

June 2007

Essay Questions

Essay 1

Following completion of your MBA, you start work as a lecturer in a Post-School college and one of the lectures you are expected to give to your students is on the subject of motivation theory. Which key theories would you include in such a lecture and how would you relate them to the realities that your students would face in their working lives (one group is looking forward to a military career while another is aiming for a career in the finance services sector)?

(60 marks)

- [Examiner's Solution](#)
- [Selected Student Answer](#)

- A good answer would give a description of Content theories, Process theories and Behaviour Modification (BMod).
- Students should be able to discuss two Content theories, those of Maslow and Herzberg. Maslow's hierarchy of needs (from physiological, safety, belongingness, esteem to self-actualisation needs) should be defined, specifying that lower-order needs require to be met before higher-order needs become a motivator. Herzberg's two factor theory should be defined, differentiating between hygiene factors and motivators. It is important that students go beyond just definition to show that they understand what is behind the theory by demonstrating an understanding of application.
- On Process theories, students should be able to describe Equity theory, Expectancy theory and Goal Theory. On Equity theory, the key points are that individuals rate themselves against their peers and will modify their behaviour if they perceive an imbalance exists between their own and another's reward:effort ratio. On Expectancy theory, students should be able to discuss the basics of the Expectancy theory model ([Figure 3.2](#) in the text). On Goal Theory, the importance of agreed, stretch and S.M.A.R.T. goals should be discussed. Discussion should be evident to demonstrate understanding and not just knowledge.
- On BMod, students should be able to discuss the contingencies of reinforcement outlined in [Figure 3.4](#) of the text.
- On Maslow, students would be expected to recognise that organisations would understand the hierarchy and apply policies that encourage employees to move up from lower- to higher-order needs. The basic idea here is that self-actualising employees will offer more to the organisation and that the organisation will strive, therefore, to meet lower order needs. Better students might raise the possibility of this theory working differently in the developing world where the reality of physiological and safety needs are of much higher importance than in the developed world.
- On Herzberg, the importance of going beyond hygienics (pay, supervision, peer relations, work environment, job security and company policies) to take account of motivators (recognition, responsibility, professional growth, achievement, challenges, promotion and the work itself) is key. Employers subscribing to Herzberg will make sure that hygiene factors are satisfactory for their employees, but will go beyond this to make sure that systems are in place to ensure that motivators are also present.
- On Equity Theory, organisations can ensure that reward is provided for effort and that any individual comparisons will leave the individual motivated to continue to make the effort that produces the reward.
- On Expectancy Theory, the link between individual and organisational factors to effort, leading to performance that in itself leads to outcomes valued by the employee is the key. Organisations ensure, therefore, that they are aware of individual factors (like the desire for promotion), can put in place organisational factors to help the individual meet their desire (e.g. working on a high profile project) thus encouraging a high performance that will increase the profile of the employee and, as a result, raise the possibility of promotion.
- On Goal Theory, the link between individual objectives and corporate objectives leads to a clear 'line of sight' for individuals to recognise their contribution to the success of the organisation. With ongoing

review of objectives, the manager and managed get a clear indication that work is being delivered as required. Goals cascaded down an organisational hierarchy usually stop at management levels, with staff below management contributing to their manager's goals.

- On BMod, some discussion about the undemocratic nature of the theory would be appropriate and whether this theory is more about manipulation rather than motivation. [Table 3.5](#) in the text gives a useful summary of the pros and cons of BMod.
- Students should identify how these theories can be used differently in the military and the financial services sector.

Essay 2

Your organisation has just completed the annual appraisal of employee performance using an Absolute Standards system. A number of employees have complained that the system is unfair and that they do not feel that supervisors are applying the standards consistently. Following a meeting with the HR Director, you have been asked to summarise what might be going wrong with the current system and to define alternative systems that the organisation would find more effective. What would you include in your response?

(60 marks)

- [Examiner's Solution](#)
- [Selected Student Answer](#)
- The Absolute Standards (AS) system of performance appraisal has the potential of having many of the errors that can exist. With a fixed and inflexible set of performance criteria (that are usually 'all or nothing' in nature) personal bias from the supervisor can become a major issue, especially if the organisation has a wide range of supervisory levels all with their own level of experience and expectation. The 'halo effect' of rating an employee based upon the evaluation of other traits can also become a bias that is difficult to manage (especially in close team environments where the supervisor is much more part of the team). Recency error, where the supervisor rates the whole year (say) based upon one recent event can be a problem since most AS systems do not have a requirement for ongoing feedback to be provided to employees. Supervisor errors of strictness or leniency based on whether they believe that either all employees do match up or all employees do not match up can often raise inconsistency of application across the whole organisation or parts of the organisation. Similarity error is more likely in that supervisors rate as important those aspects in which they themselves have a high quality. Forced rating, where the supervisor matches individual ratings with an overall rating, can also lead to errors.
- AS systems do not lend themselves to achieving a direct link between job performance and actual job behaviours. There is no linkage to actual job output or to any real theory of motivation. In essence, therefore, AS tends to produce less valid individual performance appraisals.
- AS systems do not lend themselves to being connected to reward and recognition systems.
- AS systems tend to rely on more subjective, rather than objective, judgement by supervisors.
- Graphic Scales Rating systems (GSR), Behaviour Anchored Rating Scale (BARS) and Management by Objectives (MbO) are the three alternative systems discussed in the text.
- GSR is the most popular system in use with performance criteria being set that are meaningful to both supervisor and employee, thus providing more content validity than the AS system discussed above. This method of rating does differentiate between individual employees and encourages the tendency to spread employees out along each scale. Supervisors, using degrees of success or failure, are in a much stronger position to assess the strengths and weaknesses of individuals. GSR still has validity issues related to strictness, leniency or similarity. The use of fixed distributions by some organisations can also create problems in that individuals sense inequity.
- BARS systems emphasise work behaviours and give supervisors (and employees) sight of different levels of performance in behavioural terms. The focus, therefore, is on how the job is done rather than individual characteristics. Design of BARS systems is inherently participative, which is much more

congruent with team focused organisations. For BARS to be effective, a number of systems may need to be created to match job sets and this produces a much more complicated system overall.

- MbO is a system that increases work motivation and employee performance, provides clear expectations of what is required of the employee by the organisation and improves the validity of performance evaluation. Most MbO systems require ongoing reporting of progress to meeting objectives and therefore provide a clear set of data against which to judge performance. A well designed MbO system gives individuals a clear line-of-sight between their own objectives and those of the overall organisation. The system also integrates personal with organisational goals thus encouraging people (in Maslow's terms) towards self-actualisation.
- If the organisation has a focus on preferred behaviours, then BARS would be preferable, but if the organisation has a focus on delivery of individual objects, then MbO would be preferable.

Essay 3

As part of your fast track development programme you have been given a project to revitalise Leadership in your organisation. The Board has identified that although the organisation has 3000 managers (across a flat hierarchy of 5 layers from junior managers to the Board), the employees, (based upon the last two employee attitude surveys) do not feel managers are effective leaders. You have been given a budget of £1.5M (£500 per manager) to come up with a solution. You have been asked to attend a Board meeting in 3 hours time to discuss possible actions. From your understanding of Leadership theory in OB, what points do you think the Board need to understand before the project starts?

(60 marks)

- [Examiner's Solution](#)
- [Selected Student Answer](#)

- Leadership is the most researched subject in the social sciences but few firm conclusions about the subject have been agreed upon.
- The attitude of the Board clearly indicates that they are coming from a viewpoint that Leadership is something that can be learned. This in turn indicates that they are not subscribing to the Trait Theory of Leadership that tends to indicate that managers are born and not nurtured. This may be the best attitude to Trait Theory as hundreds of studies have suggested only a weak relationship to leadership or success.
- The Board is indicating that it is coming from more of a Behavioural viewpoint on Leadership (behaviours can be taught). The early behavioural studies indicated that task and people issues are important to Leaders in this school of thought.
- Both Trait and early behavioural theories focus on the leader, whereas Contingency Theory introduces greater complexity in that leaders and followers are involved in defining leadership (and not the leader-focussed emphasis that exists in most Trait Theory). In this theory, the assumption is that managers are either strong on task or strong on relationships and that the organisation can allocate appropriate leaders to lead depending on the situation (i.e. change the leader to match the situation).
- House's Goal-Path Theory offers the view that managers should be able to master and use a range of behaviours (directive, supportive, participative or achievement-oriented) depending upon the needs to the situation and the particular employees involved. Clarity on what employees value in terms of performance and reward are thus linked (giving the goal-path). As this is also behaviourally anchored, this is an approach that can be followed through via training and development.
- OB Mod would take the approach of rewarding and/or punishing the behaviour of subordinates thus giving a clear lead on what behaviours were being valued by the organisation, through the Leader.
- Encouraging intrapreneurial behaviour at work (i.e. the use of entrepreneurial behaviour in the organisational setting) would be a final option of addressing Leadership, especially if the organisation desired to encourage innovation.
- With a budget of £500 per manager, it would probably be possible to fund two weeks worth of training per manager using external trainers. For any form of training to be effective there would need to be

specified training objectives and to generate these there may need to be further diagnostic work completed to identify what it is that is missing. This diagnosis might also be used to identify what stage the organisation is at in the organisational life-cycle (that might be impacting on all sorts of behaviours in the organisation). Further, it should be possible to identify key people in the organisation who could act as Leadership role models (and it might be more effective to concentrate the budget on these people and, therefore, provide more extensive training for them – covering other people's needs through ongoing training using those Leaders as trainers).

- Encouraging intrapreneurship would involve using key players in the organisation to be ideas champions, sponsors, and godfathers. In addition, the organisation might use greenhouses to encourage group generation of ideas. The people involved in such activities will be seen as role models for the changes the organisation wants to implement.
- It may also be the case that revitalising the Leadership of the organisation might be an issue of cultural change. Students therefore, would discuss, in a complete answer, discuss Lewin's change model and Dailey's expansion of it.