

Lecture 1: Organizational Structures

Organizational Design – The blueprint of the organization; how work is divided, grouped and coordinated among employees

- Why do we need organizations in the first place?
- How can we use the formal organizational structures to manage employees' efforts?
- How can we use the informal organizational structures to manage employees' efforts?
- How do we make sure the informal and formal structure complement each other?

Part 1: The "Formal" Organizational Structure

Why do we need organizations?

- Ability to complete "big tasks"; designing cars, producing airplanes.
- Combine expertise, efforts, and skills to create synergy.

Role of Organizational Structure

= blueprint that specifies how jobs are divided, grouped and coordinated.

- Requires 2 key decisions:
 1. How to break up big tasks in subtasks that individuals can perform (differentiation)?
 2. How to ensure that subtasks are aligned and well-coordinated? Requires coordination mechanisms (integration).

Differentiation

= divide big tasks in subtasks through specialization, departmentalization, and centralization. It is the process of establishing and controlling the division of labor, or degree of specialization.

- Decide on 3 interrelated issues:
 1. How many different tasks should employees do? (specialization)
 - a. Avoid overspecialization; work becomes repetitive, boring, demotivates, decreases utilization of employees for other jobs.
 - b. Avoid under specialization; lack of focus; excessive switching costs, "jack-of-all-trades, master-of-none", overwhelms employees.
 - c. Organizational Roles = set of tasks-related behaviors required of a person by his or her position in organization.
 - d. Organizational structure is based a system of interlocking roles, and relationships of one role to another and defined by task-related behaviors. When division of labor increases, managers specialize; allows people to develop individual abilities and knowledge = ultimate source of organization's competences.
 - e. Authority = power to hold people accountable for their actions and to make decisions concerning the use of organizational resources.
 - i. Differentiation results in clear authority and responsibility requirements for each role in system. Gives ability to coordinate and motivate people.
 2. How to group employees into departments? (departmentalization)
 - a. Functional structure; put all people of same field in one group; expands functional skill, but can lead to coordination problems.
 - i. Function = subunit composed of group of people, working together, who possess similar skills/use same kind of knowledge/tools/techniques.
 - b. Divisional structure; put people who work on same product in one department; enables coordination, but functional skills deteriorate.
 - i. Division = subunit that consists of collection of functions/departments that share responsibility for producing particular good/service.
 - c. Number of different functions/divisions is measure of complexity; degree of differentiation. It increases control over activities and allows for more effectivity.
 - d. As organization grows, they differentiate into five different kind of functions:
 1. Support functions; facilitate control of relations with environment and stakeholders; purchasing, sales, marketing.
 2. Production functions; manage and improve efficiency of conversion process; more value is created; production operation, production/quality control.
 3. Maintenance functions; keep departments into operations; personnel.
 4. Adaptive functions; allow to adjust to changes in environment; R&D

5. Managerial functions; facilitate control and coordination of activities within and among departments; acquisition of, investment in, control of resources.
3. Where lies decision-making responsibility in company? (decision-making centralization)
 - a. Highly decentralized structure: individual employees are “empowered” to decide without having to check with supervisors → quick decision making, can cause coordination breakdown.
 - i. Flat Organizational Structure: few hierarchical layers; high span of control; leader takes on coaching role.
 - ii. Promotes flexibility and responsiveness
 - b. Highly centralized structure: decision-making reserved for top management; clear who has authority, consistent decisions, but slow.
 - i. Tall Organizational Structure; many hierarchical layers; low span of control.
 - ii. Lets top managers coordinate organizational activities; keep organization focused on its goals.
 - iii. Top management can become overloaded and immersed in operational decision making about day-to-day resource issues; have little time for long-term strategic decision making.
 - c. Hierarchy = classification of people according to authority and rank
 - i. Vertical differentiation (hierarchy of authority)
 - ii. Horizontal differentiation (functions and divisions)
 - iii. Design challenge; choose levels of vertical and horizontal differentiation
 - d. Ideally: balance between the two so that middle and lower managers are allowed to make important decisions, and top managers’ primary responsibility is managing long-term strategic decision making; balance between long-term strategy making and short-term flexibility and innovation.

Integration

= Make sure efforts of different employees are well-coordinated.

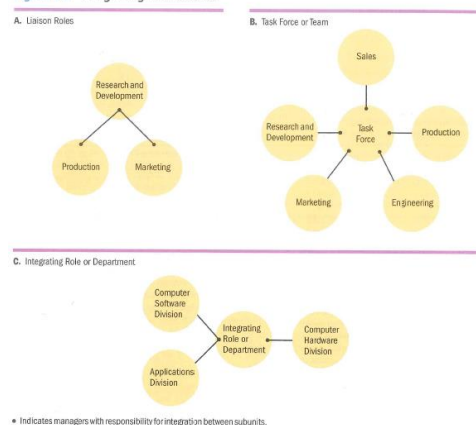
Balancing differentiation and integration

Due to horizontal differentiation, members of different functions/divisions develop subunit orientation = tendency to view one’s role in organization strictly from perspective of one’s own subunit. Different functions can see things differently, is bad for communication and coordination. To avoid this, integrate functions (integration mechanisms); promote cooperation, coordination and communication among separate subunits.

Integration mechanisms:

- Basic types:
 - o Using formal hierarchy to coordinate efforts;
 - o Management watches/corrects coordination problems (direct contact);
 - o Useful for organizations with high centralization.
- Advanced types:
 - o Dedicated liaisons, integration departments, teams;
 - o Suitable for more complex organizations;
 - o Overly costly for simple organizations.

Figure 4.5 Integrating Mechanisms



Balancing Standardization and Mutual Adjustment

Challenge: achieve right balance between standardization and mutual adjustment.

- Standardization = conformity to specific models or examples defined by well established sets of rules and norms that are considered proper in a given situation.
- Mutual adjustment = evolving process through which people use current best judgement of events rather than standardized rules to address things.
- The right balance makes many actions predictable so that tasks and goals are achieved, yet gives employees freedom to behave flexibly so they can respond to new and changing situations well.
- Formalization = written rules

- Socialization = understood norms

Challenge: find best way to use rules and norms to standardize behavior while allowing for mutual adjustment to provide opportunity to discover new and better ways of achieving goals.

Combining Differentiation and Integration

- Managers must achieve appropriate balance between differentiation and integration; two things:
 1. Guide process of differentiation so that core competences are build; gives competitive advantage
 2. Integrate organization by choosing appropriate coordination mechanisms that allow subunits to cooperate to strengthen core competences.
- Mechanistic structure: designed to induce people to behave in predictable, accountable ways.
 - o Narrow task, highly specialized, centralized decision-making;
 - o Use of hierarchy to integrate efforts;
 - o Enables efficiency and control;
 - o High centralization, problems escalate to leaders;
 - o Scripted responses to callers (standardization);
 - o Little direct contact between employees;
 - o Basic integration mechanisms; coordination monitored by leaders and ensured by protocols.
 - o Best suited for low-costs firms operating in relatively stable business environment.
- Organic structure: promote flexibility, to initiate change and adapt quickly to changing conditions.
 - o Broader tasks, less specializing, empowered employees;
 - o Enables creativity and innovation;
 - o Low centralization, open problem solving between employees (mutual adjustment);
 - o High amount of direct contacts between employees from different teams;
 - o Advanced integration mechanism.
 - o Best suited for innovative firms in uncertain business environments.
- Structural contingency theory: align structure with environmental demands.
 - o Tailors organization structure to sources of uncertainty. Designed to respond to various contingencies; things or changes that might happen and therefore must be planned for. Company must design internal and external environment, poor fit between the two leads to failure.

Part 2: The “Informal” Organizational Structure

- Formal structure is designed and implemented by managers.
- Informal structure = patterns of relationships that individuals use to complete work; describes who goes to who for task-related purposes (coordination, information, assistance).
 - o Visualize with network graphs (nodes and edges); who is actually working with whom?
 - o Important because results are realized through informal structure;
 - o Is often different than formal structure;
 - Marginal overlap; key figure in formal structure are often not in informal structure;
 - Misalignments between formal and informal structure can lead to inefficiencies.

Managing Informal Structure

- Type of informal structure needs to align with strategic objectives of company;
- Informal structure aligns with formal structure;
 - o Avoid relying on employees who lack central position in informal structure, or ignore central employees in informal structure who aren't in formal structure;
 - o Custom-response network: develop in order to define a problem/opportunity rapidly and coordinate relevant expertise in response; suitable for innovation.
 - High connectivity → open problem solving; increased novel combinations of expertise; more creativity and innovation.
 - Demands lot of investment and time in building/maintaining relationships.
 - o Routine-response network: efficient and consistent response to established problem domains; suitable for low-cost goals.
 - Focus on narrow and task-related interactions → efficiency; high formalization and centralization; focus on taskwork.
 - Little room for lateral connections.

Problems that can occur:

1. Misalignment informal structure – strategic objectives;
 2. Misalignment informal – formal structure.
- Steps in managing informal structure
1. Discover and understand informal structure; use ONA
 2. Evaluate fit of informal structure
 - a. Assess (mis)alignments:
 - i. Strategic objectives: is type structure in line with strategic objectives?
 - ii. Formal structure: compare informal and formal structure; centrality.
 - b. Implement interventions
 - i. Strategic objectives: change way employees are working (coaching), change strategic objectives (capitalize on internal strengths);
 - ii. Formal structure: transfer employees to different positions (based on centrality), individual coaching programs.

Conclusion Informal Structure

Four steps are important in assessing formal structure:

1. Define core value proposition of network;
2. Identify critical relationships that must exist for network to support strategic objectives;
3. Conduct ONA to analyze informal network;
4. Intervene where needed.

Conducting an Organizational Network Analysis (ONA)

1. Determine key strategic issues and identify audience;
2. Construct survey and administer assessment;
3. Analyze and interpret data.

Lecture 2: Organizational Processes

Organizational behavior – effectively managing employees such that organizational performance is maximized and costs are minimized

- How to manage the innovation process?
- How to manage decision-making processes?

Part 1: Leading Theories on Key Processes in Firms

Decision Making

= the process of identifying and choosing among alternative courses of action in appropriate manner that situation demands.

- Routine decisions = repetitive day-to-day decisions to keep organization up and running in short-term;
 - o Often involves <10.000€ investment;
 - o Can often be programmed into procedures/decision-making rules.
- Non-routine decisions = novel, important, complex situations; influence overall direction of company;
 - o Cannot be fully programmed in rules/procedures.

Decision-Making Process

1. Identify the problem; problem-identification phase:
 - a. Assess difference between current and desired state.
2. Generate alternative solutions; information-search phase:
 - a. Search for info for developing alternative course of action to get to desired state.
3. Evaluate alternatives and select a solution; selection-phase:
 - a. Assess benefits/drawbacks different courses of action and select best one.
4. Implement and evaluate the solution chosen:
 - a. Put decision into practice and evaluate outcome afterwards;
 - b. If effective: implement in other parts of organization as well;
 - c. If ineffective: change decision.

Imperfect Organizational Decision-Making (Bounded Rationality)

Bounded rationality = rely on limited information that reflects time constraints and political consideration.

Cognitive biases = tendencies to acquire and process information in error-prone way.

Decision-making model is rarely followed in practice; troubled by human biases related to:

- Gathering right amount of information;
- Properly using that information to find solution;
- Evaluating outcomes.

Biases in Information-Search Phase; two key problems:

- Tendency to obtain too little information;
 - o Managers 'rush' through information search;
 - o Confirmation bias: search for info to confirm what you already think is true;
 - o Overconfidence bias: look no further when 'right' solution is found.
- Tendency to obtain too much information.
 - o Lose oversight and focus on irrelevant information;
 - o Gather information with little decision relevance;
 - o Request information that they don't use;
 - o Request for more information, regardless of what is already there;
 - o Complain that there is not enough info while ignoring available information.

Biases in Alternative Selection Phase

- Base-rate error: tendency to ignore long-term statistical probabilities, and favor more specific information which is less reliable; can fluctuate around more reliable base rate;
- Statistical biases such as; large sample insensitivity, complex chains, and anchoring effect;
- Framing error: tendency to base selection of alternative on way information is presented;
 - o Negatively framed: reject alternative, positively framed; accept.

Solution Evaluation

- Justification: try to justify faulty decision instead of analyzing where it went wrong;
- Escalation of commitment: tendency to continue when money/time/effort is already spent;
 - o People are reluctant to admit failure and accept losses;
 - o Groups are more prone to escalation of commitment.
- Hindsight: tendency to find what was done right/wrong; knew-it-all-along effect; tendency to take personal responsibility for successful outcome, and denying it for unsuccessful ones.

How Emotion and Mood affect Decision Making

- Positive mood → overestimate likelihood that good events will occur, adopt simplified, short-cut decision-making strategies, violating rational model, more creative, intuitive decision making.
- Negative mood → approach decisions in more deliberate, systematic, detailed way.

Decisions and Teams

- Routine decisions: delegate decision-making to lower level employees; prevents information overload at top management layer;
- Non-routine decisions: requires input from diverse group of people; use group-based decision making:
 - o Diverse group of people is involved in process; avoid individual-level biases (selective perception), increases commitment/support for decisions.
 - o Diffusion of responsibility (ability to share burden of negative consequences of poor decisions); social loafing/free riders problem; group conformity/fear to stand out (groupthink); domination of assertive/aggressive member; slow.
 - Groupthink: rationalization, illusion of morality, stereotypes of outsiders, pressure for conformity, self-censorship, illusion of unanimity, mind guards.
 - Prevent groupthink: avoid pressure for certain decision outcome, concentrate on good decision processes. Establish norms that encourage and reward responsible dissent, and outside experts should challenge group's view from time to time.
- Groups are more vigilant, generate more ideas, evaluate ideas better, division of labor, individual judgements can be combined and weighted to reflect expertise of various members.
- Groups and risk:
 - o Risky shift: tendency to make riskier decisions than average risk initially advocated by individual members;

- Conservative shift: tendency to make less risky decision than initially advocated by individual members;
- Group discussions generate ideas and arguments that individual members have not considered before → naturally favors members' initial tendency towards risk/conservatism → discussion provides 'more' and 'better' reasons for initial tendency → tendency becomes exaggerated.
- Members try to present themselves as similar, and better → one-up others by adopting slightly more extreme version of group's initial stance.
- Success of group-based decisions:
 - Diverse members; good group size; appoint single individual who carries responsibility; use decision-making technique (i.e. nominal group technique, or delphi method)

Improving Decision Making in Organizations

- Train discussion leaders;
- Stimulate and manage controversy; devil's advocate;
- Traditional and electronic brainstorming;
 - Brainstorming = try to increase number of creative solutions alternatives by focusing on idea generation rather than evaluation;
 - Electronic brainstorming = use computer-mediated technology.
- Nominal group technique = structured group decision-making technique; ideas are generated without group interaction and then systematically evaluated by group.
- Delphi technique = method of pooling large number of expert judgements; using questionnaires.
- Satisficing = establishing adequate level of acceptability for a solution to be a problem and then screening solutions until one that exceeds this level is found.

Part 2: Learn About Practical Problems that can Complicate Decision-Making and Innovation Processes + ONA

Part 2a: Innovation Process

= processes through which employees develop innovation ideas and through which managers decide which ideas to select for developing into actual innovations.

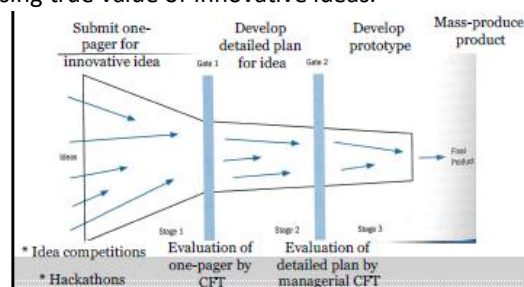
1. Why do employees fail to develop good innovative ideas?
2. Why do firms fail to recognize good innovation ideas?

Practical Insights on Innovation Process

Success factors of innovation process:

- Diversity of members involves; innovative ideas; assessing true value of innovative ideas.
- Involvement of senior management; in selection, implementation, and evaluation of ideas; ensures ownership/commitment to ideas.

State-gate innovation funnel:



Network obstacles (informal network):

- Inability to recognize opportunities and recombine expertise; failure to exploit expertise and networks;
- Inability to test and prototype ideas rapidly; inability to drive change through network – to reshape them to create more value and open new markets.

Key network obstacles to innovation

- Fragmentation, domination, insularity.

Fragmentation

= important groups in organization do not exchange ideas or information with each other.

- Employees have natural tendency to build cohesive subgroups;
- No 'cross-pollination' of ideas between diverse departments; prevents recombining of insights;
- Detect by identifying 'components' = amount of subgroups in network.
- Structural holes: white spaces with little connectivity;
- Watch out for brokers; bridges between different subgroups, key drivers of organizational innovation;
- Reduce by bringing people from unconnected groups together.

Domination

= groups who have majority/priority voice in selection of innovation.

- One-sided selection and rejection of innovation ideas;
- High potential innovation projects get overlooked;
- Detect by looking at centrality of group members; high degree = indication of domination;
- Small group of homogeneous employees decide what innovations are selected → one-sided selection.

Insularity

= inability to recognize and leverage relevant external expertise.

- Make sure there is no domination in who has outside connections.

Practices to Drive Innovation Through Networks:

1. Create a network-centric ability to sense/respond to opportunities; networks should enable organization to 'surge' = sense opportunities/problems and rapidly use expertise to coordinate an effective response. Build awareness of who knows what in network.
2. Develop an ability to rapidly test and refine an opportunity; rapidly combine and deploy resources.
3. Work through people in specific network positions; bring the right people together.
4. Leverage energy; find people who are energizing others; develop energizing behaviors
5. Ensure that organizational context supports collaboration; promoting connectivity requires alignment of unique aspects of formal organizational design, control systems, technology, and HR practices.

Conclusion: a Series of Actions can Unleash Innovation Potential:

1. Leaders need to shift efforts to spur innovation along specific trajectories from individual or team-based initiatives to activities that reshape networks. Leaders can recognize innovations by integrating expertise and resources that are accessible through networks within and outside of organization.
2. Once desired trajectories of innovation are defined; apply network analysis to assess and correct three common network barriers to innovation:
 - a. Fragmentation = collaborative breakdowns across functional lines/technical capabilities.
 - b. Domination = central network members invisibly screening out novel ideas.
 - c. Insularity = lack of external ties needed to recognize and leverage external expertise.
3. Network analysis can promote quality and feasibility of new products/service ideas. Building awareness of expertise and energy in networks yields greater creative capacity and staffing employees who are well situated in information and expertise networks on new projects can improve quality and feasibility of innovation.

Failure to innovate effectively and efficiently can often be traced to inability to test and prototype ideas rapidly. Rather than being a failure to exploit expertise and networks that are at organization's disposal, this is an inability to drive change through those networks – to reshape them in ways that create value and open new markets. Making networks visible and leveraging key network players at appropriate points in new product development processes can dramatically improve innovation success.

Innovation Process Summary

- Special kind of decision-making process;
- Requires combined ideas/knowledge from different departments/groups in novel ways;
- Requires diversity and connectivity among employees;
- Can be troubled by fragmentation, domination, and insularity
- Use ONA to identify, prevent, and resolve issues.

Part 2b: Routine Decisions

Routine decision-making process: decide on how to deal with day-to-day issues involving little investment;

1. Why can it take so much time to make simple decisions?
2. Who should be included and who should be excluded from decision-making process?

Practical Insights on Routine Decision-Making Processes

- Routine decisions should be delegated to lower-level (empowered) employees to prevent information overload at higher hierarchical levels.
- Problems are often due to overinclusion = when too many people are involved who shouldn't be.
 - o Failure to delegate: management creates bottlenecks since it doesn't give up responsibilities;

- Curious people: employees want to be in the 'thick of things' out of interest; each added employee adds time to process.
- How to detect it? ONA; who is involved in decision-making process; roles; time; position in hierarchy.
- Evaluate if (and what type) of inclusion; managerial overinclusion or curious-people overinclusion.
- How to deal with it?
 - Identify over included leaders and curious people;
 - Provide them with feedback on how much delays/costs they cause;
 - Use this feedback to convince them to become less involved in process.

Routine Decisions Conclusion

- Need to be delegated;
 - Prevent managerial overinclusion;
 - Prevent curious-people overinclusion.
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Lecture 3: Teams

How to make sure teams are effective in the company

- How to manage processes within teams?
- How to compose teams of right people?
- How to ensure effective team characteristics?

Part 1: Leading Theories on Team Effectiveness. Focus on Key "Success Factors" and "Best Practices"

- Why do teams succeed, while others fail?
- What is team effectiveness?
- How can we manage team effectiveness?

Teams

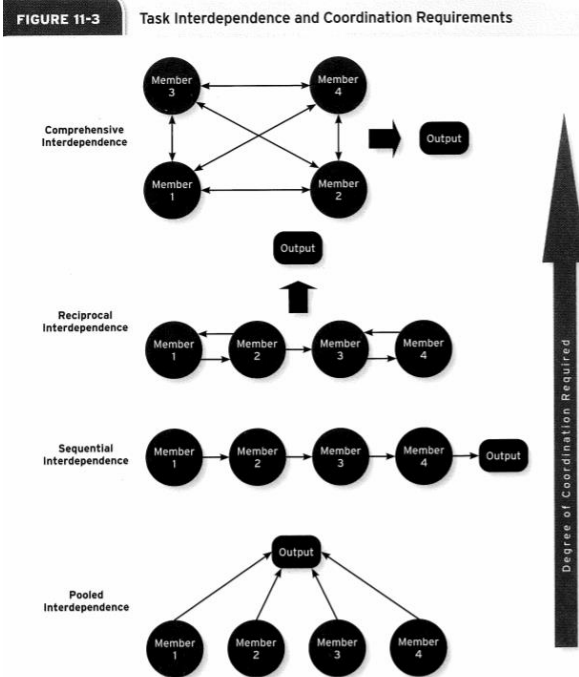
= +3 members; share common task-related goal; members rely on each other to complete own activities of team task. Difference with group = interdependent need to collaborate.

- Complete complex tasks;
- Increase employees' job satisfaction;
- Increase performance and reduce costs.
- Types: work-, management-, parallel-, project-, action team.

Team Effectiveness

- Performance: whether output meets requirements;
- Viability: whether team succeeds on soft, social criteria as rated by team members themselves.
- High performance, low viability = performance is likely to be short-lived, key members leave;
- High viability, low performance = team fails to meet criteria, even though members are satisfied.
- Performance and viability are correlated; interventions that promote performance can harm viability and vice versa.
- Ingredients for building effective teams:
 - Team development; receiving sufficient organizational support; use right team task design; have right team composition; have right team size; teamwork and taskwork; right team climate.

- Team task design = specified sequence in which team members should do work and collaborate:
 - o Team interdependence = degree to which team members interact/rely on other team members; four types:
 - o Pooled interdependence: team members autonomously work on parallel tasks; subdivided tasks; individual-based rewards.
 - o Sequential interdependence: team members take turns in working on team product;
 - o Reciprocal interdependence: no clear work order; complex tasks; group-based rewards;
 - o Comprehensive interdependence.
- Team composition:
 - o Team roles; abilities and capacities; personalities; demographics.
 - o Diversity; different perspectives, creativity/innovation, misunderstandings, lowered performance.
- Team size;
 - o More people is handy when tasks are:
 - Additive = performance is sum of all efforts;
 - Disjunctive = performance is determined by best/smartest person of team
 - o Costs of larger teams:
 - Harder to motivate; process losses = time lost is coordination and motivation, grows exponentially when team grows; less productive than it should be.
- Team climate: determined by teams 'social cohesion' = degree to which members see each other as personal friends → more participation in team process, conformity to team norms.
 - o Effective teams = have above-average cohesive and internalized norms that promote productivity, avoid extremes and watch out for group norms that reduce productivity.
- Team states: specific types of feelings and thoughts that coalesce in minds of team members as consequence of their experience working together;
 - o Cohesion;
 - o Potency; degree to which members believe that team can be effective across variety of situations and tasks; high = confidence team can perform well; focus more energy on achieving team goals;
 - o Mental models = level of common understanding among team members with regard to important aspects of team and its task;
 - o Transactive memory = how specialized knowledge is distributed among members in a manner that results in an effective system of memory for team.



Part 2: Learn About Practical Problems that can Reduce Team Effectiveness + ONA

Team effectiveness theory: how to identify and overcome typically overlooked problems that can limit team effectiveness?

Problems in current team research:

1. More-is-better assumption: faulty assumptions that teams are most effective when members engage in more and more teamwork activities; leads to inefficiencies, delays, missed deadlines, stress, burnout, and turnover.
2. Predominant focus on internal team processes, overlooking importance of external team processes; teams are part of large system; "best practices" that optimize internal processes at expense of external processes; team cohesion; empowerment strategies.

Solution: manage both internal and external networks that teams use to accomplish work:

- Internal processes: make sure network is used by team is effective; determine best structure.

- External processes: make sure team is well-connected to diverse range of other teams inside, and outside of firm; make sure that brokers are well-connected inside team.

Discover optimal network structure for teams:

- Subjective: identify highest performing team; mimic type of internal network for other teams;
- Objective: use stat. techniques (ONA).

Evaluate and improve external network:

- Enables inter team coordination; provides access to other team's support/resources; enables teams to perform well; teams are too inwardly focused; they should interact with other teams more.

Solutions to little external connectivity:

- Immigrant strategies (=temporary internship, open house, employee exchange, etc.);
- Hiring policies: hire employees from other important companies to build connections with those companies.

Solutions to little uncoordinated connectivity

- Appoint liaisons; individuals responsible for mediating and structuring external interactions.

Solutions over-connectivity:

- Similar to fragmentation (lec 2); apprenticeship program; workload distribution intervention;
- Ensure there is replacement for over-connected person;
- Ensure workload is better distributed between over- and under-connected team members.

Team Processes

=reflects different types of activities/interactions that occur within teams that contribute to ultimate end goals.

Why are some teams more than the sum of their parts?

- Process gain;
- Coordination loss;
 - o Production blocking: employees have to wait for each other to continue their tasks.
- Motivational loss.

Organizations can use training interventions to improve team processes; may include training in transportable team network competencies, team process training, and team building.

Taskwork Processes

=activities of team members that relate directly to accomplishment of team tasks.

1. Creative behavior;
2. Decision making;
 - a. Decision informity: information about own task/responsibilities;
 - b. Staff validity; degree to which members make good recommendations to leader;
 - c. Hierarchical sensitivity: degree to which leader properly weights recommendations received.
3. Boundary Spanning: activities with individuals of group other than those of team;
 - a. Ambassador activities; communications intended to protect team, persuade others to support the team, or obtain important resources for the team
 - b. Task coordinator activities; communications that are intended to coordinate task-related issues with people or groups in other functional areas.
 - c. Scout activities; things team members do to obtain information about technology, competitors, or broader marketplace

Teamwork Processes

= interpersonal activities; facilitate accomplishment of work, but don't directly involve task accomplishment.

- Transition processes: teamwork activities that focus on preparation for future work;
- Action processes: important as taskwork is being accomplished; monitor progress towards goal;
- Interpersonal processes: important before, during, or in between; manner in which team member manages their relationships.
 - o Relationship conflict: disagreements among team members in terms of interpersonal relationships or incompatibilities with respect to personal values or preference;
 - o Task conflict: disagreements about team's task.

Six questions that can help team leaders improve the effectiveness of their teams by attending to key network levers:

1. Are the right voices influencing the team's trajectory?
2. Is the team appropriately connected for the task at hand?
3. Has the team cultivated important external relationships? (avoid insularity)
4. Are value-added collaborations occurring in the team network?
5. Do underlying relationships qualities yield effective collaboration at the point of need?
6. Does organizational context support collaboration and momentum?

Needed to support network development, four critical elements:

1. Formal structure; decentralized routine decision rights; latitude for work to be performed outside formal reporting lines and broker-liaison roles.
2. Work processes; diverse team structures designed to fill network gaps; flexible work flow and collaborative technologies
3. Human resource practices; systematic exposure of capabilities across organization; social and professional network opportunities and key external connection development
4. Culture; values that support ad-hoc collaboration; recognition of external ideas and relationships and risk taking.

Conclusion – leaders should consider three important steps:

1. Shift attention away from time-consuming team building efforts and onto initiatives that enable networks to integrate expertise, resources, and decision-making authority rapidly at the point of execution in organizations
2. Focus network-building efforts on key teams.
3. Define and help develop the critical relationship that must exist for networks to enable team success. These relationships will always be unique depending on goal of team and strengths, contacts, and resources or its members.

Lecture 4: Individual Employees

How to make sure individual employees are effective in the company?

- How to motivate employees?
- How to develop high-performing employees?

Part 1: Leading Theories on Employees' Effectiveness: How to Motivate Employees Through:

- Compensation/salary system; setting goals; work design

Motivation

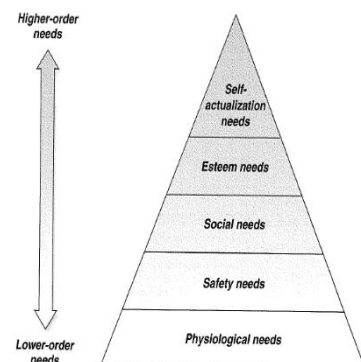
= process of arousing, directing, and maintaining behavior towards goal leads to employee who: work hard, are more satisfied, reach higher skill levels, improve procedures/protocols.

Manage Motivation

1. Designing effective compensation/salary plans;
2. Setting challenging goals;
3. Designing jobs that are exciting and challenging.

Motivating by Meeting Basic Human Needs (Need Hierarchy Theory)

- Physiological needs: lowest-order needs; satisfying fundamental biological drivers; need for air, food water, shelter.
- Safety needs: concerned with need to operate in environment that is physically and psychologically safe and secure.
- Social needs: need to be liked and accepted by others.
- Esteem needs: need to achieve success and have others recognize accomplishments.
- Self-actualization needs: work to become all you're capable of being.



Part 1.1a: Compensation

Why should we pay?

- Delicate relationship money – motivation;
- Importance of relative earnings; balance input/outcome employees in comparable jobs; fair balance = higher motivation among employees.

Equity Theory

= people are motivated to maintain fair/equitable, relationships between themselves and others, and avoid relationships that are unfair/inequitable.

- People compare themselves to others by focusing on outcomes and inputs; outcomes received relative to inputs contributed (e.g. amount of money for amount of hours work).

Overpayment

= employees feel that they have disproportionally high salaries.

- Guilt against coworkers; try to restore pay fairness by changing behavior;
- Behavioral: increase input in jobs to justify higher pay;
- Cognitive: rationalize overpayment; convince themselves that they 'deserve' it.

Underpayment

= get less money for same amount/type of work.

- Anger; try to restore balance between input/outcome job;
- Lower inputs; do less; show up late etc.
- Increase outcomes; ask for pay raise; find job elsewhere.

Managerial Implications

- Avoid underpayment; reduced motivation, reduced performance, turnover.
 - o Employees with same expertise/job should have same pay; justify why someone gets paid more; transparency in pay to avoid misconceptions/rumors.
- Avoid overpayment; can motivate, but often short-lived.
 - o People convince themselves they 'deserve' it; indirectly leads to underpayment.

Types of Payment

- Fixed hourly salaries;
- Variable pay-for-performance; more motivating, full potential only reached when certain conditions are met, optimized when:
 1. Employees have all support/resources needed – external conditions shouldn't limit performance;
 2. Right type of performance is measured and rewarded;
 3. Employees value rewards for performing well; cafeteria-style benefits plan (=let employee pick benefits from menu of availabilities).

All three components of motivation (expectancy, instrumentality, valence) are needed.

- o Expectancy = belief that one's effort will affect performance;
- o Instrumentality = belief that one's performance will be rewarded;
- o Valence = perceived personal value of expected rewards.
- Two-tier wage structure: payment structure where newer employees are paid less.

Part 1.1b: Goal-Setting Theory

= motivating employees without necessarily paying them more

- Specify what employees need to achieve to be considered successful;
- If employees fall short they'll feel dissatisfied and challenged; work harder;
- Leads to more motivation.

Goal setting theory – best practices

- Make specific goals:
 - o Types: no goals, do-your-best goals, specific goals with clear aim and criteria;
 - o Specific goals are superior to do-your-best or no goals; lead to highest motivation and performance.
- Make difficult, but acceptable goals:

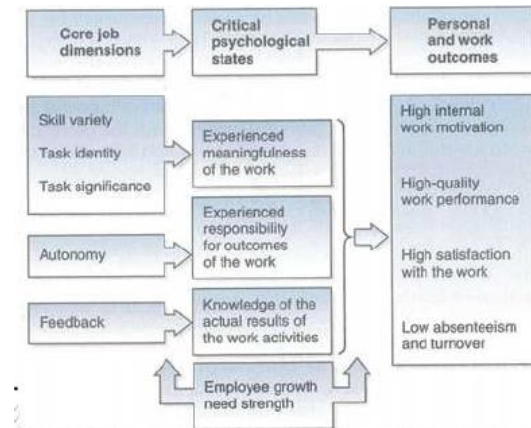
- Avoid too easy and too difficult; go for challenging goals that lie within employees' capacity but push limits; discuss what employees find challenging, too easy/difficult.
- Provide feedback:
 - Inform how well employees score on attaining goals; enables for improvement.

Part 1.1c: Work Design

= increase motivation by designing jobs that are exciting, pleasurable, and meaningful.

Core Job Dimensions

- Skill variety: how many different skills/talents needed to perform job?
- Task identity: is whole task done in job?
- Task significance: how important is job for other people/society in general?
- Autonomy: can employee self-decide how to execute job?
- Feedback: does employee has information on outcome of job?



Job dimensions lead to: higher motivation through series of mediators; effects depend on critically moderating “employee growth need strength”.

Work Design – Managerial Implications

How to enable employees to become more motivated and work harder:

1. Assess employee growth need strength & job dimensions (survey: job diagnostic instrument);
2. Determine match between jobs and employees; redesign jobs or adjust hiring policies.

Part 2: Practical “Network Traps” Prevent High-Potentials from becoming High-Performers + ONA

Personal Network and Effectiveness

Highly motivated, but not high performing:

- Employees need effective networks to perform well;
- Networks ensure employees to get resources they need;
- On their own, employees have tendency to build ineffective networks that limit performance; due to network traps.

To become high performer:

1. Secure right position in network;
2. Connect with right people in organization;
3. Connect with these people in right manner.

The Right Position (High-Performer)

- Power position; broker, bridges, liaisons, etc.;
- Connecting otherwise unconnected groups;
- Thick of things – first to know important things;
- Spot opportunities that require insights from multiple groups;
- Promote faster and adapt quicker in diverse groups

Issue: The bottleneck creates a heavy reliance on him- or herself. Bottlenecks use their own time—and that of others—inefficiently; they invisibly hold up work and innovation in the network.

Outcomes: Bottlenecks may experience personal burnout; the organization's dependence on them means it fails to use expertise on the network's periphery, the network is often slow to respond to opportunities and threats, and innovation stalls.

Network remedy: Identify categories of information, decision rights, and tasks that can be reallocated to alleviate overloaded points and draw others into the network.

Network traps: become bottleneck:

- Fail to delegate; become overloaded with work; spend all time on responding on requests, leaving little time for core tasks; leads to delays and distortions.
- Assess ‘indegree’ connections: how many people rely on focal employee;
- Assess ‘outdegree’ connections: on how many people does focal employee rely him/herself;
- Imbalance: person deals with requests independently.

Solution to bottleneck:

- Transfer information requests to others; delegate tasks.

The Right People (High-Performer)

- Connect with people who have knowledge or expertise that extend own knowledge/abilities;
- Have people in network with complementary, not similar expertise;
- Connect to different function fields/departments/hierarchical layers/organizations/locations.

Issue: This otherwise high performer does not address skill gaps—deficiencies of technical expertise, decision-making ability, or interpersonal style—by leveraging relationships.

Outcome: The disconnected expert will ultimately fail when a new role or changing times place demands on underdeveloped skills.

Network remedy: Develop self-awareness and build ties to those who can help address skill gaps.

Network trap: fail to connect to diverse partners → disconnected expert:

- Natural tendency to work with like-minded people; seek advice from own field of expertise; leads to one-sided focus;
- Rely on same people for advice regardless of advice needed; mistake friendship for expertise.

Identify disconnected expert:

- Asses amount of external connections to other departments etc.;
- Asses whether person relies on same people for different types of advice.

Solutions to disconected expert:

- Identify in which departments etc. person lacks relationships;
- Try to build relationships with these under-connected groups.

The Right Manner (High-Performer)

- Build high-quality relationships with network contacts;
- Both individuals value relationship and benefit from it;
- Relations are based on trust, reciprocity, mutual support.

Issue: The surface networker engages in surface-level interactions to connect with others, but does not engage in behaviors that build a personal connection, sense of trust, and reciprocity critical to relationships that are truly helpful over time.

Outcome: The surface networker's loose contacts tend to be effective only when he or she has something to offer, not when he or she is in need of help.

Network remedy: Use the network diagnostic to uncover self- and peer perceptions and modify behavior accordingly.

Network trap: surface networker:

- Have massive network which backfires; too little time for each individual; failure to engage in collaboration; gives employees bad name and prevent him/her to work with others in meaningful way.

Identify surface networker:

- Ask partners if they benefit from working with focal person; useful advice, information, appropriate level of attention; if person gets below-average rating: person spreads time too thingly across too many partners.

Solutions surface networker:

- Reduce size of network; keep valuable relations and spend more time with them.

The Chameleon

= absorbs interests, values, personalities of diverse subgroups: misalignment where alignment is needed.

- Lack of alignment among key people and subgroups; drains momentum and effectiveness from network.
- Remedy: use network techniques to discover where and how people need to be connected underneath chameleon.

The Formalist

= has inaccurate perception of informal network; fails to leverage it as means to get work done.

- May suffer personal frustration as things do not happen way they expect; plans will be implemented ineffectively and opportunities will be missed.
- Remedy: identify brokers, marginalized voices, overloaded people and roles, and fragmentation where networks have fallen out of alignment.

The Biased Networker

= allows certain voices to become disproportionately important.

- Poor strategies, inflexibility, unethical decisions are results from insularity or from allowing voices to become too privileged.
- Remedy: identify and correct overinvestment and underinvestment in relationships.

How to Leverage Individual Employee Networks by Leaders

1. Shift talent programs with an exclusive view of high performers as individual achievers to programs that also understand and develop key network enablers of success;
2. Pay attention to where and how high performers contribute to network;
3. Ensure that recruiting, on-boarding, staffing, and development processes build productive rather than just big networks:
 - a. Network structure, composition, behavior.
4. Employ development and mentoring processes that help rising stars and leaders in career transition points to avoid common network traps.

Conclusion

- Being highly motivated is not enough to become high performer; employees must also make targeted investment to:
 - o Become central person in organization and connect with people in right manner.
- Failure to do so leads to network traps: bottleneck, disconnected expert, surface worker, etc.