Organizational Behavior 15th edition

Robbins and Judge

Comprehensive Case Notes

Comprehensive cases are designed to include critical thinking, applying concepts and techniques from many topics spread throughout the textbook. Responses to these cases do not depend on students focusing on a specific chapter for a specific case. Instead, the case requires a holistic application of topics broadly discussed throughout the book.

Case 1: Managing Motivation in a Difficult Economy

Case 2: Repairing Jobs that Fail to Satisfy

Case 3: Building a Coalition

Case 4: Boundaryless Organizations

Case 5: The Stress of Caring

  Case 1

Managing Motivation in a Difficult Economy

**Learning Goals**

In this case, you’ll have an opportunity to assess a motivational program designed to re-energize a troubled company’s workforce. Acting on behalf of the company’s executive board, you’ll evaluate the board’s current strategy based on survey data. You’ll also advise board members about improving the effectiveness of this program based on what you’ve learned about goal setting and motivation in organizations.

**Major Topic Areas**

* Changing nature of work
* Diversity and age
* Goal setting
* Organizational downsizing
* Organizational justice

**The Scenario**

Morgan-Moe’s drug stores are in trouble. A major regional player in the retail industry, the company has hundreds of stores in the upper Midwest. Unfortunately, a sharp decline in the region’s manufacturing economy has put management in a serious financial bind. Revenues have been consistently dwindling. Customers spend less, and the stores have had to switch their focus to very low-margin commodities, such as milk and generic drugs, rather than the high-margin impulse-buy items that used to be the company’s bread and butter. The firm has had to close quite a few locations, reversing its expansion plans for the first time since it incorporated.

Being that this is uncharted territory for the company, Jim Claussen, vice president for human relations, had been struggling with how to address the issue with employees. As the company’s fortunes worsened, he could see that employees were becoming more and more disaffected. Their insecurity about their jobs was taking a toll on attitudes. The company’s downsizing was big news, and the employees didn’t like what they were hearing.

Media reports of Morgan-Moe’s store closings have focused on the lack of advance notice or communication from the company’s corporate offices, as well as the lack of severance payments for departing employees. In the absence of official information, rumors and gossip have spread like wildfire among remaining employees. A few angry blogs developed by laid-off employees, like IHateMorganMoe.blogspot.com, have made the morale and public relations picture even worse.

Morgan-Moe is changing in other ways as well. The average age of its workforce is increasing rapidly. A couple of factors have contributed to this shift. First, fewer qualified young people are around because many families have moved south to find jobs. Second, stores have been actively encouraged to hire older workers, such as retirees looking for some supplemental income. Managers are very receptive to these older workers because they are more mature, miss fewer days of work, and do not have child-care responsibilities. They are also often more qualified than younger workers because they have more experience, sometimes in the managerial or executive ranks.

These older workers have been a great asset to the company in troubled times, but they are especially likely to leave if things get bad. If these older workers start to leave the company, taking their hard-earned experience with them, it seems likely that Morgan-Moe will sink deeper toward bankruptcy.

**The System**

Claussen wasn’t quite sure how to respond to employees’ sense of hopelessness and fear until a friend gave him a book entitled *Man’s Search for Meaning.* The book was written by a psychologist named Victor Frankl who survived the concentration camps at Auschwitz. Frankl found that those who had a clear sense of purpose, a reason to live, were more likely to persevere in the face of nearly unspeakable suffering. Something about this book, and its advocacy of finding meaning and direction as a way to triumph over adversity, really stuck with Claussen. He thought he might be able to apply its lessons to his workforce. He proposed the idea of a new direction for management to the company’s executive committee, and they reluctantly agreed to try his suggestions.

Over the last 6 months, stores throughout the company have used a performance management system that, as Claussen says, “gets people to buy into the idea of performing so that they can see some real results in their stores. It’s all about seeing that your work serves a broader purpose. I read about how some companies have been sharing store performance information with employees to get them to understand what their jobs really mean and participate in making changes, and I thought that was something we’d be able to do.”

The HR team came up with five options for the management system. Corporate allowed individual managers to choose the option they thought would work best with their employees so that managers wouldn’t feel too much like a rapid change was being forced on them. Program I is opting out of the new idea, continuing to stay the course and providing employees with little to no information or opportunities for participation. Program II tracks employee absence and sick leave and shares that information with individual employees, giving them feedback about things they can control. Management takes no further action. Program III tracks sales and inventory replacement rates across shifts. As in Program II, information is shared with employees, but without providing employee feedback about absence and sick leave. Program IV, the most comprehensive, tracks the same information as Programs II and III. Managers communicate it in weekly brainstorming sessions, during which employees try to determine what they can do better in the future and make suggestions for improving store performance. Program V keeps the idea of brainstorming but doesn’t provide employees with information about their behavior or company profits.

Since implementing the system, Claussen has spoken with several managers about what motivated them to choose the program they did. Artie Washington, who chose Program IV, said, “I want to have my employees’ input on how to keep the store running smoothly. Everybody worries about his or her job security in this economy. Letting them know what’s going on and giving them ways to change things keeps them involved.”

Betty Alvarez couldn’t disagree more. She selected Program I. “I would rather have my employees doing their jobs than going to meetings to talk about doing their jobs. That’s what management is for.” Michael Ostremski, another proponent of Program I, added, “It’s okay for the employees to feel a little uncertain—if they think we’re in the clear, they’ll slack off. If they think we’re in trouble, they’ll give up.”

Cal Martins also questions the need to provide information to the whole team, but he chose Program II. “A person should know where he or she stands in the job, but they don’t have to know about everyone else. It creates unnecessary tension.”

This is somewhat similar to Cindy Ang’s reason for picking Program V. “When we have our brainstorming meetings, I learn what they [the employees] think is most pressing, not what some spreadsheet says. It gives me a better feel for what’s going on in my store. Numbers count, of course, but they don’t tell you everything. I was also a little worried that employees would be upset if they saw that we aren’t performing well.”

**Results to Date**

Claussen is convinced the most elaborate procedure (Program IV) is the most effective, but not everyone in the executive committee is won over by his advocacy. Although they have supported the test implementation of the system because it appears to have relatively low costs, others on the committee want to see results. CEO Jean Masterson has asked for a complete breakdown of the performance of the various stores over the past 4 years. She’s especially interested in seeing how sales figures and turnover rates have been affected by the new program.

The company has been collecting data in spreadsheets on sales and turnover rates, and it prepared the following report, which also estimates the dollar cost of staff time taken up in each method. These costs are based on the number of hours employees spend working on the program multiplied by their wage rate. Estimates of turnover, profit, and staff time are collected per store. Profit and turnover data include means and standard deviations across locations; profit is net of the monthly time cost. Turnover information refers to the percentage of employees who either quit or are terminated in a month.

To see if any patterns emerged in managers’ selection of programs, the company calculated relationships between program selection and various attributes of the stores. Program I was selected most frequently by the oldest stores and those in the most economically distressed areas. Programs II and III were selected most frequently by stores in urban areas and in areas where the workforce was younger on average. Programs IV and V were selected most frequently in stores in rural areas, and especially where the workforce is older on average.

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| --- | --- | --- | --- | --- | --- |
| **Program** | **Methods** | **# of Stores** | **Average Turnover** | **Weekly Profit per Month** | **Monthly Staff Cost Time** |
| Program 1 | Traditional Management | 83 | Mean=30% SD=10% | Mean=$5,700 SD=$3,000 | None |
| Program 2 | Share absence and sick leave | 27 | Mean=23% SD=14% | Mean=$7,000 SD=$5,800 | $1,960 |
| Program 3 | Share sales and inventory | 35 | Mean=37% SD=20% | Mean=$11,000 SD=$2,700 | $2,440 |
| Program 4 | Share information and brainstorm | 67 | Mean=17% SD=1020 | Mean=$13,000 SD=$3,400 | $3,420 |
| Program 5 | Brainstorm without sharing information | 87 | Mean=21% SD=12% | Mean=$14,000 SD=$2,400 | $2,750 |

**Your Assignment**

Your task is to prepare a report for the company’s executive committee on the effectiveness of these programs. Make certain it is in the form of a professional business document. Your audience won’t necessarily know about the organizational principles you’re describing, so make sure you provide detailed explanations that someone in a real business can understand.

When you write, make sure you touch on the following points:

1. Consider the five management systems as variables in an experiment. Identify the independent and dependent variables and explain how they are related to one another.
2. Based on the discussion of independent and dependent variables in the textbook, is there anything else you’d like to measure as an outcome?
3. Look over the data and decide which method of management appears most effective in generating revenues and reducing turnover, and why. Which methods appear least effective, and why?
4. Are there any concerns you have about this data?
   1. Does a comparison of the number of stores using each method influence your conclusions at all?
   2. Does the fact that managers are selecting the specific program to use (including Program I, which continues the status quo) affect the inferences you can draw about program success?
   3. What are the advantages of randomly assigning different conditions to the stores instead of using this self-selection process?
5. How does the changing nature of the workforce and the economy, described in your textbook and in the case, affect your conclusions about how to manage retail employees? Does the participation of a more experienced workforce help or hurt these programs? Why might these programs work differently in an economy that isn’t doing so poorly?
6. Claussen essentially designed the program on his own, with very little research into goal setting and motivation. Based on your textbook, how well has he done? Which parts of the program appear to fit well with research evidence on goal setting? What parts would you change to get more substantial improvements in employee motivation?
7. Describe the feelings employees might have when these systems are implemented that could help or hinder the program’s success. What advice would you give managers about how to implement the programs so they match the principles of organizational justice described in your textbook?

**Case Discussion**

If your students have not had a course that includes preparation of business reports, refer them to <http://www.baclass.panam.edu/3335hybrid/Textbook/Chapter08.html>

There they will find an optional preparation format to guide the contents of a report of recommendations.

The fact finding on the seven issues listed would appear in the report in the “background section” of the body in the optional format. Facts drawn from the research on these topics should be placed in the “Analysis Section.” Conclusions about these discussion questions will be in the “Recommendation Section” along with any recommendations for change in the current operations or structures.

You may elect to have individuals create the report or place students in groups of three to five to produce a report and presentation as if it were to be given to the executive committee.

When students discuss the case assignment, here are some suggestions regarding perspectives students should gather on each of the steps listed above.

1. Consider the five management systems as variables in an experiment. Identify the independent and dependent variables and explain how they are related to one another.

**Suggested discussion**: The five programs that are identified in the chart above are:

* 1. Program I is opting out of the new idea, continuing to stay the course and providing employees with little to no information or opportunities for participation.
  2. Program II tracks employee absence and sick leave and shares that information with individual employees, giving them feedback about things they can control. Management takes no further action.
  3. Program III tracks sales and inventory replacement rates across shifts.
  4. Program IV is the most comprehensive. Managers communicate it in weekly brainstorming sessions, during which employees try to determine what they can do better in the future and make suggestions for improving store performance.
  5. Program V keeps the idea of brainstorming but doesn’t provide employees with information about their behavior or company profits.

These are independent variables input to the research as store category of programs. They provide the basis for defining management style in each location. Additional independent variables in the research would be (1) categorization of the economy in the market served by a store, (2) age of employees, (3) length of service of employees, (4) training of managers, and (5) job satisfaction and turnover. With these last two variables, one can be entered into the research as an independent variable with the other a dependent variable to help the company determine what contributes to employees’ satisfaction or turnover. Lastly, all independent variables can be entered to the research with a dependent variable of store performance measured as profitability, return on investment, or some other measure of productivity.

Please note that students implementing discussion of this case may identify other variables from the ones suggested here. When they identify their variables, consider them carefully because they may play a role in determining the contribution to variability of the dependent variables.

1. Based on the discussion of independent and dependent variables in the textbook, is there anything else you’d like to measure as an outcome?

**Suggested discussion**: The response to this discussion will vary depending on a student’s opinions, innovation, and creativity. It may also be dependent on a student’s having taken a course in research methodology. The suggestion above about using job satisfaction and an independent variable to determine the effect on turnover is an example of the type of additional data mining students might suggest. When looking to optimize the results, Program IV seems to have the least turnover with the highest revenue return, but it is the costliest to implement in employee costs. Program V has a slightly higher turnover rate, but achieves the highest revenue with a moderate employee cost. Because the revenue is so high, the tradeoff with employee costs and a slightly elevated turnover rate makes this an attractive option for all stores.

1. Look over the data and decide which method of management appears most effective in generating revenues and reducing turnover, and why. Which methods appear least effective, and why?

**Suggested discussion**: Program III seems to represent the highest turnover rate of the five methods. However, it does result in a moderate amount of revenue. In general, the combination of high turnover and revenue rates suggests that Program 1, Program 2, and Program 3 would be in the category of least effective.

1. Are there any concerns you have about this data?

**Suggested discussion:**

* 1. Does a comparison of the number of stores using each method influence your conclusions at all?

Yes. The number of stores in each subsample ranges from 27 to 87. This type of variability in the (n) for each Program could introduce validity errors into the results.

* 1. Does the fact that managers are selecting the specific program to use (including Program I, which continues the status quo) affect the inferences you can draw about program success?

Yes. A sample of convenience resulting from managers self-selecting styles creates biases in the data that must be indentified. If the programs were assigned at random to stores in equal distribution, the results would be more generalizable with confidence to the entire research population.

* 1. What are the advantages of randomly assigning different conditions to the stores instead of using this self-selection process?

The primary advantage is the results being more generalizable to the entire population of stores.

1. How does the changing nature of the workforce and the economy, described in your textbook and in the case, affect your conclusions about how to manage retail employees? Does the participation of a more experienced workforce help or hurt these programs? Why might these programs work differently in an economy that isn’t doing so poorly?

**Suggested discussion**: The workforce diversifying is a major influence on this firm’s situation. Diversity includes age, gender, ethnicity, and psychological profile. This diversity requires managers to be more astute to identify the things that will motivate employees and to find ways to individualize the factors for motivation to apply to each worker. Times of economic hardship probably affect this because of the reduction in resources available to build programs, although turnover is likely to decrease because of the scarcity of jobs for employees to go to.

1. Claussen essentially designed the program on his own, with very little research into goal setting and motivation. Based on your textbook, how well has he done? Which parts of the program appear to fit well with research evidence on goal setting? What parts would you change to get more substantial improvements in employee motivation?

**Suggested discussion**: He has done fairly well in creating programs that include many of the concepts in goal-setting theory. Since he used a book written by a person who suggests ways to overcome adversity, the parallel to the company’s position is very close. The book suggested that people with a clear purpose and reasons to live, overcame adversity more effectively. Goal-setting theory specifically suggests:

* + 1. If factors like ability and acceptance of the goals are held constant, we can also state that the more difficult the goal, the higher the level of performance.
       1. Why are people motivated by difficult goals?
          1. Challenging goals get our attention and thus tend to help us focus.
          2. Difficult goals energize us because we have to work harder to attain them.
          3. When goals are difficult, people persist in trying to attain them.
          4. Difficult goals lead us to discover strategies that help us perform the job or task more effectively
       2. People will do better when they get feedback on how well they are progressing toward their goals. Self-generated feedback is more powerful a motivator than externally generated feedback.
       3. The evidence is mixed regarding the superiority of participative over assigned goals. If employees have the opportunity to participate in the setting of their own goals, will they try harder?
          1. A major advantage of participation may be in increasing acceptance.
          2. If people participate in goal setting, they are more likely to accept even a difficult goal than if they are arbitrarily assigned it by their boss.
          3. If participation isn’t used, then the individual assigning the goal needs to clearly explain its purpose and importance.

1. Describe the feelings employees might have when these systems are implemented that could help or hinder the program’s success. What advice would you give managers about how to implement the programs so they match the principles of organizational justice described in your textbook?

**Suggested discussion**: Resistance to change is something any new implementation can experience. Resistance can be from any of five reasons:

* + - 1. Five reasons why individuals may resist change are:
         1. Habit: Life is complex, to cope with having to make hundreds of decisions everyday, we all rely on habits or programmed responses.
         2. Security: People with a high need for security are likely to resist change because it threatens their feelings of safety.
         3. Economic factors: Another source of individual resistance is concern that changes will lower one’s income.
         4. Fear of the unknown: Changes substitute ambiguity and uncertainty for the known.
         5. Selective information processing: Individuals shape their world through their perceptions. Once they have created this world, it resists change.

Communication is an essential part of implementation. Not just communicating to pass information, but communicating to ensure the audience understands the concepts and information. The topics of communication must be focused on ensuring trust in the source and with the receivers. This trust can be fostered through the concepts in the Organizational Justice model that is part of Equity theory. Contributing to employees’ perceptions about Distributive Justice, Procedural Justice, and Interactional Justice will contribute to the overall feeling of Organizational Justice that is the basis for employees assuming an equitable situation that they can believe in.