

Decision making and employee involvement

Lecture outline

- Define employee involvement (EI)
- Levels of EI
- Forms of EI
- Three applications of EI
 - TQM
 - High involvement organisations
 - Parallel structures
- EI and Productivity
- Secondary effects of EI
- Determining optimum involvement
- Overcoming involvement challenges

Employee involvement defined

The degree to which employees share information, knowledge, rewards and power throughout the organisation

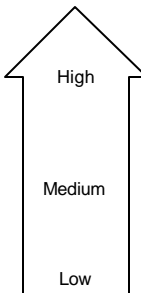


- active in decisions previously outside their control
- power to influence decisions
- knowledge sharing

Employee involvement

- **Power**
 - Extent to which influence and authority are pushed down into the organisation
- **Information**
 - Extent to which relevant information is shared with members
- **Knowledge and skills**
 - Extent to which members have relevant skills and knowledge and opportunities to gain them
- **Rewards**
 - Extent to which opportunities for internal and external rewards are tied to effectiveness

Levels of employee involvement



- High involvement – employees have complete decision making power (eg SDWTs)
- Full consultation – employees offer recommendations (eg gain sharing)
- Selective consultation – employees give information, but don't know the problem

Forms of employee involvement

<p>Formal</p> <p>Codified practices</p> <p>Example: self-directed teams at ZIP Industries</p>	<p>Statutory</p> <p>Required by law</p> <p>Example: European codetermination</p>	<p>Direct</p> <p>Employees personally involved</p> <p>Example: Staff submit safety ideas at GPR Truck Sales</p>
<p>Informal</p> <p>Casual information exchanges</p> <p>Example: Boss asks for ideas</p>	<p>Voluntary</p> <p>No legal requirement</p> <p>Example: Building design task force at Great Plains</p>	<p>Representative</p> <p>Reps decide for other employees</p> <p>Example: Labour-mgt committees in NZ</p>

Total Quality Management

- “Do the right things, **right** the first time, every time.”
- Grew out of a manufacturing emphasis on quality control, it is a long term effort to orient all of an organisation’s activities around the concept of quality
- Quality achieved when an organisations processes reliably produce products and services that meet or exceed customer satisfaction

TQM application stages

- Gain long-term senior management commitment
- Train members in quality methods
- Start quality improvement projects
- Measure progress
- Reward accomplishment

High involvement organisation features

- Flat, lean organisation structures
- Enriched work designs
- Open information systems
- Sophisticated selection and career systems
- Extensive training programs
- Advanced reward systems
- Participatively designed personnel practices
- Conducive physical layouts

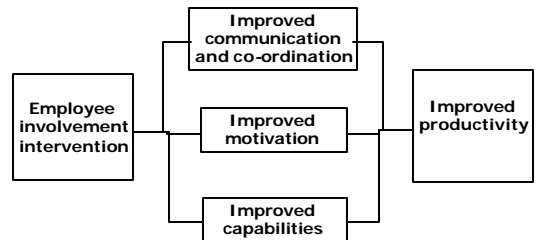
Parallel Structures

- Ill defined, complex problems
- Operates in tandem with formal org.
- Alternative setting for problem solving
- Temporary/special project
- Provides time, resources for members to think, talk and act in completely new ways
- Group norms different

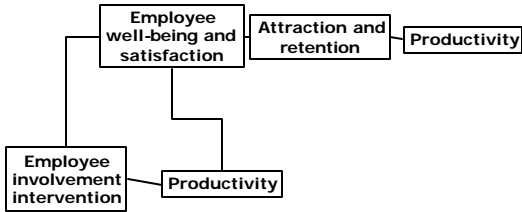
Employee involvement applications

Application	Power	Information	Knowledge/skill	Rewards
Parallel Structures	Low	Moderate	Moderate	Low
High involvement organisations	High	High	High	High
Total quality management	High	High	High	High

EI and productivity



Secondary effects of EI on productivity



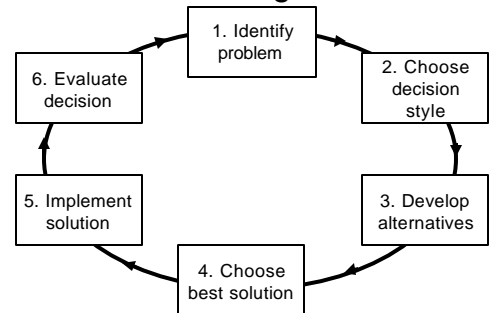
Determining optimal involvement

- Decision quality
- Decision commitment
- Risk of conflict
- Decision structure

Overcoming involvement challenges

- Cultural differences
 - better in collectivist and low power distance cultures
- Management resistance
 - educate/train managers to become facilitators
- Employee and union resistance
 - concerns about increased stress, giving up union rights and union power
 - solution is trust and involvement

Decision making model



Problem identification concerns

- Perceptual biases
 - perceptual defence
 - political influence by others
 - mental models
- Poor diagnostic skills
 - need to make sense
 - lack of time
 - defining solutions as problems

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Identifying problems effectively

- Be aware of perceptual limitations
- Discuss the situation with colleagues
- Create early warning signs
- Use information technology

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Problems with choosing solutions

- Goal problems
 - ambiguous, conflicting
 - biased by personal goals
- Information processing problems
 - selective attention
 - limited information processing
 - sequential evaluation with implicit favourite
- Maximising problems
 - tend to satisfice

Choosing solutions effectively

- Systematically evaluate alternatives
- Decision support systems
- Scenario planning
- Intuition (with caution)

Intuitive decision making

- Ability to know when a problem or opportunity exists and to select the best course of action without conscious reasoning
- Conduit for tacit knowledge
- Logical reasoning that became habit

Escalation of commitment causes

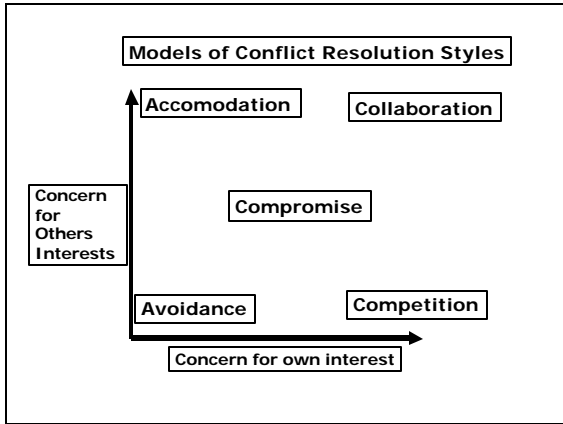
- **Self-justification**
- **Gambler's fallacy**
- **Perceptual blinders**
- **Closing costs**

Organisational Conflict

- **Conflict that occurs between various groups within an organisation**
- **Sources of conflict:**
 - Differentiation
 - Interdependence
 - Scarce resources
 - Ambiguity
 - Knowledge v. authority
 - Socio-cultural

Managing Conflict

- **Indirect methods**
 - Goal
 - Hierarchical referral
 - Organisational redesign
- **Conflict resolution styles**
 - Avoidance
 - Accomodation
 - Compromise
 - Competition
 - Collaboration



Final Exam Questions

- Please note that several multi-choice questions will be reviewed in class, some of which will appear in final exam