CHAPTER 9 – Managing Performance

OBJECTIVES

Chapter 9 is the first chapter of the final block of the text which integrates previously presented theory into the topics of performance management, conflict management, decision making, power and politics and leadership.

Several objectives are achieved in this chapter. First, the context of performance management is introduced with two key components considered, technology and individual ability. This material leads the student to consider the challenges of different mixes of technology and ability that are part of different managerial contexts. Specifically the difference of managing in a context where the work is technology dominated compared to one that is skill-dominated.

For task dominated work, managerial approaches found in high involvement organization are considered. Job redesign (the application of Job Characteristics Theory), innovative compensation programs, and other techniques discussed draw heavily form material present in earlier chapters of the text.

A third objective is to focus on the complexities and approaches for managing skill dominated workers, knowledge workers. Readers are reminded of the professional work orientation originally introduced in Chapter 3 that highlighted the different issues that can be involved in managing this type of workers.

KEY POINTS
There are several key points that can be illustrated with this chapter. First, it is important that students understand the different issues related to managing different working context where work is either technology or knowledge dominated.

Within this chapter there are numerous different applications of motivation theories covered in chapter 5. The key points all revolve around the difficulties of implementing programs meant to apply to a wide range of workers and managers. Here you can point out that individual differences and differences in the nature of the work will affect how people will react to different reinforcers, different work settings, and different levels of pressure from management.

TOPICAL OUTLINE

<u>The Context of Performance Management</u>
The Role of Technology
The Role of Ability
Performance Potential: The Technology/Ability Mix

<u>Task Specialists: Managing Their Performance</u>
High Involvement Organizations
  Job Redesign
  Cross Training
  Self-Directed Work Teams
  Innovative Compensation Practices
  Leaner Management Structures
  Nontraditional Selection and Socialization Strategies
Research Support for HIOs

<u>Managing Knowledge Workers</u>
Issues in Managing Knowledge Workers
Approaches to Managing Knowledge Workers
  Provide Structure
  Team-Building
  Professional Support
  Create Social Interdependence
  Manage Spatial Relationships

<u>Summary</u>

KEY CONCEPTS

Ability
Cross-training
Division of labor
Gainsharing
High-involvement organizations
Intensive work systems
Knowledge workers
Long-linked work systems
Mediating work systems
Scanlon plan
Skill-based pay
Skill-dominated work
Specialization
Team-based incentives
Technology
Technology-dominated work
Total quality management

EXERCISES

A. Consideration of the Role of Ability and Technology
An interesting discussion is one that focuses on the effects of individual ability and technology on performance. For example, you can ask students to describe some ways that technology has simplified their own lives and how that technology acted as a "substitute" for motivation. Some examples to start them thinking could be:

1. Whether the availability of high quality microwavable foods and prepared foods in the grocery store has affected the extent to which they prepare more meals at home.

2. What effect has access to the internet had on the way they conduct research for papers and projects?

For both instances above, what happened to their motivation and what effects did this have on the results?

B. Determinants of High Performance Work Settings
The experiences of the students themselves can be used to help them understand the motivational approaches discussed in the chapter. Give students 5-10 minutes to make one list of circumstances or experiences they have had at work which made them more willing to work harder and another which caused them to want to put in less effort.   Then create small groups of about 5 or 6 students to discuss their lists. Allow them 15 minutes for the discussion.   Each group can designate a spokesperson to report to the rest of the class.

C. Do These Strategies Really Work?
Very often the public press carries reports of both positive and negative applications of various managerial approaches. These can be useful points of departure for discussion because they will allow students to see that there are, indeed, efforts to use such approaches in the "real world." Before the class, assign the students the task of finding and reading articles in sources such as Business Week, The Wall Street Journal, and Fortune which describe any of the approaches discussed in the chapter. They should be asked to find an article which points to the successful use and one which reports failure.

In the class, discuss the reasons for success and failure. It should be easy to show the strengths and weaknesses of the different approaches.

D. Performance Feedback
This is a very powerful exercise that illustrates how feedback influences, or controls, performance. Feedback is an important process in all of the motivational approaches discussed in the chapter. It is an exercise that takes about 10-15 minutes.

Administration Instructions

1.   First, distribute the sheet entitled "Performance Feedback" to the students, then read the following to them:

BEHAVIOR IS A FUNCTION OF ITS CONSEQUENCES. PEOPLE TEND TO DO OVER AND OVER AGAIN THOSE THINGS THAT ARE FOLLOWED BY GOOD OUTCOMES (OR REINFORCERS).   WE TEND TO STOP DOING THINGS THAT ARE FOLLOWED BY BAD CONSEQUENCES (CALLED PUNISHMENT) OR THAT ARE FOLLOWED BY NOTHING (CALLED EXTINCTION). THERE ARE MANY CONSEQUENCES THAT MAY BE REINFORCING TO ANY GIVEN INDIVIDUAL SUCH AS MONETARY REWARDS, SOCIAL REWARDS, STATUS SYMBOLS, AND OPPORTUNITIES TO DEVELOP SKILLS. ALSO NO TWO PEOPLE ARE LIKELY TO AGREE ON EXACTLY JUST WHAT IS REWARDING AND WHAT IS NOT.

HOWEVER, ONE OF THE MOST POTENTIALLY POWERFUL CONSEQUENCES FOR SHAPING DESIRABLE BEHAVIOR IS THE INFORMATION ABOUT WHETHER THE PERSON WAS SUCCESSFUL AT THE TASK HE OR SHE JUST ATTEMPTED OR DID THE PERSON FAIL. THIS TYPE OF CONSEQUENCE IS CALLED PERFORMANCE FEEDBACK. THE POWER BEHIND THIS APPROACH IS THAT MOST OF US LIKE TO GET IT RIGHT AND DO NOT LIKE TO GET IT WRONG. THIS CONSEQUENCE IS MOST EFFECTIVE WHEN THE PERSON CAN TELL DIRECTLY FROM THE JOB WHETHER HE OR SHE WAS SUCCESSFUL (SUCH AS HITTING A GOLF BALL AND OBSERVING WHERE IT WENT) OR WHEN THE PERSON CAN FULLY TRUST THE PERSON WHO IS INFORMING HIM ON HOW WELL HE DID.

2.   Ask the students to carefully read the instructions on the Performance Feedback sheet, then restate the sequence of events. Tell them:

FIRST, YOU WILL GUESS WHAT THE CORRECT ANSWER IS ON THE FIRST TRIAL BEFORE I TELL YOU THE CORRECT ANSWER. AFTER YOU HAVE MADE A PREDICTION, I WILL TELL YOU THE ANSWER. NEXT, YOU WILL GUESS THE CORRECT ANSWER FOR TRIAL NUMBER 2, AFTER WHICH I WILL GIVE YOU THE CORRECT ANSWER FOR TRIAL NUMBER 2. WE WILL CONTINUE THIS WAY FOR THE REMAINING TRIALS OF TASK NUMBER 1.

THEN WE WILL USE THE SAME PROCEDURE FOR TASK NUMBER 2 AND NUMBER 3.
(Instructor's note: This instruction should probably be repeated since the students often think they have misunderstood.)

3. You will now begin the shaping exercise. Tell the students,
AT THIS TIME, MARK YOUR ANSWER TO TRIAL NUMBER 1 OF TASK NUMBER 1.
MARK YOUR PREDICTION OF THE ANSWER WITH A CHECK MARK. THEN MARK THE CORRECT ANSWER THAT I WILL GIVE YOU WITH A CIRCLE.

(This allows the students to count the number of correct responses later.)
Tell the students,
> ANSWER TO THE <u>FIRST TRIAL</u> IS NUMBER ONE.

Next tell the students:
> GUESS THE ANSWER TO THE SECOND TRIAL.

When they have made a guess, tell them:
> THE ANSWER TO THE SECOND TRIAL IS NUMBER ONE.

Repeat this same process for the remaining 13 trials on task number 1. Make sure that the
student responds first. <u>Only after</u> they have responded should you give them the correct answer.
The correct answers for the remaining trials follow:
> The correct answer for trial number 3 is 5.
> Trial #4 is 1.
> Trial #5 is 5.
> Trial #6 is 5.
> Trial #7 is 1
> Trial #8 is 5.
> Trial #9 is 1.
> Trial #10 is 1.
> Trial #11 is 5
> Trial #12 is 5.
> Trial #13 is 5
> Trial #14 is 1.
> Trial #15 is 1.

4. Go to Task Number 2 and use exactly the same procedure. The trial number and answers are:

Trial Number	Correct Answer
1	B
2	B
3	C
4	B
5	C
6	C
7	B
8	B
9	B
10	C
11	C
12	B
13	C
14	C

15   C

5. Repeat the same process for Task Number 3. The trial numbers and answers are:
    Trial Number Correct Answer
    1   50
    2   50
    3   10
    4   30
    5   10
    6   50
    7   30
    8   10
    9   50
    10   50
    11   30
    12   30
    13   50
    14   10
    15   30

Processing Instructions
1. Without telling the students what responses you wanted to obtain from them, ask them
    HOW MANY DID YOU GET CORRECT IN THE LAST FIVE ATTEMPTS.

(Instructor's Note: The students will assume that their responses are correct only when they have guessed the exact number.)
    The behavior which the exercise (Task 1) was designed to shape, however, is that they give responses on the extreme ends, i.e., either 1's or 5's. It is not expected that they predict the exact number.
    In task number 2, intermediate scale responses B and C were the intended behaviors. In task number 3, responses in the odd numbered columns (Columns, 1, 3, and 5 were the intended outcomes).

2. Now, ask the students,
    WHAT BEHAVIOR DID I WANT IN TASK NUMBER 1?
(Instructor's note: Have them offer their opinions on your intention. When you have had several different views, tell them that you were wished the extreme scale responses, therefore either 1 or 5 is correct.)

  Now, ask them,
    WHAT IS THE NUMBER OF CORRECT RESPONSES IN THE FIRST 5 TRIALS
    AND IN THE LAST 5 TRIALS.

(Instructor's Note: Have them compare the number correct in the first 5 predictions and in the last 5 predictions. You can point out to them the effect of learning.

You can also have them compare the number that they recorded as having being correct in the last 5 predictions with their response. This comparison demonstrates that people often are unaware that their behavior is being shaped or influenced when it is, in fact, being affected quite strongly.

3. Repeat the same processes for questions 3 and 4. Instruct them,

COUNT THE NUMBER OF CORRECT RESPONSES IN TASK 2 AND TASK 3.

(Instructor's note: You can then indicate what responses you were seeking, as above.)

4. Ask:

WHAT ARE THE IMPLICATIONS FOR MANAGING OTHERS?

(Instructor's note: Managers want particular results and the analog in this exercise is that the instructor wants the students to select numbers which fit a particular pattern. If the intent is to have the students select those numbers we wish, then it is necessary to give them feedback about the desired behaviors - or actions. We can improve performance by giving feedback.

5. Ask:

HOW DOES SHAPING AND REINFORCEMENT, CONCEPTS DISCUSSED
EARLIER IN THE TEXT, RELATE TO MOTIVATIONAL STRATEGIES?

(Instructor's note: This exercise shows how behavior can be shaped by what has happened. It also shows how expectancies can affect behavior. The students expect, for example in Test #1, that the next number will be a 1 or a 5. They act on that belief and most of them will guess a 1 or a 5, especially on the last five trials.)

Things To Watch Out For

Students often find it initially difficult to understand the exercise instructions. They find it hard to believe that they must guess the right answer before they have been told the correct answer. However, once they have done this for 2 or 3 trials, they pick up the idea very rapidly. You will be able to work through the 15 trials in very little time.

We have also found that doing only two of the three tasks is just as effective and less time consuming.

PERFORMANCE FEEDBACK

Following are three sets of exercises to demonstrate the power of performance feedback. Your only requirement is to make a sincere effort to "get it right." Do not be seduced by the apparent simplicity of this exercise; it lies at the basis of probably the most powerful determinant of managerial effectiveness. **Stop here and wait for instructions.**

	Task 1						Task 2			
	1	2	3	4	5		A	B	C	D	E
1.	___	___	___	___	___	1.	___	___	___	___	___

2. _____ _____ _____ _____ _____ 2. _____

3. _____ _____ _____ _____ _____ 3. _____

4. _____ _____ _____ _____ _____ 4. _____

5. _____ _____ _____ _____ _____ 5. _____

6. _____ _____ _____ _____ _____ 6. _____

7. _____ _____ _____ _____ _____ 7. _____

8. _____ _____ _____ _____ _____ 8. _____

9. _____ _____ _____ _____ _____ 9. _____

10. _____ _____ _____ _____ _____ 10. _____

11. _____ _____ _____ _____ _____ 11. _____

12. _____ _____ _____ _____ _____ 12. _____

13. _____ _____ _____ _____ _____ 13. _____

14. _____ _____ _____ _____ _____ 14. _____

15. _____ _____ _____ _____ _____ 15. _____

Task 3

10   20   30   40   50

1. _____ _____ _____ _____ _____
2. _____ _____ _____ _____ _____
3. _____ _____ _____ _____ _____
4. _____ _____ _____ _____ _____
5. _____ _____ _____ _____ _____
6. _____ _____ _____ _____ _____
7. _____ _____ _____ _____ _____
8. _____ _____ _____ _____ _____
9. _____ _____ _____ _____ _____
10. _____ _____ _____ _____ _____
11. _____ _____ _____ _____ _____
12. _____ _____ _____ _____ _____

13. _____   _____   _____   _____   _____
14. _____   _____   _____   _____   _____
15. _____   _____   _____   _____   _____

Chapter 9 Study Questions

1. What are the key differences between technology-dominated work and skill-dominated work?

Technology-dominated work required limited skill and workers perform limited tasks such as turning on a machine and monitoring its performance. Skill-dominated work described jobs where individual ability may be the most important factor in determining the performance potential.

2. What are the key implementing concepts for job design?

The key implementing concepts in job design are:
1. Combine tasks
2. Form natural work units
3. Establish client relationships
4. Vertical job loading
5. Opening feedback channels

3. What are some of the key issues in managing knowledge workers?

Knowledge workers often have a professional work orientation as discussed earlier and as a result they are less likely to be motivated by traditional organizational rewards. Work activities unrelated to core professional activities may be important for the organization but may lead to dissatisfaction of knowledge workers.

Knowledge workers have unique and specialized knowledge of how to do the job and this may be knowledge the manger does not have. This may be an on-going source of conflict.

There are often natural ambiguities in the work activities of knowledge workers that may lead to role conflict and/or ambiguity. These may result from conflicting goals or interrelationships with other work activities that require skills not part of their professional skill set. For example, an academic researcher may be nationally known for conducting research on an important issue but may have difficulty communicating the results of that research to donors and sponsors.

Time space, and work relationships also are important management issues fro knowledge workers. Knowledge workers often work alone and can require limited interaction to complete their activities. As a result this may impair the development of relationships within the work organization and make traditional supervisory relationships difficult.

DIVERSITY, ETHICAL AND GLOBAL ISSUES

A Question of Ethics:
Managing Performance and Ethical Problems

Managing performance requires both encouraging desired behaviors as well as discouraging behaviors that are not desirable. For instance, managers may be confronted with a situation wherein employees are abusing company policy. In such a situation, management may be called upon to end certain types of unethical behavior within the organization. The New York State Department of Health was confronted with such an instance of unethical behavior.

Leave abuse has traditionally been a problem in many organizations. Sick leave-a benefit intended to help maintain productivity and offer restitution for situations outside an employee's control-is often abused. The national average for absenteeism on a typical weekday is approximately 2.1 %; the New York State employees' absentee rate, however, was estimated to be closer to 4.1 %.

The Department of Health attacked this problem by utilizing analytical tools, the idea being that abuse of sick leave would show up in statistical data. The first step in this program was simply to monitor individual levels of absence within appropriate categories and time intervals. For instance, partial and consecutive days, generally not abuses of leave, could be eliminated. This individual measure, in conjunction with measures of expected and actual leave data for each department, helped to form a picture of specific absentee patterns by organizational unit. Finally, a means of analyzing trends was developed to help managers determine levels of improvement and set appropriate goals. The result was that abuses of sick leave were more easily identified. The absentee rate dropped dramatically.

In sick-leave pay, this program has saved approximately $ 180,000 per year for the New York State Department of Health. Over and above monetary gains, there is most likely some intangible increases in employee dedication and output. This form of behavior modification can help extinguish unethical behavior. While attempts to end these sorts of behavior can be difficult for management, both in terms of execution and personal struggles, the end result may justify the necessity of such organizational actions.

Source: Adapted from Gardiner (1999) by Pete Jones

Focus on Diversity:
Using Goal Setting make diversity programs work

In many cases, firms give lip service to intentions to broaden the diversity of their work force with elaborate statements and with general goals that have no serious impact. Using a goal setting approach can make diversity programs work. What is necessary is that goals for units be specified and then used in appraising and rewarding the responsible managers. For example, managers in Xerox began to take diversity seriously when they found that 15% of their performance appraisal depended on their efforts to increase the representation of women and minorities in their work groups. When AT&T decided to make diversity a serious objective in 1984, the character of their work force began to change. Between 1984 and 1995, the percentage of minority managers increased from .5% of senior management to 12% and the percentage of women increased from 2% to 12%.

Source: Adapted from Stoner and Russell-Chapin (1997) and Ellis (1997)

Global Focus:
Total Quality Management (TQM)

TQM, by definition, refers to any program that creates a system of processes within the firm that are totally dedicated to the customer. While somewhat straightforward in definition, there can, however, be many ways to implement such an idea. We have made reference to statistical methods, goal setting, and positive reinforcement within the text. Just as there are many forms of TQM available for management use, so can an application of such a program yield many different results. At times, cultural characteristics can have an effect on the success or failure of a given type of TQM; an example occurred recently in Scotland.

Local Scottish government services attempted to implement Total Quality Management. Managers of individual sectors were allowed to choose the most appropriate quality technique. One quality technique in particular, known as the "charter mark," performed poorly when compared to other methods.

The charter mark focuses not on internal service procedures, but on the quality of service delivered to the public. Citizens are provided with a set of principles and ideas for public services to use in raising performance standards and their input is then incorporated into an evaluation of each government agency. If the analysis is favorable enough, the charter mark award is bestowed. The benefits of achieving the charter mark are numerous: an awards ceremony, the mark is embossed on company literature, and an association of quality is made for years to come. Despite these positive aspects, the incentive of the charter mark did not work well in Scotland. The question is: Why?

One explanation for the failure of charter mark is that when it was introduced, it was seen as coming from a government headed by a conservative Prime Minister. This program called

Citizen's Charter, was associated with a Conservative movement to reduce government involvement. These Scottish workers, however, were strongly politically aligned with the more liberal Labor party. They viewed support for the charter mark program as support for the conservative government. As a result, the charter mark program failed. The failure of this motivation program was not because of the quality of the ideas. Similar programs have been very successful in other cultures.

Source: Adapted from Douglas and Gopalan (1996) by Pete Jones

CASE: PAUL PETER'S RAISE

Case:
Paul Peters' Raise

It was Friday afternoon and Paul Peters, a computer programmer at the Kalamazoo Lock Company, was feeling nervous. So was his boss in the nearby office, Ms. Fenwich. The time had come for Paul's first annual performance appraisal interview.

Paul felt he had performed well in the first year, especially in the past six months. But it was always hard to tell what Ms. Fenwich thought, because she was usually busy, as well as being the quiet type. He didn't know how she felt about some of the mistakes he had made or how many of them she knew about. Paul did try to make some of his recent improvements apparent to Ms. Fenwich, but she hadn't said much about them either.

Before inviting Paul into her office, Ms. Fenwich had reviewed the year and concluded that Paul needed a lot of improvement. His early mistakes had been costly in time and money to the company. But he had shown some progress. The question was how much, and whether to give Paul a merit raise. Ms. Fenwich disliked appraising performance, but she took a deep breath and called Paul into her office.

After a friendly greeting, Ms. Fenwich pointed out Paul's good work and attitude. She pointed out how much she appreciated a recent program that Paul had written, which Paul took as a pleasant surprise. He also enjoyed finding out that Ms. Fenwich thought he had a good attitude.

Then the boom fell. Ms. Fenwich began to recount several of Paul's early errors, especially the time he was late with an inventory control program which took a long time to debug. After ten minutes of this, Paul became quite tense, because he was getting hit with more surprises and wasn't given much of a chance to defend himself.

But much to Paul's surprise and relief, Ms. Fenwich informed him that she was going to give him a merit increase anyway. She said, "Despite the fact that we both know you didn't have a good first year, the merit increase gives you an incentive to improve the coming year. It's our way of saying we have faith you can earn this raise by better and better performances."

With that, the appraisal interview ended. Paul went back to his desk pleased about the merit money, but feeling a bit bewildered. A number of things were still bothering him.

1. Did Ms. Fenwich use good learning and reinforcement techniques in Paul's first year?
2. Will the merit raise act as an incentive for Paul to improve performance, or will he view it as a reward for past performance?
3. Paul is likely to experience cognitive dissonance because he received two conflicting messages: he was told he didn't have a good year; and he was given a merit raise. How can Paul

reduce this dissonance?
4. How would you use expectancy theory and reinforcement theory to improve Paul's performance?

Case Discussion: Paul Peter's Raise

1. Did Mrs. Fenwich use good learning and reinforcement techniques in Paul's first year? Explain what effect this had on Paul.

Here are some problems with this situation:

> Paul's work occurred throughout the year but there will only be one pay consequence at the end of the year.
> Paul can't be sure whether his increase was higher because of the good things he did or lower because the poorer aspects of his performance. The reward was not linked to the behavior.
> Mrs. Fenwich did not link his increase to past results, but to what he is supposed to do in the future.
> Most likely, Paul felt punished by the surprising negative evaluation and the performance review itself. So what he learned was to avoid performance appraisals if possible.

2. Will the merit raise act as an incentive to improve performance or as a reward for past performance?

One of the rules of reinforcement was violated, that is, "Reward after Performance." It is unlikely that Paul sees the raise as a reward for past good performance because, as Fenwich says, it was a bad year. Most likely he will think what he did wasn't all that bad, otherwise he would have received even less.

3. Paul is likely to experience cognitive dissonance because he received two conflicting messages: (1) He was told he didn't have a good year and (2) He was given a merit raise. How can he reduce the dissonance?

One way is to believe that his performance wasn't as bad as he was told. Another is to believe that merit raises are not raises for performance, but represent "cost of living" increases.

How would you use expectancy theory or reinforcement theory to improve Paul's performance?

From a theoretical perspective the answer is simple. There must be a stronger link between the performance-outcome expectancy. This will occur when Paul believes that performance will lead to rewards. This will happen when rewards follow performance, or performance is reinforced.