gives more favorable evaluations to people who are similar to the rater in terms of background or attitudes. People tend to perceive those who are similar to themselves more

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positively than those who are dissimilar. Similar-to-me effect can adversely affect women and minorities trying to climb the corporate ladder. Members of an organization must be on guard for the similar-to-me bias in interacting with people from other cultures.

Misperception

Misperception is the cognitive process by which an individual selects and organizes, but misinterprets, environmental stimuli.

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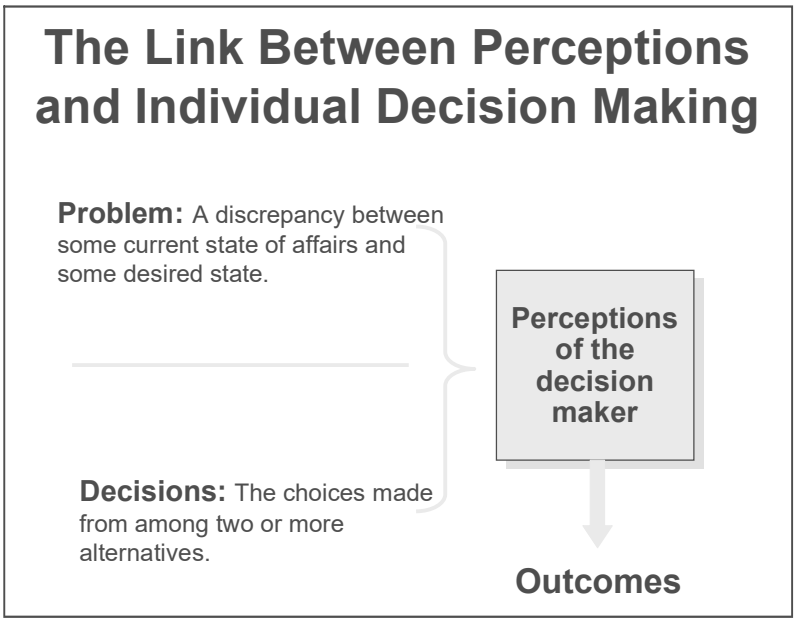
Lesson 12

PERCEPTION AND DECISION MAKING

The Link between Perception and Individual Decision Making

1. Individuals in organizations make decisions; they make choices from among two or more alternatives.
   - Top managers determine their organization's goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant.
   - Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated.
   - Non-managerial employees also make decisions including whether or not to come to work on any given day, how much effort to put forward once at work, and whether or not to comply with a request made by the boss.
   - A number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers.
2. Decision-making occurs as a reaction to a problem.
   - There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
   - The awareness that a problem exists and that a decision needs to be made is a perceptual issue.
3. Every decision requires interpretation and evaluation of information. The perceptions of the decision maker will address these two issues.
   - Data are typically received from multiple sources.
   - Which data are relevant to the decision and which are not?
   - Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated.



Rational Decision-Making Model

"A decision-making model that describes how individuals should behave in order to maximize some outcomes"

Steps in the Rational Decision-Making Model

1. Define the problem.
2. Identify the decision criteria.
3. Allocate weights to the criteria.
4. Develop the alternatives.
5. Evaluate the alternatives.
6. Select the best alternative.

The optimizing decision maker is rational. He or she makes consistent, value-maximizing choices within specified constraints.

The Rational Model

***Step 1*: Defining the problem**

- A problem is a discrepancy between an existing and a desired state of affairs.

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- Many poor decisions can be traced to the decision maker overlooking a problem or defining the wrong problem.

Step 2: Identify the decision criteria important to solving the problem.

- The decision maker determines what is relevant in making the decision. Any factors not identified in this step are considered irrelevant to the decision maker.
- This brings in the decision maker's interests, values, and similar personal preferences

Step 3: Weight the previously identified criteria in order to give them the correct priority in the decision.

Step 4: Generate possible alternatives that could succeed in resolving the problem.

Step 5: Rating each alternative on each criterion.

- Critically analyze and evaluate each alternative
- The strengths and weaknesses of each alternative become evident as they are compared with the criteria and weights established in the second and third steps.

Step 6: The final step is to compute the optimal decision:

- Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

Assumptions of the Model

- *Problem clarity.* The decision maker is assumed to have complete information regarding the decision situation.
- *Known options*. It is assumed the decision maker is aware of all the possible consequences of each alternative.
- *Clear preferences.* Criteria and alternatives can be ranked and weighted to reflect their importance.
- *Constant preferences.* Specific decision criteria are constant and the weights assigned to them are stable over time.
- *No time or cost constraints.* The rational decision maker can obtain full information about criteria and alternatives because it is assumed that there are no time or cost constraints.
- *Maximum payoff.* The rational decision maker will choose the alternative that yields the highest perceived value

Bounded Rationality

Individuals make decisions by constructing simplified models that extract the essential features from problems without capturing all their complexity.

1. When faced with a complex problem, most people respond by reducing the problem to a level at which it can be readily understood.
   - This is because the limited information-processing capability of human beings makes it impossible to assimilate and understand all the information necessary to optimize.
   - People *satisfice*—they seek solutions that are satisfactory and sufficient.
2. Individuals operate within the confines of bounded rationality. They construct simplified models that extract the essential features.
3. How does bounded rationality work?
   - Once a problem is identified, the search for criteria and alternatives begins.

   The decision maker will identify a limited list made up of the more conspicuous choices, which are easy to find, tend to be highly visible, and they will represent familiar criteria and previously tried-and-true solutions.

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- Once this limited set of alternatives is identified, the decision maker will begin reviewing it.
    a. The decision maker will begin with alternatives that differ only in a relatively small degree from the choice currently in effect.
    b. The first alternative that meets the "good enough" criterion ends the search.
- The order in which alternatives are considered is critical in determining which alternative is selected.
- Assuming that a problem has more than one potential solution, the satisfying choice will be the first acceptable one the decision maker encounters.

- Alternatives that depart the least from the status quo are the most likely to be selected.

Intuitive Decision-Making

"An unconscious process created out of distilled experience"

1. Intuitive decision-making has recently come out of the closet and into some respectability.
2. What is intuitive decision making?
    - It is an unconscious process created out of distilled experience. It operates in complement with rational analysis.
    - Some consider it a form of extrasensory power or sixth sense.
    - Some believe it is a personality trait that a limited number of people are born with.
3. Research on chess playing provides an excellent example of how intuition works.
    - The expert's experience allows him or her to recognize the pattern in a situation and draw upon previously learned information associated with that pattern to quickly arrive at a decision choice.
    - The result is that the intuitive decision maker can decide rapidly with what appears to be very limited information.
    - Eight conditions when people are most likely to use intuitive decision making:
        a. when a high level of uncertainty exists
        b. when there is little precedent to draw on
        c. when variables are less scientifically predictable
        d. when "facts" are limited
        e. when facts do not clearly point the way to go
        f. when analytical data are of little use
        g. when there are several plausible alternative solutions to choose from, with good arguments for each
        h. when time is limited, and there is pressure to come up with the right decision
    - Although intuitive decision making has gained in respectability, don't expect people—especially in North America, Great Britain, and other cultures where rational analysis is the approved way of making decisions—to acknowledge they are using it. Rational analysis is considered more socially desirable in these cultures.

Decision-Making Styles

1. Research on decision styles has identified four different individual approaches to making decisions.
2. People differ along two dimensions. The first is their way of thinking.
    - Some people are logical and rational. They process information serially.
    - Some people are intuitive and creative. They perceive things as a whole.
3. The other dimension is a person's tolerance for ambiguity
    - Some people have a high need to minimize ambiguity.
    - Others are able to process many thoughts at the same time.
4. These two dimensions, diagrammed, form four styles of decision making.
    - Directive:

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a. Low tolerance for ambiguity and seek rationality
b. Efficient and logical
c. Decisions are made with minimal information and with few alternatives assessed.

d. Make decisions fast and focus on the short-run.

- Analytic
  a. Greater tolerance for ambiguity
  b. Desire for more information and consideration of more alternatives
  c. Best characterized as careful decision makers with the ability to adapt to or cope with new situations
- Conceptual
  a. Tend to be very broad in their outlook and consider many alternatives
  b. Their focus is long range, and they are very good at finding creative solutions to problems.
- Behavioral
  a. Characterizes decision makers who work well with others
  b. Concerned with the achievement of peers and subordinates and are receptive to suggestions from others, relying heavily on meetings for communicating
  c. Tries to avoid conflict and seeks acceptance

5. Most managers have characteristics that fall into more than one. It is best to think in terms of a manager's dominant style and his or her backup styles.

- Business students, lower-level managers, and top executives tend to score highest in the analytic style.
- Focusing on decision styles can be useful for helping you to understand how two equally intelligent people, with access to the same information, can differ in the ways they approach decisions and the final choices they make.

Organizational Constraints on Decision Makers

1. The organization itself constrains decision makers. This happens due to policies, regulations, time constraints, etc.

2. Performance evaluation

- Managers are strongly influenced in their decision making by the criteria by which they are evaluated. Their performance in decision making will reflect expectation.

3. Reward systems

- The organization's reward system influences decision makers by suggesting to them what choices are preferable in terms of personal payoff.

4. Programmed routines

- All but the smallest of organizations create rules, policies, procedures, and other formalized regulations in order to standardize the behavior of their members.
- By programming decisions, organizations are able to get individuals to achieve high levels of performance without paying for the years of experience.

5. System-imposed time constraints

- Organizations impose deadlines on decisions.
- Decisions must be made quickly in order to stay ahead of the competition and keep customers satisfied.
- Almost all important decisions come with explicit deadlines.

6. Historical Precedents

- Decisions have a context. Individual decisions are more accurately characterized as points in a stream of decisions.
- Decisions made in the past are ghosts which continually haunt current choices. It is common knowledge that the largest determining factor of the size of any given year's budget is last year's budget.

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Cultural Differences in Decision Making

1. The rational model makes no acknowledgment of cultural differences. We need to recognize that the cultural background of the decision maker can have significant influence on:
    a. selection of problems
    b. depth of analysis
    c. the importance placed on logic and rationality
    d. whether organizational decisions should be made autocratically by an individual manager or collectively in groups
2. Cultures, for example, differ in terms of time orientation, the importance of rationality, their belief in the ability of people to solve problems, and preference for collective decision making.

Ethics in Decision Making

1. Utilitarian criterion—decisions are made solely on the basis of their outcomes or consequences. The goal of utilitarianism is to provide the greatest good for the greatest number. This view tends to dominate business decision making.
2. Focus on rights—calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents such as the Bill of Rights.
3. An emphasis on rights means respecting and protecting the basic rights of individuals, such as the right to privacy, to free speech, and to due process.
4. Focus on justice—requires individuals to impose and enforce rules fairly and impartially. There is an equitable distribution of benefits and costs.
   Advantages and liabilities of these three criteria:
   - Utilitarianism
       a. Promotes efficiency and productivity
       b. It can result in ignoring the rights of some individuals, particularly those with minority representation in the organization.
   - Rights
       a. Protects individuals from injury and is consistent with freedom and privacy
       b. It can create an overly legalistic work environment that hinders productivity and efficiency.
   - Justice
       a. Protects the interests of the underrepresented and less powerful
       b. It can encourage a sense of entitlement that reduces risk taking, innovation, and productivity.
       c. Decision makers tend to feel safe and comfortable when they use utilitarianism. Many critics of business decision makers argue that this perspective needs to change.
5. Increased concern in society about individual rights and social justice suggests the need for managers to develop ethical standards based solely on non-utilitarian criteria.

Two Important Decision-Making Phases

A. Problem Identification

Problems that are visible tend to have a higher probability of being selected than ones that are important. Why?

- Visible problems are more likely to catch a decision maker's attention.
- Second, remember we are concerned with decision making in organizations. If a decision maker faces a conflict between selecting a problem that is important to the organization and one that is important to the decision maker, self-interest tends to win out.

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The decision maker's self interest also plays a part. When faced with selecting a problem important to the decision maker or important to the organization, self interest tends to win out.

B. Alternative Development

1. Since decision makers seek a satisfying solution, there is a minimal use of creativity in the search for alternatives. Efforts tend to be confined to the neighborhood of the current alternative.
2. Evidence indicates that decision-making is incremental rather than comprehensive. Decision makers make successive limited comparisons. The picture that emerges is one of a decision maker who takes small steps toward his or her objective.

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Lesson 13

MOTIVATION-THE BASIC CONCEPT

Overview

- Motivating and rewarding employees is one of the most important and one of the most challenging activities that managers perform. Successful managers, such as Angel Lorenzo, in our chapter-opening Manager's Dilemma, understand that what motivates them personally may have little or no effect on others. Just because *you're* motivated by being part of a cohesive work team, don't assume everyone is. Or just because you're motivated by challenging work doesn't mean that everyone is. Effective managers who want their employees to put forth maximum effort recognize that they need to know how and why employees are motivated and to tailor their motivational practices to satisfy the needs and wants of those employees.
- To understand what motivation is, let's begin by pointing out what motivation is not. Why? Because many people incorrectly view motivation as a personal trait—that is, a trait that some people have and others don't. Although in reality a manager might describe a certain employee as unmotivated, our knowledge of motivation tells us that we can't label people that way. What we *do* know is that motivation is the result of the interaction between the person and the situation. Certainly, individuals differ in motivational drive, but overall motivation varies from situation to situation. As we analyze the concept of motivation, keep in mind that the level of motivation varies both between individuals and within individuals at different times.
- Motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need. Although, in general, motivation refers to effort exerted toward any goal, we're referring to organizational goals because our focus is on work-related behavior. Three key elements can be seen in this definition: effort, organizational goals, and needs.
- The *effort* element is a measure of intensity or drive. A motivated person tries hard. But high levels of effort are unlikely to lead to favorable job performance unless the effort is channeled in a direction that benefits the organization. Therefore, we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, organizational goals is the kind of effort that we should be seeking. Finally, we will treat motivation as a need-satisfying process.
- A need refers to some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives lead to a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

We can say that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort leads to need satisfaction, it reduces tension. Because we're interested in work behavior, this tension-reduction effort must also be directed toward organizational goals. Therefore, inherent in our definition of motivation is the requirement that the individual's needs be compatible with the organization's goals. When the two don't match, individuals may exert high levels of effort that run counter to the interests of the organization. Incidentally, this isn't all that unusual. Some employees regularly spend a lot of time talking with friends at work to satisfy their social need. There's a high level of effort but little being done in the way of work.

Motivating high levels of employee performance is an important organizational consideration. Both academic researchers and practicing managers have been trying to understand and explain employee motivation for years. In this chapter, we're going to first look at the early motivation theories and then at the contemporary theories. We'll finish by looking at some current issues in motivation and then providing some practical suggestions managers can use in motivating employees

Work motivation explains why workers behave as they do. Four prominent theories about work motivation—need theory, expectancy theory, equity theory, and procedural justice theory—provide

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complementary approaches to understanding and managing motivation in organizations. Each theory answers different questions about the motivational process.

1. Work motivation refers to the psychological forces within a person that determine the direction of the person's behavior, level of effort, and level of performance in an organization in the face of obstacles. Motivation is distinct from performance; other factors besides motivation (e.g., ability and task difficulty) influence performance.
2. Intrinsically motivated behavior is behavior performed for its own sake. Extrinsically motivated behavior is behavior performed to acquire material or social rewards or to avoid punishment.
3. Need theory, expectancy theory, equity theory, and procedural justice theory are complementary approaches to understanding motivation. Each answers different questions about the nature and management of motivation in organizations.
4. Need theories of motivation identify the needs that workers are motivated to satisfy on the job. Two major need theories of motivation are Maslow's hierarchy of needs and Alderfer's existence-relatedness-growth theory.
5. Expectancy theory focuses on how workers decide what behaviors to engage in on the job and how much effort to exert. The three concepts in expectancy theory are valence (how desirable an outcome is to a worker), instrumentality (a worker's perception about the extent to which a certain level of performance will lead to the attainment of a particular outcome), and expectancy (a worker's perception about the extent to which effort will result in a certain level of performance). Valence, instrumentality, and expectancy combine to determine motivation.
6. Equity theory proposes that workers compare their own outcome/input ratio (the ratio of the outcomes they receive from their jobs and from the organization to the inputs they contribute) to the outcome/input ratio of a referent. Unequal ratios create tension inside the worker, and the worker is motivated to restore equity. When the ratios are equal, workers are motivated to maintain their current ratio of outcomes and inputs if they want their outcomes to increase.
7. Procedural justice theory is concerned with perceived fairness of the procedures used to make decisions about inputs, performance, and distribution of outcomes. How managers treat their subordinates and the extent to which they provide explanations for their decisions influence workers' perceptions of procedural justice. When procedural justice is perceived to be low, motivation suffers because workers are not sure that their inputs and performance levels will be accurately assessed or that outcomes will be distributed in a fair manner.

Motivation

"A state of mind, desire, energy or interest that translates into action"

or

"The inner drive that directs a person's behavior toward goals"

Motivation is central to understanding and managing organizational behavior because it influences workers' behaviors, workers' level of effort, and their persistence in the face of obstacles. This chapter discusses the differences between motivation and performance and between intrinsic and extrinsic motivation. Several theories of work motivation are described: need theory, expectancy theory, equity theory, and procedural justice theory.

Defining Motivation

"The processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal"

Key Elements

Intensity: how hard a person tries. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
Direction: toward beneficial goal. Direction is the orientation that benefits the organization.

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Persistence: how long a person tries. Persistence is a measure of how long a person can maintain his/her effort. Motivated individuals stay with a task long enough to achieve their goal.

Motivational Theories

Maslow's Hierarchy of Needs

Need theory is actually a collection of theories that focus on workers' needs as the sources of motivation. Need theories propose that workers seek to satisfy many of their needs at work, so their behavior at work is oriented toward need satisfaction. A **need** is a requirement for survival and well-being. Previous chapters have described two theories, Hertzberg's motivator-hygiene theory and McClelland's descriptions of the needs for achievement, affiliation, and power. Two other content theories will be discussed, the theories of Abraham Maslow and Clay Alderfer.

Maslow suggested that all people seek to satisfy the same five needs—physiological needs, safety needs, need to belong, esteem needs, and self-actualization needs. Maslow proposed that the needs be arranged in a hierarchy of importance, with the most basic or compelling needs—physiological and safety needs—at the bottom. Basic needs must be satisfied before an individual seeks to satisfy higher needs in the hierarchy. Maslow argued that once a need is satisfied, it is no longer a source of motivation.
Maslow's theory helps managers understand that workers' needs differ and that motivation for one worker is not motivation for another. Managers must identify a worker's needs and ensure satisfaction of these needs if desired behaviors are performed.

Organizations can help workers who are at different levels in Maslow's hierarchy satisfy personal needs while also achieving organizational goals and a competitive advantage. Realizing that researchers wanted to feel proud of their work, the Unocal Corporation instituted Creativity Week to recognize scientists whose projects benefit the organization. While meeting the esteem needs of its scientists, Unocal also reinforces its goal of innovation.

1. Physiological needs: food, drink, shelter, sexual satisfaction, and other physical requirements.

2. Safety needs: security and protection from physical and emotional harm, as well as assurance that physical needs will continue to be met.

3. Social needs: affection, belongingness, acceptance, and friendship.

4. Esteem needs: internal esteem factors such as self-respect, autonomy, and achievement and external esteem factors such as status, recognition, and attention.

5. Self-actualization needs: growth, achieving one's potential, and self-fulfillment; the drive to become what one is capable of becoming.

In terms of motivation, Maslow argued that each level in the hierarchy must be substantially satisfied before the next is activated and that once a need is substantially satisfied it no longer motivates behavior. In other words, as each need is substantially satisfied, the next need becomes dominant. In terms of the individual moves up the needs hierarchy. From the standpoint of motivation, Maslow's theory proposed that, although no need is ever fully satisfied, a substantially satisfied need will no longer motivate an individual. If you want to motivate someone, according to Maslow, you need to understand what level that person is on in the hierarchy and focus on satisfying needs at or above that level. Managers who accepted Maslow's hierarchy attempted to change their organizations and management practices so that employees' needs could be satisfied.

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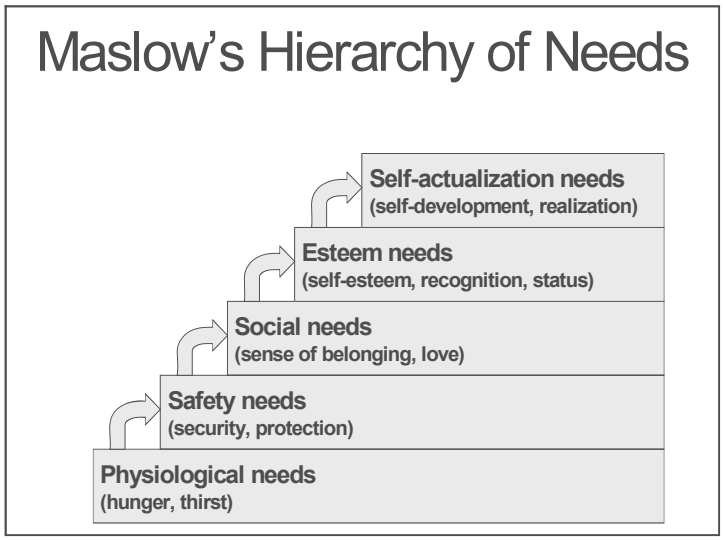
In addition, Maslow separated the five needs into higher and lower levels. Physiological and safety needs were described as *lower-order needs*; social, esteem, and self-actualization were described as *higher-order needs*. The difference between the two levels was made on the premise that higher-order needs are satisfied internally while lower-order needs are predominantly satisfied externally. In fact, the natural conclusion from Maslow's classification is that, in times of economic prosperity, almost all permanently employed workers have their lower-order needs substantially met.

Maslow's need theory received wide recognition, especially among practicing managers during the 1960s and 1970s. This recognition can be attributed to the theory's intuitive logic and ease of understanding. Unfortunately, however, research hasn't generally validated the theory. Maslow provided no empirical support for his theory, and several studies that sought to validate it could not.



Basic assumptions

- Once a need is satisfied, its role declines
- Needs are complex, with multiple needs acting simultaneously
- Lower level needs must be satiated before higher level needs are activated
- Individual and environment influence employee behavior
- Individuals decide behavior, although environment can place constraints
- Individuals have different needs/goals
- Decide among alternatives based on perception of behavior leading to desired outcome
- More ways exist to satisfy higher level needs

Alderfer's ERG Theory

Clayton Alderfer's existence-relatedness-growth (ERG) theory is also a need theory of work motivation. Alderfer reduces the number of needs from five to three and states that needs at more than one level can be motivators at any time. Like Maslow, Alderfer proposes a hierarchy of needs. Yet, he believes that when an individual has difficulty satisfying a higher-level need, motivation to satisfy lower-level needs increase
A three-level hierarchical need theory of motivation that allows for movement up and down the hierarchy.

- Existence Needs
- Relatedness Needs
- Growth Needs

McGregor's Theory X and Theory Y

Douglas McGregor is best known for his formulation of two sets of assumptions about human nature: Theory X and Theory Y. Very simply, Theory X presents an essentially negative view of people. It assumes that workers have little ambition, dislike work, want to avoid responsibility, and need to be closely controlled to work effectively. Theory Y offers a positive view. It assumes that workers can exercise self-direction, accept and actually seek out responsibility, and consider work to be a natural activity. McGregor believed that Theory Y assumptions better captured the true nature of workers and should guide management practice.

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What did McGregor's analysis imply about motivation? The answer is best expressed in the framework presented by Maslow. Theory X assumed that lower-order needs dominated individuals, and Theory Y assumed that higher-order needs dominated. McGregor himself held to the belief that the assumptions of Theory Y were more valid than those of Theory X. Therefore, he proposed that participation in decision making, responsible and challenging jobs, and good group relations would maximize employee motivation.

Unfortunately, there is no evidence to confirm that either set of assumptions is valid or that accepting Theory Y assumptions and altering your actions accordingly will make employees more motivated.

Under Theory X, the four assumptions held by managers are:

- Employees inherently dislike work and, whenever possible, will attempt to avoid it.
- Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
- Employee will avoid responsibilities and seek formal direction whenever possible.

Under Theory Y, the assumptions are:

- Employees can view work as being as natural as rest or play.
- People will exercise self-direction and self-control if they are committed to the objectives.
- The average person can learn to accept, even seek, responsibility.
- The ability to make innovative decisions is widely spread throughout the population and is not necessarily the sole responsibility of those in management positions.

Theory Z

> ***"A management philosophy that stresses employee participation in all aspects of company decision-making"***

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Lesson 14

MOTIVATIONAL THEORIES

Overview

- The theories and approaches we're going to look at in this section represent current state-of-the-art explanations of employee motivation. Although these may not be as well known as some of the early theories of motivation, they do tend to have substantive research support. What are these contemporary motivation approaches? We're going to look at six: three-need theory, goal-setting theory, reinforcement theory, designing motivating jobs, equity theory, and expectancy theory.
- David McClelland and others have proposed the three-need theory, which says there are three needs that are major motives in work. These three needs include the need for achievement, which is the drive to excel, to achieve in relation to a set of standards, and to strive to succeed; the need for power which is the need to make others behave in a way that they would not have behaved otherwise; and the need for affiliation, which is the desire for friendly and close interpersonal relationships. Of these three needs, the need for achievement has been researched most extensively. What has this research showed us?

David McClelland's Theory of Needs

People with a high need for achievement are striving for personal achievement rather than for the trappings and rewards of success. They have a desire to do something better or more efficiently than it's been done before. They prefer jobs that offer personal responsibility for finding solutions to problems, in which they can receive rapid and unambiguous feedback on their performance in order to tell whether they're improving, and in which they can set moderately challenging goals. High achievers aren't gamblers; they dislike succeeding by chance. They are motivated by and prefer the challenge of working at a problem and accepting the personal responsibility for success or failure. An important point is that high achievers avoid what they perceive to be very easy or very difficult tasks. Also, a high need to achieve doesn't necessarily lead to being a good manager, especially in large organizations. A high achievement salesperson at Merck does not necessarily make a good sales manager and good managers in large organizations such as, the other two needs in the three-need theory haven't been researched as extensively as the need for achievement. However, we do know that the needs for affiliation and power are closely related to managerial success. The best managers tend to be high in t **Need theory** is actually a collection of theories that focus on workers' needs as the sources of motivation. Need theories propose that workers seek to satisfy many of their needs at work, so their behavior at work is oriented toward need satisfaction? A **need** is a requirement for survival and well-being. Previous chapters have described two theories, Hertzberg's motivator-hygiene theory and McClelland's descriptions of the needs for achievement, affiliation, and power (. Two other content theories will be discussed, the theories of Abraham Maslow and Clay Alderfer.

Need for achievement

- The desire to do something better or more efficiently, to solve problems, or to master complex tasks.
- High need for achievement people:
  - •Prefer individual responsibilities.
  - •Prefer challenging goals.
  - •Prefer performance feedback.

Need for affiliation

- The desire to establish and maintain friendly and warm relations with others.
- High need for affiliation people:
  - •Are drawn to interpersonal relationships.
  - •Seek opportunities for communication.

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Need for power

- The desire to control others, to influence their behavior, or to be responsible for others.
- High need for power people:
    - •Seek influence over others.
    - •Like attention.
    - •Like recognition.

Goal-Setting Theory

Before a big assignment or major class project presentation, has a teacher ever said to you "Just do your best"? What does that vague statement, "do your best," mean? Would your performance on a class project have been higher if that teacher had said that you needed to score a 93 percent to keep your A in the class? Would you have done better in high school English if your parents had said, "You should strive for 85 percent or higher on all your work in English class" rather than telling you to do your best? Research on goal-setting theory addresses these issues, and the findings, as you'll see, are impressive in terms of the effect that goal specificity, challenge, and feedback have on performance.

There is substantial support for the proposition that specific goals increase performance and that difficult goals, when accepted, result in higher performance than do easy goals. This proposition is known as goal-setting theory.

Intention to work toward a goal is a major source of job motivation. Studies on goal setting have demonstrated the superiority of specific and challenging goals as motivating forces. Specific, hard goals produce a higher level of output than does the generalized goal of "do your best." The specificity of the goal itself acts as an internal stimulus. For instance, when a FedEx delivery truck driver commits to making 10 weekly round-trip hauls between Toronto and Buffalo, New York, this intention gives him a specific goal to try to attain. We can say that, all things being equal, the delivery person with a specific goal will outperform someone else operating with no goals or the generalized goal of "do your best. “You may have noticed what appears to be a contradiction between the research findings on achievement motivation and goal setting. Is it a contradiction that achievement motivation is stimulated by moderately challenging goals, whereas goal-setting theory says that motivation is maximized by difficult goals? No, and our explanation is twofold. First, goal-setting theory deals with people in general. The conclusions on achievement motivation are based on people who have a high achievement Given that no more than 10 to 20 percent of North Americans are naturally high achievers and that proportion is undoubtedly lower in underdeveloped countries, difficult goals are still recommended for the majority of employees. Second, the conclusions of goal-setting theory apply to those who accept and are committed to the goals. Difficult goals will lead to higher performance only if they are accepted.

Will employees try harder if they have the opportunity to participate in the setting of goals? Although we can't say that having employees participate in the goal-setting process is *always* desirable, participation is probably preferable to assigning goals when you expect resistance to accepting difficult challenges. In some cases, participatively set goals elicited superior performance; in other cases, individuals performed best when their manager assigned goals. But a major advantage of participation may be in increasing acceptance of the goal itself as a desirable one toward which to work.

Finally, people will do better when they get feedback on how well they're progressing toward their goals because feedback helps identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behavior. But all feedback isn't equally effective. Self-generated feedback—where the employee is able to monitor his or her own progress—has been shown to be a more powerful motivator than externally generated feedback.

Are there any contingencies in goal-setting theory, or can we just assume that difficult and specific goals always lead to higher performance? In addition to feedback, three other factors have been found to

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influence the goals-performance relationship. These are goal commitment, adequate self-efficacy, and national culture. Goal-setting theory presupposes that an individual is committed to the goal—that is, an individual is determined not to lower or abandon the goal. Commitment is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned. Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are likely to reduce their effort or give up altogether, whereas those with high self-efficacy will try harder to master the challenge. In addition, individuals with high self-efficacy seem to respond to negative feedback with increased effort and motivation, whereas those with low self-efficacy are likely to reduce their effort when given negative feedback. Finally, goal-setting theory is culture bound. It is well adapted to countries such as the United States and Canada because its main ideas align reasonably well with North American cultures. It assumes that subordinates will be reasonably independent (not too high a score on power distance), that managers and employees will seek challenging goals (low in uncertainty avoidance), and that performance is considered important by both managers and subordinates (high in quantity of life). So don't expect goal setting to necessarily lead to higher employee performance in countries such as Portugal or Chile, where the country's cultural characteristics aren't like this.

Equity Theory

J. Stacy Adams developed equity theory, based on the premise that workers pay attention to the relationship between the **inputs** they contribute, such as skills, training, education, experience, effort, and time, and the **outcomes** they receive, such as pay, benefits, status, job satisfaction, job security, and promotions. Motivation is based on the perception of one's own outcome/input ratio compared to that of a similar individual or group, called a **referent**. Equity theory proposes that motivation is based on the worker's *perception* of the work situation.

Equity occurs when an individual's outcome/input ratio equals that of the referent. Because the comparison of these ratios (rather than absolute levels) determines whether equity is perceived, equity can exist if the referent receives more than the person making the comparison. When workers perceive ratios to be equal, they are motivated to maintain the status quo or increase inputs to receive greater outcomes.

Inequity***:*** Unequal ratios result in tension and a desire to restore equity. *Overpayment inequity* occurs when an individual perceives his or her outcome/input ratio is greater than the referent's. *Underpayment inequity* occurs when the individual perceives his or her ratio is less than the referent's. In either case, the individual is motivated to restore equity, according to equity theory.

Ways to Restore Equity

Once an individual experiences inequity, there are several ways to restore equity:

1. *Change inputs or outcomes.* Underpaid workers may try to reduce their inputs—by arriving late or by putting in less effort—or to increase outcomes. Overpaid workers may try to increase inputs or decrease outcomes.
2. *Change referent's inputs or outcomes.* Underpaid workers may try to reduce their referent's outcomes— by telling the boss a coworker doesn't deserve a bonus—or to get referents to increase inputs. Overpaid workers could try to increase or decrease the outcomes referents receive.
3. *Change perceptions of the situation*. Equity can be restored through changes in perception of the inputs and outcomes of the worker and the referent. A worker might realize that the referent had inputs that were overlooked (i.e., additional education) and/or that the worker received additional outcomes (i.e., a sense of accomplishment).
4. *Change the referent*. Usually referents chosen by workers are similar in characteristics such as age, background, experience, and education levels. Sometimes the worker realizes that the referent was inappropriate (e.g., older, more experienced, related to the boss, or superhuman). A change in the referent can restore equity.

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5. *Leave the job or organization*. Leaving the organization restores equity. The worker can seek a more equitable work situation.

Expectancy Theory

Expectancy theory, developed by Victor Vroom, focuses on how workers make choices among alternative behaviors and levels of effort. With its emphasis on choices, expectancy theory focuses on workers' perceptions and thoughts or cognitive processes. By describing how workers make choices, expectancy theory provides managers with valuable insights on how to get workers to perform desired behaviors and how to encourage workers to exert high levels of effort.

Expectancy theory makes two assumptions: (1) workers are motivated to receive positive outcomes and avoid negative outcomes and (2) workers are rational, careful processors of information. Expectancy theory identifies three factors that determine motivation: valence, instrumentality, and expectancy. The most comprehensive and widely accepted explanation of employee motivation to date is Victor Vroom's expectancy theory. Although the theory has its critics, most research evidence supports it.

Expectancy theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It includes three variables or relationships

This explanation of motivation might sound complex, but it really isn't that difficult to visualize. It can be summed up in the questions: How hard do I have to work to achieve a certain level of performance, and can I actually achieve that level? What reward will performing at that level get me? How attractive is the reward to me, and does it help me achieve my goals? Whether you are motivated to put forth effort (that is, to work) at any given time depends on your particular goals and your perception of whether a certain level of performance is necessary to attain those goals. Let's look at the theory's features and go through an example of how it works.

First, what perceived outcomes does the job offer the employee? Outcomes (rewards) may be positive—things such as pay, security, companionship, trust, fringe benefits, a chance to use talents or skills, or congenial relationships. Or the employee may view the outcomes as negative—fatigue, boredom, frustration, anxiety, harsh supervision, or threat of dismissal. Keep in mind that reality isn't relevant here. The critical issue is what the individual *perceives* the outcomes to be, regardless of whether the perceptions are accurate.

Second, how attractive are the outcomes or rewards to employees? Are they valued positively, negatively, or neutrally? This obviously is a personal and internal issue that depends on the individual's needs, attitudes, and personality. A person who finds a particular reward attractive—that is, values it positively—would rather get it than not get it. Others may find it negative and, therefore, prefer not getting it. Still others may be neutral about the outcome.

Third, what kind of behavior must the employee exhibit in order to achieve these rewards? The rewards aren't likely to have any effect on an individual employee's performance unless he or she knows, clearly and unambiguously, what must be done to achieve them. For example, what is "doing well" in terms of performance appraisal? What criteria will be used to judge the employee's performance?

Finally, how does the employee view his or her chances of doing what is asked? After an employee has considered his or her own skills and ability to control those variables that lead to success, what's the likelihood that he or she can successfully perform at the necessary level?

Frederick Hertzberg's motivation-hygiene theory proposes that intrinsic factors are related to job satisfaction and motivation, whereas extrinsic factors are associated with job dissatisfaction. Believing

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that an individual's relation to his or her work is a basic one and that his or her attitude toward work determines success or failure, Herzberg investigated the question "What do people want from their jobs?" He asked people for detailed descriptions of situations in which they felt exceptionally good or bad about their jobs.

Herzberg concluded from his analysis of the findings that the replies people gave when they felt good about their jobs were significantly different from the replies they gave when they felt badly. Certain characteristics were consistently related to job satisfaction (factors on the left side of the exhibit) and others to job dissatisfaction (factors on the right side). Those factors associated with job satisfaction were intrinsic and included things such as achievement, recognition, and responsibility. When people felt good about their work, they tended to attribute these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy and administration, supervision, interpersonal relationships, and working conditions.

In addition, Herzberg believed that the data suggested that the opposite of satisfaction was not dissatisfaction, as traditionally had been believed. Removing dissatisfying characteristics from a job would not necessarily make that job more satisfying (or motivating). As shown in Exhibit 16.4, Herzberg proposed that his findings indicated the existence of a dual continuum: The opposite of "satisfaction" is "no satisfaction," and the opposite of "dissatisfaction" is "no dissatisfaction."

According to Herzberg, the factors that led to job satisfaction were separate and distinct from those that led to job dissatisfaction. Therefore, managers who sought to eliminate factors that created job dissatisfaction could bring about workplace harmony but not necessarily motivation. Because they don't motivate employees, the extrinsic factors that create job dissatisfaction were called hygiene factors. When these factors are adequate, people will not be dissatisfied, but they will not be satisfied (or motivated) either. To motivate people on their jobs, Herzberg suggested emphasizing motivators, the intrinsic factors that increase job satisfaction.

Hertzberg's theory enjoyed wide popularity from the mid-1960s to the early 1980s, but criticisms were raised about his procedures and methodology. Although today we say the theory was too simplistic, it has had a strong influence on how we currently design jobs.

Reinforcement Theory

In contrast to goal-setting theory, reinforcement theory says that behavior is a function of its consequences. Goal-setting theory proposes that an individual's purpose directs his or her behavior. Reinforcement theory argues that behavior is externally caused. What controls behavior are reinforces, consequences that, when given immediately following a behavior, increase the probability that the behavior will be repeated.

The key to reinforcement theory is that it ignores factors such as goals, expectations, and needs. Instead, it focuses solely on what happens to a person when he or she takes some action. This idea helps explain why publishers such as Pearson Education provide incentive clauses in their authors' contracts.

Following reinforcement theory, managers can influence employees' behavior by reinforcing actions they deem desirable. However, because the emphasis is on positive reinforcement, not punishment, managers should ignore, not punish, unfavorable behavior. Even though punishment eliminates undesired behavior faster than non-reinforcement does, its effect is often only temporary and may later have unpleasant side effects including dysfunctional behavior such as workplace conflicts, absenteeism, and turnover.

Research has shown that reinforcement is undoubtedly an important influence on work behavior. But reinforcement isn't the only explanation for differences in employee motivation. Goals also affect motivation, as do levels of achievement needs, job design, inequities in rewards, and expectations.

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Negative reinforcement

- Also known as avoidance.
- The withdrawal of negative consequences to increase the likelihood of repeating the desired behavior in similar settings.

Punishment

- The administration of negative consequences or the withdrawal of positive consequences to reduce the likelihood of repeating the behavior in similar settings.

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Lesson 15

REWARD SYSTEMS

Overview and Learning Objectives

- Understand the nature of employee motivation.
- Recognize the importance of creating a workplace that inspires and supports employee motivation.
- Identify aspects of today's workplace that can affect employee motivation.
- Understand the nature of employee motivation.
- Recognize the importance of creating a workplace that inspires and supports employee motivation.
- Identify aspects of today's workplace that can affect employee motivation.
- Develop a vision to inspire your department or team.
- Set strategic imperatives to help your team live out its vision.
- Measure employee progress in meeting strategic imperatives.
- Inspire ongoing employee motivation for Continuous Improvement.
- Offer rewards that employees value.
- Distribute rewards fairly.
- Use monetary and recognition rewards fairly.
- Keep rewards from backfiring.
- Recognize positive reinforcement, negative reinforcement, and punishment.
- Rely on positive rather than negative reinforcement.
- Create a friendly company culture.
- Communicate regularly and appropriately with employees.
- Actively listen to employee concerns.
- Accept constructive feedback from employees.
- Recognize factors that can lead to poor employee performance.
- Understand what a manager can do to help unmotivated employees.
- Try new techniques to inspire motivation.

Work motivation explains why workers behave as they do. Four prominent theories about work motivation—need theory, expectancy theory, equity theory, and procedural justice theory—provide complementary approaches to understanding and managing motivation in organizations. Each theory answers different questions about the motivational process.

1. Work motivation refers to the psychological forces within a person that determine the direction of the person's behavior, level of effort, and level of performance in an organization in the face of obstacles. Motivation is distinct from performance; other factors besides motivation (e.g., ability and task difficulty) influence performance.
2. Intrinsically motivated behavior is behavior performed for its own sake. Extrinsically motivated behavior is behavior performed to acquire material or social rewards or to avoid punishment.
3. Need theory, expectancy theory, equity theory, and procedural justice theory are complementary approaches to understanding motivation. Each answers different questions about the nature and management of motivation in organizations.
4. Need theories of motivation identify the needs that workers are motivated to satisfy on the job. Two major need theories of motivation are Maslow's hierarchy of needs and Alderfer's existence-relatedness-growth theory.
5. Expectancy theory focuses on how workers decide what behaviors to engage in on the job and how much effort to exert. The three concepts in expectancy theory are valence (how desirable an outcome is to a worker), instrumentality (a worker's perception about the extent to which a certain level of performance will lead to the attainment of a particular outcome), and expectancy (a worker's perception about the extent to which effort will result in a certain level of performance). Valence, instrumentality, and expectancy combine to determine motivation.

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6. Equity theory proposes that workers compare their own outcome/input ratio (the ratio of the outcomes they receive from their jobs and from the organization to the inputs they contribute) to the outcome/input ratio of a referent. Unequal ratios create tension inside the worker, and the worker is motivated to restore equity. When the ratios are equal, workers are motivated to maintain their current ratio of outcomes and inputs if they want their outcomes to increase.
7. Procedural justice theory is concerned with perceived fairness of the procedures used to make decisions about inputs, performance, and distribution of outcomes. How managers treat their subordinates and the extent to which they provide explanations for their decisions influence workers' perceptions of procedural justice. When procedural justice is perceived to be low, motivation suffers because workers are not sure that their inputs and performance levels will be accurately assessed or that outcomes will be distributed in a fair manner.

Following are the core concept of motivation:

Need theories: We introduced four theories that focused on needs. These were Maslow's hierarchy, two-factor, ERG, and McClelland's needs theories. The strongest of these is probably the last, particularly regarding the relationship between achievement and productivity. If the other three have any value at all, that value relates to explaining and predicting job satisfaction.

Goal-setting theory: There is little dispute that clear and difficult goals lead to higher levels of employee productivity. This evidence leads us to conclude that goal-setting theory provides one of the more powerful explanations of this dependent variable. The theory, however, does not address absenteeism, turnover, or satisfaction.

Reinforcement theory: This theory has an impressive record for predicting factors like quality and quantity of work, persistence of effort, absenteeism, tardiness, and accident rates. It does not offer much insight into employee satisfaction or the decision to quit.

Equity theory: Equity theory deals with all four dependent variables. However, it is strongest when predicting absence and turnover behaviors and weakest when predicting differences in employee productivity.

Expectancy theory: Our final theory focused on performance variables. It has proved to offer a relatively powerful explanation of employee productivity, absenteeism, and turnover, but expectancy theory assumes that employees have few constraints on their decision discretion. It makes many of the same assumptions that the rational model makes about individual decision-making .This acts to restrict its applicability.
For major decisions, such as accepting or resigning from a job, expectancy theory works well because people do not rush into decisions of this nature. They are more prone to take the time to carefully consider the costs and benefits of all the alternatives. However, expectancy theory is not a very good explanation for more typical types of work behavior, especially for individuals in lower-level jobs, because such jobs come with considerable limitations imposed by work methods, supervisors, and company policies. We would conclude, therefore, that expectancy theory's power in explaining employee productivity increases where the jobs being performed are more complex and higher in the organization (where discretion is greater).

Many people incorrectly view motivation as a personal trait—that is, some have it and others do not. Motivation is the result of the interaction of the individual and the situation.

Definition:

"Motivation is the processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal"

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We will narrow the focus to organizational goals in order to reflect our singular interest in work-related behavior.

The three key elements of our definition are intensity, direction, and persistence:

- *Intensity* is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
- *Direction* is the orientation that benefits the organization.
- *Persistence* is a measure of how long a person can maintain his/her effort. Motivated individuals stay with a task long enough to achieve their goal.

Work Motivation: The psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence.
Direction of Behavior - Which behaviors does a person choose to perform in an organization?
Level of Effort - How hard does a person work to perform a chosen behavior?
Level of Persistence - When faced with obstacles, roadblocks, and stone walls, how hard does a person keep trying to perform a chosen behavior successfully?

Why is motivation important?

•Important in getting and retaining people
•The glue that links individuals to organizational goals
•Make individuals go beyond the job and be creative

MBO (Management by Objective)

1. Management by objectives emphasizes participatively set goals that are tangible, verifiable, and measurable. It is not a new idea. It originated more than 50 years ago.
2. MBO's appeal lies in its emphasis on converting overall organizational objectives into specific objectives for organizational units and individual members. MBO operationalizes objectives by devising a process by which objectives cascade down through the organization. *(Exhibit 7-1)*
3. Four ingredients common to MBO programs are: goal specificity, participative decision-making, an explicit time period, and performance feedback.
4. Goal specificity:
   - The objectives in MBO should be concise statements of expected accomplishments. Example – To cut departmental costs by seven percent, to improve service by ensuring that all telephone orders are processed within 24 hours of receipt, or to increase quality by keeping returns to less than one percent of sales.
5. Participative decision making:
   - The objectives in MBO are not unilaterally set by the boss and then assigned to employees.
   - The manager and employee jointly choose the goals and agree on how they will be measured.
6. An explicit time period:
   - Each objective has a specific time period in which it is to be completed.
   - Typically three months, six months, or a year
7. Performance feedback
   - MBO seeks to give continuous feedback on progress toward goals so that workers can monitor and correct their own actions.

The Procedures of MBO

1 The superior meets with the subordinate to develop and agree on subordinate objectives.
2. Periodic meetings monitor the subordinate's progress in achieving the objectives.
3. An appraisal meeting evaluates objectives and diagnoses reasons for success and failure.
4. The MBO cycle is repeated.

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MBO in Practice

1. Reviews of studies suggest that MBO is a popular technique—it is used in business, health care, educational, government, and nonprofit organizations.
2. MBO's popularity should not be construed to mean that it always works.
   - Where it has failed, the problems rarely lie with MBO's basic components.
   - Rather, factors such as unrealistic expectations regarding results, lack of top-management commitment, and an inability or unwillingness by management to allocate rewards based on goal accomplishment are the cause.

Money as a Motivator

- According to Maslow and Alderfer, pay should prove especially motivational to people who have strong lower-level needs.
- If pay has this capacity to fulfill a variety of needs, then it should have good potential as a motivator.
- They value their services and place high value on them
- Perceive money as symbol of their achievement
- Will not remain in low paying organization
- Very self – confident
- Know their abilities and limitations

The Meaning of Money

- ***Money and employee needs***
  –affects several needs, not just existence needs•
- ***Money and attitudes***
  –Money ethic -- not evil, represents success, should be budgeted carefully
- ***Money and self-identity***
  –Influences our self-perceptions
  –Evidence that man more than women identify with money

Pay and Motivation

1. Variable Pay Programs can take the form of piece-rate plans, wage incentives, profit sharing, bonuses, and gain-sharing.
2. A portion of an employee's pay is based on some individual and/or organizational measure of performance. Unlike more traditional base-pay programs, variable pay is not an annuity—there is no guarantee.
3. The fluctuation in variable pay programs makes them attractive to management. The organization's fixed labor costs turn into a variable cost reducing expenses when performance declines. Also, tying pay to performance recognizes contribution rather than being a form of entitlement.
4. Four widely used programs are piece-rate wages, bonuses, profit sharing, and gain sharing:
   - *Piece-rate wages*
     a. Around for nearly a century
     b. Popular as a means for compensating production workers
     c. Workers are paid a fixed sum for each unit of production completed.
     d. A pure piece-rate plan—the employee gets no base salary and is paid only for production. For example: Selling peanuts in ballparks works this way.
     e. Modified piece-rate plan—employees earn a base hourly wage plus a piece-rate differential.
   - *Bonuses*
     a. These can be paid exclusively to executives or to all employees.

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b. Increasingly, bonus plans are taking on a larger net within organizations to include lower-ranking employees to reward production and increased profits.

- *Profit-sharing plans*
  a. Organization wide programs that distribute compensation based on some established formula designed around a company's profitability
  b. Direct cash outlays or, particularly in the case of top managers, allocated as stock options
- *Gain-sharing*
  a. This is a formula-based group incentive plan.
  b. Improvements in group productivity—from one period to another—determine the money allocated.
  c. Gain-sharing and profit sharing are similar but not the same thing. It focuses on productivity gains rather than profits.
  d. Gain-sharing rewards specific behaviors that are less influenced by external factors. Employees in a gain-sharing plan can receive incentive awards even when the organization is n0t profitable.

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Lesson 16

REVIEW OF PART-I

Organizational Behavior	Interdisciplinary field dedicated to better understanding and managing people at work
Behavior function	Behavior is a function of both the Person and the Environment. B = f (P/E)
Organization	System of consciously coordinated activities of two or more people
E-business	Running the entire business via the Internet
Person-Job Fit	The extent to which the contributions made by the individual match the inducements offered by the organization
Ability	Mental and physical capabilities to perform various tasks
Intellectual Abilities	The capacity to do mental activities
Learning	A relatively permanent change in the behavior occurring as a result of experience
Skill	Specific capacity to manipulate objects
Intelligence	Capacity for constructive thinking, reasoning, problem solving
Self-Concept	Person's self-perception as a physical, social, spiritual being
Cognitions	A person's knowledge, opinions, or beliefs
Self-esteem	One's overall self-evaluation
Self-efficacy	Belief in one's ability to do a task
Learned helplessness	Debilitating lack of faith in one's ability to control the situation
Self-monitoring	Observing one's own behavior and adapting it to the situation
Value system	The organization of one's beliefs about preferred ways of behaving and desired end-states
Attitude	Learned predisposition toward a given object
Affective component	The feelings or emotions one has about an object or situation
Cognitive component	The beliefs or ideas one has about an object or situation.
Behavioral Component	How one intends to act or behave toward someone or something
Cognitive dissonance	Psychological discomfort experienced when attitudes and behavior are inconsistent
Job involvement	Extent to which an individual is immersed in his or her present job

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Job satisfaction	An affective or emotional response to one's job
Value attainment	The extent to which a job allows fulfillment of one's work values
Organizational Citizenship Behaviors (OCBs)	Employee behaviors that exceed work role requirements
Personality	Stable physical and mental characteristics responsible for a person's identity
Proactive personality	Action-oriented person who shows initiative and perseveres to change things
Internal locus of control	Attributing outcomes to one's own actions
External locus of control	Attributing outcomes to circumstances beyond one's control
Emotions	Complex human reactions to personal achievements and setbacks that may be felt and displayed
Emotional Intelligence	Ability to manage oneself and interact with others in mature and constructive ways
Perception	Process of interpreting one's environment
Social Perception	The process through which individuals attempt to combine, integrate, and interpret information about others
Attribution	The Process through which individuals attempt to determine the causes of others behavior
Fundamental Attribution Bias	Ignoring environmental factors that affect behavior in attributing others' actions
Internal factors	Personal characteristics that cause behavior
External factors	Environmental characteristics that cause behavior
Stereotype	Beliefs about the characteristics of a group
Self-serving bias	Taking more personal responsibility for success than failure
Self-fulfilling Prophecy	Someone's high expectations for another person result in high performance
Impression Management	A process by which people attempt to manage or control the perceptions other form of them
Motivation	Psychological processes that arouse and direct goal-directed behavior
Content Theories of	

Motivation	Identify internal factors influencing motivation
Process Theories of Motivation	Identify the process by which internal factors and cognitions influence motivation
Needs	Physiological or psychological deficiencies that arouse behavior
Need hierarchy Theory	Five basic needs--physiological, safety, love, esteem, and self-actualization--influence behavior
ERG Theory	Three basic needs--existence, relatedness, and growth--influence behavior
Need for achievement	Desire to accomplish something difficult
Need for affiliation	Desire to spend time in social relationships and activities
Need for power	Desire to influence, coach, teach, or encourage others to achieve
Motivators	Job characteristics associated with job satisfaction
Hygiene factors	Job characteristics associated with job dissatisfaction
Equity theory	Holds that motivation is a function of fairness in social exchanges
Negative inequity	Comparison in which another person receives greater outcomes for similar inputs
Positive inequity	Comparison in which another person receives lesser outcomes for similar inputs
Equity sensitivity	An individual's tolerance for negative and positive equity
Expectancy theory	Holds that people are motivated to behave in ways that produce valued outcomes
Expectancy	Belief that effort leads to a specific level of performance.
Intrinsic motivation	Motivation caused by positive internal feelings

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Lesson 17

FOUNDATIONS OF GROUP BEHAVIOR

Overview

Organizations are not just collections of individuals working alone; members are usually clustered into groups or teams. Groups can accomplish things that are difficult for individuals working alone. The use of groups poses special challenges for management. Thus, this focuses on the nature and functioning of work groups and teams, such as how work groups develop and how group membership affects individual behavior.

Two basic attributes define a group: (1) group members interact with one another; and (2) group members perceive that they can accomplish certain goals in a group. A **group** is a set of two or more people who interact to achieve certain goals or meet certain needs. Although members share some goals, they differ on others. A **group goal** is one that all or most group members agree on as a common goal.

Any predictions about a group's performance must begin by recognizing that work groups are part of a larger organization and those factors such as the organization's strategy, authority structure, selection procedures, and reward system can provide a favorable or unfavorable climate for the group to operate within. For example, if an organization is characterized by distrust between management and workers, it is more likely that work groups in that organization will develop norms to restrict effort and output than will work groups in an organization where trust is high. Managers should not look at any group in isolation. Rather, they should begin by assessing the degree of support external conditions provide the group. It is obviously a lot easier for any work group to be productive when the overall organization of which it is a part is growing and it has both top management's support and abundant resources. Similarly, a group is more likely to be productive when its members have the requisite skills to do the group's tasks and the personality characteristics that facilitate working well together.

A number of structural factors show a relationship to performance. Among the more prominent are role perception, norms, status inequities, the size of the group, its demographic makeup, the group's task, and cohesiveness.

There is a positive relationship between role perception and an employee's performance evaluation. The degree of congruence that exists between an employee and his or her boss in the perception of the employee's job influences the degree to which that employee will be judged as an effective performer by the boss. To the extent that the employee's role perception fulfills the boss's role expectations, the employee will receive a higher performance evaluation.

Norms control group member behavior by establishing standards of right and wrong. If managers know the norms of a given group, they can help to explain the behaviors of its members. Where norms support high output, managers can expect individual performance to be markedly higher than where group norms aim to restrict output. Similarly, acceptable standards of absenteeism will be dictated by the group norms. Status inequities create frustration and can adversely influence productivity and the willingness to remain with an organization. Among those individuals who are equity sensitive, incongruence is likely to lead to reduced motivation and an increased search for ways to bring about fairness (i.e., taking another job).

The impact of size on a group's performance depends upon the type of task in which the group is engaged. Larger groups are more effective at fact-finding activities. Smaller groups are more effective at action-taking tasks. Our knowledge of social loafing suggests that if management uses larger groups, efforts should be made to provide measures of individual performance within the group.

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Work groups are the basic building blocks of an organization. Work groups use roles, rules, and norms to control their members' behavior, and they use several socialization tactics to turn newcomers into effective group members. Groups contribute to organizational effectiveness when group goals are aligned with organizational goals. This makes the following points:

1. Two attributes separate work groups from random collections of individuals in an organization. Members of a work group (a) interact with each other and (b) perceive the potential for mutual goal accomplishment. Work groups vary in whether they are formal or informal. Formal work groups include command groups, task forces, teams, and self-managed work teams. Informal work groups include friendship groups and interest groups.

2. Groups develop and change over time. The five-stage model of group development proposes that groups develop in five sequential stages: forming, storming, norming, performing, and adjourning. Research, however, has not indicated that there is a universal set of stages that all groups experience in the same order.

3. Four important characteristics of groups are size, composition, function, and status. Each has the potential to affect how a group achieves its goals, performs at a high level, and is effective in helping an organization attain its goals. Social facilitation is a characteristic effect that the presence of other group members has on individual performance such that having others present enhances performance of well-learned tasks and impairs performance of difficult tasks.

4. All groups, regardless of their type or characteristics, need to control their members' behaviors to be effective and attain their goals. Roles and rules can control behavior in groups.

5. A role is a set of behaviors or tasks that a person is expected to perform by virtue of holding a position in a group or organization. Roles have rights and responsibilities attached to them. Role relationships are the ways in which group and organizational members interact with each other to perform their specific roles.

6. Written rules specify behaviors that are required of group members or are forbidden. They also specify how particular tasks should be performed.

7. Groups also control their members' behavior by developing and enforcing group norms. Group norms are shared expectations for behaviors within a group. There are three bases for conformity to group norms: compliance, identification, and internalization.

8. To accomplish goals and perform at a high level, groups need both conformity to and deviance from norms. Whether group norms result in high levels of group performance depends on the extent to which group goals are consistent with organizational goals. To facilitate goal alignment, group members should benefit or be rewarded when the group performs at a high level and contributes to the achievement of organizational goals.

9. Group members learn roles, rules, and norms through the process of socialization. Collective, formal, sequential, fixed, serial, and divestiture socialization tactics tend to lead to an institutionalized role orientation. Individual, informal, random, variable, disjunctive, and investiture socialization tactics tend to lead to an individualized role orientation.

Groups Dynamics

Group

"Two or more individuals interacting with each other in order to accomplish a common goal"

A **group** is two or more individuals, interacting and interdependent, who perceive themselves as being a group and have come together to achieve particular objectives. A group is **effective** when it satisfies three criteria:

- **Production output:** the product of the group's work must meet or exceed standards of quality and quantity
- **Member satisfaction:** membership in the group must provide people with short-term satisfaction and facilitate their long-term growth and development
- **Capacity for continued cooperation:** how the group completes a task should maintain or enhance the group's ability to work together; groups that don't cooperate cannot survive

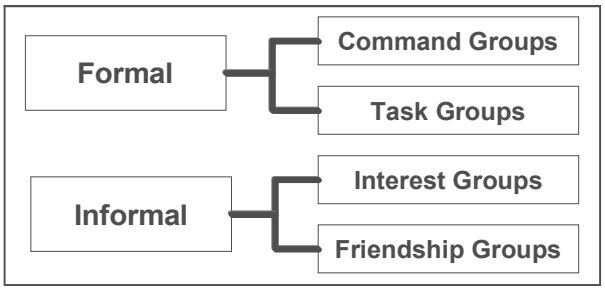
Team

"***A small number of people with complementary skills who are committed to a common mission, performance goals, and approach for which they hold themselves mutually accountable***"

One of the truly remarkable things about work groups/teams is that they can make 2+2=5. Of course, they also have the capability of making 2+2=3.

Types of Groups

Types of Work Groups



Work groups can be formal or informal. **Formal work groups** are established to achieve organizational goals. Managers form a product quality committee to handle health and safety concerns in a manufacturing organization. **Informal work groups** emerge naturally when group members perceive that a group can achieve goals or meet their needs. Coworkers eat lunch each day to satisfy needs for affiliation and friendship.

Formal work groups include command groups, task forces, teams, and self-managed work teams. A **command group** is a collection of subordinates who report to the same supervisor. Command groups are based on formal reporting relationships and often consist of departments.

Formal Groups	Informal Groups
• Result from the demands and processes of an organization • Designated by the organization as a means to an end – **Command group** • Comprises subordinates reporting directly to a give supervisor – **Task group** • Comprises employees who work together to complete a particular task or project	• Result from natural groupings of people in work environments in response to social needs • Are important for their own sake – **Interest groups** • Comprises workers coming together to achieve a mutual objective – **Friendship groups** • Comprises workers who share something in common

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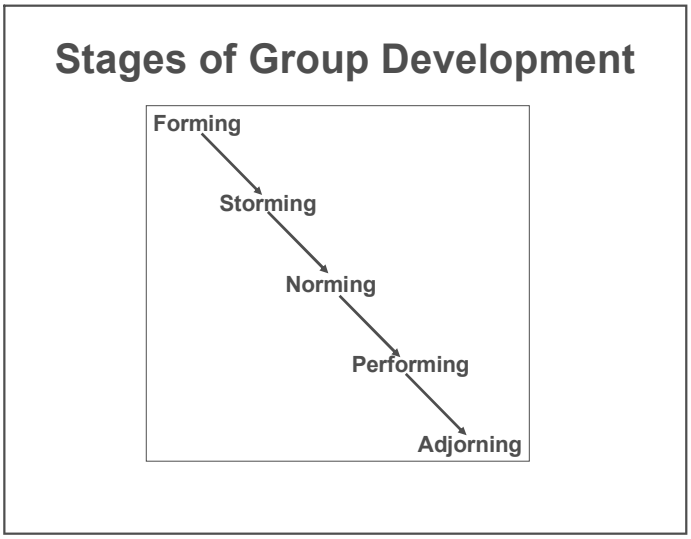
Formal groups—those defined by the organization's structure, with designated work assignments establishing tasks a. The behaviors that one should engage in are stipulated by and directed toward organizational goals. b. An airline flight crew is an example of a formal group.	***Informal groups***—alliances that are neither formally structured nor organizationally determined a. Natural formations in the work environment in response to the need for social contact b. Three employees from different departments who regularly eat lunch together is an informal group.

Stages of Group Development



Forming:

- Characterized by a great deal of uncertainty about the group's purpose, structure, and leadership.
- Members are trying to determine what types of behavior are acceptable.
- Stage is complete when members have begun to think of themselves as part of a group.
- Initial entry of members to a group.
- Members concern's include:
  a. Getting to know each other.
  b. Discovering what is considered acceptable behavior.
  c. Determining the group's real task.
  d. Defining group rules.

Storming:

- One of intra-group conflict. Members accept the existence of the group, but there is resistance to constraints on individuality.
- Conflict over who will control the group.
- When complete, there will be a relatively clear hierarchy of leadership within the group.
- A period of high emotionality and tension among group members.
- Members concern's include:
  a. Formation of coalitions and cliques.
  b. Dealing with outside demands.
  c. Clarifying membership expectations.
  d. Dealing with obstacles to group goals.
  e. Understanding members' interpersonal styles.

Norming:

- One in which close relationships develop and the group demonstrates cohesiveness.
- There is now a strong sense of group identity and camaraderie.

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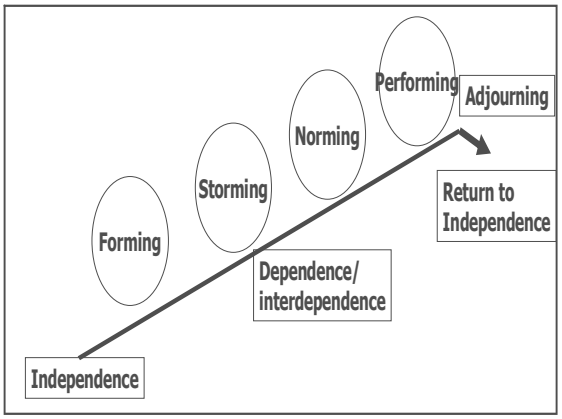
- Stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.
- The point at which the group really begins to come together as a coordinated unit.
- Members concern's include:
- Holding the group together.
- Dealing with divergent views and criticisms.
- Dealing with a premature sense of accomplishment.

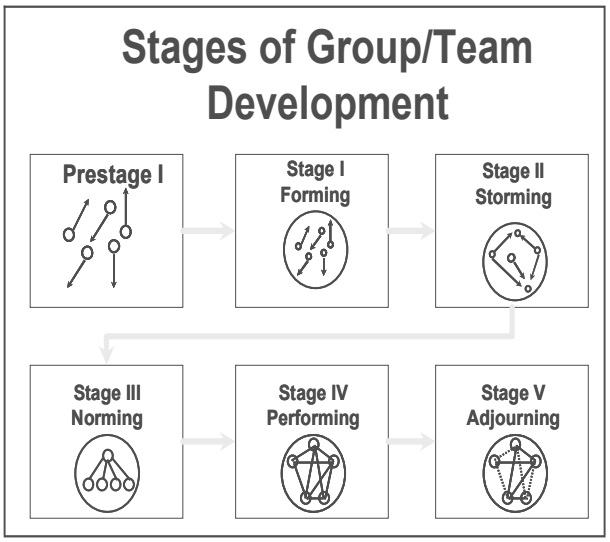
Performing:

- The structure at this point is fully functional and accepted.
- Group energy has moved from getting to know and understand each other to performing.
- For permanent work groups, performing is the last stage in their development.
- Marks the emergence of a mature, organized, and well-functioning group.
- Members deal with complex tasks and handle internal disagreements in creative ways.
- Primary challenge is to continue to improve relationships and performance.

Adjourning:

- For temporary committees, teams, task forces, and similar groups that have a limited task to perform, there is an adjourning stage.
- In this stage, the group prepares for its disbandment. Attention is directed toward wrapping up activities.
- Responses of group members vary in this stage. Some are upbeat, basking in the group's accomplishments. Others may be depressed over the loss of camaraderie and friendships.
- Particularly important for temporary groups.
- A well-integrated group is:
- Able to disband when its work is finished
- Willing to work together in the future





	Forming	Storming	Norming	Performing
Individual Issues	"How do I fit in?"	"What's my role here?"	"What do the others expect me to do?"	"How can I best perform my role?"
Group Issues	"Why are we here?"	"Why are we fighting over who's in charge and who does what?"	"Can we agree on roles and work as a team?"	"Can we do the job properly?"

Group Task and Group Productivity

The more complex the task, the more it is non-routine and requires a range of skills, the more important group process becomes!

- People can be more productive when working in groups than when working alone, if the obstacles to group productivity are avoided.
- **Synergy** is a biological term referring to an action of two or more substances that result in an effect that is more than the mere summation of the individual substances; the whole is more than the sum of its parts (2 + 2 = 5).
- **Process loss** is the difference between what is actually produced by a group and what could have been produced by the group when you consider its inputs (2 + 2 = 3).

Example of Synergy90

- The **social facilitation effect** can either enhance group productivity (synergy) or restrict it (process loss):
    - The performance of simple, routine tasks tends to be speeded up and improved by the presence of other people (*synergy*)
    - When tasks are complex and require closer attention, the presence of other people will hurt performance *(process loss*)

Process Losses

- **Production blocking** occurs when people get in each other's way as they try to perform a task
- **Group-maintenance roles** must be filled in order to smooth group relations, but these roles divert time and effort from producing and thus cause process loss
- **Social loafing** or **free riding** occurs when a group member decides to loaf, hoping that someone else will pick up the slack (usually occurs when group rewards are shared equally, without regard to individual performance)

Social loafing

In groups, individual performance is difficult to identify. There is a strong potential for **social loafing**, the tendency to exert less effort in a group. Social loafing can impact work-group effectiveness.

Social loafing occurs because workers feel that high-level performance goes unrewarded. This occurs because individual performance goes unidentified, and low-level performance goes unpunished. Motivation theories suggest that performance is high when outcomes are based on individual performance. Workers in a group believe that their efforts are unimportant and that others can do the work.

Social loafing results in performance below the group potential. Lack of motivation makes some workers exert less effort than if they worked individually. Social loafing by one leads to reduced effort by others. The **sucker effect** occurs when members, not inclined to social loafing, reduce efforts because they refuse to become the "suckers" of social loafers. This reflects the equity theory of motivation; inequity leads to restoring equity by changing inputs or outcomes.

Group Size and Social Loafing

Studies indicate that, as group size increases, group members put forth less effort. Identifying and rewarding individual performance are difficult, and members feel their efforts are unimportant in a large group. Group size contributes to other process losses, such as conflict and coordination problems.

Ways to Reduce Social Loafing

Managers can reduce or eliminate social loafing by *making individual contributions to a group identifiable* so that individual performance can be evaluated and appropriate outcomes delivered. Group members can complete peer evaluations, or the level of group supervision can increase.

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When individual performance cannot be separated, managers can *make each individual feel that contribution to the group is valuable.* A manager can remind each member of unique contributions and indicate when group success or failure hinges on individual efforts. Managers can remind members that their selection hinged on their unique contributions. Keeping the group as small as possible reduces social loafing. If process losses increase with group size, managers should reduce size by dividing the work into two groups. Group members will no longer perceive their efforts as unidentifiable or unnecessary.

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Lesson 18

UNDERSTANDING TEAMS

Overview

- Few trends have influenced employee jobs as much as the massive movement to introduce teams into the workplace. The shift from working alone to working on teams requires employees to cooperate with others, share information, confront differences, and sublimate personal interests for the greater good of the team.

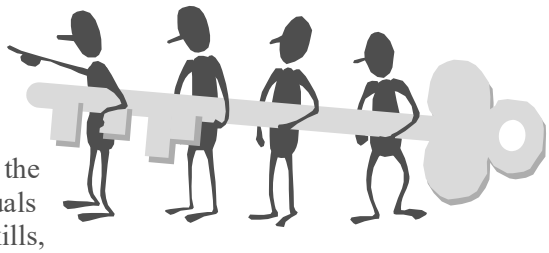
- Effective teams have been found to have common characteristics. The work that the members do should provide freedom and autonomy, the opportunity to utilize different skills and talents, the ability to complete a whole and identifiable task or product, and doing work that has a substantial impact on others. The team requires individuals with technical expertise, as well as problem-solving, decision-making, and interpersonal skills; and high scores on the personality characteristics of extraversion, agreeableness, conscientiousness, and emotional stability. Effective teams are neither too large nor too small; typically, they range in size from 5–12 people. They have members who fill role demands, are flexible, and who prefer to be part of a group. They also have adequate resources, effective leadership, and a performance evaluation and reward system that reflects team contributions. Finally, effective teams have members committed to a common purpose, specific team goals, members who believe in the team's capabilities, a manageable level of conflict, and a minimal degree of social loafing.

- Because individualistic organizations and societies attract and reward individual accomplishment, it is more difficult to create team players in these environments. To make the conversion, management should try to select individuals with the interpersonal skills to be effective team players, provide training to develop teamwork skills, and reward individuals for cooperative efforts.

- Once teams are mature and performing effectively, management's job is not over. This is because mature teams can become stagnant and complacent. Managers need to support mature teams with advice, guidance, and training if these teams are to continue to improve.

Teams

Teams are groups with greater interdependence--shared purpose and destiny. Can be higher performing than groups, but may not be



1. Twenty years ago, it made news because no one else was doing it. Today, it is the organization that does not use teams that has become newsworthy.
2. The current popularity of teams seems based on the evidence that teams typically outperform individuals when the tasks being done require multiple skills, judgment, and experience.
3. As organizations have restructured, they have turned to teams to better utilize employee talents.
4. The motivational properties of teams is a huge factor. The role of employee involvement as a motivator—teams facilitate employee participation in operating decisions.

Characteristics of Effective Teams

- Atmosphere and relationships
- Member participation
- Goal understanding & acceptance
- Listening and sharing information

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- Handling conflicts and disagreements
- Decision making
- Evaluation and member performance
- Expressing feelings
- Division of labor
- Leadership
- Attention to process

Factors Affecting Teams

Four key components:

- Work design
- Team's composition
- The resources and other contextual influences that make teams effective
- Process variables reflects that things that go on in the team that influence effectiveness.

Work Design

- Effective teams need to work together and take collective responsibility to complete significant tasks.
- The work-design category includes variables like freedom and autonomy, the opportunity to utilize different skills and talents, the ability to complete a whole and identifiable task or product, and working on a task or project that has a substantial impact on others.
- The evidence indicates that these characteristics enhance member motivation and increase team effectiveness.

Composition

- Teams require three different types of skills:
  a. Technical expertise
  b. Problem-solving and decision-making skills
  c. Good listening, feedback, conflict resolution, and other interpersonal skills
- The right mix is crucial. It is not uncommon for one or more members to take responsibility to learn the skills in which the group is deficient, thereby allowing the team to reach its full potential.
- Many of the dimensions identified in the Big Five personality model have shown to be relevant to team effectiveness.
- Teams that rate higher in mean levels of extraversion, agreeableness, conscientiousness, and emotional stability tend to receive higher managerial ratings for team performance.

The variance in personality characteristics may be more important than the mean. A single team member who lacks a minimal level of, say, agreeableness can negatively affect the whole team's performance.

Allocating roles and diversity:

- Teams have different needs, and people should be selected for a team to ensure that there is diversity and that all various roles are filled.
- Managers need to understand the individual strengths that each person can bring to a team, select members with their strengths in mind, and allocate work assignments accordingly.

- *Size of teams:*
  - The most effective teams are neither very small (under four or five) nor very large (over a dozen). Effective teams—managers should keep them in the range of 5–12 people.
    a. Very small teams are likely to lack for diversity of views.
    b. Large teams have difficulty getting much done.

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- *Member flexibility:*
  - This is an obvious plus because it greatly improves its adaptability and makes it less reliant on any single member.
- *Member preferences:*
  a. Not every employee is a team player.
  b. Given the option, many employees will select themselves out of team participation.
- High performing teams are likely to be composed of people who prefer working as part of a group.

Context

The contextual factors that appear to be most significantly are related to team performance:

Typical Effects of Size on Teams

TEAM SIZE

Dimension	2-7 Members	8-12 Members	13-16 Members
1. Demands on leader	Low	Moderate	High
2. Direction by leader	Low	Moderate	Moderate to high
3. Member tolerance of direction by leader	Low to moderate	Moderate	High
4. Member inhibition	Low	Moderate	High
5. Use of rules and procedures	Low	Moderate	Moderate to high
6. Time taken to reach a decision	Low	Moderate	High

- *Adequate resources:*
  a. All work teams rely on resources outside the group to sustain it.
  b. A scarcity of resources directly reduces the ability of the team to perform its job effectively.
  c. As one set of researchers concluded, "perhaps one of the most important characteristics of an effective work group is the support the group receives from the organization.''
- *Leadership and structure:*
  a. Agreeing on the specifics of work and how they fit together to integrate individual skills requires team leadership and structure.
  b. Leadership is not always needed. Self-managed work teams often perform better than teams with formally appointed leaders.
  c. On traditionally managed teams, we find that two factors seem influence team performance. Leaders who expect good things from their team are more likely to get them!
- *Climate of Trust:*
  a. Members of effective teams trust each other and exhibit trust in their leaders.
  b. When members trust each other they are more willing to take risks.
  c. When members trust their leadership they are more willing to commit to their leader's goals and decisions.
- *Performance evaluation and reward systems:*
  a. How do you get team members to be both individually and jointly accountable? The traditional, individually oriented evaluation and reward system must be modified to reflect team performance.
  b. Individual performance evaluations, fixed hourly wages, individual incentives are not consistent with the development of high-performance teams.

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c. Management should consider group-based appraisals, profit sharing, gainsharing, small-group incentives, and other system modifications that will reinforce team effort and commitment.

Process

A Common Purpose:

a. Effective teams have a common and meaningful purpose that provides direction, momentum, and commitment for members.
b. This purpose is a vision. It is broader than specific goals.

- *Specific goals:*
  a. Successful teams translate their common purpose into specific, measurable, and realistic performance goals. They energize the team.
  b. Specific goals facilitate clear communication and help teams maintain their focus on results. Team goals should be challenging.

- *Team efficacy:*
  a. Effective teams have confidence in themselves and believe they can succeed—this is team efficacy. Success breeds success.
  b. Management can increase team efficacy by helping the team to achieve small successes and skill training.
  c. Small successes build team confidence.
  d. The greater the abilities of team members, the greater the likelihood that the team will develop confidence and the capability to deliver that confidence.

- *Conflict levels:*
  a. Conflict on a team is not necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant.
  b. Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional.
  c. On teams performing non-routine activities, disagreements among members about task content (called task conflicts) is not detrimental. It is often beneficial because it lessens the likelihood of groupthink.

- *Social loafing:*
  a. Individuals can hide inside a group. Effective teams undermine this tendency by holding themselves accountable at both the individual and team level.

Why teams

- Teams better utilize employee talents
- Teams are more flexible and responsive
- Teams are easy to assemble, deploy, refocus, and disband
- Teams facilitate employee participation
- Teams increase employee motivation
- Good when performing complicated, complex, inter-related and/or more voluminous work than one person can handle
- Good when knowledge, talent, skills, & abilities are dispersed across organizational members
- Empowerment & collaboration; not power & competition

Types of Teams

1. *Problem-Solving Teams*

- Twenty years ago, teams were just beginning to grow in popularity and most took similar form. They are typically composed of 5–12 hourly employees from the same department who met for

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a few hours each week to discuss ways of improving quality, efficiency, and the work environment.

- Members share ideas or offer suggestions on how work processes and methods can be improved. Rarely are they given the authority to unilaterally implement their suggested actions.
- One of the most widely practiced applications during the 1980s was quality circles.

2. *Self-Managed Work Teams*

Self-managed work teams bring together separate tasks, once performed by individuals led by a supervisor, giving team members responsibility for task accomplishment. This type of team exists at all organizational levels. Self-managed work teams motivate group members to perform at a higher level and increase job satisfaction.

The job characteristics model explains why combining tasks and giving teams responsibility increase motivation and satisfaction. Each member experiences higher levels of each core job dimensions that lead to motivation, satisfaction, and performance. Skill variety increases because the group has a variety of tasks. Task identity and significance increase because group members see how their activities fit together and result in a complete good or service. The group has the autonomy to decide how to perform tasks.

Self-managed work teams need the following conditions:

The group must be truly self-managing with the autonomy and authority to perform tasks. Some managers are reluctant to give up responsibilities.

Self-managed work teams are most effective when work is complex and results in a finished product. A number of different steps and procedures are required and an identifiable group output results.

Managers must support self-managed work teams with guidance and counseling. Managers should help team members settle differences.

To be successful, members of self-managed work teams must have the right skills and expertise for the job, which requires careful selection.

Team members must have the ability and desire to work closely with others.

Research is required regarding the factors that influence the success of self-managed teams. One study suggests that low performance may result from members' reluctance to discipline each other. Other studies indicate that success is due to the value members placed on the status of the team.

- Problem-solving teams did not go far enough in getting employees involved in work-related decisions and processes. This led to experimentation with truly autonomous teams.
- These groups of employees (typically 10–15 in number) perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors.
- This includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems.
- Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result supervisory roles become less important.
- Business periodicals documented successful applications of self-managed teams. In spite of these impressive stories, a word of caution:
    a. Some organizations have been disappointed with the results from self-managed teams.
    b. Teams do not seem to work well during organizational downsizing.
    c. The overall research on the effectiveness of self-managed work teams has not been uniformly positive.
    d. Moreover, while individuals on teams do tend to report higher levels of job satisfaction, they also sometimes have higher absenteeism and turnover rates.
    e. The effectiveness of self-managed teams is situational dependent.

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4. ***Cross-Functional Teams***

- These are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
    a. Many organizations have used horizontal, boundary-spanning groups for years.
    b. IBM created a large task force in the 1960s—made up of employees from across departments in the company—to develop the highly successful System 360.
    c. A task force is really nothing other than a temporary cross-functional team.
    d. The popularity of cross-discipline work teams exploded in the late 1980s.

5. ***Virtual Teams***

Virtual teams have a significant amount of communication and interaction occurring electronically rather than face to face. Organizations use virtual teams to enable people who are separated by distance and living in different countries and time zones to work together. Synchronous technologies enable team members to communicate in real time and simultaneously such as video conferencing, teleconferencing, and electronic meetings. When asynchronous technologies are used, communication is delayed—e-mail, electronic bulletin boards, and Web sites.
Virtual teams face all the challenges of ordinary teams such as social loafing and the right balance between conformity and deviance. They also face the challenge of building trust and cohesiveness. To meet this challenge, some virtual teams schedule periodic face-to-face meetings.
Preliminary research suggests that some virtual teams can perform as well as teams that meet, but members may be less satisfied with the team experience and cohesiveness may be lower.

- The previous types of teams do their work face to face. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.
    a. They allow people to collaborate online.
    b. Virtual teams can do all the things that other teams do.
    c. They can include members from the same organization or link an organization's members with employees from other organizations.
    d. They can convene for a few days to solve a problem, a few months to complete a project, or exist permanently.
- The three primary factors that differentiate virtual teams
    a. The absence of Para-verbal and nonverbal cues. These help clarify communication by providing increased meaning, but aren't available in online interactions.
    b. Limited social context. Virtual teams often suffer from less social rapport and less direct interaction among members.
    c. The ability to overcome time and space constraints. Virtual teams allow people to work together who might otherwise never be able to collaborate.

Turning individual into teams

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

Conflicts among Teams

Conflict on a team is not necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant. Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional. On teams performing no routine activities, disagreements among members about task content (called task conflicts) is not detrimental. It is often beneficial because it lessens the likelihood of groupthink. Effective teams will be characterized by an appropriate level of conflict.

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Lesson 19

GROUP DECISION MAKING

Overview

Group and organizational effectiveness hinge on minimizing process losses, achieving process gains, aligning group goals with organizational goals, and having the appropriate level of group cohesiveness. Three types of groups that are especially important in many organizations include the top management team, self-managed work teams, and research and development teams. This chapter makes the following points:

- Actual group performance often falls short of potential performance; process losses result from coordination and motivation problems in groups. Process gains cause the potential performance of a group to rise, and they enhance group effectiveness.

- Social loafing, a motivation problem that leads to process losses, is the tendency of individuals to exert less effort when they work in a group than when they work alone. Social loafing occurs for two reasons: (a) individuals in a group think that they will not receive positive outcomes for performing at a high level or negative outcomes for substandard performance because individual levels of performance cannot easily be identified and evaluated; and (b) individuals think that their own efforts are unimportant or not needed. Social loafing can be eliminated or reduced by making each individual feel that he or she can make an important and worthwhile contribution to the group, and by keeping group size small.

- Group tasks can be characterized in terms of the nature of interdependence between group members. Thompson describes three types of task interdependence: pooled, sequential, and reciprocal. The nature and causes of process losses and process gains depend on the type of task involved and the degree of interdependence among group members.

- Group cohesiveness is the attractiveness of a group to its members. Group size, the similarity/diversity of group members, competition with other groups, success, and the exclusiveness of the group help to determine the level of participation and communication within a group, the level of conformity to group norms, and group goal accomplishment. Group goals aligned with organization goals, lead to an optimal level of group cohesiveness that results in high performance. When group goals are not aligned with organization goals, group cohesiveness is dysfunctional for an organization.

- Four kinds of work groups that have the potential to affect organizational performance dramatically are top-management teams, self-managed work teams, research and development teams, and virtual teams.

Deciding When to Use a Team

Use a Team When:

- Many perspectives are needed
- Acceptance of the decision is critical
- The problem is complex or unstructured
- Individuals judgments are unreliable
- Individuals are unwilling to take necessary risks
- You want to develop team members' team-related skills

Be Cautious About Using a Team When:

- The issue is unimportant
- Individuals don't want to participate

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- Individual risk preferences are too high
- Time is of the essence
- Group norms are unacceptable

Guidelines for Dealing with Problem Behaviors

- Choose team members carefully.
- Offer training.
- Provide clear goals.
- Clearly define member responsibilities.
- Use peer evaluations.
- Reward superior performance.
- Don't let social considerations overwhelm concern with the task.
- Remove problem team members as a last resort.

Group Decision Making

Advantages

1. more knowledge through pooling of group resources
2. Increased acceptance & commitment due to voice in decisions
3. greater understanding due to
4. involvement in decision stages

Disadvantages

1. Pressure in groups to conform
2. Domination by one forceful member or dominant clique
3. Amount of time required, because group is slower than individual to make a decision

Group Problem Solving Techniques

- Consensus presenting opinions and gaining agreement to support a decision
- Brainstorming process to generate a quantity of ideas
- Nominal Group Technique process to generate ideas and evaluate solutions
- Delphi Technique process to generate ideas from physically dispersed experts
- Computer-Aided Decision Making

Group Problem Solving Techniques

Consensus

Presenting opinions and gaining agreement to support a decision

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

Brainstorming

"Process to generate a quantity of ideas"

Group members actively generate as many ideas and alternatives as possible, and they do so relatively quickly and without inhibitions.

- It is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives.

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- In a typical brainstorming session, a half dozen to a dozen people sit around a table.
- The process:
    a. The group leader states the problem clearly.
    b. Members then "free-wheel" as many alternatives as they can in a given length of time.
    c. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis.

One idea stimulates others, and group members are encouraged to "think the unusual."

The nominal group technique

"Process to generate ideas and evaluate solutions"

A form of structured group decision making that enables everyone to participate and have his/her ideas heard without hostile criticism or distortions.

A structured voting procedure is used to prioritize responses to the nominal question.

- Restricts discussion or interpersonal communication during the decision-making process
- Group members are all physically present, but members operate independently.
- Specifically, a problem is presented, and then the following steps take place:
    a. Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
    b. After this silent period, each member presents one idea to the group. Each member takes his or her turn.
    c. The group now discusses the ideas for clarity and evaluates them.
    d. Each group member silently and independently rank-orders the ideas.
    e. The idea with the highest aggregate ranking determines the final decision.
- The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group.

Delphi Technique

- For groups who do not meet face to face.
- Leader distributes topic or task
- Each member responds
- A leader collects responses and sends back to team and solicits feedback.
- Process is repeated until there is resolution on the issue in question.

The computer-assisted group

The computer-assisted group or electronic meeting blends the nominal group technique with sophisticated computer technology.

- Up to 50 people sit around a horseshoe-shaped table, empty except for a series of computer terminals.
- Issues are presented to participants, and they type their responses onto their computer screen.
- Individual comments, as well as aggregate votes, are displayed on a projection screen.
- The major advantages of electronic meetings are anonymity, honesty, and speed.

Social loafing

A motivation problem that leads to process losses is the tendency of individuals to exert less effort when they work in a group than when they work alone. Social loafing occurs for two reasons: (a) individuals in a group think that they will not receive positive outcomes for performing at a high level or negative outcomes for substandard performance because individual levels of performance cannot easily be identified and evaluated; and (b) individuals think that their own efforts are unimportant or not needed. Social loafing can be eliminated or reduced by making each individual feel that he or she can make an important and worthwhile contribution to the group, and by keeping group size small. In groups, individual performance is difficult to identify. There

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is a strong potential for **social loafing**, the tendency to exert less effort in a group. Social loafing can impact work-group effectiveness.

Social loafing occurs because workers feel that high-level performance goes unrewarded. This occurs because individual performance goes unidentified, and low-level performance goes unpunished. Motivation theories suggest that performance is high when outcomes are based on individual performance. Workers in a group believe that their efforts are unimportant and that others can do the work.

Social loafing results in performance below the group potential. Lack of motivation makes some workers exert less effort than if they worked individually. Social loafing by one leads to reduced effort by others. The **sucker effect** occurs when members, not inclined to social loafing, reduce efforts because they refuse to become the "suckers" of social loafers. This reflects the equity theory of motivation; inequity leads to restoring equity by changing inputs or outcomes.

Social Facilitation

The presence of group members stimulates individuals, who feel that others will evaluate their performance and give them positive or negative feedback. **Social facilitation** refers to the effects that the physical presence of others has on an individual's performance.

Audience effects are the effects of passive spectators on performance, whereas **co-action effects** are the effects of others when individuals perform the same task. This research indicates that the presence of others has positive and negative effects on performance. The type of effect depends on how well the task is known. When others are present and the task is well learned or performed repeatedly in the past, performance is enhanced. When others are present and the task is difficult, novel, or complex, performance is impaired.

People realize that the presence of others interferes with performance and isolate them. Organizations can help workers benefit from, rather than be harmed by, social facilitation effects. They can provide private offices or special furniture for performing difficult tasks, and meeting rooms and tables for performing tasks that benefit from the presence of group members.

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