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# A Biblical-Covenantal Perspective on Organizational Behavior & Leadership

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# LESSON 1: A Worldview Perspective on Organizational Behavior

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## WHAT IS A WORLDVIEW?

For starters, it's important to recognize that our view on organizational behavior, and indeed on life itself, is influenced by our **worldview**. A worldview is an intellectual, emotional, and spiritual framework by which every person views reality, makes sense of life, and applies meaning to every area of life.

**Everyone has a worldview**, but the sad fact is that most people don't really know that they have one, or how their unspoken assumptions about truth, meaning, values, and humanity influence every decision they make and every perception they have. As a result, **most people's worldviews are undeveloped**, which means that most people are making decisions based not upon a coherent view of reality and life, but more likely an unclear, hodge-podge collection of vaguely defined and unverified assumptions about life. If we want to be effective leaders and managers in our organizations, and even more importantly, if we want to be successful human beings, shouldn't we know what we believe and why we believe it?

## WORLDVIEW AS A HOME

One way of better understanding one's worldview and what it is made up of is to compare it to the **home** in which we live. Consider your home—what characteristics do you ascribe to it? Do you think of it in terms of how many rooms it has, what type of furnishings it possesses, how big the yard is, etc.? Those are indeed relevant descriptors, but what about the foundation and framework of your home? When was the last time you thought about those two very important features of your home? Most of us give very little thought to those components because they are not visible. And yet, if either of those are structurally lacking, the house will fall, no matter how nice the yard, how many rooms the house has or how beautifully decorated the home is. It's the same with our worldview perspectives—we rarely if ever give any thought to the foundational or framework assumptions associated with our worldviews. So let's take a look at each of these vital components.

The **foundation** of your worldview is what you believe about God. Do you believe in a personal, intelligent Creator-being who is eternal and created the universe, or do you believe that life evolved from nothing, by pure chance? You might even believe in some sort of nebulous God-like being who is out there but doesn't do much to communicate with the rest of us. Perhaps you view Nature as some sort of spiritual entity to which we are all attached in

some cosmic sort of way. If so, your worldview likely has more in common with an atheistic worldview foundation than a Christian-theistic one, because in both cases there is no personal, intelligent Creator being who interacts meaningfully and intelligently with His creation. The **framework assumptions** are based upon this foundation, just like the framework of any home is built upon the foundation. What one believes about God will determine what one believes about truth and meaning (**epistemology**), values (**axiology**), and who we are as human beings (**ontology**).

## WHAT IS YOUR WORLDVIEW?

A good leader or manager, and indeed, a successful organization, is able to evaluate internal strengths, weaknesses, and blind spots, so take a moment to evaluate any potential weaknesses or inconsistencies in your worldview.

For starters, what do **you believe about God**? In the previous section, some basic options were presented with regards to who this God might be (or might not be). But now consider the implications of each choice, because your belief about God will greatly impact your perspective upon meaning, values, and humanity.

For instance, **epistemology** is the study of how we arrive at truth and meaning. If you believe in a personal creator-being, it is possible to believe in absolute truth and meaning, because that God-being could communicate with us in meaningful and intelligent ways. But if you believe in random chance as the foundation for life, or in some sort of impersonal, spiritual “force” from which we all sprang, it should be no surprise if you’re a bit ambiguous in what you believe about truth. You might be more inclined to believe that there is no such thing as absolute truth or meaning, and that instead, everyone just sort of figures things out and makes sense of life on their own. However, if that is really true, then why do we all appeal to an inherent standard of right reasoning as we communicate with one another? Why do we make logical appeals as we seek to persuade one another? It seems like this use of logic is more in keeping with an intelligent Creator-being than with starting point of random chance or a vague, impersonal, spiritual “other”.

Likewise, **axiology** is the study of what we believe about values. If you believe in a personal Creator being, you are more likely to believe in eternal timeless values like love, justice, goodness and evil. If you’re not really sure what you believe about God, you might also find that you’re not really sure about the notion of eternal, timeless values. Perhaps you see concepts such as “love” as being more about what we do to protect ourselves—we “love” others because those people add some sort of value to our lives. And yet, the very fact that we understand the notion of altruistic, unconditional love and critique people who are not being pure in their alleged love of others suggests that there is an eternal Creator-being who has implanted in us an understanding of these eternal, timeless values. The same is true with the fact that we all seem to appeal to an inherent sense of justice and fairness as we interact with one another.

**Ontology** is the study of who we are as human beings. If you are not sure what you believe about God, it could be that you are likewise not very sure about what you think about your existence as a human. If there is only a physical universe and no God that created it, then logically, it follows that we humans are nothing more than complex blobs of chemicals, atoms, and physical matter. If that is true, then why are we so interested in meaning and truth? Such yearnings and aspirations are far more consistent with the notion of a personal Creator-being who has made us in His image.

## **DEFINING THE CHRISTIAN WORLDVIEW**

So what IS a Christian worldview all about? Obviously the starting point for the Christian worldview—i.e., its foundational presupposition—is that there is in fact a personal, intelligent Creator being who is timeless and all-knowing. He created the universe and is separate from it, even though He is intimately involved in and with His creation. This is contrast to more Eastern mystical perspectives which deify nature or view God as part of nature.

**Epistemologically**, God does communicate with intelligence and meaning, and obviously through the use of words. Importantly, Jesus Christ came to this earth as the living “**Word of God**” (see John 1).

**Axiologically**, we see the God of the Bible balancing both **love** and **justice** through Jesus Christ and His work on the cross. Since God is perfectly good, He can’t tolerate any evil. Therefore, man, being less than perfect and bound by sin, needed to be punished. But since God is also perfectly loving, He can’t eliminate mankind, or else His perfect love would be compromised. The solution—Jesus Christ coming to earth and taking on flesh, and dying on the cross for our sins. As a man, He fulfilled God’s sense of absolute justice by ensuring that man was in fact punished for his sins. But since He was also God, He was perfect and therefore able to be the perfect sacrifice for us, thereby ensuring that God’s love was fulfilled on the cross and subsequent resurrection of Christ.

Finally, **ontologically**, we know that we humans have value, not just because of what Christ did for us on the cross but also due to the very fact that Christ came into this world not just as God but as man, experiencing the same pain that we experienced in this dreary and difficult world. We do not have a God who cannot relate to our pains and struggles; on the contrary, we have a God who is intimately familiar with who we are and how we struggle.

## **APPLICATION TO ORGANIZATIONAL BEHAVIOR**

So how does this Christian worldview impact organizational behavior? First of all, since all truth is God’s truth, we can confidently study and research organizational behavior issues and concepts and at the same time apply Biblical truths to the field—the two are not mutually exclusive but rather **complimentary**.

Secondly, we should discuss organizational behavior in terms of **absolute truth and values**. Moral relativism is not an option for us as we pursue a greater understanding of organizational behavior.

Finally, we can be encouraged that **everything we do** within an organizational context—indeed in life itself—has **eternal meaning and consequence**. That is because we are valued in the eyes of our loving Creator and we know that He is intimately involved in everything we do. We should therefore act accordingly.

## **THE BIBLICAL IDEA OF COVENANT**

Beyond these general worldview guidelines, there are some more specific Biblical applications to the field of organizational behavior. It will be argued here and throughout the rest of the lessons that the Biblical idea of **covenant** provides not only a unifying theme for understanding organizational behavior, but also a guiding normative framework for doing so.

A covenant is a morally informed agreement among various parties to ratify and establish a long-term, mutually-affirming relationship. This idea is largely a Biblical one. In Scripture, God covenants with man, and in so doing, affirms the dignity of man. The result is that humans not only have free will and importance, but also responsibility to choose wisely.

Furthermore, a covenant protects the right of all members by protecting the rights of every individual. Mutual accountability and affirmation are key aspects of any covenantal agreement and relationship.

## **IMPORTANT COVENANTAL TERMS**

There are three key terms associated with the notion of covenant and covenantal behavior. The first is the Hebrew term **hesed**, which means “loving fulfillment of covenant obligation.” In Scripture, love and duty are intertwined and it is related to what Christ said when He told His followers to “go the extra mile” in serving one another. We see in Scripture that not only did God keep His promises to His people, but He went above and beyond His stated duties in showing mercy, forgiving, and caring for His people. We are required to do the same. We shouldn’t view our relationships with others as merely contractual obligations, but rather we should see our obligations as opportunities to truly love and care for one another. The implications for this interlinking of love and duty in an organization are significant. We all know leaders who have abused their powers and treated employees poorly, and we all know employees who have done the bare minimum (or worse) to collect a paycheck.

**Mutual accountability** describes the process of interaction in a covenant in which everyone is accountable to everyone else. Not only are followers accountable to leaders, but leaders are



also accountable to followers. Regardless of the nature of the relationship, be it peer to peer or leader to subordinate, mutual accountability is a requirement. This because in a covenant, no one enters into the covenantal agreement without first securing this obligation. Because no one can be coerced into such a relationship, the only reason for doing so is to create a binding relationship that assures everyone's mutual benefit. An organization that applies this will have greater integrity, teamwork, and decision-making because everyone is committed to serving and caring for everyone else, and leaders, as a general rule, cannot act arbitrarily and in a manner that mistreats employees.

**Federalism** is a specific term in the field of covenantal theology that describes the sharing of power among all members of the covenant. It is therefore related to the notion of mutual accountability and is embodied on the organizational level by the ideas of empowerment, participatory decision making and decentralization (or more accurately, non-centralization, which signifies a sense of teamwork and shared responsibility regardless of organizational structure and departmental guidelines).

## **HISTORY OF COVENANT**

Having laid that conceptual foundation, it is helpful to look at how the covenantal idea has influenced the history of mankind by ensuring greater freedom of common people and limiting the excesses of arbitrary leadership. In the **Old Testament**, the covenant idea was introduced by God to man. As mentioned earlier, by entering into a covenant with mere mortals, God affirmed their dignity and gave them both the freedom to choose to enter into the covenant and the responsibility to act within the moral terms of the covenant. It is no surprise, then, that even in Old Testament Israel, during the time of the judges and kings, that no one ruler had all the power nor was free from the accountability of the people and the prophets. Power was further shared among the twelve tribes, and the prophets criticized not only the king but also the people when they forgot the terms of the covenant, became greedy, pursued idols, and stopped caring for one another and for the poor. In the New Testament, the covenant idea is affirmed and expanded upon by Christ, who ushered in a new covenant with God that was now available to all of mankind, and not just the Jews. As the Gospel message spread throughout the world, so did the notion of covenant.

During the **Middle Ages**, the covenantal idea was largely overlooked because Catholic theology emphasized a more hierarchical worldview in which Popes had absolute control and kings were not accountable to the people because they were viewed as being appointed by God. But during the **Protestant Reformation**, Reformers reclaimed the covenantal idea as they articulated the notion of the "Priesthood of all believers." Protestants argued that the only priest believers needed was Christ, and therefore they could have a personal relationship with God through Christ. This principle once again affirmed the value and dignity of each individual, and many have argued that it played a key role in not only developing the notion of capitalism in the West, but also contributed greatly to the notion that kings are accountable to the people and that Popes should not try to control political affairs. In fact, John Calvin, John

Locke, John Knox, among others argued that when leaders significantly abuse their power, a material breach of the covenant has occurred, meaning that the people are no longer under the kings authority because the very covenant has been absolved through the tyrannical behavior.

This theory of civil resistance and covenantal principles in general were carried into the **American Founding Era**. In an effort to flee religious and political persecution in Europe, many Protestants fled to the New World and brought their ideas with them. Research reveals that many of the colonies were further influenced by covenantal pacts and agreements. Often, church covenants made by various groups of Protestants as they came to the New World became the foundation for local governments and state constitutions. As the colonies became more established, the American colonists continued to base their notion of political freedom upon covenantal ideas by providing a rationale for breaking away from Great Britain based upon covenantal principles. Furthermore the very nature of American federalism, in which the national government shares power with the states, is a covenantal notion, as already mentioned. In fact, the word *fedis* is the Latin word for covenant. So America, with all of its political freedoms, has been greatly influenced by the notion of covenant.

The question that we ask here is, given this impressive track record in political development, can the covenantal ideas and principles be **applied to the field of organizational behavior in some way**? Certainly, there is a difference between the relationship of ruler with citizens and business leaders with employees, but it will be demonstrated in this lesson and throughout subsequent lessons that there are indeed many points of application. This is due in large part because God has commanded all of us to love one another. Covenant is the means by which we do so.

## **A COVENANTAL MODEL FOR ORGANIZATIONAL BEHAVIOR**

The covenantal idea provides a unifying theme for organizational behavior. First of all, the idea of *hesed* provides the **attitude** necessary for healthy organizational behavior. This attitude embodies notions such as servant leadership, mutual affirmation and care, teamwork, shared vision, “big picture” thinking, and customer care and community service. Big picture thinking is defined as organizational self-awareness, where employees understand the organization-wide goals, constraints, and strategies and where employees furthermore see how their job as well as their department fits into all of that.

The principle of **mutual accountability** provides the foundation for organizational **processes**, and includes notions such as conflict resolution, participatory decision-making, empowerment, and an active process of dialogue between leaders and employees.

The notion of **federalism** provides a **structure** for healthy organizations, and relates to ideas such as noncentralization, "boundaryless organizations", organic structures.

Clearly, all of these concepts are related to one another, and this division of covenantal principles into attitudes, processes, and structures therefore allows for a lot of overlap. The goal of any organization should be to create a self-sustaining, healthy culture where employees have taken ownership of organizational processes and goals and are working together to get things done and care for one another. In the next lesson, further application of covenantal principles to the field of organizational behavior will be demonstrated.

## OB/COVENANT MATRIX

	<b>ATTITUDE</b> <i>Hesed</i>	<b>PROCESS</b> <i>Mutual Accountability</i>	<b>STRUCTURE</b> <i>Federalism</i>
<b>INDIVIDUAL</b>	Personality & Emotions Values & Attitudes Perception Individual Learning	Ability Individual Decision-making	
<b>GROUP</b>		Communication Group Decision-making	Group Structure Work Teams
<b>ORGANIZATION</b>	Organizational Culture	Leadership & Trust Power & Politics Human Resource Policies & Practices	Organizational Structure & Design

Another way to look at this covenantal model is to apply those concepts in a matrix with the levels of any organization—**individual**, **group**, and **organization**—combined with the various OB concepts we will be discussing in this course. The above diagram shows how the covenantal concepts are related to the general concepts of OB by organizational level. Throughout the rest of these lessons, we'll be discussing each of these concepts in some form or another.

## CONCLUSION

In conclusion, a major theme of this first lesson is the assertion that the **Biblical worldview** provides the most **comprehensive approach** for making sense of life as well as organizational behavior. Students do not have to embrace this worldview, but they should be prepared to gain a deeper understanding of its implications in the workplace. Secondly, the Biblical idea of **covenant** will serve as a unifying theme and foundation for understanding organizational behavior. It is offered as a normative guideline for organizational "**best practices**" and will be further applied in subsequent lessons.

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# LESSON 2: Individual Behavior in the Organization

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## INTRODUCTION

**Lesson 2** provides an overview of **individual behavior** within an **organizational context**, and is divided up into two parts. **Part 1** focuses on the inputs of individual behavior—the personality, abilities, values, and ethical framework that influence us as individuals and how we behave. **Part 2** focuses on the outcomes that derive from these inputs—how we behave and make decisions.

Before beginning with Part 1, a brief covenantal application is in order. Remember that **covenants** are based upon respect for each individual entering the covenant. No one can be coerced to enter into a covenantal relationship; rather, individuals enter into a covenant to protect their own rights. But they do so by caring for others in the relationship and affirming the rights of others. Therefore, **mutual accountability** and **hesed** are key motivators for individuals who want to preserve a covenantal relationship. In this lesson, we will see that these two components are necessary in forming productive individual behavior in an organizational context.

## PERSONALITY AND ABILITIES

As you progress through this course, you will have the opportunity to take a good amount of personality tests, and in so doing, you will hopefully begin to understand how **personality and abilities** are related, and also how they make each of us distinct from others.

Furthermore, since every strength is a weakness and every weakness is a strength, we should be mindful of that when we interact with others. Rather than butting heads because of our differences, we should instead learn to appreciate those differences because in many ways, we can shore up each other's weaknesses when we work together in a spirit of **hesed** and **mutual accountability**. Organizations need to be aware of this interplay of personalities and abilities in order to maximize teamwork and productivity.

Obviously, when working with others, it is easier said than done to learn to appreciate one another's strengths and our own weaknesses. Nobody likes to admit their shortcomings, especially when job advancement and recognition are on the line. As a result, competition, friction, impression management and political maneuvering characterize and undermine many organizations. That is why it is so helpful to be reminded of Biblical truth on the matter. **First Corinthians 4:7** (ESV) says: "For who sees anything different in you? What do you have that you did not receive? If then you received it, why do you boast as if you did not receive it?"

Often we become prideful because of our unique strengths and abilities, and as such we forget that all that we have comes from God. We also forget that God is our source, loves us more than we love ourselves, and has a perfect plan for our lives in which our strengths are maximized. If we can remember this, we will be freed from all of the competition and manipulation referenced above.

And we will also be freed from the **bondage of needing recognition**. It is easy to define ourselves by our accomplishments and the work we do. It is a subtle deception. Even if we can get past the obvious sin of seeking fame, promotion, and self-glory through our work, and even if we truly want to do great things for the Lord, we still can stumble on the lie that validation and recognition on the job is proof that we are living meaningfully and doing great things for God, and that if we aren't receiving recognition, we must not be doing anything meaningful. It's not that we shouldn't work hard, but rather that we shouldn't work hard for the fear that if we aren't recognized as successful in what we do, that we therefore are failures. As mentioned above, I Corinthians 4:7 already takes the wind out of the sails of pride when it comes to our abilities, because they are gifts from God. Sure, we work hard to develop those gifts, but who gave us the energy and the moral makeup to do so? We were not self-made creatures. Secondly, idolizing recognition on the job can turn into a substitute for the Father's acceptance of us through Christ. We would never say that achievement and success in this world is superior to God's acceptance of us, but when we define ourselves by recognition from others, and deem ourselves to be failures when we're not recognized, and/or work feverishly for that recognition, that is implicitly what we believe. If we can get past this deception, we can achieve true success: learning to love and care for others, learning to recognize how God has gifted them, and learning to work with them and for them. This is foundational to the idea of a covenantal organization.

## VALUES

Personal **values** comprise the next input of individual behavior. As mentioned in Lesson 1, we live in a **Postmodern** world which believes that **truth is relative** and that meaning is created by people in a group context. This belief lends itself to an attitude that says, "**What works for me, works for me, and what works for you, works for you.**" We find this approach especially appealing in an individualized culture like America. But ultimately, such an attitude will undermine a healthy organization. What happens if "what works" for one person is to be lazy on the job and not really care about anybody else? What happens if "what works" for another is to manipulate others, consolidate power, and abuse it?

Of course, the **Bible** presents a different message. Absolute truth and values do exist, and they must be followed. Deep down, we know this and we intuitively understand that any organization that is going to succeed in the long term needs people who respect and care for one another. Conveniently, the idea of **covenant** embodies both the values of love (*hesed*) and justice (mutual accountability).

## ETHICAL PERSPECTIVES

Values and ethics are intertwined. **Ethical perspectives** provide a framework of values by which to make decisions for society (and organizations) . There are three basic ethical perspectives. **Utilitarianism** argues that the greatest good should be achieved for the greatest amount of people. As such, it emphasizes efficiency, productivity, and high profits, but in doing so, it can overlook the concerns and rights of individual members.

A **Rights** based perspective puts more emphasis on the individual rights of every member. In an organizational context, it puts high value on the whistleblower. However, because of the emphasis on individual rights, it can produce an adversarial culture and lead to decreased teamwork as members are too focused on protecting their own rights above all else.

A **Justice** perspective emphasizes the importance of fairness and impartiality, and in particular argues that resources and opportunities should be meted out evenly. However, this can lead to a sense of entitlement among members and can encourage a decrease in individual responsibility and effort.

Happily, a **covenantal perspective** encompasses the best of each of these approaches while at the same time minimizing the weaknesses of each. For instance, a covenant is designed to incorporate a sense of justice and care for all of the members as a whole. This speaks to the concerns of both the justice and the utilitarian approach. But since it also emphasizes the importance of each member's rights, it also affirms the Rights approach. Mutual accountability and *hesed* mandate that every member care for every other member and is accountable to every other member. This combination addresses the weaknesses mentioned above in three ways: 1) it ensures that no one is overlooked despite what the majority may want (a weakness of the Utilitarian approach), 2) it changes the decision-making process from one that is adversarial and competitive (a weakness of the Rights approach) to one that is based upon mutual care; and 3) links personal self-interest with caring for others, thereby removing the sense of entitlement that can exist with the Justice approach.

Personality, abilities, values and ethics all influence how we behave as individuals. Now it's time to take a look at the specific ways that these components influence our behavior, and so now we move to **Part II: Outputs**. Behavior can be defined in the following ways: **emotions, moods, perceptions, attitudes, performance, and decision making**.

## OUTPUTS

Personality, abilities, values and ethics all influence how we behave as individuals. Now it's time to take a look at the specific ways that these components influence our behavior, and so now we move to Part II: Outputs. In this subsequent presentation, these outputs will be viewed in a sequential order: emotions and moods, which are the result of what we believe, lay the

foundation for our perceptions. In turn, our perceptions impact our emotional intelligence, determine attitudes, job satisfaction and performance, and finally our decision-making skills. It will be important to understand this linkage.

## EMOTIONS AND MOODS

Emotions and moods can be confounding aspects of our psyche. Jeremiah 7:29 (ESV) says “The heart is deceitful above all things, and desperately sick; who can understand it?” Often we think of emotions as forces that influence us, and this is true. Our emotions inform how we interact with others and how we react to life situations. But on a deeper level, **our values, ethics, and worldview** all determine how we emotionally react to life and the world around us. This is embodied in the cognitive-affective-behavior link: what we think and believe (cognitive) influences how we feel (emotions and moods), which in turn influences how we act (behavior).

It is also easy to think that **circumstances or people cause our emotions**, but this is not true—at most they *influence* our emotions. This is a big difference. Ultimately, what we believe about life and truth (our worldview) and what values and sense of ethics we possess inform how we emotionally react to circumstances and people. As Christians, the question we must ask ourselves is the degree to which Biblical truth is informing our emotions as opposed to some other worldview system. For instance, when we are overcome by stress and fear, it is not because the difficult circumstances are “causing” those emotions but rather because on a fundamental level, our worldview system is flawed—we really do not believe that God is in control and that He loves us more than we love ourselves. In our implicit desire to be in control, we reject these Biblical truths and when that happens, it is easy to feel overwhelmed by life. But when our emotions are grounded on the truth of God’s Word, how we respond to difficult circumstances (and people!) will instead be motivated by emotions of faith, love, and patience. Hebrews 4:12 says “for the word of God is living and active, sharper than any two-edged sword, piercing to the division of soul and of spirit, of joints and of marrow, and discerning the thoughts and intentions of the heart.” When we look deeper into our hearts with the light of God’s Word, we see that at the root of all of our emotions is how we see ourselves before God and whether or not we view ourselves or God as being sovereign in our lives and in life in general.

Finally, as this topic relates to organizational behavior, it is important to remember that our emotional state plays a large role in how we perform on the job. According to **Affective Events theory**, our emotional reactions to work influence our job performance and satisfaction. If we view our work as an act of worship to God, wherein we display His glory through our abilities and care for our customers, supervisors, colleagues, and subordinates, our emotions will fall in line accordingly, and we’ll find that we have much more joy in our professions.



## PERCEPTIONS

Driving is a great example of how inconsistent we can be in our perception of ourselves and others. When we are driving down the road and someone is tailgating us, the tendency can be to assume that the person behind us is being rude and reckless in their driving. Perhaps we tap on the breaks to get them to back off a bit. But when we are in a hurry, and we come upon a slow driver in front of us, we conveniently conclude that the driver is rude, absent-minded, or perhaps in need of remedial driving lessons. Talk about a double standard! Of course, probably no one viewing this lecture has ever been guilty of this!

This **double-standard** is influenced by basic heart beliefs. What we believe about ourselves influences our emotions, which in turn influences our perceptions of situations and circumstances. In turn, how we perceive situations in life greatly affects our decision-making ability, our interaction with others, and our job satisfaction and performance. Just as being grounded in the truth of God's Word informs our emotions, so it informs our perceptions, particularly with regards to the many biases that taint our ability to perceive correctly. Scripture tells us that rather than relying on our own understanding and our own perception of reality, we should seek God's wisdom in all that we do. But our sinful tendency is to do otherwise. Motivated by **pride**, we think that we are better than we really are (**perfection error**) and that we are actually smarter than we really are (**intelligence error**); thus we think that we really don't need God. These prideful assumptions lead to two sets of biases in our perceptions. But before we discuss them, hopefully it is clear that the point of all of this is not to beat ourselves up or to degrade ourselves. The goal is not to think less of ourselves, but to think of ourselves less often. The goal is not to condemn ourselves as miserable wretches, but rather to rightfully acknowledge that our own pride gets in the way of even our best intentions. The goal is not to consider ourselves to be stupid but rather to not overestimate our own intelligence.

The first set of biases falls stems from a perfection error—we think we are better and more competent than we really are. For instance, the **self-serving bias** describes how we tend to de-emphasize external factors when things are going well for us and over-emphasize our own control over the results of a situation. Likewise, when things are not going so well for us or we are failing in a situation, rather than looking at any shortcomings on our part, we tend to blame external circumstances. How convenient, and how consistent with our very basic tendency to reject the truth that we need God's guidance and intervention through Christ! The **fundamental attribution error** describes how harsh we are in judging others for failure when perhaps external factors played a greater role in the situation.

Another subset of biases derive from the Intelligence Error (the tendency to think we are smarter than we really are). For instance, we have to be careful to not rely too heavily upon our own background and experiences in making perceptions (**selective perception and stereotyping**). It's healthy to allow for the possibility that our past experience and the conclusions we have drawn from them are not sufficient for making an accurate perception.

The **halo effect** occurs when we define a person by a single characteristic. Is it fair to do so? The answer is no, because no one consists of just one behavioral tendency. Likewise, the **contrast effects bias** describes how we inaccurately evaluate someone based upon how they relate to someone else we've recently encountered who is either higher or lower in a particular characteristic. For example, if a student has a professor who grades him one way, and then the next quarter has a professor who grades him another way, the temptation will be to judge the second professor in light of the first professor. But this really isn't a very thorough or systematic basis for evaluating the second professor's grading practices, is it?

Having said all of that, it is good to conclude with a sober reminder of how these fundamental errors and their related biases can hurt us in our decision-making in life, and specifically in an **organizational context**. The decisions we make in interviewing job candidates, conducting performance evaluations, defining problems, and creating expectations can all be seriously flawed if we don't first deal with these perception issues.

## EMOTIONAL INTELLIGENCE

**Emotional Intelligence** loosely describes the ability to not only be aware and in control of one's own emotional issues, but also the ability to emotionally connect with and relate to others. It speaks to a certain degree of sensitivity to and awareness of others and what they might be thinking and feeling. Therefore, one can see how our **perceptions** are directly related to our EI quotient—the more our perceptions are tainted by the intelligence and perfection errors, the more self-absorbed we will be, and the lower our EI will be.

EI coincides nicely with **covenantal behavior**, because it allows us to be more outward looking and therefore to be better equipped to care for others (*hesed*) and be accountable to them. It also enables us to be more effective in **conflict resolution**, again because we are looking past ourselves to better understand the concerns of others. It also improves our **leadership ability** and persuasiveness, because we are able to more effectively **speak to the heart issues** of those around us—the important values (such as love and justice) that can really motivate and excite.

Finally, from an **organizational perspective**, there are many **benefits** to having high EI. Job performance, creativity, motivation, customer service and decision-making are all positively impacted by EI.

## JOB SATISFACTION

Thus far, the case has been made that we have an important role in controlling our emotions rather than allowing our emotions to control us and how we perceive reality. In contrast to the theology of self-help, we do not try to manipulate our emotions first and foremost through "positive thinking" or other such techniques, but rather by grounding our belief system in the

truth of God's Word. When that happens, our **emotions will follow truth** much like the car of a train follows the train engine. Behind the emotion "car" on that metaphorical train comes the "**perception**" car, followed in turn by the "**attitude**" car.

As it pertains to this lesson, a major attitude upon which we will be focusing is that of **job satisfaction**. But rather than just focusing on how we are responsible for our the extent to which we are satisfied with our jobs, it will now be helpful to shift the emphasis a bit to why organizations should seek to improve their employees' job satisfaction.

This is so because high job satisfaction brings many **benefits to organizations**. Research has revealed a direct link between high job satisfaction and increased job performance, organizational citizenship behavior (OCB) and customer satisfaction as well as a decrease in absenteeism, turnover, and workplace deviance.

So how do organizational leaders enhance job satisfaction? First, it is important to note that part of job satisfaction is dependent upon the employee's own perception of herself and her ability to do the job. This is known as **positive core self-evaluation**. If an employee is confident in her own abilities and skills on the job, she will be more satisfied with her job. Having said that, organizations can contribute to an employee's positive core self-evaluation by providing training for employees and making sure that employees are used in jobs that draw on their strengths and abilities.

Secondly, job satisfaction is **not closely related to salary level**. Sure, everyone likes making a lot of money, but in the long term, if an employee is miserable in his job, getting paid a lot of money will not do much to increase job satisfaction. At best, it will be a consolation for having a miserable job.

On the contrary, job satisfaction has more to do with intrinsic factors. For instance, job satisfaction **overlaps with terms** such as Perceived organizational support (POS), organizational commitment, and employee engagement. It also is tied in with job involvement and psychological empowerment. All of these concepts tie into a **covenantal approach** where leaders empower employees to contribute meaningfully to their organization and furthermore care for employees (*hesed*) so that employees feel like an integral part of the organization. In addition to these factors, organizations can increase job satisfaction (in order to increase their positive core self-evaluation), by putting employees in challenging and stimulating jobs.

## **EFFECTIVE JOB ATTITUDES**

Related to job satisfaction are those **attitudes** that will make an employee more **effective** in the workplace. These attitudes can be discussed in terms of competing dyads. For starters, an effective attitude is **humility** because it ensures that the employee is approachable, teachable, and professional. This is in contrast to a **prideful** attitude, where an employee can be arrogant, competitive, and un-teachable.

A **positive core-self evaluation** is helpful for job effectiveness, as mentioned in the previous section. This attitude need not involve the Intelligence and Perfection Errors; on the contrary, it's about confidence, not pride. On the other side, a person who always doubts himself and has **low emotional stability** and insecurity will have a hard time performing well on the job. Ironically, this low emotional stability can in fact be due to pride, because in our pride we reject God's control over our lives and in so doing, we try to manage every aspect of our lives. This in and of itself can lead to emotional insecurity and instability, because deep down, we know that even though we really, really want to be in control, we really, really fail in so doing, regardless of how hard we try.

**High self-monitors** are able to adjust their behavior to what is going on around them. It is related to EI, and involves being outward looking. In contrast, low self-monitors miss nonverbal cues found in workplace situations. It also stands in contrast to **hypervigilance** and **impression management**, both of which are motivated by fear and a certain degree of manipulation, as opposed to truly connecting with others and responding accordingly. Finally, the **Big 5 attributes** are helpful in a job setting. Attitudes/actions such as dependability, thoroughness, reliability ensure that an individual is a meaningful contributor to the job. In contrast, being a **Type A workaholic** can not only lead to burnout and exhaustion, but it can alienate team members and create a dysfunctional organizational culture where people do not feel connected to one another in meaningful ways and have significant work/life conflicts.

## **DECISION MAKING CONSTRAINTS**

Finally, we move to the last output—**decision making**. As with perceptions, there are constraints and biases that will hinder effective decision making. The **Perfection Error** can lead to overconfidence, confirmation, and/or escalation of commitment biases. In each of these biases, the decision maker has an inflated impression of himself, causing him to overrate his own abilities (overconfidence), only affirm information that supports past decisions (confirmation), and increase commitment to a past decision even in the face of negative information (escalation of commitment). The anchoring bias, availability bias, randomness error bias, and hindsight bias are related to the **Intelligence Error** because in some form or another, they all have an inflated evaluation of the decision-makers ability to process and evaluate the information available to her.

Moving beyond these heart-level constraints, decision-makers are constrained by **information overload** and **limited time**, which go hand in hand with one another. The rational decision-making model assumes that the decision maker has sufficient time to identify every component of a problem and all possible alternatives to solve the problem. It also assumes that there is enough time to evaluate each alternative. However, in the real, rough and tumble world, such is the rarely the case. The Bounded Rationality model acknowledges this reality, and is related to the notion that intuition must also play a key role in decision-making.

Decision-makers are often forced to make gut-level decisions without having all the information they would prefer.

Finally, **organizational constraints** play a key role. Performance evaluation criteria, reward systems, formal regulations, system imposed time constraints and historical precedents all put limitations on the options and frames of reference for the decision maker, for better or for worse.

## **DEALING WITH CONSTRAINTS AND BIASES**

Given all of these constraints, and the proclivities toward pride that can cloud our judgment, decision making can be a daunting process. But there are there some ways to deal with these **constraints and biases**.

One way is to increase **creativity**. The Three Component Model suggests that creativity can be enhanced through a combination of expertise (meaning that organizations should continue to seek to educate, train, and retain their employees), creative thinking skills (didn't see that one coming...) and intrinsic task motivation (meaning that employees who truly enjoy their work will be more apt to invest themselves fully in the decision making process). Being mentored by creative individuals is also suggested.

Another means is to **encourage "Big Picture" thinking**, where decisions are made based not just on what is good for an individual, group or department, but rather in terms of what is good for the entire organization. This helps to overcome close-minded thinking. It might also allow for a more comprehensive definition of the problem that needs to be solved, since "big picture" thinking is most effective when members from different parts of the organization are represented in the decision making process. Therefore, mutual accountability and participative decision making come into play here.

Finally, and perhaps most importantly, is the need for **humility** in making decisions. Decision makers can easily fall into one of two extremes: arrogant and brash decision making or fearful, timid, prolonged and ultimately, untimely decision making. In truth, both extremes are based on pride. The relationship between the first extreme and pride is rather self-explanatory. Regarding the second extreme, people who put too much stock in their own efforts and intelligence, rather than trusting that God will guide them and take care of them regardless of the outcome (if they will fully submit to Him) often find themselves crippled with fear and over analysis. They are obsessed with what will happen should they make a wrong decision, instead of waiting quietly on the Lord and making a decision with an open and humble heart.

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## LESSON 3: Motivating Employees

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**Lesson 2** focused primarily upon our personal values, emotions, attitudes, etc. and what we as individuals can do to ensure that our emotions, moods and attitudes were in line with Biblical truth and effective job performance. **Lesson 3** now puts the emphasis on how organizations can motivate individuals to be more productive on the job.

### MOTIVATIONAL THEORIES

**Part 1** focuses on motivational theories that have been developed over the years to explain how employees are motivated. **Part 2** will then focus on how these ideas and concepts can be applied to an organizational setting in practical ways. Two major themes underlie the major motivational theories that will be presented in this lesson. The first is that intrinsic motivation is the most effective means of motivating employees, because it speaks to who God made them to be. The second theme is that covenantal behavior can be used to achieve intrinsic motivation.

### EARLY MOTIVATION THEORIES

Very little will be said about the early motivational theories, because for the most part, **they are not substantiated by the research**. However, it is interesting to note that on an intuitive level, all of them touch on the importance of intrinsic motivation. **Two Factor theory** argues that happiness and job satisfaction are not related to external factors. **Maslow's Hierarchy of Needs** speaks of the ultimate motivator being self-actualization—which has nothing to do with external factors such as pay, recognition but rather finding true meaning and fulfillment. **Theory X/Theory Y** argued that in reality, most employees wanted to be empowered and were looking for opportunities to grow and develop through their work. Of course, Biblically, we know that this is not always true—not every employee wants to grow or can be trusted with more responsibility.

**McClelland's Theory of Needs** argued that employees are motivated by one of three needs: the need for power (nPow), achievement (nAch) or affiliation (nAff). A Biblical perspective on this theory is that living for eternity, which of course is all about intrinsic motivation, can achieve all three of these. Caring for others and showing them the love of God (nAff) is ultimately the best investment of one's efforts, because the pay-off is one that is eternal (nAch). And God empowers those who seek to do His will (nPow). On an organizational level, covenantal behavior is also relevant here. Creating an atmosphere where your employees are cared for (nAff), are empowered (nPow) and can achieve objectives and are honored for them (nAch) are what covenant is all about.

## CONTEMPORARY MOTIVATION THEORIES

The contemporary theories of motivation also emphasize the importance of intrinsic motivation and covenantal behavior (with the exception of **Reinforcement theory**, which focuses solely on external motivators). **Cognitive Evaluation theory** posits that verbal rewards increase intrinsic motivation and that job satisfaction increases when work goals are done for intrinsic reasons.

**Goal Setting theory** argues that goals set via participative decision making increases the likelihood that goals will be accepted. It furthermore assumes that employees are self-motivated and have taken ownership of their organization. It requires feedback from leaders (active dialogue).

According to **Self-Efficacy theory**, employees can be motivated to accomplish tasks if they are affirmed, which increases their self-confidence. Furthermore, assigning challenging goals to employees can convey a sense of trust in them and respect for their abilities. As seen, intrinsic motivation—feeling self-confident and valued—plays a key role in motivation, and from a covenantal perspective, these things can be achieved through empowerment, mentoring, and affirmation (*hesed*).

**Equity theory** shows the interplay of intrinsic and extrinsic motivators. It argues that employees are motivated by equal treatment. Therefore, organizational justice is crucial. An organization that acts covenantally is more apt to achieve this justice because: 1) it is more open to sharing bad news with employees (active dialogue) which can help to remove employee fears about injustice, 2) it encourages big-picture thinking and teamwork to solve problems; and 3) is more open to allowing employees to have a say in pay and bonus structures (participatory decision making). All of these tactics can increase employee belief in the fairness of the organization.

**Expectancy theory**, which is probably the one most substantiated by research, focuses on how employees are motivated by the extent to which they can accomplish a task and in so doing, the extent to which they will be rewarded. It also argues that ultimately, the reward meted out by the organization will only have value insofar as it relates to personal goals (intrinsic motivation). From a covenantal perspective, this theory should remind leaders of the value of affirming and rewarding employees and understanding the types of rewards that motivate employees (*hesed*, participatory decision making).

## EMPLOYEE PARTICIPATION

**Employee involvement** is another word for the covenantal idea of **participative decision-making and management**. An important and related term to this is “**sphere sovereignty**”. Developed by Dutch covenantal theologian Abraham Kuyper, this idea asserts that people and



institutions should be respected and empowered in their field or “sphere” of expertise and control. In an organization, those who are going to be influenced by a decision should ideally have a say in the decision-making process. This will not only help to motivate employees, but it will also likely ensure that leaders have better data from those who are “in the trenches” in making a given decision. **Representative participation** is also related to this notion, but in a more formal and procedural context.

**Quality Circles** and **Total Quality Management** were some of the first perspectives that called for greater employee involvement. Quality circles are consist of meetings in which employees get together with management to discuss ways to improve organizational processes and procedures in order to enhance quality. Related to this, TQM emphasized training of employees in the notion of “quality of workmanship” and encouraged the use of quality circles as a means of increasing quality and productivity.

It should be noted, however, that **empowerment is not for everyone**. Only those employees who are willing to take ownership of the organization, employ big picture thinking (which means they are willing to look past their own group or departmental concerns and in order to focus on what is good for the organization as whole) should be entrusted with empowerment.

## **PAYMENT PROGRAMS**

**Payment programs** are an example of the importance of extrinsic motivation. There are two general categories. The first is more of a goal—creating an **equitable pay structure**. This done to achieve internal equity—ensuring that everyone is fairly compensated within the organization—and to achieve external equity—paying employees a fair salary in terms of what they could be making elsewhere. The former is important to prevent internal strife and resentment. The latter is important to ensure that an organization does not lose its qualified employees to another company. The saying, “You get what you pay for,” is certainly relevant here.

**Variable-pay programs** come in many forms. There is some research to suggest that they can serve as valuable motivators. For instance, **profit-sharing** has been found to contribute to increased profitability, and **gainsharing** has been found to increase productivity and positive employee attitudes. **Piece-rate pay-for-performance plans** have been found to increase productivity, but not for risk-averse employees.

## **FLEXIBLE BENEFITS**

**Flexible benefits** are another type of external motivator, and allow each employee to **individually tailor his benefit package**. There are three types. **Modular plans** are predesigned for a specific employee type. **Core-plus plans** provide essential benefits plus a



menu selection for non-essential benefits. **Flexible spending plans** allow employees to set aside money tax free for potential health needs.

## **INTRINSIC REWARDS**

The theme running throughout this lesson is that **intrinsic motivators** are the most powerful form of motivation. It is therefore appropriate to talk about **intrinsic rewards** offered to employees to thank them for their efforts on behalf of the organization. This should not be viewed as an attempt to totally discount extrinsic motivators. In fact, some studies suggest that financial incentives have better short term impact, but **non-financial incentives** are more motivating in the long run.

In that vein, **recognizing and affirming employees** is a key aspect of intrinsic rewards, however, such rewards cannot be **arbitrary** (such as using an intrinsic reward to honor “favorite” employees). Doing so can actually lead to resentment and serve as a powerful vision killer. It also needs to be specific and clear if it is going to have motivational power.

## **BIBLICAL SUMMARY**

Having provided some theoretical perspectives on motivation and providing some guidelines for motivating employees, it will be helpful to provide some concluding, **Biblical** thoughts on the subject.

On an **individual level**, we need to remember to avoid “**misplaced motivators**” for doing the things we do. If we are seeking to be **promoted over others** or **seeking to be recognized** as ends unto themselves, than it is quite likely that we have the wrong motivations for doing the things we are doing. Likewise if we find that we “must” be in **control** (as if that were just a personality quirk rather than a fundamental statement about how we view God’s role in our lives) then yet again we are being wrongly motivated.

What should motivate us? **Living for eternity**—seeing God work through us to change lives around us. There are only three things that will last for eternity—God, God’s Word, and people, so we should invest our time and effort into them. As Romans 2:6-8 (ESV) says: “He will render to each one according to his works: to those who by patience in well-doing seek for glory and honor and immortality, he will give eternal life; but for those who are self-seeking and do not obey the truth, but obey unrighteousness, there will be wrath and fury.”

At the **organizational level**, leaders need to remember to **emphasize intrinsic motivators**. This is not to say that extrinsic motivators such as pay are not valuable, but rather that in and of themselves they will not have the same long-term motivational impact as intrinsic motivators. To accomplish this emphasis, leaders need to **shift their duties to affirming, empowering, and rewarding employees**. Leaders and managers who fail to appreciate the

importance of the “people” side of their duties and instead focus primarily on just “getting things done” will struggle with intrinsically motivating employees.

Finally, leaders need to create **consensus on intrinsic, essential goals**. This is done to create a sense of shared vision and to remind everyone in the organization that “we’re in this together.” This process can generate a lot of excitement and momentum within the organization.

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# LESSON 4: Group Behavior and Work Teams

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Welcome to **Lesson 4: GROUP BEHAVIOR AND WORK TEAMS**. This lesson marks a shift from a discussion about individual behavior and motivation to group behavior.

## GROUP BEHAVIOR

**Part 1** discusses the general properties and tendencies of groups, specifically with regard to **roles, properties, and decision making**. **Part 2** will apply these concepts within an organization setting. In both cases, the value of covenantal principles will be emphasized.

## STAGES OF GROUP DEVELOPMENT

When groups are formed, they through some process of growth and **development**. Members establish relationships and get used to working with one another. They create processes, routines, and norms, and above all try to get things done. A popular way for conceptualizing this process is to describe it as **Forming** (the introductory phase)-**Storming** (the initial conflict among members as they get used to one another)-**Norming** (establishing normalcy and familiarity with one another and with how things get done)-**Performing** (gaining momentum and accomplishing goals and objectives)-**Adjourning** (disbanding the group, if it is a short-term one). Obviously, not every group goes through this process in the same way, but it does provide a helpful framework for understanding group development.

From a **covenantal perspective, mutual accountability, and hesed** can strengthen the group because both attributes are aimed at getting members to care for one another and be accountable to one another in order protect their own rights as well as creating a lasting relationship. These attributes can not only make the forming and storming stages less divisive and disjointed, they also set the stage for active dialogue, “big picture” thinking, and participatory decision making within the group during the norming and performing stages .

## GROUP PROPERTIES

There are several concepts associated with **Group Properties**. For instance, different members have different roles within the group. And every group has certain **norms**. The question is whether or not these norms are healthy ones. How does the group resolve conflicts? Are mutual accountability and empowerment key components of these norms? Is conformity exalted above productivity or active dialogue?

Every group has a certain **status** within an organization. Does this status lead to a sense of elitism among group members, or in keeping with covenantal behavior, do group members see their group as part of the greater organizational whole and whose purpose is to help the organization accomplish its goals (“big picture” thinking)? If it is the former, than the group will likely have problems with groupthink.

What is the **size** of the group? Smaller groups are better for getting things done (ideally no more than 7 people), but larger groups are ideal for solving problems because they maximize different perspectives as problems are defined and solutions are offered.

Is there **social loafing** in the group? If so, limiting the size of the group will help because doing so requires every member to be more involved, and it enables mutual accountability to be enforced more easily. Setting common goals for the group and encouraging active dialogue can also help.

How **cohesive** is the group? Generally speaking, cohesiveness encourages higher performance. As with the issue of social loafing, cohesiveness can be enhanced by shrinking the size of the group and setting common goals.

## **GROUP DECISION MAKING**

Which is better—individual or group decision making?

The **benefits** of group decision making is that it provides more complete information than an individual would because it provides greater diversity of views, which in turn leads to more accurate decisions. It also leads to increased acceptance of the decision, since consensus-building was used to come to the decision.

The **negatives** is that it is more time consuming since obviously more people are involved in the process. There can also be greater pressure to conform (especially if group norms do not allow for healthy conflict resolution), which can stifle a true discussion of ideas. Related to this problem is the possibility for one person dominating the group. It is therefore important for groups to practice active dialogue in order to prevent this. On the other extreme, there can be ambiguous responsibility in the group process, which is why the concept of mutual accountability must be a part of the group decision-making process. In the end, it’s clear that individuals can make quicker decisions, but when a problem needs to be solved or information needs to be analyzed, the group decision-making process is ideal.

One particularly effective method of group decision-making which dovetails nicely with the principle of mutual accountability is the **nominal group technique**. In this process, individuals meet as a group but generate ideas individually. Ideas are then presented one at a time, and each member takes a turn until all ideas have been presented. Then ideas are discussed for

clarity and evaluation. Finally, members independently and silently rank each idea, and the idea with the highest score wins. This method has been found to be more effective than brainstorming or electronic meetings.

## **DIFFERENCES BETWEEN GROUPS AND TEAMS**

- Work group
- Work team

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**Work groups** interact merely to share information, make decisions, and complete tasks, but a **work team** creates synergy through coordinated effort. In this case, the sum is greater than the individual contribution of the parts. At this level, we begin to see covenant behavior and big picture thinking.

## **TYPES OF TEAMS**

- Problem-solving Teams
- Self-managed Work Teams
- Cross-functional Teams
- Virtual teams

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**Problem-solving:** Teams are especially gifted at problem-solving because they allow for a multi-faceted approach to solving a problem.

**Self-managed:** These teams, in essence, take on a supervisory role as they complete vital tasks. However, the success of these types of teams is mixed. On the one hand, there is in fact greater job satisfaction among members of self-managed teams, but there are also higher rates of absenteeism and turnover. Perhaps this lack of absenteeism is due to a lack of accountability because team members are accountable only to one another. To combat this, successful teams must be “covenantal” in their approach to their activity—they need covenant-level commitment to the process, they need to be humble and accountable to one another. They also need to be accountable to the greater goal of the organization—the team cannot just be a social club for the elite members therein! Success is based upon the norms of the team, the make-up of the team, the type of tasks, and the reward structure.

**Cross-functional:** This type of team increases opportunities to exchange information, develop new ideas and solve problems, as well as increase communication and “big picture” thinking.

In one sense, this is the goal of every “covenantal” organization—to increase this type of communication and interaction across the board. Getting to this level of communication and interaction takes a lot of work, even at the team level. It takes time to build trust and get everyone on the same page, and as will be discussed shortly, if the performance evaluation and reward structure, the organizational culture, and leadership behavior do not support this type of interaction, it will be especially difficult.

**Virtual teams:** These types of teams are not able to duplicate the face-to-face connection of other teams. Perhaps they should not be relied upon, therefore, for solving problems and creating big-picture initiatives. They are probably better served for conveying information to the members and for the performance of more basic functions.

## **FACTORS RELATING TO SUCCESSFUL TEAMS**

### **Context**

- Adequate resources
- Leadership and structure:
- Climate of Trust
- Performance Evaluation/Reward Systems

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**Adequate resources:** Organizations need to be willing to support teams with the necessary equipment and such that will be needed to do the job. Ultimately, this falls on the leadership team.

**Leadership and structure** are especially important in “multi-team” systems. Leaders need to understand the importance of keeping all of the groups focused on big picture tasks and not just their own responsibilities. Also, for a team approach to really work, leaders need to truly delegate the necessary tasks to the team (empowerment), along with the authority needed to do those tasks. Leaders also need to provide the necessary resources to help the team accomplish those tasks, and above all, leaders need to see themselves as active facilitators in the team process—helping teams see the big picture, and how they relate to the efforts of other teams, and ensuring that teams don’t get into “turf wars” with other teams. This requires the leadership team to be covenantal in their approach to team efforts, and therefore, there must be a covenantal culture throughout the organization.

**Trust** can be easily undermined when leaders don’t provide the necessary resources, information, or support for teams. Also, when leaders allow rampant conflict (back-biting, gossip, rivalries, etc.) to breed, trust will be hindered. Within the group, members need to be able to trust one another. If organizational leaders have created a climate where members can truly focus on the task of the group rather than having to look after their own security and

standing in the organization, and if the group members themselves appreciate one another's gifts and strengths, competition will be lessened and teamwork will increase. One way of decreasing competition is through reward systems and performance evaluation that encourage group behavior and accomplishment.

**Performance Evaluation/Reward Systems:** Organizations need to hold team members individually accountable (to prevent social loafing) while at the same time measuring for joint success (to increase group cohesion). Therefore the evaluation criteria used to appraise team members performance needs to measure both individual contributions as well as group accomplishments. Group-based appraisals, profit-sharing, gainsharing, and small-group incentives should also be used in the reward process.

## Team Composition

- Abilities of Members
- Personality of Members
- Allocation of Roles
- Diversity of members
- Size of teams: keep them at 9 or fewer members
- Member preferences: not everyone wants to be in a team!

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**Abilities** include technical expertise, problem-solving and decision-making skills, and interpersonal skills. High ability teams should be saved for more difficult tasks and problems as they may become bored with mundane tasks and issues.

The **personality** of members is also a key issue. For instance, high conscientiousness and openness to experience lead to better performance, and disagreeable team members can significantly hurt the team process. Proverbs talks a lot about back-biters, lazy, arrogant, and foolish people and how they disrupt good things and negatively influence others. These types are far from "covenantal" in their behavior, but probably every organization has people who are this way, as we've discussed in previous lectures. Research reveals that it might be better to keep all of the conscientious, "covenantal" people on the same team separate from low conscientious members to remove inequity and improve satisfaction.

**Allocation of Roles:** Furthermore, members should be selected based upon their strengths and should be assigned tasks within the group accordingly. This increases motivation and satisfaction for the members, but again, it requires some forethought and proactivity on the part of the leaders.

Greater **diversity** does not necessarily guarantee performance and can actually negatively affect performance of teams. Turnover can also be higher as well as conflict and power

struggles. One study suggested that to really get things done, members in diverse groups should focus on the task right away to build cohesion based upon a shared sense of teamwork.

**Size:** Remember from the previous lecture that groups and teams should be kept to a manageable size—9 or fewer is ideal. This allows for “covenantal bonding—members can truly get to know one another and develop relationships with one another in meaningful ways. Team members should be comfortable enough with one another where they can challenge one another for the purposes of increasing productivity.

**Member Preferences:** Not everyone enjoys working in a group (introverts?), so keep that in mind. It’s better to get people in the group who want to be there. It should be stated, however, that just because someone does not function well in a group does not mean that they have the attitude issues discussed above. It just means that their talents and affinities lie elsewhere. Again, leadership will need to be able to identify these type of people and plan accordingly.

### Work Design—think “covenantally”

- Allow for freedom and autonomy.
- Skill Variety
- Task Identity
- Task Significance

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For a group to truly be a team, leaders must empower them with the **freedom and autonomy** to do the job assigned to them. They must also be given the opportunity to use different skills and talents (**skill variety**), as this will motivate talented employees who feel like they have a lot to offer and are looking for the opportunity to feel challenged by their work.

Task Identity: Likewise, if leaders allow a team to complete the entire, identifiable task or product, motivation will increase. This is related to Demming’s notion of “quality of workmanship” because it allows for motivated team members to get excited about producing quality workmanship. As Christians, we know that work can and should be an act of worship to God, and task identity allows for this type of worship to happen, even among people who, though not Christians per se, are still made in God’s image and intuitively understand the value of quality workmanship as end unto itself.

Related to this is **task significance**—team members will be more motivated if the things they are accomplishing are important and have value. Leaders need to have enough to create tasks that are both valuable for the organization and meaningful to team members. When these factors are in play, member satisfaction and team effectiveness are increased.



## Team Processes

- Common Plan and Purposes
- Specific Goals
- Team Efficacy
- Mental Models
- Conflict Levels
- Social Loafing

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**Common Plan and Purposes:** Teams need to have a good plan, but once they have established that plan, they need to be able to adjust it as necessary (reflexivity). This requires covenant—mutual accountability and a willingness to reconsider and evaluate the plan. When making a covenant, members not only establish the terms and goals of the covenant; they also create a framework and process whereby the covenant can be reviewed and revised from time to time and as need be. Teams cannot be so focused on their positive identity that they are not willing to consider that they're off track (group think).

**Specific Goals:** Having goals is basically this is accountability. Nebulous values and goals will not lead to success!

**Team Efficacy:** Teams need to have confidence in themselves. *Hesed*, mutual accountability, and mutual affirmation are helpful in this regard, but only in conjunction with accountability to the stated and clearly defined goals of the group. Otherwise the team will fall into groupthink and failure.

**Mental Models:** teams need a successful, accurate, and humble "psychological map" of how work gets done and what to expect in the performance of tasks. This requires effective communication among members, and therefore mutual accountability plays a key role here. Team members all need to be on the same page with one another lest there be any surprises when one member approaches the task one way and another member another way. Such discontinuity cannot only hurt communication; it can also hurt productivity. Likewise, team members need to be in touch with the greater reality of the job and the environment in which they are operating. Even if the entire team is in agreement about expectations and standards, is their mental model unrealistic? It's easy for individuals (remember "self-inflation" tendencies) and groups to assume the best and to assume that the work will be easier than it really is. Teams have to be diligent in truly researching what resources of time, money, etc. will be required to get the job done. They cannot have illusions of grandeur or ease in the process. In other words, teams need to be wary of their own collective laziness and pride. Professionalism is informed by humility and diligence. Professional teams have healthy and realistic mental models.

**Conflict Levels:** Functional conflict increases productivity because it challenges flaws and blind spots in the “mental model” of the group and therefore any group think that might exist. However, functional conflict can be undermined when members, due to pride personalize disagreements. Relationship conflicts, therefore, are dysfunctional and take away from team unity and productivity. Part of a healthy “mental model” of any team is the acknowledgement that functional conflict should be an important part of the process to ensure that an accurate and realistic description of the problem and task is in place.

**Social Loafing:** successful teams hold members accountable to both group goals and individual tasks needed to accomplish those goals. A mental model that allows a member to not do any individual work or focus ONLY on individual work is flawed. This should be communicated at the outset. Team members should realize that not only are they responsible for their piece of the puzzle; they are also responsible for the entire process, in order to make sure that the mental model is effective and to ensure that everything is getting done as it should. The idea of covenant once again is relevant here—especially in terms of *hesed* and mutual accountability. Also, the very basis of entering a covenant requires more than just a loose and vague commitment to the relationship; on the contrary, entering into a covenantal relationship requires steadfast and active commitment.

## **TURNING INDIVIDUALS INTO TEAM PLAYERS**

- Hire team Players
- Training
- Rewarding

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**Hiring Team Players:** Organizations that do not understand the necessity of having a team mindset will not hire the right types of employees.

**Training:** Organizations can provide training in this regard, but training in and of itself will only result in cynicism if leadership is not committed to empowerment and servant leadership. Lip service will not work in creating teamwork anymore than lip service would work in any type of relationship. Being a team player needs to be modeled by leadership in terms of being open to feedback, communicating at the “big picture” level with employees, and empowering employees who are affected by decisions to have a say in those decisions. If that context is not there, the ability to encourage teamwork will be limited.

**Rewarding:** members should be rewarded for team-building activities—helping to resolve conflict, mastering new skills that the team needs, sharing information with teammates, etc. Of course, in an organization where various departments do not communicate well with one another and where leaders do not communicate well with the employees in the trenches, it will

be hard to create a necessary reward structure to encourage team-building. On the other extreme, if group behavior is emphasized at the expense of the individual, a lack of morale may exist. Hard-working individuals need to be rewarded for their individual contributions. Remember that in a covenant, individuals are affirmed and cared for and they are tasked with affirming and caring for the other members in the relationship. This is the best way to create a true team.

## **WHEN SHOULD TEAMS BE USED?**

- Only if the work couldn't be better done by one person
- When the work goal is greater than individual goals
- When members find that they are interdependent with other members

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*Only if the work couldn't be better done by one person.* Usually problem-solving is better served by a team, whereas the completion of simple tasks should be left to the individual level.

*When the work creates a greater goal than just the combination of individual goals.* This is true at the organizational level as well—every employee needs to see how their task fits into the big picture.

*When members find that they are interdependent with other members in the completion of their separate tasks.* In this situation, there should be communication among the members and greater interaction.

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# LESSON 5: Organizational Communication

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## FORMAL AND INFORMAL CHANNELS

**Formal Channels:** “official” means of communication

**Informal Channels:** interpersonal, unofficial, and often, the most meaningful

**Formal channels** are the written policies, mission/vision statements, rules and regulations, memo’s, etc. that a company creates and expects from its employees. The **informal channels** can either work against or for the company and the formal channels. For instance, the “grapevine” often conveys a lot of information that the organization wouldn’t want conveyed. Depending upon how leaders treat their employees and are viewed in the organization, the grapevine can be good or bad. Rumors, gossip, and speculation are all communicated via informal channels. The stories of how leaders either affirm or kill the vision (“vision killers”) also get transmitted quickly through informal channels, especially through the grapevine. However, if leaders and other members of the organization are covenantal in their behavior, those same informal channels can be those which convey mutual affirmation and care, and which provide momentum for what the organization is trying to accomplish. Leaders need to be aware that informal communication is often more important than formal communication, because informal communication falls in the sphere of interpersonal relationships, which is where the rubber meets the road for organizational behavior.

## DIRECTION OF COMMUNICATION

**Downward Communication:**

- Leaders should explain WHY decisions are being made.
- Leaders should seek feedback about decisions

**Upward Communication:** gives feedback to managers and leaders about organizational progress.

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**Downward communication**, like formal communication, can often be too rigid for effective communication. If leaders don’t provide a clear rationale for decisions, employees can feel confusion, fear, and resentment for policies and decisions which don’t make sense from their perspective. Ideally, not only should leaders communicate the rationale behind their decisions, they should also seek feedback about those decisions from employees before the decisions are made, which of course is part of **upward communication**. This goes back to the notion of

“sphere sovereignty” in which all relevant employees who will be impacted by a decision should have feedback into the decision process. This is also part of “big picture” thinking. Leaders communicate the big picture constraints, goals, and objectives to relevant employees, and employees provide feedback “from the trenches”—so that those goals and objectives are contextualized in the realities of customer needs and the day-to-day routine of various departments.

Ideally, leaders should be actively seeking upward communication, but there are some practical tips for employees seeking to engage in upward communication. First of all, employees can reduce distractions when meeting with their superiors by meeting outside of the boss’s office, such as a conference room. Employees should speak in “headlines”—in other words—get to the point with your boss! Do not meander but rather serve your superior by reducing information overload and providing clear, compelling information for why what you have to share is relevant. Using an agenda is also helpful to help give your superior a clear map of where employees are headed when they are communicating with superiors.

The bottom line is that employees need to be focused when trying to provide feedback to superiors. Ideas and concerns need to be linked into the “big picture” of the organization—any personal concerns which the employee has must be couched in the goals, constraints, and objectives the organization is facing. And again, this is part of the covenantal process. Though leaders should humble themselves and seek valuable feedback from employees, those same employees are obligated to “accept the terms of the covenant”, take ownership of the process, and think like leaders. Doing so will ensure that upward communication is far more relevant and much more likely to be received favorably by leadership.

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**Lateral communication:**

- Communication across departments
- Saves time and increases productivity
- Avoids “me vs. them” mentality
- Increases “big picture” thinking
- Facilitated by ad hoc, cross-functional teams.

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In previous lessons, the case has been made that it is natural for humans to think in terms of “me vs. them”, or, “I’m smart and everyone else (who doesn’t agree with me and think like me) is an idiot.” Organizationally, this manifests itself in horizontal communication, when leaders accuse employees of being lazy and unmotivated, and employees accuse leaders of being inept and out of touch. In lateral communication, this same attitude is manifested as various departments and groups can engage in turf wars with one another. Members of competing groups chafe at the rules and regulations imposed by the other groups, considering them to be arbitrary and useless. Meanwhile members of the other departments presume that the other

groups are clueless. What is really going on is that each department makes rules and regulations that maximize their own efficiency and effectiveness, without being aware of how those same rules and regulations affect other departments and individuals in the organization.

This is where **lateral communication** is so helpful. As members from various groups and departments meet together to get things done, organizational awareness increases. In that context, it will be far more likely that members in one group will be more aware of the constraints, needs, and goals of other departments, and so on. This of course is related to “big picture” thinking. There are various facets of lateral communication, but one practical and specific way to increase this type of “big picture” thinking is to use **ad hoc, cross-functional groups** who meet to discuss areas where various departments and groups are having issues and where blind spots exist in big picture thinking.

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## INTERPERSONAL COMMUNICATION

### Oral Communication:

- Still the most effective way to communicate
- Passing message through a number of people can dilute the message.
- Rumor mill and grapevine

### Written Communication:

- Rules remove uncertainty
- But excessive rules = less attention to those rules
- Policies must be lived out relationally

### Covenantal Behavior to Increase Communication:

- “Spirit” of the law, not just the letter
- Leaders care for and empower employees
- Leaders communicate big picture
- Encourage lateral communication and teamwork

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**Oral communication** is still the best way to communicate information because it is immediate and because it allows for feedback and immediate clarification. However, it also can be inefficient. As a message is communicate through more and more people, it can get more and more diluted. To solve that problem, **written communication** is employed. Leaders create policies and procedures to remove uncertainty, but in so doing, they run the risk of excessive bureaucratization and a think rule book which no one reads. Fortunately, covenantal behavior can address this dilemma.

Remember that a covenant relationship involves not just rules and regulations, but also the spirit undergirding those rules—mutual accountability and *hesed*. Indeed, the very notion of *hesed* implies a loving fulfillment of those rules and regulations. If leaders hire quality employees, and more importantly, if leaders act with integrity, care for and empower employees, and do a good job of communicating the “big picture” to employees, there will be less need to rely upon excessive written communication. This is so because employees will understand the spirit and rationale behind what the organization is trying to accomplish. By giving employees more responsibility and power (task identity, task significance, “quality of workmanship”), employees will be more likely to do quality work and will not need external rules and regulations. Finally, as leaders encourage a spirit of team work and mutual affirmation/accountability across the organizations, there will be less resistance among groups and people will be more apt to work together to get things done. In summary, all of this covenantal behavior contributes to intrinsic motivation. When employees are motivated intrinsically, they need less external guidance and motivation.

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## ORGANIZATIONAL COMPONENTS

### Formal Networks:

- Chain, Wheel, and All channel
- All have advantages and disadvantages
- Covenantal behavior is more important

### Informal:

- Grapevine
- Rumor Mill
- Rumors are reduced by effective communication.

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The **formal network** prototypes all have advantages and disadvantages in terms of effective communication and clear leadership. The essential point here is that covenantal behavior can accommodate a variety of network structures. It seems that horizontal communication is based served when it runs two-ways, regardless of the structure. And the richness of that two-way horizontal communication is aided by quality lateral communication.

As mentioned earlier, the **grapevine** is a powerful conduit for informal communication, about 75% of which is accurate. Similarly, the **rumor mill** also provides a powerful conduit for informal communication, and usually arises when important organizational issues arise that are ambiguous and cause employees anxiety. To reduce the low morale caused by the rumor

mill, leaders should be quick to openly communicate potential bad news and all decisions that are being made which might negatively impact employees. Being open about difficult decisions and issues reduces the fear of the unknown. Furthermore, if leaders allow employees to have input and to share concerns, this further helps to reduce low morale and rumors. So covenantal behavior is very important during difficult times.

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**Electronic Communication:**

- The faster the medium, the greater the ambiguity
- Networking software, blogs can provide community and personal touch
- Can be both formal and informal

**Knowledge Management and Customer Relationship Management software:**

- Preserves information
  - Aids the sharing of information
  - Requires covenantal behavior
  - Must be focused to avoid information overload
- 

Regarding the various mediums of **electronic communication**, the guiding principle is that the faster the medium the greater the potential for ambiguity, both with regards to information quality and emotional meaning. This should be taken into account when communicating via email, instant messaging, etc.

**Knowledge management (KM) technology** is vital for preserving and encouraging organizational learning and “big picture” thinking, and as such can be a valuable aid for covenantal behavior. The key is that there must in fact be a willingness among members to share information—a practice which runs directly contrary to the “me vs. them” attitude discussed earlier. Therefore, similar to the strategies for encouraging group cohesiveness, leaders must create reward systems and performance evaluation criteria which encourage team work and the sharing information.

The same is necessary for the use of **Customer Relationship Management (CRM) technology**. CRM technology collects data and information from employees in the trenches—sales and customer service representatives—and helps preserve best practices for attracting and serving customers. It also helps to identify customer concerns, product defects, and/or service issues. But again, for this technology to be helpful, there must be a covenantal culture, where employees understand the value of teamwork. For instance, sharing best practices for attracting new customers and serving existing customers helps everyone.

Finally, KM and CRM technology work best when they help to reduce **information overload**. Only vital information must be stored and shared. If used properly, these technologies can



give a company a competitive edge as it educates its employees and improves their productivity.

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## **WHICH CHANNEL TO USE?**

- Rule of thumb: non-routine messages need “richer” channels.
  - Effective managers understand critical of non-routine messages.
- 

There are many channels which can be employed for organizational communication, but the general rule of thumb is that the more non-routine the message, the more rich the channel should be. Face-to-face communication, for example, is the richest channel of communication. When bad news needs to be communicated, or difficult decisions need to be hashed out, leaders do well to interact more directly with employees. The same is true in the situation of lateral communication, when various departments need to work through issues of conflicting goals among themselves.

Effective managers and leaders understand this important truth in part because they understand the concerns of employees during difficult times and also because they understand the important of “big picture” thinking and communication.

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## LESSON 6: Leadership

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Welcome to **Lesson 6**, which will focus on organizational leadership. We'll begin with an overview of some of the historical trends in leadership development, and then focus on contemporary leadership perspectives. In so doing, we'll find that all of the leadership trends continue to revolve around some core concepts that just happen to be paramount to a covenantal approach.

### DEFINING LEADERSHIP

- Leadership vs. Management
- Are leaders born or made?
- Leadership as influence

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Is **leadership the same as management**? To be sure, there is overlap between these two functions. But for the sake of clarity and discussion, leadership will be differentiated from management in that it is focused on creating vision, "big picture" thinking, and motivating and inspiring employees. Managing is more focused on achieving the outcomes established by the leadership team and in general, ensuring effectiveness and efficiency. Both practices are necessary for successful organizations. It can be furthermore argued that managers will be more effective if they can inspire and motivate their employees. Likewise, leaders may be visionary, but if their vision is out of touch with organizational realities and constraints, their vision will be of no value. So having a managerial perspective is helpful for leaders who want to be successful. As has been discussed in previous lessons, this is a big part of covenantal leadership—linking leadership ideas with the reality of organizational details, and linking employee tasks, concerns, insights, and challenges into the big picture of the organization. We will continue to focus on how covenantal behavior can help achieve that end.

Much has been offered as an answer to the question of whether **leaders are born or made**. The popular consensus is that any person can be developed into a leader with proper training and encouraging. Reality and the truth of Scripture, however, suggest otherwise. Not everyone has the moral aptitude and the gifts necessary to lead overtly. Some people are gifted with more charismatic personality traits and communication skills. These should not be overlooked, for doing so undermines the fact that each human being is made in God's image and reflects His glory in unique ways.

However, if we describe **leadership as the ability to influence**, the case can be made that any human being willing to mature spiritually and emotionally into an individual willing to take ownership of the situation around him and care for others can be said to be a leader. In fact,

organizations thrive when its members, regardless of their position within the organization, possess this type of leadership aptitude, and the covenantal approach is very much concerned with encouraging employees to take ownership of the company and care for others therein. As will be seen in this presentation, this is a type of “self-leadership” and in later discussions, we will talk about this type of leadership in terms of organizational culture and the success that it can breed.

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## TRAIT THEORIES

- Research validates that leaders possess certain traits.
  - Big 5: Extraversion, conscientiousness, and openness to experience
  - Emotional Intelligence and Assertiveness
  - Predicts leadership emergence, not effectiveness
- 

Operating from the framework that leaders are in fact born, the research does in fact support the notion that certain **traits** are associated with successful leadership. In fact, the “Big 5” approach is closely related to this. **Extraversion, conscientiousness, and openness to experience** are associated with organizational members who are more willing and able to assume formal and informal leadership roles than their peers.

On a related note, **emotional intelligence (EI)** is seen as a valuable leadership trait, though the research is still undeveloped on this front. At the very least, it serves a counter-point to the research that suggests that individuals who are too **assertive** in their leadership style actually undermine their own leadership over others. To be sure, assertiveness is a valuable trait in a leader, but not when it occurs at the expense of caring for employees, being open to feedback from employees, and being willing to veer from a chosen path based upon that feedback. It seems reasonable that a person with a high level of EI would be more in tune with follower needs, concerns, and insights, would be more willing to respond accordingly, and at very least, would be more adept at framing ideas and messages in the context of those needs, concerns, and insights. Furthermore, from a covenantal perspective, a wise leader understands the importance of meaningful relationships with employees (*hesed*) and of accountability to employees. A deficiency in these attributes can seriously undermine leadership efforts and effectiveness.

Having said all of that, it should be noted that these traits are more likely to predict and explain **leadership emergence**, not **effectiveness**. This should not surprise those of us informed by a Christian worldview—we understand that leadership is comprised of a moral component which transcends a mere possession of traits. But if these traits cannot predict leadership success,

what can? It is hoped that a covenantal approach will help fill in the gap here and provide a much more well-rounded perspective on leadership.

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## **BEHAVIORAL THEORIES**

### **Ohio State Studies/University of Michigan Studies:**

- Initiating structure & Consideration (OSU) as opposed to...
- Employee-oriented and production-oriented

### **Blake & Mouton's Managerial Grid:**

- Concern for People
  - Concern for Production
  - Covenantal Behavior allows for both.
- 

Similar to the traits approach to leadership, **behavioral theories of leadership** emphasize that leadership consists of specific behaviors. The earliest efforts in this regard are the **Ohio State University** and **University of Michigan studies**. They offered a similar framework—the OSU studies focused on **initiating structures** and **consideration**. Initiating structures relate to the extent to which leaders provide guidance and clarity on tasks and goals and responsibilities for employees. Consideration pertains to the extent to which leaders relationally engage employees as defined by mutual trust, respect, and regard for employee feelings and insight. This latter category sounds a lot like EI. Likewise, the UM studies focused **task-oriented behaviors** and **employee-oriented behaviors**. Building on these studies, **Blake and Mouton** went on to develop the **Managerial Grid**, whereby a leaders can be classified by the extent to which they balance concern for people with concern for production.

The importance of these early studies is that they acknowledge the reality that leaders have dual roles—“getting the job done” and caring for people. It will be argued here that ultimately, these two functions must coexist, and that in reality, caring for people actually helps with taking care of business. As the study of leadership and organizational behavior has evolved, there has been an increasing trend on the belief that by accessing the insights, skills, and talents of employees not only motivates employees to become more involved in the organizational process, it also maximizes productivity. Leaders who are too task-oriented will undermine good will employees and also run the risk of isolating themselves from valuable employee feedback. On the other hand, leaders who are push-overs and overly-friendly to employees will not only undermine the task component of the process, but they will destroy the morale of the good employees because problem employees will not be kept in line. A **covenantal approach** embraces this understanding—leaders are to care for employees, but likewise, employees are to care for leaders and for the organization.

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## CONTINGENCY THEORIES

### Fiedler's Model

- Determine task or relationship-orientation
- Evaluate leader-member relations, task structure, and position power
- Match leaders to situations
- Task-oriented best for high and low-control situations
- Relationship-oriented best for moderate control situations

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Another perspective on leadership is offered by various **contingency theories**. The basic thrust of these theories is that leaders need to be able to adapt their behavior and leadership style based upon employee characteristics and situational factors. We can see in this emphasis an influences from the earlier behavioral perspective on leadership. For instance, **Fiedler** proposed a model whereby leaders are classified in terms of the whether they were more **task-oriented** or **relationship-oriented**. Then, the situation in which the leader operated was to be evaluated in terms of **leader-member relations, task structure, and position power**. Based upon that analysis, leaders were to be matched with particular situations, the rationale being that certain types of leaders were more effective in certain types of situations. In summary, Fiedler argued that task-oriented leaders were most effective in **high and low-control situations**. In other words, where tasks were clearly structured or were in need of structure, where employee relationships were either solid or not important, and where leaders either possessed a high or small degree of position power, task-oriented leaders would thrive. In high-control situations, leaders would not have to focus much on employee relations, and in low-control situations, where employee relationships were minimal, a task-oriented leader would be unfazed and could just focus on getting tasks done. On the other hand, in situations with **moderate control**—i.e., ambiguity in all three components—relationship-oriented leaders would be more effective, perhaps because they would be better able to work with followers to handle the ambiguity and negotiate power.

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### Hersey and Blanchard Situational Theory and Path-Goal Theory

- Both focus on employee abilities and mindset
- Path-Goal more focused: Directive, participative, achievement oriented, and supportive

**Decision Theory: Vroom and Yetton's Leader-Participation Model:** participative decision-making determined by various factors

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**Hersey and Blanchard's Situational Theory** approach and the **Path Goal Theory** both focus on **employee abilities and mindset** and espouse different leadership approaches based upon those two factors. The Path-Goal approach is more focused and it advocates the use of **directive, participative, achievement-oriented, and supportive leadership styles** based upon whether or not employees had the abilities to be more involved in the process and the desire to do so.

Neither of these theories are exact, but they do acknowledge the importance of being connected with employees. Furthermore, it can be argued that the various leadership approaches advocated by the Path-Goal theory overlap and can be used in conjunction with one another. For instance, to some extent, directive leadership is needed with every type of employee. The more motivated employees just need less of that type of leadership approach. Likewise, if employees know that leaders care for them (supportive leadership), they may be more open to directive leadership. Participative leadership allows employees to have a say in the creation of goals and other organizational processes—something that might appeal to achievement-oriented employees. Finally, related to participative leadership, **Vroom and Yetton's Leader-Participation model** emphasizes the importance of participative decision-making, but only based upon the presence of certain factors.

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#### **Covenant and Contingency Theories:**

- The need for flexibility
- The importance employee engagement

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The value of contingency theories from a covenantal perspective is that they all emphasize the importance of leaders being **flexible** and being in tune with their employees' needs, abilities, and insights. How does this relate to the idea of covenant? First of all, a covenantal relationship is flexible—rather than creating a rigid structure and unchangeable processes, rules, and regulations, it instead creates a framework of mutually-affirming relationships and duties that protect each member. Provided that the rights of individuals are not undermined in any way, a covenant can be revisited to better accomplish agreed-upon goals and to enhance relationships.

Secondly, individuals who covenant with one another must be meaningfully **engaged** with one another in meaningful ways. A covenant is more than just a contractual agreement in which certain duties must be performed; rather those duties exist to preserve the more foundational and important relationships among all members. So though a leader may have some positional authority, he/she also is in a relationship with members and must be accountable to them. In both regards, contingency theories of leadership coincide with covenantal behavior.

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## **LEADER-MEMBER EXCHANGE (LMX) THEORY**

- Time pressures cause leaders to select “favorite” employees
- The in-group and out-group and self-fulfilling prophecy
- How can leaders develop all employees?

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On a less idealistic note, **Leader-Member Exchange (LMX) theory** emphasizes the fact that leaders, due to time constraints and other factors, generally choose and focus upon an “**in-group**” and an “**out-group**.” Members in the “in-group” get more time with the leader and more development and mentoring than those in the “out-group”. What often happens in such a situation is that members of the in-group de facto succeed, courtesy of **self-fulfilling prophecy**.

Is this fair? Perhaps not, but it is often realistic. Practically speaking, do leaders have the ability to develop and interact meaningfully with every group of employees? Probably not. Likewise, is every employee as equally motivated as every other employee? Again, the answer is no.

On the other hand, covenantal leadership argues that true success is achieved when employees throughout the organization have taken ownership of organizational processes and care for one another. If leaders can lead covenantally, perhaps they will be more successful in creating this type of culture and paradigm.

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## **INSPIRATIONAL APPROACHES**

### **Charismatic Leadership**

- Motivates by inspirational vision and personal charisma
- Positive force in troubled times
- Can lead to a lack of accountability and abuse of power
- Level-5 leaders—humble and ambitious

Later leadership approaches have focused on **inspiring employees**. For instance, **charismatic leadership** focuses on how leaders can motivate employees via inspirational vision and personal charisma. These types of leaders are especially effective as a **positive force during troubled times**—people like Winston Churchill and Lee Iacocca come to mind. However, a negative of these types of leaders, in becoming “larger than life”, is that they can also become **immune to accountability** and therefore can become prone to **abusing power**.

On the other hand, **Level-5 leaders**, as defined by Jim Collins in his work *From Good to Great*, are leaders who, like charismatic leaders, are ambitious. However, their **ambition is driven by humility**—they want their employees and their company to achieve lasting and meaningful success. Collins further relates that the impact of charismatic leaders upon organizations is not lasting—though they might achieve short-term success for the company, once they leave the company, success leaves with them. Collins reasons that this is perhaps due to the fact that charismatic leaders are too focused on themselves as opposed to focusing on developing employees and creating a self-sustaining organization. Using these classifications of both, it is clear that “Level-5” leaders are more in tune with a covenantal approach to leadership.

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### **Transformational Leadership**

- Encourages employees to move beyond self-interest to accomplish exciting, transcendent goals
- Builds upon transactional leadership (providing direction and clarity)
- Is it different from charismatic leadership?
- What do processes and structure look like?

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Related to charismatic leadership is the **transformational leadership approach**. Transformational leaders encourage followers to look beyond their own **self-interest** and focus on **transcendent, meaningful goals** of the organization. This becomes a motivation for the entire company, such that the very act of achieving those goals and expanding one’s horizons becomes an end unto itself. It is important to note that transformational leadership is not opposed to **transactional leadership**; rather it builds upon it. Every leader needs to provide direction and clarity to employees; having established that foundation, transformational leaders go beyond that to motivate employees at a deeper level.

There is some question as to whether or not transformational leadership is substantially different from **charismatic leadership**. Rather than trying to resolve that debate, it would be helpful to point out that neither leadership approaches focus on the **process and structure** that would be helpful for a healthy, self-sustaining organization. This is in large part because they are, after all, about leadership practices, not about organizational cultures or structures. But this could in fact be the greatest defect in the inspirational leadership genre—a lack of focus on anything beyond leadership behavior. As such, these approaches provide us with an



incomplete picture of organizational success. On the other hand, a covenantal approach provides not only a description of leadership behavior, but also a context for that behavior, as defined by organizational processes, structure, culture, and employee interactions.

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## AUTHENTIC LEADERSHIP

- Authentic leaders
  - Ethics and “Vision Killers”
  - Socialized charismatic leadership
- 

Though less inspirational, **authentic leadership** focuses on motivating followers through sincerity and integrity. Given how leaders can destroy an organization’s culture and rapport with employees through “**vision killers**” a leader who acts with integrity and **ethical soundness** is vital for organizational success. This relates to the covenantal notion of “mutual accountability” and is therefore quite important. Another view of authentic leadership is to consider it “socialized charismatic leadership”—charismatic leadership that is wrapped in with acknowledgement and concern for others.

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## DEFINING TRUST

### Three levels of trust:

- Deterrence-based
- Knowledge-based
- Identification-based (related to covenant)

### Basic Principles:

- Mistrust destroys groups and productivity
  - Trust can be regained only in limited situations
  - Trust begets trust
  - Know thyself...
- 

No matter how inspirational leaders are, they still must be trusted by their followers. This is why “vision killers” can be so detrimental to effective leadership. Trust can be classified in terms of levels. **Deterrence-based trust** is motivated by the threat of punishment if threat is broken. This is more in keeping with a contractual basis for doing business. If the stipulations

of the contract are broken, then there will be legal ramifications. One violation of trust ends the relationship. Knowledge-based trust is based upon knowledge of the other person's behavior. If there is a proven-track record of good behavior, trust is enhanced. This type of trust obviously has more longevity than the lower level of deterrence-based trust. Finally, identification-based trust could be said to be trust based on a deeper, heart level of interaction, and in fact, is quite covenantal. Members understand and appreciate one another's motives and are in deep agreement about shared goals. Such a deep level of trust is necessary in forming a covenant relationship.

Some guiding principles exist with regards to building trust. First of all, mistrust (vision killers) destroys groups and productivity. Once trust is lost, it can be regained, but only in limited situations. On the other hand, trust begets trust. Just as vision killers seriously undermine relationships and belief in leaders, acts of trust have a powerful motivational impact upon followers. Finally, trust is ultimately based upon personal integrity, and an individual's willingness to look at himself and has a healthy evaluation of his own inconsistencies and potential for missteps. A leader who is aware of that will not get trapped in his own cult of personality and will be furthermore open to accountability for others. This is covenantal behavior and is a solid foundation for building trust.

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## **MENTORING AS LEADERSHIP**

- Psychological rather than tangible
- Demming and employee development

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**Mentoring** has been an emerging trend in the study of leadership. It assumes that leaders will help followers grow personally and professionally, and in a way that helps the organization succeed. However, research reveals that the impact of mentoring is more **psychological** than **tangible**. Is this entirely a negative? When employees feel cared for psychologically, might they not be more effective and more motivated? As will be seen in future lessons, ideas like the "learning organization" are based upon the notion that leaders should help employees develop and grow professionally in a way that helps the company develop and remain viable. Furthermore, in his exposition on Total Quality Management, **Demming** argues that some of the most important aspects of employee development cannot be measured and yet nevertheless are necessary and valuable.

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## SELF-LEADERSHIP

- Empowerment: “Super leaders” help followers lead themselves.
  - Self-sustaining leadership and culture
  - Basis for covenantal behavior
- 

Related to the notion of mentoring is **self-leadership**, where “**super leaders**” help followers lead themselves. This is similar to the notion of self-government and is necessary for **self-sustaining leadership** within an **organization’s culture**. If a culture is not self-sustaining in a positive way, the company will not endure.

Furthermore, in keeping with the **covenant** idea, the only type of person who can enter into a covenantal relationship is one who is a “self-leader”—one who models integrity, is willing to take ownership, and is willing to be accountable to others. The notion of self-leadership is therefore quite important for successful organizations.

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## CHALLENGES TO LEADERSHIP CONSTRUCT

### Attribution Theory:

- Reveals bias in leadership perception
- Perceived leadership in extreme organizational performance

**Neutralizers:** negate leadership influence

### Substitutes for Leadership:

- Individual, job, and organizational characteristics
  - Self-sustaining leadership and culture
- 

Finally, there are some challenges to the general field of leadership. **Attribution theory** argues that there is a **bias in leadership perception**—people de facto characterize others who are outgoing, gregarious, intelligent and aggressive as leaders, whether or not they are actually effective as leaders. Furthermore, there is a tendency to either blame leadership for impressive failure or credit leaders for impressive success, whereas perhaps there are any number of other factors and causes for either failure or success.

There are also leadership **neutralizers** and **substitutes**. Neutralizers are those factors that totally undermine any type of leadership. Employees who are indifferent to rewards, for

instance, would be an example of a leadership neutralizer. On the other hand, there are individual, job, and organizational factors that can substitute for leadership. This is a good thing, because it contributes to self-sustaining leadership and culture. If employees take ownership of the process, for example, that means that they are self-motivated and will be less reliant on formal leadership. In a healthy culture that encourages self-leadership, when one leader leaves, it is more likely that the company can survive even with that absence. In a final pitch for covenantal behavior, it can be said that these types of leadership substitutes are a key part of a covenantal paradigm for organizations.

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# LESSON 7: Politics, Negotiation and Conflict Resolution

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## MOTIVATIONS FOR POWER

- Pride and Fear
- Impression management
- Servant leadership

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The processes of politics, negotiation, and conflict resolution all revolve around how we use power. The motivations for using power are very telling for how we involve ourselves in each of these areas. If for instance we are motivated by **pride**, we will be unwilling to admit when we are wrong (or we will always provide justifications and explanations for any mistake we make, so as to take as little responsibility for our errors as possible), unwilling to work with others and share resources for the good of the entire organization, and unwilling to acknowledge that there are others in the organization who have rights. We will also be less willing to recognize and affirm the abilities that others have, for fear that doing so might lessen our own standing in the organization.

Motivation by **fear** is closely related to pride; in fact, they are often two sides of the same coin. When we do not trust that God is in control and loves us more than we love ourselves, we also believe that it is solely dependent upon our own efforts to advance our careers and succeed in life. In such a scenario, it can be easy to feel that we always have to prove that we are better than those around us for fear that will be left behind if we do not. This can lead to a spirit of unhealthy competition and politics within an organization, where no one is really willing to trust others, or care for and work alongside others.

Another attribute that stems from the dual-motivations of fear and pride is “**impression management**” where we try to make others think the best of us and we try to hide our weaknesses and shortcomings. Often, we do this in dishonest ways, or we are so bound by fear of what others might be thinking of us that we resort to constant manipulation of others and flattery in order to ensure that we are in good standing with others. Besides being spiritually and emotionally exhausting, this type of behavior prevents us from living the life that God has called us to live and truly being who God has called us to be. On an organizational level, such behavior is also very harmful to the success of the company. If individuals in the organization are motivated by pride, fear, and impression management, will there ever be an honest and critical appraisal of where the company is falling short and where it needs to change? This does not happen in an organization where everyone is trying so hard to make themselves look good that they blame-shift and run from accountability!

On the other hand, consider what happens when we start with the truth of the Gospel. First of all, we realize that everyone has issues and shortcomings, but that is not really the main point. The One who knows us the most—the one who sees ALL of our sins and shortcomings—sent His Son to die for us and save us from our sins. If the one from whom we cannot hide or deceive with impression management loves us unconditionally through Christ, then why should we feel the need to try to deceive others? Furthermore, if the Father was willing to send His own Son to die for us, can we not also trust His other promises to us—that He will provide for our every need, and, if we let Him, use us for His eternal purposes? Believing these truths requires faith (Hebrews 11:6). It takes faith to not always feel the pressure to engage in deceitful political maneuvering and impression management to protect and advance our careers. It takes faith to believe that even if we did not get the promotion we had hoped for, or the “inside” connection with our boss, that God is still in charge and that His plan for us will not be compromised. It takes faith to believe that God still has His best for us even when our lives and our careers do not unfold as we would have hoped. In the end, it really comes down to one question: do we trust our own perception of reality and our own sense of how things should turn out for us, or do we trust the God who sent His own Son to die for us will arrange our careers and our very lives to be exactly what He wants them to be, and that as such, they will be better than anything we could have managed on our own?

If we put our hope in Christ, then we are freed from the bondage of trying to engineer every outcome of our lives. Sure, we will work hard and try to advance our careers, but we will not idolize success on the job and we will not despise those who are recognized for their contributions even if our own contributions are passed over. Remember that our High Priest, Jesus Christ promises to constantly put in a good word on our behalf to the One that really matters, so we can rest easy even if our human bosses and supervisors do not appreciate all that we do, and we can freely and truly rejoice with those who are honored rather than feeling bitterness and envy. When we trust God, we can appreciate that He has gifted those around us with certain abilities and skill-sets, and we can praise Him for that. And we can work to see others excel and shine as well. Because we are no longer running from our own shortcomings but instead are willing to deal with them, we create an organizational culture where people are not afraid to admit mistakes because they know that they are cared for. This in turn creates true synergy where people are helping each other to help the organization succeed. Rather than blame-shifting and attacking one another, people start actually focusing on the problem and “big picture” solutions so that the organization can succeed. In the end, we have a covenantal organization where **servant leadership** is the norm instead of political maneuvering, impression management, and flattery. It is a wonderful place to be! ☺

## DEPENDENCY AND POWER

### Sources of Dependency:

- Importance
- Scarcity
- Nonsubstitutability/irreplaceable vs. a self-sustaining culture
- Mutual Accountability

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Two things are relevant in this list of aspects that can bring power to someone. First of all, it's been mentioned earlier that one off-shoot of an organization that behaves covenantally is that it has a **self-sustaining culture**, meaning that the culture is bigger than anyone person. In a discussion about power, being **irreplaceable** is indeed a good way to gain power, but ideally, an organization should be looking for people who share power—who invest in others, and help them develop for the betterment of the organization. A personality-driven culture is one that is inherently flawed.

Secondly, in a covenantal organization there is an acknowledgement that everyone needs everyone else—members are **mutually accountable** to one another for the sake of team work, mutual care and affirmation, and for identifying blind spots in the organization (part of “big picture” thinking). So again, whereas many conceptions of power speak of the power that an individual may hold over others, the Biblical/covenantal approach speaks of power being used not to be served but to serve; not to build up one's kingdom but to build and invest into others.

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## SOURCES OF POWER

### Formal Power:

- Coercive
- Reward
- Legitimate

### Personal:

- Expert
- Referent

Personal power sources are more effective.

Power vs. authority

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Motivations for use of power is the foundation for our discussion, and now that this foundation has been laid, we can discuss related issues. For instance, there are two general sources of power: **formal** and **personal**. Formal power derives from the authority established by an organization or institution. **Coercive power** is the ability to punish, **reward power** is the ability to reward, and **legitimate power** is the power that comes with one's position in the company. Obviously, these three are closely related to one another.

Complimenting these sources are the personal sources of power: **expert** and **referent**. **Expert power** is that power which comes from one's knowledge and expertise. People respect those who know what they are doing and are knowledgeable. **Referent power** is the ability to influence others and the ability to be likable. As mentioned in the previous section, this power can be used dishonestly and manipulatively, or it can be based upon genuine motivations of care and respect for others. This power also includes the ability to inspire others, which can also be good or bad depending upon the motivations.

Not surprisingly, research reveals that the personal sources of power are the most effective for persuading and influencing others. And it could be argued that referent power is the most important power base because it makes the other sources of power all the more effective. If people know that leaders care about them and truly want them to succeed, they will be more open to correction that might need to administered from time to time, and they will know that the leaders are impartial and fair in dealing with them (coercive power). People will want to work harder for good leaders, such that their motivations will not be just about monetary incentives (reward power). In fact, remember from previous discussions about how the most important motivators are intrinsic ones.

Finally, it should be noted that in a Biblical worldview, **power is different from authority**. Power speaks to raw ability, but authority speaks to permission. As Romans 13:1-4 discusses, all authority is from God. Ultimately, we do not obey our leaders because of who they are specifically, but because God has ordained authority for various reasons and to disregard that authority is to rebel from God's law. And leaders themselves can disregard that when they use their power outside of the confines of God's authority.

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# POWER TACTICS

## What works?

- Rational persuasion, inspirational appeals, and consultation are more effective.
- Pressure tends to be backfire.
- Soft tactics more effective than hard tactics

## How do these tactics work?

- Rational persuasion works across all levels.
- Inspirational appeals is good for downward influence.
- Personal appeals and coalitions are more effective with lateral influence.

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In the previous section, the case was made that referent power is the most effective, because it based upon relationship and caring for one another. Research collected on power tactics affirms that same basic principle. **Rational persuasion, inspirational appeals, and consultation** are the most effective tactics because they are more likely to be based upon respect for others.

Leaders can certainly use **pressure** to motivate employees, but that can lead to a culture of fear rather than one of mutual respect. One challenge that leaders and managers face is trying to encourage compliance of employees. Biblical principles and research alike confirm that if at all possible, the means listed above, all of which could be considered “**soft tactics**” are more effective than “**hard tactics**” such as pressure. Covenant building requires respect and care for each individual in the relationship, and leaders need to understand the importance of that in the context of organizational behavior.

Furthermore, **rational persuasion**, which is the tactic least likely to be based upon manipulation or deceitfulness, works across all levels of an organization in upward, downward, and lateral communication. The use of **inspirational appeals** by leaders can be an effective way of motivating employees, especially if the appeal does not insult their intelligence, and if leaders act in a way that affirm the ideals they are promoting instead of undermining them (vision killers). Hypocrisy and inconsistency on the part of leaders leads to employee cynicism and decreased motivation. Regarding lateral communication, the use of **personal appeals** and **coalitions** are helpful for getting things done. As discussed in previous lectures, many companies fail to see the value in coalition-building, or even seeking to get members from different departments into the same room so that common problems can be solved from a multi-faceted perspective (big picture thinking).

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# SEXUAL HARRASSMENT

The true boundaries are in the heart!

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These days, **sexual harassment** is hot issue and millions of dollars are spent on educating employees on how to avoid it. But Christ informs us that the real issue is not in words spoken or actions taken, but in the thoughts and motives of the heart. Learning to walk in integrity at the heart level will keep us safe from going anywhere near any gray areas!

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## THE INTERACTIONIST VIEW OF CONFLICT

Functional and dysfunctional conflict

### Types of conflict:

- Relationship
- Task
- Process

Conflict and covenant

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In power struggles, conflict results. Those researching in the field of organizational behavior used to believe that conflict was damaging to organizational processes, but today there is a growing acknowledgement that not all conflict is **dysfunctional**. The **interactionist view** argues that functional conflict can be used to create more effective solutions to problems, build consensus and generate momentum for getting things done.

There are three types of conflict. Research reveals that **relationship conflict** is almost always dysfunctional. However, many married couples, friends, and family members know that even relationship conflict can lead to strengthened relationships if handled correctly. However, the concern of the research spoken of here is when organizational members allow personality conflicts to get in the way of getting things done. Part of the reason this happens so easily is the “me vs. them” attitude mentioned in previous lectures.

**Covenantal behavior** is aimed at creating a healthy context for working through conflict. It accomplishes this by affirming the value and importance of each individual in the relationship, and requires that each individual care for and be accountable every other member of the

covenant. If mutual care and accountability are the foundation for relationships, then any conflict that arises about the functions and goals of work (**task conflict**) or how the work is done (**process conflict**), can actually be quite beneficial because when members interact on disagreements, they can often come to a better understanding of the problem and therefore come up with more effective solutions.

The next several sections will provide a description of conflict resolution processes.

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## **THE CONFLICT PROCESS**

### **Stage 1: Potential Opposition or Incompatibility**

- Communication
- Structure
- Personal Variables

### **Stage 2—Cognition and Personalization**

- Perceived
- Felt

### **Stage 3—Intentions:**

- Competing
- Collaborating
- Compromising
- Avoiding
- Accommodating

### **Stage 4—Behavior (overt conflict)**

- Peace-faking
- Peace-breaking
- Peace-making

### **Stage 5—Outcomes:**

- Increased Group Performance
  - Decreased Group Performance
- 

**Stage 1** of the conflict process details the potential areas within an organization where conflicts could arise. Communication breakdowns and deficiencies in organizational structures

and processes can put people from different departments at odds with one another. Often, leaders do not communicate well with followers, and departments do not communicate well among themselves. Likewise, policies, procedures and structures are all created from a narrow-minded perspective—they benefit one department or the leadership team, but they do not benefit everyone impacted by such decisions. In both cases, conflicts can easily arise. This is where “big picture” thinking and communication can be so helpful. With participative decision-making, all relevant members in an organization can speak to these structural and communication gaps. The final area where conflicts can arise is in the category of personal variables. People get on one another’s nerves because of personality differences; they rub one another the wrong way. Hopefully, this is where all the personality tests you have been taking will really help you better understand your co-workers!

Stage 2 describes how people respond to these issues. When the issues become strong enough, people become angry, fearful, and emotional. Hence, the conflict moves from one that is **perceived** to one that is **felt**.

In **step 3**, as the conflict escalates, the various members involved in the conflict choose their response. **Avoiding** and **competing** are perhaps the most destructive because they both run the risk of destroying communication and engendering further animosity. Even in avoiding this is true, because though the members are not verbal in their disdain for the other members, there can still be a quiet resentment which will hinder teamwork and communication down the road. **Accommodating** can be a good opportunity to serve the other members, but it can also allow for the real root of the problem to continue to fester. Likewise, **compromising** is sometimes necessary, but ideally, collaborating occurs, because it allows for a win-win solution. The best way to encourage collaboration is with “big picture” thinking and communication.

In **Stage 4** the members carry out their intentions in one way or another. In his book, *The Peacemaker*, Ken Sande discusses the options for conflict behavior from a Biblical behavior. **Peace-faking** occurs when we harbor resentment toward others but do not really try to constructively resolve the conflict. We grumble against the other person, complain about him behind his back, but we pretend that everything is OK when we interact with that person. Besides being dishonest, this type of passivity can be very destructive, and is an indication that we really do not care enough about the other person to resolve the conflict in an open manner. The other extreme is just as objectionable—**peace-breaking**—where we scream, yell, insult, and otherwise do what we can to overtly harm the other person in some way. Often peace-faking leads to peace-breaking, as pent-up anger and animosity finally explodes into a full-blown conflict.

The Biblical ideal is **peace-making**, where we humble ourselves and look first and foremost to determine how our heart attitude is. As Christ said, “get the log out of your own eye.” True peace-makers realize that feelings of anger and resentment come from a self-righteous heart that does not take seriously what Christ has done for it on the cross. Humility, on the other hand, allows us to look at what we might have done to contribute to the conflict. If this type of

humility is not practiced, conflict resolution will not be achieved because neither side will ever be willing to consider that maybe they have done something wrong.

As it pertains to stage 5, how we handle the conflict will either lead to **increased** or **decreased group performance**. Peace-faking and peace-breaking lead to decreased performance, as unresolved conflict usually causes other people in the group to take sides and harbor resentment toward the other side. Gossip, in-fighting, rivalry all occur in either case. With peace-making, the people involved in the conflict avoid gossiping about the situation and only interact with the other people that can solve the conflict. They do not try to malign the person with whom they disagree by gossiping to others and they are aware of the very real possibility that they only see their side of the conflict and therefore want to walk in absolute integrity in making sure that both sides are heard and addressed. This is how conflict resolution can lead to greater organizational performance as it encourages "big picture" thinking at the expense of "me vs. them" attitudes.

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## **NEGOTIATION: BARGAINING STRATEGIES**

### **Distributive Bargaining:**

- Zero-sum/fixed pie
- Make the first offer!
- Reveal deadlines
- Covenantal behavior

### **Integrative Bargaining**

- Win-win
  - Collaboration, not compromise
  - Tips
- 

Related to conflict resolution is the official process of negotiating. There are two types of bargaining available in the negotiation process. The first is **distributive bargaining**, where there is generally a winner or a loser. The best case scenario with such bargaining is compromise, where both parties concede some of their desires in order to get the items they really want. Distributive bargaining is based upon a "**zero-sum/fixed pie**" scenario, where resources and options are limited. If such a scenario is really the case, it need not mean that the parties are acting hatefully or manipulatively, but such situations can certainly lead to such behaviors. In the case of zero-sum bargaining, it is based to make the first offer, as that will frame the terms of the negotiation and provide an anchor in the final resolution that is closer to your terms. It is also helpful to reveal any deadlines that you are under, as such research helps to motivate the other side to come to an agreement. Ideally, in the covenantal process,

both parties think in terms of what is good for the organization, not just for them. But a “me vs. them” attitude will not allow for such covenantal thinking.

In **integrative bargaining**, on the other hand, both parties try to achieve a “**win-win**” solution. **Collaboration**, not **compromise** is the means of doing so. Compromise can actually stymie such efforts. With collaboration, both parties listen to what the other side really wants, and seeks an understanding of their true motives. It could be that what they really want can be achieved in more than way, thereby allowing for greater flexibility and greater options available for viable solutions. It is clear then that integrative bargaining is based upon “big picture thinking.” As such, there are some **tips** that might encourage integrative bargaining:

- 1) Bargain in teams to generate more ideas and more options
- 2) Include more issues in the process—do not just focus on one issue at a time. The more issues available for negotiation, the more likely it is for there to be flexibility in allowing for both sides to focus on what they really want.
- 3) Ask questions of the other side to truly understand what they want.

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## LESSON 8: Structure and Culture

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### HISTORY OF ORGANIZATIONAL PERSPECTIVES

- Bureaucratic Model
- Human Relations
- Human Resources
- Systems Theory

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Organizational structure and culture has been viewed in four basic lenses the last 50 years or so. The first one is the **Bureaucratic model** which described organizational behavior in terms of functions, chain of command, and efficiency. This view prescribed that to maximize efficiency and effectiveness, companies should use job specialization.

The **Human Relations model** came next, and it began with the acknowledgement that there might be a human component to organizational behavior and something that leaders should take into account. This led to the **Human Resources** approach, which argues that by treating employees with respect and allowing them to have a high degree of empowerment and creativity in their job duties, that efficiency and effectiveness will be maximized. Leadership theories like transformational leadership and servant leadership are couched within this paradigm.

Another perspective—**systems theory**—is not offered so much as a contrast to the Human Resources approach, but rather as an alternative view. Systems theory views every organization as a composition of sub-systems within sub-systems. Indeed, the organization itself is a subsystem within the system of its community and economy. The point to this approach is that leaders should be aware of how a company's environment impacts it and how employees within various departments—the various subsystems interact with one another to learn, develop, and react to the environment. Ultimately, it is hoped that with systems theory, a company will learn to not only react to the environment, but also be proactive in anticipating environmental developments.

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## WORK SPECIALIZATION & STRUCTURE

- Specialization and SOP's
  - "Quality of Workmanship" & Total Quality Management
  - Covenant
- 

As mentioned in the previous section, **job specialization** was a key means for American businesses in the post-WW II era to maximize efficiency. Along with job specialization comes standard operating procedures (**SOP's**) which are put in place to reduce defects in products and deficiencies in customer service quality. This emphasis on control has certainly yielded benefits, but as the rest of the world caught up with American businesses, increasing competition has shown that more is necessary to maximize the competitive edge. This is especially true given what most of us likely know about job specialization—routine and repetitive job functions can seriously undermine employee morale.

When Demming introduced his notion of **Total Quality Management**, his ideas were highly regarded by Japanese businesses—it was only after Japanese businesses proved to be staunch competitors that American companies began to take his ideas more seriously. One of the main attributes that Demming advocated stands in contrast to the notion of job specialization to some degree. Demming argued that to really achieve success in an organization, leaders and managers should allow employees to enjoy "**quality of workmanship**". In other words, employees are not just robots on an assembly line performing minimal tasks but rather they play a key role in developing whole products and services and have the privilege of seeing their efforts form into something tangible—something done with excellence. This, Demming argued, would actually enhance productivity. In many regards, Demming's ideas have been verified today as companies seek to give employees greater responsibilities. Furthermore, the rigid chain of command that was necessary in earlier times is less necessary today due to the incredible developments in information technology. Likewise, this notion of "quality of workmanship" does not remove SOP's, but rather prevents SOP's from being reductionistic. It acknowledges that some components of quality cannot be quantified and reduced to a multi-step plan. However, if a company trains an employee in big picture thinking—thereby giving them an understanding of what quality looks like—and empowers leader with greater control over their work, leaders will find that not only will employees follow the basics of the SOP's, they will exceed that and produce even greater quality.

**Covenantal behavior** affirms this view of "quality of workmanship" because it affirms the individual members that are involved in the covenant. It also acknowledges that duties performed in the covenant are more than just duties—they are based upon relationships and an attempt to aspire to a greater, shared meaning. Allowing for "quality of workmanship" allows employees to have more meaning in their work, and to have greater say in how the company behaves. Assuming that the employees are properly motivated and trained, such



behaviors, along with empowerment, participatory decision-making, and “big picture” thinking, should all be encouraged.

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## **CONTROL, EFFECTIVENESS & STRUCTURE**

- Rapid access to information has changed the structure
  - Emphasis on wider spans of control
  - Decentralization allows for greater employee decision-making
  - The popularity of self-managed and cross-functional teams
- 

Related to this concept of specialization is control. The degree of control that management has certainly affects structure. How much control do employees have versus management? Several factors have played into the argument that employees should have more control. First of all, as mentioned earlier, **rapid access to information has changed the structural requirements**—organizations can be flatter and more decentralized now that information is more readily available to employees.

With better flow of information comes the ability to **widen the span of control**—more employees under less managers which decreases both departmental rigidity and the cost of management (since there are less managers), and increases interaction among employees as well as employee autonomy. With this **decentralization** comes more opportunity for employee decision-making. This is ideal especially in large companies, where employees are more in touch with customer needs as well as environmental constraints/opportunities than management. Giving them greater decision-making ability allows the company to be more reflexive and allows for better quality of service and products (“quality workmanship”).

Furthermore, **self-managed** and **cross-functional teams** are growing in popularity among companies. Self-managed teams, as mentioned previously, allow for greater autonomy and more rapid decision-making on the part of employees. Cross-functional teams encourage “big picture” thinking and help to break down the barriers among departments, along with the “me vs. them” attitude that can come with rigid departmentalization.

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## DEPARTMENTALIZATION AND STRUCTURE

- Departmentalization
- Cross-Functionalism
- The Boundaryless Organization

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Beyond this more general, philosophical view of how to structure an organization, there are practical issues in play. Companies structure themselves according to the following categories. First, they can **departmentalize** by function. For example, it would have a separate department for each function of the business process—accounting, finance, marketing, etc. Or, the company could departmentalize itself according to product, so that each product a company sells has its own entity with its own decision-making. Departmentalization by geography is another, related way of structuring the company. Finally, a company can structure itself in terms of its various types of customers.

However, as mentioned earlier, what is becoming increasingly clear for many companies in today's ultra-competitive environment is the need to have **cross-functional units** in their companies, in order to increase "big picture" thinking. Practically speaking, this could come in the form of using "matrix" structures, using cross-functional teams (whether ad hoc or permanent), or becoming a "**boundaryless**" organization.

This latter option is certainly the most ambitious one and it involves the use of self-managed teams, limitless spans of control in conjunction with the removal of vertical boundaries, cross-hierarchical teams, participative decision-making, and 360 degree performance evaluation (which goes nicely with the idea of mutual accountability).

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## CULTURES AS SHARED MEANING

- Structure and culture
- Culture as shared meaning and interaction
- Dominant culture
- Subcultures
- Strong culture and rules

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Structure and culture closely align. If leaders want a covenantal culture, then they need to structure the organization accordingly. Also, a company's culture can go a long way to addressing structural deficiencies in terms of covenantal behavior as will be seen shortly.

Ultimately, culture is about **shared meaning and interaction**. Leaders can say they want a particular culture, and can make official statements to that effect, but until they have buy-in

from employees, such efforts will be limited at best. Leaders may set the tone with regards to creating a culture, but how employees respond to such efforts is also part of what the organization's culture becomes. If leaders are thinking covenantally, they can work to create an atmosphere of teamwork and community.

Every organization has a **dominant culture** which pervades how people interact with one another and accomplish tasks. Ideally, in a covenantal organization, this dominant culture is based upon mutual affirmation and accountability, *hesed*, participative decision-making, and empowerment. Beneath this dominant culture is the potential for **subcultures** that might exist in various departments or groups. A dysfunctional culture can exist when these subcultures run counter to dominant culture in a subversive manner, undermining positive attributes. Leaders need to be aware of this, and can combat it via servant leadership and the encouragement of big picture thinking and empowerment. But if the dominant culture is a negative one, employees at lower levels can encourage covenantal behavior through subcultures by taking ownership and caring for one another. Sometimes, in discouraging situations where the dominant culture is lacking, this can be a positive force for change in an organization.

As mentioned above, a **strong, healthy culture** can supplement a successful organizational culture and can do much to encourage productivity. Covenantal behavior encourages self-sustainability, where people take ownership of organizational goals and processes and truly care for one another. When this happens, companies will find a natural momentum for achieving productivity and excellence.

This is far superior to using **rules and other authority maneuvers** to encourage productivity for two reasons. First, using external motivators (rules, regulations, punishments, etc.) can only provide short-term and limited force, as discussed in the lecture on motivation. Secondly, as discussed in the unit on organizational communication, rules and regulations can become so numerous in a dysfunctional culture that ultimately, they become at best stifling and at worst disregarded. Leaders do well to remember this and to focus on building a covenantal culture, ensuring that intrinsic motivation of employees is the driving force for productivity.

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## CREATING A POSITIVE CULTURE

- Integrity of leaders
  - Build on employee strengths
  - Reward more than punish
  - Emphasize vitality, growth and learning (learning organization)
- 

There are several ways that leaders can create a positive, covenantal culture. First and foremost is through **integrity**. Leaders need to back up their lofty pronouncements about teamwork and vision by their own actions. Many employees can tell stories of when leaders, through poor communication and conflict resolution skills, disregard of employees' feelings and insights, and poor management have totally undermined any stated organizational vision or corporate purpose. These negative behaviors are called "vision killers" and when these vision killers are in play, the organization's dominant culture will suffer.

Secondly, leaders should build on **employee strengths**. Covenantal building requires a sense of *hesed*, teamwork and mutual accountability. Learning to access and draw on employees strengths through empowerment, participative decision-making, and the practice of "quality workmanship" are great ways to do so.

Leaders should also focus more on **rewarding rather than punishing**. Doing so acknowledges employee contributions, which shows employees that leaders care and actually have a clue about the employees' impact on the organization. It further speaks to the need to provide intrinsic motivators for employees—most people want to know that they are valued members of a team and have skills they can offer to help the team accomplish goals. The use of rewards, even if they are not always intrinsic ones (in fact, intrinsic rewards are good in combination with extrinsic ones so that employees know that leaders are not just trying to be cheap), can help encourage that understanding.

Finally, leaders can **encourage vitality, growth, and learning**. In fact, this goes a long way to encouraging a covenantal organization. First, it recognizes the value of each employee and focuses on the human desire to grow and excel. This is a type of intrinsic motivation that can keep employees focused on excellence. When leaders then focus this learning on organizational goals and help employees see how their skills and talents will fit in with the goals and objectives, "big picture" thinking will be enhanced. As an aside, these ideas in a formal sense are embodied in Senge's concept of the **learning organization**.

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## **SPIRITUALITY IN THE WORKPLACE**

- Spirituality in the Workplace (SIW) and Postmodernism
- Not about advancing a particular religion
- Christianity and SIW
- Covenant and SIW
- Insincerity and SIW

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A related component to a “covenantal culture” is that of **Spirituality in the Workplace (SIW)**, wherein leaders encourage employees to find inner meaning through their work (quality of workmanship), and includes a sense of shared meaning with others (which is what a covenantal culture is all about), and mutual care and accountability. In today’s **Postmodern culture**, people are looking for a more spiritual approach to life, and this idea seems to fit in with this desire.

However, spirituality in the workplace **is not about advancing a particular religion in the workplace**. There will be problems if that is the case (some even legal), and as Christians know, true religion and faith in God cannot be coerced. If however the notion of spirituality in the workplace is more associated with the notion that people working together to achieve excellence is a good goal, and that people should find fulfillment and a sense of community from work, then these criticisms are lessened.

In fact, there are significant differences between a proclamation of **Christianity and SIW**. First of all, it should be noted that there are many Christian business leaders who have effectively and respectfully shared their faith with their employees and customers. This is a good thing, but the point here is to note that SIW is not directly focused on Christianity per se. In fact, as Christians, we know that true spirituality is linked to a personal relationship with God through Jesus Christ. We know not to substitute relationships with others for the most important relationship we can have with Christ, nor do we force this on others.

Having said that, there is overlap between the two ideas. We affirm our faith in Christ as we love our coworkers, encourage them, and support them, and all of this can occur within the context of a “spiritual” workplace. Furthermore, the notion of spirituality in the workplace is very much related to the Biblical idea of **covenant** insofar as we are called to live covenantally with one another and recognize that our actions and decisions affect those around us. We do not live in a vacuum. Biblically, the most important thing we can do is care for others as an act of worship and devotion to God. We can’t forget that—there’s a sense of community, mutual care, and teamwork.

On a final note, it should be pointed out that an organization's **insincere** attempts at caring for employees can undermine spirituality in the workplace. This goes back to the idea of integrity and "vision-killers".

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# LESSON 9: Human Resource Policies

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## OVERVIEW

### HR Functions:

- Recruitment and Selection
- Training
- Performance Evaluation
- Labor Relations
- Managing a Diverse workforce

Linking Extrinsic and Intrinsic Motivators

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**Human Resource policies** are vital to an organization's success. They involve not only the effective **recruitment and selection of employees**, but also **training** and effective **performance evaluations**. There is also the issue of **labor relations** as well as **managing a diverse work force**.

In previous lectures, we've discussed the **relationship between intrinsic and extrinsic motivation**. In the end, leaders who motivate their employees intrinsically are more successfully, and we've discussed how covenantal behavior can allow leaders to more effectively motivate and empower employees. However, intrinsic motivation that is not supported by extrinsic factors such as fair pay and just performance evaluation procedures can come off as insincere, therefore serving as "vision killers" and demotivators. As will be discussed in this lecture, *a solid human resource strategy can ensure that the extrinsic factors fuel intrinsic motivators.*

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## SELECTION PRACTICES

- Covenant and the Hiring Process
- Impression Management and Proverbs
- Wisdom, Humility and Professionalism

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Part of hiring of a successful **hiring process** is finding not only people who are qualified for the job, but also those who are committed to the values, culture, and goals of an organization. Remember that part of the **covenantal process** is ensuring that every member understands

the vision, terms, and stipulations of the covenant. One cannot enter into a covenantal relationship without understanding the notions of *hesed*, mutual accountability, and mutual care. Likewise, part of the hiring process is to ensure that the individuals who are hired understand what they are getting into and what it will take to succeed in an organization.

The challenge of doing so is that people are on their best behavior when during the interview process. **Impression management** is in full effect and everyone is saying the right things to impress others. Biblically, there are some general principles that can be used to ensure that impression management does not confuse the interview process. In fact, the book of **Proverbs** has much to say about certain types of people as determined by their behaviors, attitudes, and words. For instance, people who flatter are to be avoided. The book of Proverbs is chalk-full of warnings about those who flatter others—they are cast as manipulative and deceitful. These are the type of people who will flatter the boss and come off as loyal employees but who will attack, undermine, and destroy anyone else who might get in their way. Likewise, those who are full of arrogance, self-promotion, and “big talk” are marked as prideful, un-teachable, and dishonest. They will say anything they need to say to get the job, and generally the more hype surrounding their words, the less truth can be found in them.

- **Proverbs 6:12-15** (ESV): “A worthless person, a wicked man, goes about with crooked speech, **13** winks with his eyes, signals with his feet, points with his finger, **14** with perverted heart devises evil, continually sowing discord; **15** therefore calamity will come upon him suddenly; in a moment he will be broken beyond healing.”
- **Proverbs 26:28**: “A lying tongue hates its victims, and a flattering mouth works ruin.”
- **Proverbs 29:5**: “A man who flatters his neighbor spreads a net for his feet.”

Furthermore, an arrogant person will be less likely to work with others and listen to feedback from superiors, co-workers, and subordinates. This cannot be overstated—Proverbs is clear that a foolish, scornful person rejects wisdom from others and moves on with poor decision-making that will only bring them—and the company they work for!—to ruin. If you ever find that you are unwilling to receive correction from others, be warned.

- **Proverbs 9:8**: “Do not reprove a scoffer, or he will hate you; reprove a wise man, and he will love you.”
- **Proverbs 29:1**: “He who is often reproved, yet stiffens his neck, will suddenly be broken beyond healing.”

Proverbs also warns about the sluggard, who will not work hard and only seeks his own comfort and ease. An organization, therefore needs to avoid big talkers who are either arrogant and manipulative in their ambition or lazy and selfish in their desire to collect a paycheck and seek only what is best for them.



- **Proverbs 10:26:** "Like vinegar to the teeth and smoke to the eyes, so is the sluggard to those who send him."
- **Proverbs 26:16:** "The sluggard is wiser in his own eyes than seven men who can answer sensibly."

In the Biblical worldview, there is a strong link between humility, wisdom, and professionalism. A wise person fears the Lord and realizes that no human has all the answers or even most of the answers. Ideally, the selection process should bring out the people who are humble, teachable and realistic in their understanding of job complexities. They are confident in their abilities, but are too wise and humble to offer vague and hyped expectations of the job they can do. These type of people, because they have a realistic understanding of the job and because they are humble and therefore willing to work with others, will likely be more successful in their efforts in the position for which you are hiring. They respect others and are willing to work hard. Their wisdom and humility, therefore, undergird their professionalism. In contrast, the fool makes bold promises he cannot keep. Likewise, only a fool would presume to look down on others and disparage those who might disagree with him.

- **Proverbs 1:7:** "The fear of the Lord is the beginning of knowledge; fools despise wisdom and instruction."
- **Proverbs 12:15:** "The way of a fool is right in his own eyes, but a wise man listens to advice."
- **Proverbs 25:12:** "Like a gold ring or an ornament of gold is a wise reprover to a listening ear."
- **Proverbs 27:12:** "Be wise, my son, and make my heart glad, that I may answer him who reproaches me."

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## **EFFECTIVE SELECTION PROCESSES**

- Written tests (job-fit, organization-fit)
  - Performance-simulation tests
  - Behavioral Structured Interviews
  - Contingent Selection
  - Internal Recruitment vs. External Recruitment
-

Thankfully, there are some strategies available to prevent a bad hiring decision caused by impression management. First of all, many organizations require some sort of **written test** to assess a potential hire's aptitude, attitude, and abilities for the job. Tests such as these can be good not only for determining job fit, but also organizational fit as well—tests that measure “organizational citizenship behavior” for example.

**Performance simulation tests**, as the name indicates, require potential employees to demonstrate their abilities in a work simulation. Likewise, **behavioral structured interviews**, in which potential hires have to answer questions about how they would respond in a particular scenario, are a good way to get past big talk and subterfuge. Finally, many organizations offer **contingent selection** such as drug tests, as a means of ensuring that they have made an appropriate hiring decision.

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## TRAINING AND DEVELOPMENT

- Planning, Workflow Analysis, Job Analysis and Participative Decision Making
  - Internal Recruitment, Training, and Delegation
  - Defining the Training Problem/Need and Return on Investment Analysis
  - Big Picture Thinking, Participative Decision Making, and Quality of Workmanship
- 

A big part of any training program is of course knowing what the company needs to make money. Therefore, one important part of HR **planning** is **workflow analysis**, which determines what kinds of jobs are necessary to allow each value chain to perform efficiently and effectively in the future. Likewise, **job analysis** focuses on the tasks and responsibilities necessary to complete each job in the company. And again, participative decision-making which involves employee insights could really enhance both processes.

Another aspect of HR policy is the **training and development** of employees, and it goes hand in hand (or at least it should) with **internal recruitment** processes. Internal recruitment should be emphasized along with external recruitment. Employees working for an organization want to know that their hard work and faithfulness to the company will be rewarded. They want to know that they are valued and are in an environment where they can continue to develop their skills and grow. These are key aspects of intrinsic motivation. Companies who show their loyalty to their own employees via internal recruitment will likely see greater morale and more of a covenantal culture in the workplace. Remember too that a covenantal organization has a self-sustaining culture. Leadership is not dependent upon one person but upon many, all who have taken ownership of the process and the organization. Companies need to encourage this type of behavior by developing a strong process of internal recruitment.

One way this can be done is through effective **delegation**. One study revealed that most delegation involves the assignment of menial tasks to subordinates, and nothing more. Effective delegation, on the other hand, involves empowering employees to handle major aspects of the organization's processes and decision-making. It goes hand in hand with participate-decision-making, because it gives employees greater responsibility and ownership over their tasks and allows them to participate in the formulation of policies and strategies. Through mentoring and training, delegation can be a major means of encouraging "big picture" thinking. Besides, turnover, recruitment, and training are all costly processes. The more you can promote from within, the better!

A key aspect of any organizational training is its effectiveness—will it really help the company? There are two important steps to ensuring success of any training program. The first step is to ensure that the **problem** which the training is supposed to address is accurately defined. If the problem is not properly defined, then the company will be throwing away money. Secondly, it is helpful to conduct a Return-on-Investments (ROI) analysis. An ROI analysis links training

initiatives into the bottom line and asks if the training will actually increase profit in the company. ROI analysis therefore, measures training success in ways that go beyond whether or not the employees felt it was helpful. At the very least, it involves measuring to see if the training lead to specific behaviors that have been shown to be conducive to serving customers, increasing sales, improving productivity, etc. Ideally, it also can evaluate impact as measured in dollar amount. Obviously, this is type of analysis can be quite difficult to achieve, but it is a helpful goal and along with accurately defining the training problem/need, provides focus and accountability in deciding upon training initiatives.

Ideally, any training initiative should include “big picture” thinking. Employees should see how the successful performance of the tasks and duties for which they are being trained are relevant to helping the company profit and succeed. Part of such a perspective is allowing employees, where relevant, to have a say in the type of training that they are receiving. It could be that employees “in the trenches” have a greater understanding of what they actually need to perform their duties. If training is assigned from the top down without any degree of participative decision-making, not only might the company spend money on a flawed training initiative, but it also runs the risk of engendering frustration and low morale among employees who just wish that the leadership team would listen to their insights every once in awhile! Again, this type of participate decision-making **MUST** go hand in hand with “big picture” thinking—employees need to understand organizational goals, constraints, and how their duties fit in all of that before they can truly be qualified to participate in decision-making of any sort. Related to this is the “**quality of workmanship**” goal. Training initiatives need to speak to the greater goal of helping employees produce quality work.

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## **PERFORMANCE EVALUATION**

- What should be evaluated: outcomes, behaviors or traits?
  - Who should conduct the evaluation: supervisors, peers, subordinates, or self-evaluation?
  - How should evaluations be conducted?
  - Covenant: “Loving Accountability” as the foundation
- 

There are three essential questions that are associated with performance evaluations. The first is the question of **what should be evaluated**. Ideally, employees should be evaluated on the **outcomes** they create through their work efforts. This is the most objective means of evaluation and provides clear expectations for employees in terms of what to expect. **Behaviors** are the second most effective means and sometimes is the only option because outcomes cannot always be attributed to a specific employee. Evaluating for **traits**, such as a

good attitude, work ethic, etc. is the least effective means because it can be the most subjective and also the most difficult to link with specific results on the job.

The second question focuses on **who should conduct the evaluation**. Because many organizations today consist of self-managed teams, telecommuting employees, etc., an immediate **supervisor** might not be the most qualified person to conduct the evaluation. Many employees are therefore being asked to evaluate themselves as part of the process. This has significant problems—much as it would be if students were allowed to grade their own work! However, if it is used as a means of beginning a dialogue with the employee and involving them in the process, it has value. In other cases, **peers** and **subordinates** as well as supervisors are also being brought into the evaluation process to more accurately assess employees. This is known as 360 Degree performance evaluations. Of course, this has its own problems—employees might inflate their evaluations of one another in the spirit of *quid pro quo*, or “you scratch my back and I’ll scratch yours”.

The final question is perhaps the most important—**how should evaluations be conducted?** There are many ways to conduct evaluations: written reports, critical incidents, graphic rating scales, behaviorally anchored rating scales, and forced comparisons are some of the more popular means. In and of themselves, they have little value if there is not good communication at the foundation. Employees need to know exactly what is required of them, and should never be caught off guard when walking into a performance appraisal by hearing about problem issues from their supervisor for the first time! Also, supervisors need to do provide clear and constructive feedback on an employee’s actions and outcomes. Ideally, this should come before the official performance evaluation, and should be part of a relationship based upon mutual care and respect. As supervisors come across issues with employees, they should be quick to address those issues, to keep the problems from growing and affecting other employees within the team or department. Furthermore, such efforts should again be based upon mutual care and respect. Finally, interventions should be well-documented not only to protect the company from lawsuits, but also to show the employee that actual efforts are being made not only to hold them accountable but also to work with them and help develop into more successful employees.

In the end, an effective performance evaluation needs to be based upon the **covenantal attribute of “loving accountability”**. Supervisors who are not providing detailed, specific, and clear feedback to employees as part of an on-going dialogue with them or who furthermore are not open to accountability themselves will severely undermine team morale and productivity. When that happens, the performance evaluation process can serve as a vision killer.

Likewise, employees who are un-teachable and unwilling to embrace “big picture” thinking are part of the problem and need to be dealt with. Supervisors need to clearly define expectations at the outset—employees should know what is expected of them when they are hired. There should be no ambiguity there. And we know that part of entering into a covenantal relationship is a clear definition of the terms, so such communication is vital for ensuring

justice. So when an employee does not live up to those expectations, and shows a continued lack of desire to make improvements, supervisors must deal with that the employee lest other members of the team get the message that poor behavior and lack of teamwork are the norm.

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## **HR POLICIES AND LABOR RELATIONS**

- Unions in Today's Global Context
  - HR Policies, "Vision Killers" and the Labor Relations Rift
  - Integrative Bargaining and Covenantal Behavior
- 

In today's global context, where American companies are having to compete with businesses throughout the world, and are growing into huge, multi-national corporations, a legitimate question arises about the future of unions. Companies with unions usually find that their cost of doing business is higher than those without unions. Good or bad, such is often the case, and in an era of increasing global competition, the presence of unions could be a serious challenge for companies doing their best to stay afloat.

But the very notion of a union was predicated on the fact that in the past and still today, management has sought to exploit and abuse employees in various ways, all of which are examples of "vision killers". As mentioned earlier, how a company treats its employees is often manifested in its **HR policies and procedures**. A company with policies and procedures that are perceived as unfair by employees can be more prone to facing unionization if it did not already have a union, and a **labor relations rift**, with all of the unpleasanties that are associated with such a rift.

When such a rift exists, and negotiations are in order, wise companies embrace **integrative bargaining** in order to provide win-win solutions as much as possible. Certainly this is in keeping with **covenantal principles**. But more to the point, if companies truly care for their employees, empower them, share decision-making with them, and are accountable to them, they might find that many of the issues underlying the drive for unionization and labor relations rifts will be largely removed.

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## MANAGING A DIVERSE WORKFORCE

- Community and Work-life Balance
  - Workaholism in the Biblical Context
  - Postmodernism, Multiculturalism and Covenantal Behavior
- 

In today's society, especially in America and other Western nations, we are seeing the evaporation of many of the **community structures** that were in place in years gone by. Neighborhood involvement, church-life, and other community interactions have lessened significantly in conjunction with what seems to be an increase in individualism. Many people today do not know their neighbors very well or really much of what is going on in their own community. Combined with this is an increase in work involvement, such that many employees find their lives consumed with work, even to the point that they take work home with them. Recently, there has been a growing trend to improve this **work-life balance**, and companies have developed HR policies to allow for employees to make more time for family life and community involvement. Policies such as flex-time, telecommuting, vouchers for child care, etc., are some of the many examples of companies trying to better care for their employees in this regard.

Biblically, we know that as humans made in God's image, we are called to be more than just worker drones. We are supposed to be actively involved in our families and in our churches. We are supposed to know and care for our neighbors as much as possible, and to be the salt and light in our communities. Ultimately, it is up to us to not become workaholics. We have to trust that ultimately God is the one who provides our needs, so as we make the commitment to truly care for our families, raise our children, and bless our neighbors, God will take care of us. But wise companies also understand that they have a part to play in not creating a culture of workaholism. Ultimately, encouraging employees to be well-balanced in their lives is good for the company, because happy employees who know they are cared for by their company are intrinsically motivated to be more productive and are also more loyal to the company, which cuts down on recruitment and training costs.

Another related issue is that of the growing ethnic diversity in the workplace. This is particularly true in an age of multinational corporations. We live in the **Postmodern** era, which rejects any sense of absolute truth and argues that the only meaning that exists is that which is created by people interacting with one another in various cultures and sub-cultures. From a postmodern context, **multiculturalism** is therefore about encouraging individuals to celebrate differences in culture and understand that what they think is true might not work for members in other cultural groups. But from a Biblical perspective, we know that there IS in fact absolute truth—Jesus Christ came to us as the Living Word of God to fulfill God's ultimate and transcendent sense of justice and love—truths which go beyond cultural boundaries. Therefore, we appreciate cultural diversity, but we do so because we can appreciate how each

culture in its own unique and special way, can speak to God's glory and the dignity of human beings. So we celebrate multiculturalism because first and foremost, we celebrate God as the ultimate source of Truth and one another as being made in His image.

So how does all of this impact the workplace? Wise companies should appreciate that members from different cultural groups have unique ways of looking at things and making sense of life. Rather than embracing moral relativism, which is not in keeping with Biblical truths, organizational leaders should nevertheless encourage employees to appreciate how their own worldview has its own strengths and weaknesses, and therefore to appreciate the need to work with others to shore up those weaknesses. Diversity training can often be viewed as a political correct means of doing this. Motivated by the moral ambiguity associated with postmodern multiculturalism, such training bends over backward to affirm that "no one way is right" and that all cultures should be respected and valued. All of this can seem like a waste of time to many employees. However, if diversity training instead focuses on celebrating different cultures and the fact that everyone has different intellectual, conceptual, and emotional strengths and weaknesses that derive from one's personality, culture, and worldview, the end result will hopefully be an increase in "big picture" thinking and an understanding of how individual and unique human beings, from wonderfully different cultural backgrounds, can learn to work together, lean on one another, be accountable to one another, and care for one another. This is what **covenant** is all about, after all, and more to the point, what *life* should be all about.

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# LESSON 10: Organizational Change and Stress Management

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## THE CONTEXT OF CHANGE

- Global, ultra-competitive, and fast-paced environment
- Past success doesn't matter!
- Rapid technological changes
- Customer demands
- Covenantal Behavior and Change

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There are at least three reasons why today's companies need to be aware of change and the need for change. As the **economy becomes increasingly global**, companies have to compete not only with local and national competitors but now multinational ones. This has led to an **ultra-competitive** atmosphere where many companies cannot just assume that current success will lead to future success. On the contrary, **past success** can often set the stage for future failure because successful companies become complacent in their efforts and do not assume that competitors will emerge to take away their business. Companies have to be wary of this and the **fast-paced nature of the business world**.

**Rapidly changing technology** can also dramatically impact an organization. The dramatic developments that we have seen in the Information Age have meant that companies can do wonderful things to advance their brand and products or services and maximize efficiency and effectiveness. Maintaining a technological advantage (or at the very least staying even) with one's competitors is a vital necessity in today's competitive climate. But often, technological innovations can cause a dramatic reshaping of how a company does business. These changes can even affect its culture.

Likewise, with the high degree of competition in the business world, **customers** have come to expect a constant rate of improvements among products and services, and a wide array of products or services from different companies from which to choose. Companies have to be aware of this and therefore need to be proactive in developing and improving products and services which will keep their customers happy.

Having said all of that, when change is necessary, companies need to proceed with a solid game plan instead of being motivated by fear and knee-jerk reactions. **Covenantal behavior** ensures that big-picture thinking is in place. In this case, hopefully the company will be aware of changes in the environment with regards to technology, changing customer needs and wants, and new competition in enough time to not only react, but respond proactively.

Ultimately, what a company wants is an organizational culture that is proactive, self-aware, and flexible. Covenantal behavior can help achieve this.

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## OVERCOMING RESISTANCE TO CHANGE

### Covenantal behaviors:

- Communication
- Dialogue
- Participatory Decision-making
- Empowerment
- Selection of people who select change

### Potential Vision Killers:

- Manipulation and Cooptation
  - Coercion
- 

The problem with any change initiative within a company is that there can be pockets of resistance during the process—employees, managers, etc. who do not like the process or the eventual outcome. Leaders need to be able to overcome this resistance and build consensus for the future.

The most effective means of doing so fall in the category of covenantal behaviors, the first of which is **communication**. Leaders need to effectively communicate why the change is necessary. This involves “big picture” training, where employees are made aware of change and understand all of the implications associated with the change, the impact of the change, and the potential dangers that might exist if change is not made. Leaders also need to understand that communicating change is a constant process where they give frequent updates to employees about what is going on. Remember that the fear of the unknown has great power. Leaders can remove that fear by being in touch frequently with employees. And really, to communicate effectively, a **dialogue process** with employees is necessary. Ideally, leaders and employees are already in communication with one another about what is going on with customers and the competition, and what possibilities may exist to expand the business. As leaders communicate the need for change, they need to engage in active listening, where they truly hear, absorb, and respond to the concerns and feelings of employees. This is important for two reasons. First, as mentioned in previous lessons, employees often have valuable feedback and information about what is going on “in the trenches” in the organization. Any plans to implement change must include this valuable information.

Secondly, leaders need to be aware how employees are reacting emotionally to the proposed changes. When it comes down to it, employees just have to what the leadership team says, but if leaders do not really care what employees are feeling, they will find that their proposed initiatives for change will only be carried out half-heartedly and begrudgingly by employees. To be sure, leaders should have no tolerance for employees who are trouble causers or lazy. But change can cause a lot of consternation even among good employees and leaders need to do a good job of constantly staying in touch with employees and updating them on what is going on and how it will affect their jobs.

Ultimately, communication and dialogue should lead to **participative decision making**, where as much as possible, employees should have insight into the nature of the change and how the change should be carried out. This again assumes that employees are thinking in terms of the big picture as opposed to just their own parochial concerns. Providing employees with this power (**empowerment**) can create a lot of buy-in for the change. Ultimately, what all of these covenantal behaviors are about is turning resistance into a positive force, in two ways. First, resistance can be a source of valuable feedback for leaders, potentially identifying blind spots and incorrect assumptions on the part of the leadership team. Secondly, the very act of truly listening to and acting upon employee concerns is a power in and of itself, because it shows employees that leaders really care about them and their insights. This can really lift up the morale of employees and get them motivated for change.

The counterpoint to all of this is that some employees are neither motivated to truly embrace change nor willing to look beyond their own interests. In such cases, leaders do well to **recognize and further empower those employees** who are willing to embrace change and lead the way in the change. After all, companies should always be looking to reward and develop their most promising and engaged employees. This is one way of doing so.

There are also ways to enforce change that run the potential of being **vision killers**, even if they accomplish the purpose of creating buy-in. **Manipulation**, for example, seeks to persuade organizational members of the need for change in ways that are less than forthright. Even if this manipulation is initially effective, it could so easily backfire and therefore should be avoided. Likewise, **cooption** involves some level of buying out members of the resistance by giving them a key role in the change process. This is different from having true dialogue and participative decision making and letting all employees share their concerns, especially if other employees feel like it was all about political maneuverings which overlooked the "little guy." All of this can breed resentment, which in turn poisons the culture of the organization.

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## STRATEGIES FOR CHANGE

- Lewin's Three-Step Change Model
- Action Research
- Kotter's Eight-Step Plan

### Organizational Development:

- Sensitivity Training
- Survey Diagnostic Feedback
- Process Consultation
- Team Building
- Intergroup Development
- Appreciative Inquiry

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There are many strategies out there for implementing change. **Lewin's Three-Step Change Model**, for instance, includes unfreezing the status quo, movement to a desired end state, and refreezing the new change to make it permanent. This approach is slightly reductionistic, as there will always be the need to evaluate any changes made and to make further changes as necessary. But it is helpful in identifying a basic process for change and in identifying restraining forces to change and driving forces for change.

**Action research** provides a scientific, focused model for identifying changes and proceeding with addressing those problems. It includes an evaluation of the change and incorporates employee feedback (participate decision-making) into the planning phase of the process.

**Kotter's approach** is far more detailed and seems to focus more on the "people" side of the change process—identifying the importance of effective communication, consensus-building, empowerment, etc. But it also involves evaluating the change and making necessary adjustments and reinforcing the change by showing how the new behaviors set in place as a result of change leads to organizational success. This final point again goes back to the importance of having a continuing among between leaders and employees, and furthermore is very much related to "big picture" thinking.

Finally, whereas the three approaches discussed above represent clear processes, the **Organizational Development (OD) approach** is more of a broad perspective on how changes should be made. It is based upon the following principles: respect for people, building trust and support, sharing power, confrontation (i.e., an open and honest discussion about problems and issues in the organization), and participation. These concepts are quite "covenantal" in their nature, and really are ends unto themselves in terms of how a company should operate.

Based upon these general principles the OD perspective offers a variety of specific strategies for encouraging change. For instance, **sensitivity training** is a process of unstructured group interaction that allows group members to build consensus, identify group blind spots and weaknesses, and get everyone on the same page intellectually, emotionally, and strategically. **Survey feedback** can be used within a group or within the entire organization to measure employee assessments of processes, decision-making, goals, communication, teamwork, etc. Both of these processes encourage “big picture” thinking, and both help to increase organizational self-awareness by helping organizational members to identify weaknesses and blind spots.

Likewise, **process consultation** involves the use of a consultant who works with an organization to help organizational members identify blind spots and move forward with change. In one sense, the use of a consultant is a form of accountability, because organizational members are opening themselves up to critique and assistance from an outside, objective source. As such, it is an acknowledgement that merely conducting business as usual without any evaluation is not healthy.

**Team building activities**, as the name suggests, are designed to encourage greater communication, trust and mutual support among members within a group. This can be an especially important process for companies who rely upon self-managed teams to get things done. At a higher level, **intergroup development** encourages various groups and departments to work together as one unit, getting them to look past their own group or departmental concerns, and removing competition and conflict among groups/departments (mutual care and accountability). This process furthermore encourages groups/departments to acknowledge their perceptions of one another, to share the rationale behind each group/departments goals and policies, and to ensure that these goals and policies are not at cross purposes with one another (which of course can be a huge source of conflict and resentment in any organization). Ultimately, groups/departments involved in this process should work to ensure that all of their goals and policies are geared towards what is best for the organization and not just their own group/department (“big picture” thinking).

Whereas all of the above strategies focus on identifying problems, weaknesses, and blind spots, **Appreciative Inquiry (AI)** encourages organizational members to focus on the positive things the organization can accomplish when everyone is working together (consensus-building and big picture thinking). It encourages members to share their experiences and memories about what makes the organization special to them, and what makes their work fulfilling. This process of sharing generates excitement among all of the members about the organization, and then focuses them to look for the exciting possibilities that would encapsulate for them what the organization should be about. This is not just a fluffy emotional process; the AI process should lead to specific items for change that can help the organization succeed in real and practical ways. The AI process therefore is about generating positive change and motivating organizational members with excitement rather than focusing on organizational problems. However, AI should not be used to gloss over problems; if employees

see it as an attempt by leadership to distract them from unaddressed problems, it could breed resentment and resistance (vision killers).

As seen, all of these OD strategies are in keeping with covenantal behavior, as mentioned earlier, the entire thrust of OD is really about creating an organization that is covenantal in its processes, goals and strategies. It focuses not just on the change initiative itself, but on how an organization achieves change and in general how it conducts itself with its own members and customers. In the end, that really is the point—creating a self-sustaining, healthy organizational culture. The next section will provide further ways to create a healthy culture that embraces change and growth.

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## CREATING A CULTURE OF CHANGE

Encouraging Innovation:

- Structural variables
- Cultural variables
- Human Resource variables

Creating a Learning Organization:

- Double-loop learning
  - Removing fragmentation, competition, and reactivity
  - Covenantal behavior
- 

These two concepts are related. The first is a bit more focused on a specific type of change—**innovation**. Companies that encourage innovation will be more likely to develop new products and services which will keep them ahead of the competition in meeting customer needs. To do so, certain variables need to be in place. **Structurally**, organizations need to be more organic and less bureaucratic. Organic organizations encourage flexibility, adaptation, and cross-fertilization. Also, companies need to develop managers and keep them with the company, to build up a long-term base of knowledge, insight, and intuition. Having to constantly hire and train new employees stymies innovation. **Culturally**, organizations need to encourage experimentation. Failures should not be punished but should be viewed as learning opportunities which will eventually lead to success. In terms of **human resource policies and planning**, organizations need to incorporate policies aimed at developing their employees by increasing their knowledge of subject matters related to their jobs, encouraging them to think outside the box, and identifying and encouraging idea champions who get excited about innovation and are who are willing to take risks.

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A more ambitious cultural perspective is that of creating a **learning organization**. This approach goes beyond merely encouraging innovation to a more general focus on enhancing adaptability and proactivity in embracing change. The first way this is accomplished is through **double-loop learning**, which focuses not just on solving a particular problem, which could be just a symptom, but also on addressing the causes of the problem, which often exist in organizational policies, procedures, strategies and goals and other deeply rooted (and therefore rarely evaluated) assumptions of the organization. Obviously, this is consistent with “big picture” thinking.

Double-loop learning seeks to address three critical problems that can beset organizations: **fragmentation** (also known as rigid compartmentalization, wherein various departments are inward looking and therefore do not really interact meaningfully with one another to achieve common goals), **competition**, where members are too busy preserving their own stake and power in the company to truly identify weaknesses and solve problems, and **reactiveness**, which focuses more on removing problems as opposed to proactively creating a positive, self-sustaining organizational culture of teamwork and innovation.

Recommendations exist for creating a learning culture. For starters, leaders should communicate a new strategy of learning to members in addition to adopting a more organic structure. Leaders should also reshape the organization’s culture by encouraging risk-taking and experimentation and attacking fragmentation, competition, and reactiveness. This brings us back to the importance of **covenantal behavior**. These changes really cannot be implemented unless leaders are accountable to followers and vice versa. Mutual accountability encourages active dialogue and participative decision making. It also prevents “vision killers” which can undermine any beneficial changes.

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## **MANAGING STRESS THROUGH COVENANTAL BEHAVIOR**

- Communication, Dialogue, and Participative Decision Making
- Empowerment
- Goal-setting
- Job-Fit
- HR policies
- Conflict Resolution

Impending change can of course cause stress, but in addition, there are any number of stressors that can hurt employee morale and undermine productivity. An organization that acts covenantally can significantly reduce stress. For instance, **consistent communication**, **active dialoguing**, and **participative decision-making** can not only help employees feel more valued and care for, but can give them a greater sense of control over their environment. Likewise, **empowering** employees by giving them greater control over their work (which is also related to “quality of workmanship”) can help to reduce stress.

The use of **goal-setting**, especially when done with employee participation, reduces uncertainty for employees and increases intrinsic motivation. Specifically, remember that the performance evaluation process can be a great source of stress if employees are unaware of what is expected of them and are not getting any helpful and timely feedback from supervisors. Goal-setting can help reduce this source of stress.

Putting the right employees in the right positions (**job-fit**) acknowledges that each individual is uniquely gifted and should be put in a position where he is most likely to succeed. This is a key element of covenantal behavior—acknowledging the value of each member, and being in a position that does not draw on an employee’s strengths can certainly be a source of stress!

**HR policies** can also be used to remove stress. Allowing for flexible work schedules, telecommuting, and implementing wellness programs are a way of caring for employees and acknowledging that they are more than just worker drones. These types of policies can also help employees resolve the work-life conflict.

Finally, organizations whose employees are trained in effective **conflict resolution** will have less stress because conflict will become functional and positive. As discussed earlier, functional conflict can actually provide a lot of momentum for solving problems and getting things done in an organization. Furthermore, remember that a covenant is more than just performing contractual duties; it is about creating and maintaining a relationship of mutual care and support. Companies that create and encourage a covenantal culture will therefore be a happier place to work for employees as opposed to a source of stress and discouragement.

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