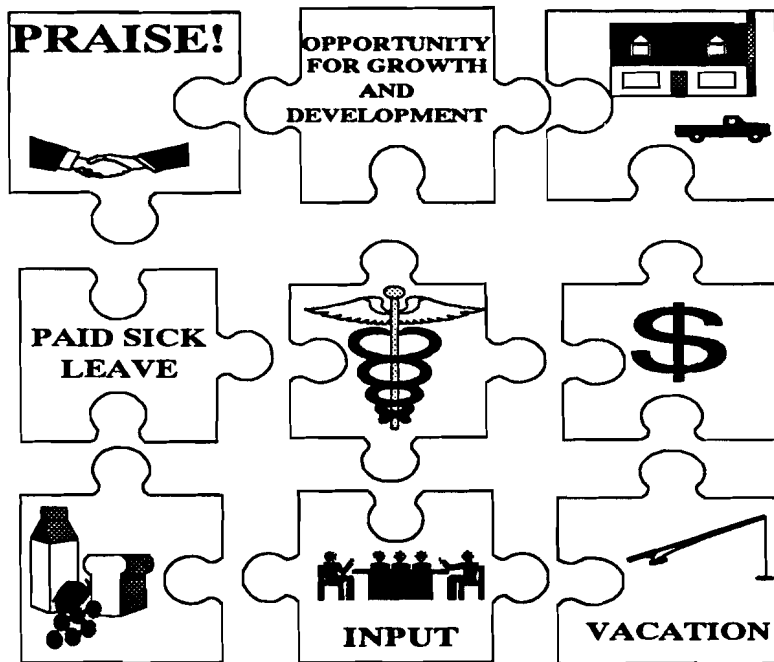


MOTIVATION: IMPROVING BUSINESS PERFORMANCE THROUGH PEOPLE



**Thomas R. Maloney
Robert A. Milligan
Jonas B. Kauffman III**

**March 11 & 12, 1992
Sheraton Inn, Batavia, New York**

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MOTIVATION: THEORY AND PRACTICE

I. INTRODUCTION: What is Motivation?

Many managers have been frustrated at one time or another by unmotivated employees. Some managers ask "Why can't I motivate my employees?" The answer lies in the fact that no one can motivate another person. Motivation comes from within each of us as individuals. **Motivation can be defined as the willingness to put forth effort in pursuit of goals based on individual wants and needs.** If we accept the fact that motivation comes from within each individual, then the role of the manager in employee motivation becomes one of creating a work environment where employees will be motivated to pursue the goals of the business while achieving their own goals as well.

The purpose of this discussion is to provide managers a framework in which to think about creating a motivational environment for their business.

II. MOTIVATION THEORY

Researchers and educators have proposed numerous theories of motivation. Perhaps the most popular of these are Maslow's "Hierarchy of Needs", Frederick Herzberg's "Two-Factor Theory", and the current thinking on motivation, "Expectancy Theory". To more clearly focus on the components of motivation as they relate to farm managers, let's look at each of these theories of motivation.

A. Maslow's Hierarchy of Needs

In the early 1950's, Abraham Maslow was one of the first psychologists to study the positive aspects of human behavior. Prior to this time, much of the study of psychology centered around mental illness and other psychological problems. Maslow studied the positive aspects of human behavior as it related to motivation and proposed the "Hierarchy of Needs" to explain human motivation. Maslow identified five human needs that impact an individual's motivation. He further stated that an individual is likely to satisfy the most basic human needs first, and then move to the next order of needs. Following are the needs that Maslow identified, starting with

the most basic.

1. Physical Needs - These are the lowest order of needs and include things such as food, clothing, shelter, comfort, etc. In terms of working conditions, this order of needs includes a pleasant work environment, adequate pay and benefits, rest periods, labor saving devices, etc.
2. Safety Needs - These needs include security for oneself and one's position, avoidance of risk, avoidance of harm, and avoidance of pain. Translated into job related needs, these include safe working conditions, proper supervision, retirement programs, and assurances of job security.
3. Social Needs - Social needs include companionship, acceptance by others, love and affection, and the feeling of group membership. Managers meet these needs on the job by creating opportunities for interaction with others, building a team spirit, and creating a work environment that is friendly and enjoyable.
4. Esteem Needs - These needs include responsibility, self-respect, recognition by others, and a sense of accomplishment. On the job, these needs take the form of status symbols, such as seniority, job title, awards, challenging work, participation in decision making, and the opportunity for advancement within the business.
5. Self-Actualization Needs - The highest order of human needs that Maslow identified is self-actualization. These needs include reaching your potential as an individual, independence, creativity, and self-expression. On the job, these needs may be filled by involvement in work planning, freedom to make decisions affecting the work, creativity in performing the work, and opportunities for growth and development on the job.

B. The Two-Factor Theory of Dr. Frederick Herzberg

In the late 1950's, Dr. Frederick Herzberg developed a motivational theory based on two sets of factors which provide motivation in the work place. The first set of factors is called maintenance or hygiene factors. These factors do not necessarily create a motivated work force, but Herzberg indicated that a lack of them would cause dissatisfaction among employees. The maintenance or hygiene factors include:

1. Economic Factors - These include wages, housing, and a

variety of other fringe benefits.

2. Security Needs - Security factors include grievance procedures, seniority privileges, fair work rules, and company policy and discipline.
3. Social Needs - These include opportunities to mix with one's peers. Examples include: business sponsorship of parties, outings, and work breaks.
4. Working Conditions - These include adequate heat, light, ventilation, and reasonable hours of work - both length of work week and hours per day.
5. Status - These issues would include privileges, job titles, and other symbols of rank and position.

If the maintenance or hygiene factors are inadequate or not provided at all, employees are likely to become dissatisfied. If these factors are adequate from the individual's point of view, they are thought to prevent dissatisfaction rather than create any appreciable level of motivation. Herzberg felt that the failure to provide these factors would result in job dissatisfaction and lower productivity.

Motivation factors are the second set of factors identified by Herzberg. If provided in the proper quantity and quality, these factors have the potential to satisfy the employee's needs and create an increased commitment of time and energy to the job. Motivation factors include:

1. Challenging Work - People want to view their job as offering opportunities for self-expression and growth. People tend to need goals or challenges to stretch their abilities and performance.
2. Feeling of Personal Accomplishment - Employees tend to get a sense of achievement and feeling of contribution when presented with a task in which they can succeed.
3. Recognition for Achievement - Employees want to feel that their contributions have been worth the effort and that the effort has been acknowledged and appreciated.
4. Achievement of Increasing Responsibility - Employees want to acquire new duties and responsibilities. This can be accomplished by expanding a job or by delegating more responsibility to an employee.
5. A Sense of Importance to the Organization - Employees want to feel that their presence is needed and that their

individual contributions are necessary and make a difference in the business.

6. Access to Information - Employees want to know about the things that affect them and their jobs. They want to be kept informed through proper communication channels.
7. Involvement in Decision Making - Most employees desire a voice in what goes on in the workplace, particularly in terms of input on important decisions. They want and need the freedom to exercise initiative and creativity.

In many instances, these factors can make the difference between a highly motivated worker and one who is just marginally motivated, according to Herzberg.

Motivation Case #1

Joe Murphy is 21 years old, single, and has been working on the Rolling Hills Vegetable Farm for the past three years. He has a high school education, very good mechanical skills, and a strong work ethic. Joe's main interests in life outside of his job are hunting, fishing, and snowmobiling. Although he has always been one to party on the weekends, his weekend social activities don't interfere with his work.

Joe lives in an apartment on the farm and his main asset is a new four-wheel drive vehicle he recently purchased and is paying for in hefty monthly payments.

Joe's employer values him and wants to keep him happy and satisfied working on the farm. At times the employer has offered benefits that some of the other employees receive including health insurance and a pension plan. Each time the issue has been brought up, Joe simply says that he likes working on the farm, he would like to work there a long time, and that he wants the cash to make his car payments and do the other things he enjoys doing.

Question 1 - Where would you place Joe on Maslow's Hierarchy of Needs relative to his job?

Self-actualization

Esteem Needs

Social Needs

Safety Needs

Physical needs

Question 2 - Based on where you placed Joe on the need Hierarchy what types of things would you try to do for Joe to keep him happy and motivated in this job?

Motivation Case #2

Bill Reynolds owns a 600 cow dairy farm and his milk cooperative recently instituted a milk quality premium program. If the farm meets several prespecified milk quality goals, the farm will receive a cash payment of 30¢ per hundredweight of milk sold. Bill has decided that the way to consistently reach the milk quality goals and receive the premium is to set up an employee incentive program. He has decided that half of the premium will be divided among the employees responsible for milk quality on the farm. Bill spent weeks working out just the right formula to determine how each employee would get paid if the farm reached the milk quality goals. He then had a meeting with all of the employees responsible for quality and shared with them the incentive program and the formula for how they would be paid if the farm received the premium. The employees listened attentively and seemed to be pleased with the new program.

With the program in place, Bill spent very little time following up on the program feeling that it would take care of itself. In 30 days the employees had reached the milk quality goals and the farm was notified that it would receive the milk quality premium. The middle manager was excited and went to Bill and suggested that they bring in pizza the next day at lunch time for a special celebration of reaching the milk quality goals. Bill quickly replied "That's not necessary, most of these guys are going to get more than \$150 in cash." The middle manager walked away concerned regarding the future effectiveness of the milk quality program.

Question 1 - How does this situation relate to Frederick Herzberg's Two Factor Theory of Motivation?

Question 2 - If you were the employer, what types of things would you do to improve this milk quality incentive program?

C. Expectancy Theory of Motivation

Expectancy Theory is also known as VIE or Valence, Instrumentality, Expectancy theory. The original theory was developed by Victor Vroom in 1964. Since that time, there has been considerable research on the concepts of valence, instrumentality, and expectancy.

1. Valence - Valence refers to the level of satisfaction a person expects to receive from a specific job related reward or outcome. Expectancy theory assumes that people have preferences for certain work-related outcomes. For example, some individuals may prefer a higher rate of pay over a lower rate of pay; some individuals may prefer a job that allows them to work with other people than to work alone.
2. Instrumentality - Something is said to be instrumental if the employee believes that it will lead to something else. If an employee believes that a high level of performance is instrumental for acquisition of outcomes that he or she expects will be gratifying, or if he or she believes that a high performance level will be instrumental for avoiding other outcomes that he or she wishes to avoid, then the employee will place a high valence on performing the job well.
3. Expectancy - Expectancy is the strength of an individual's belief that a given behavior can be achieved. An example is the beliefs the employees would have about becoming peak performers if they tried.

Summary: It is expected that an employee would be motivated to engage in job related behavior if he/she:

1. feels capable of successfully achieving the behavior (high expectancy);
2. believes that the behavior will lead to positive rewards or outcomes (high instrumentalities);
3. finds the reward attractive (positive valence).

III. THE MOTIVATIONAL WORK ENVIRONMENT

Having considered these two motivational theories, a reasonable question to ask is "How does a manager create an environment where employees will be satisfied and motivated?" The following three steps are keys to creating a motivational work environment within

the business. The incentive to create this environment, of course, is greater employee satisfaction, productivity, and a higher level of business success.

A. Hire Individuals with the Potential to Achieve

The manager's motivational job begins with the recruitment of good people. Agricultural Economists in California suggest that the most productive agricultural workers are at least three times as productive as the least productive workers. Hiring the best available workers increases the manager's chances of building a highly motivated work force. Hiring poor workers makes the manager's motivational job difficult if not impossible.

B. Consider the Wants and Needs of the Individual

Employees are individuals with different characteristics and personal values. What satisfies one employee will not necessarily satisfy or motivate another employee. Getting to know people as individuals and attempting to provide for their wants and needs, will help improve the motivational climate of the business. For some employees this may take the form of wages or specific benefits. For other employees, this may take the form of increased responsibility and recognition for specific achievements or the opportunity to learn and grow.

C. Improve the Motivational Environment of the Business

After you've considered the wants and needs of the individual employee or the employees as a group, consider what can be done to improve the motivational environment in the business. Consider issues like how people are treated, the amount of performance feedback they receive, the number of hours worked, wages, benefits, and working conditions.

IV. SPECIFIC SUGGESTIONS FOR CREATING A BETTER MOTIVATIONAL ENVIRONMENT IN THE BUSINESS

After considering the individual wants and needs of employees, many managers have discovered that the following specific suggestions have helped them improve the motivational level of their employees.

A. Provide Adequate Pay

Some farm positions provide only average salaries at best.

Know what other employers in the area are paying and make every effort to be competitive.

B. Provide Adequate Benefits

Studies have shown that retirement programs and health insurance are not provided as frequently as in non-agricultural jobs. At least once a year, provide a written statement of what the total wage and benefit package is worth.

C. Provide the Best Working Conditions Possible

This not only includes well ventilated, comfortable working conditions with proper light and temperatures, but also includes the hours of work per week and time off. In many farm positions, hours worked per week are excessive.

D. Make Safety a Priority

Workers need to feel that they are physically protected and safe in the work environment.

E. Provide Recognition for Work Well Done

Make it a point to "catch your employees doing something right". Never underestimate the importance of positive feedback on both family members and employees.

F. Provide Job Security, if Possible

People want to know that their position will not be terminated abruptly. Develop fair personnel policies.

G. Create a Team Spirit

Employees want to work where they can have fun and where there is a sense of camaraderie among the people with whom they work. Take a personal interest in your people.

H. Try to Make the Individual's Job as Meaningful as Possible

Put some new challenges into the job mix along with the basic, routine work.

I. Delegate Responsibility and Authority as Appropriate

This is perhaps one of the best ways to recognize superior performance.

J. Communication

Develop ways to insure that necessary information is accurately communicated to all employees in a timely fashion.

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MOTIVATION AND IMPROVED PERFORMANCE

In this section we begin to address what you can do as a manager to apply your knowledge of motivation principles to increase performance. Specifically, we address managed leadership. The objective of this section is to understand methods and recognize opportunities to manage your leadership style to increase the level of motivation of individuals working with your business. Specifically, the goals are:

1. To review the alternative leadership styles available to a manager.
2. To increase the ability to utilize the leadership style appropriate to the situation.
3. To utilize managed leadership to understand how to increase the motivation of business personnel.

This section is introduced by answering the questions on the LEADERSHIP WORKSHEET on the following page.

The following leadership definition serves as a basis for our discussion:

- Leadership:** Leadership is any *behavior* which develops or uses *power* in order to *influence* other peoples' *behavior*. Leadership is used by management to achieve enthusiastic, willing, zealous participation of followers to accomplish the organizations' objectives.
- Behavior:** Behavior is any action or group of actions undertaken by a person or persons.
- Power:** Power is influence potential. Power is the resource given to leaders by followers who in turn expect that their own needs will be met.
- Influence:** Influence is the ability to affect the behavior of others.

- A. Define/describe what the term "leadership" means to you.
- B. Describe the leadership style that you are the most comfortable using, i.e. your default leadership style.
- C. Recall an experience where you have successfully used a leadership style that you were not comfortable using.

Leadership Styles

Your default leadership style is a group of behaviors which when taken together have some uniform characteristics.* Research has shown that managers have a tendency to use the same leadership behaviors regardless of the people they are trying to influence or the context of the specific instance. This default style or process may be more or less effective depending upon the people and context involved.

Your leadership style is very important to your *effectiveness as a leader*. The purpose of this section is to help you recognize leadership styles and their strengths and weaknesses. It is important to recognize that no one style is best, rather a mix of styles selected based on the individuals (leader and followers) and the situation usually provides the best results. Based upon the work of McClelland, Blake, Mouton, Burns, Barber and other researchers, several leadership styles emerge. We have adapted and integrated these styles and concepts. A brief discussion of each style follows.

Directive: Managers with this style tend to expect immediate compliance with their directions and solicit very little or no input. They manage by controlling subordinates tightly, require many reports, and tend to motivate by using discipline. Managers using a directive style are highly concerned with the functional task transactions at hand rather than with human resource development. In other words, they want to "get the job done" rather than work through any interpersonal issues that may be involved.

Authoritative: Managers who use this style are many times referred to by employees or family members as being "firm but fair". They tend to manage by providing clear instructions, solicit some input (without leaving any doubt as to who the boss is), monitor behavior, motivate by both discipline and reward, and see influence as a key part of the manager's job. These managers see the importance of the human resource transformation and attend to interpersonal issues while not losing sight of the tasks at hand.

*Exercises, described as self-disclosure activities, are available to help you understand your natural or default leadership style. Although this activity is not a part of this workshop, copies of the exercise are available from the conference presenters.

Democratic: Managers with this style are known for encouraging participation and human resource development. They tend to believe that individuals and groups function best when allowed to work together and therefore tend to feel that close supervision or very detailed instructions are not necessary. Democratic managers tend to hold a lot of meetings, reward adequate performance, and dislike punishing employees. Managers who are democratic do a good deal of coaching and tend to feel that people and their transformation come first, and tasks come second. They see part of the manager's job to be the maintenance of a high quality, pleasant working environment, job security, and other benefits that will encourage productivity.

Empowering: Managers with this as their preferred behavioral pattern see themselves as developing human resources, and have high standards, and expect performance. They allow people the flexibility to set goals and determine how to address their tasks and problems. These managers usually have high expectations for employee motivational development, responsibility, and ability to effectively assume decision making authority with a high degree of independence. These managers seek to reduce interpersonal and task interactions because of the maturity of the employees and their ability and willingness to assume the organization's goals as their own. These managers often set the pace that others follow.

Each of these styles has advantages and disadvantages. The following two pages contain the authors' summary of the advantages and disadvantages for each style. The LEADERSHIP CASE EXAMPLE following the advantages and disadvantages is designed to assist us in recognizing the importance of managing our use of leadership styles and the potential impact of mismanagement on individual motivation.

LEADERSHIP STYLES - ADVANTAGES AND DISADVANTAGES

Directive:

- Advantages:**
- Short-Term Efficiency - Fast
 - Clear Line of Authority - Know Who is in Charge and What the Desired Action is
 - Can Be Very Productive - Especially for the Short-Term
- Disadvantages:**
- People Don't Like It
 - Inhibits Growth and Development
 - May Lead to High Turnover
 - Loss of Potential Good Ideas

Authoritative:

- Advantages:**
- Efficient and Timely
 - Clear Who is in Charge
 - Way of Exercising Power Without Intimidation
 - Develops Immature People
 - Decisions Are in The Best Interest of Organization
- Disadvantages:**
- Not Conductive to the Growth of Mature Individuals
 - Some Mature People May Not Like It or May Resent It
 - Could Lead to Turnover as People Mature

LEADERSHIP STYLES - ADVANTAGES AND DISADVANTAGES

Democratic:

Advantages:

- Involves People
- Opportunities for Growth
- Keeps People Happy (short-run)

Disadvantages:

- Time Consuming
- Losers May Sabotage Organizational Goals
- Majority Decisions Aren't Always in Best Interest of the Organization
- Change Becomes a Source of Conflict and May Be Avoided
- Low Productivity
- Decisions May Not Be in Best Interest of Organization
- Costs are High if You Have Turnover. This is due to the development investment that is lost.

Empowering:

Advantages:

- Encourages Growth and Development in Mature Individuals
- Long-Term Productivity
- Mature People Respond Well
- Works Well if You Have Committed Followers
- Encourages Maximum Creative Effort
- Frees Management Discretionary Time

Disadvantages:

- Doesn't Work Well With Unwilling Unable Followers
- Followers May Not Follow
- Problem May Arise With Strong Individuals Abusing Power

LEADERSHIP CASE EXAMPLE

George, the owner/manager of Hilltop Fresh Fruits and Vegetables, is sitting at his desk analyzing what went wrong with the employment of Raymond. Raymond just left after turning in his resignation and bitterly recounting the frustrations he has endured during his two year employment on the farm. Raymond was hired, despite being overqualified, for a job with much routine and little challenge with the expectation that he would soon be promoted within the business. The middle manager who was his supervisor is probably the most directive member of the management team. Shortly after Raymond's employment, a management position became available. George suggested Raymond to the management team but his supervisor violently objected arguing that Raymond was not a team player as he was always asking questions and raising objections to accepted practices and procedures. From that time on, Raymond's performance decreased and his supervisor became even more critical of his potential.

1. What do you think George's leadership style is?

2. What can you say about what motivated Raymond and his level of motivation over the two years of employment?

3. Use leadership styles and motivation principles to explain to George what went wrong with the employment of Raymond.

Managed Leadership

To this point, we have received leadership and leadership styles. We now focus on the management of our leadership or the selection of the style most appropriate to the given situation. In this discussion, we first look at the two behaviors crucial in determining leadership behavior, we then present the Managed Leadership Model, and finally we look at the factors needed to analyze a particular leadership situation.

Task and Personal Interaction Behavior

The two major behaviors important to selecting the appropriate leadership styles refer to the formal and informal aspects of the organization presented on the following page. Task behavior, formally called transactional behavior, primarily relates to the formal components of the organization while interpersonal behavior, formally called transformational behavior, relates to informal, behavioral parts of the organization.

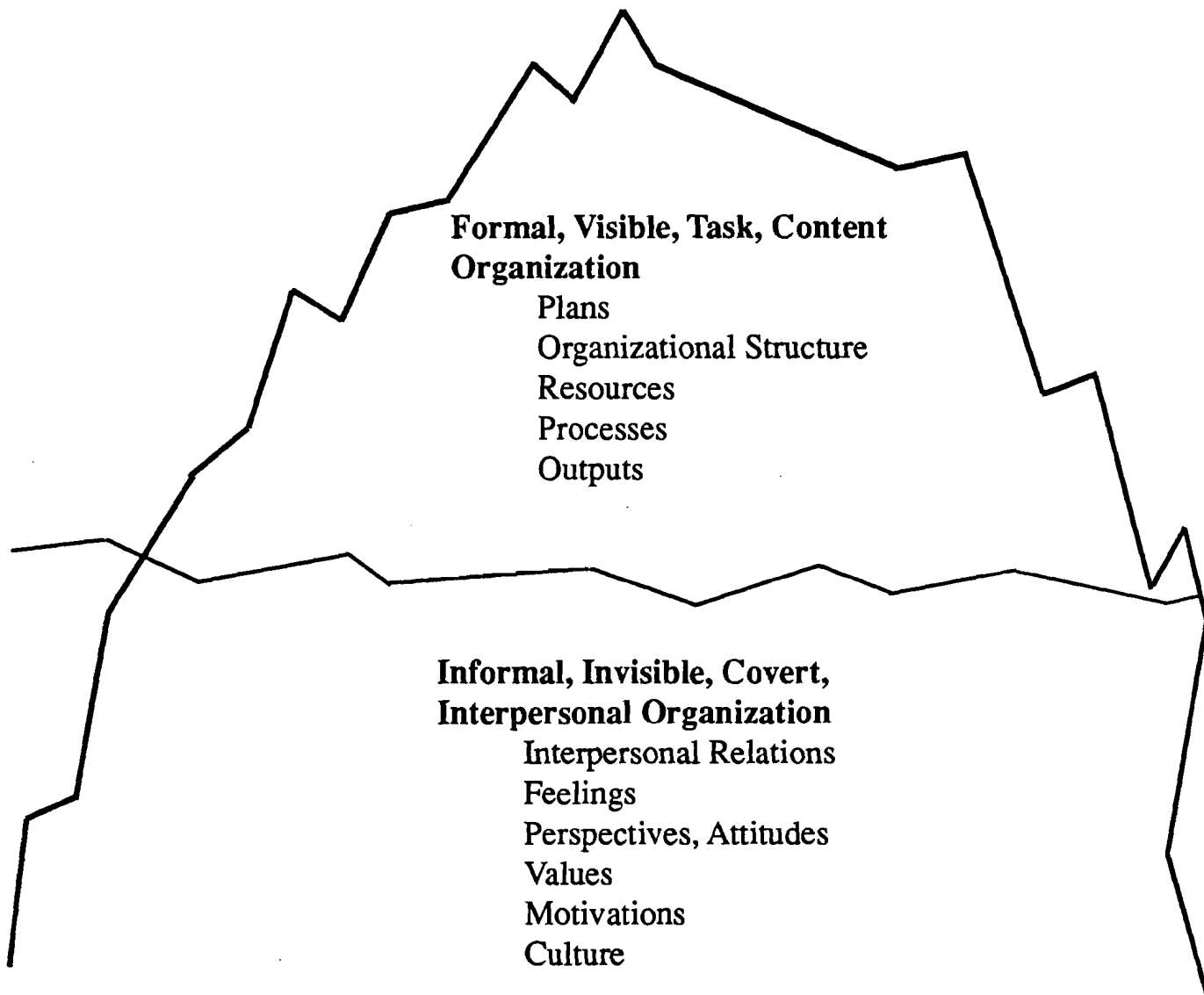
Task behavior refers to what is to be done; who will do it; and when, where, and how it needs to be done. It involves setting direction, defining goals and roles, and providing instruction and guidance. Task behavior is action oriented. This type of behavior is able to improvise and do and fix.

Interpersonal behavior refers to communications and actions which might best be characterized as supportive and developmental. Key elements include positively reinforcing comments and actions, demonstrations of trust and confidence, openness, seeking ideas, sharing, listening, and fostering participation. For most people these are very positive, affirming behaviors, designed to create or perpetuate a positive relationship. Interpersonal or transformational behavior converts. These behaviors develop people so they may eventually lead themselves.

The Type of Leadership Behavior Worksheet asks you to categorize 15 statements as task interaction or interpersonal interaction. Completion of this worksheet and subsequent discussion will increase your understanding of the two types of behaviors.

THE FORMAL AND INFORMAL ORGANIZATION

Like plants and icebergs, organizations cannot be totally seen or understood from the surface. We will briefly describe two dimensions of organizations, one above the surface and one below, to facilitate our understanding of leadership and conflict. A manager must be aware of and able to operate in both the formal and informal components of the organization if effective leadership and management of human resources is to occur.



TYPES OF LEADERSHIP BEHAVIOR WORKSHEET

INTERPERSONAL INTERACTION (TRANSFORMATIONAL) AND TASK INTERACTION (TRANSACTIONAL)

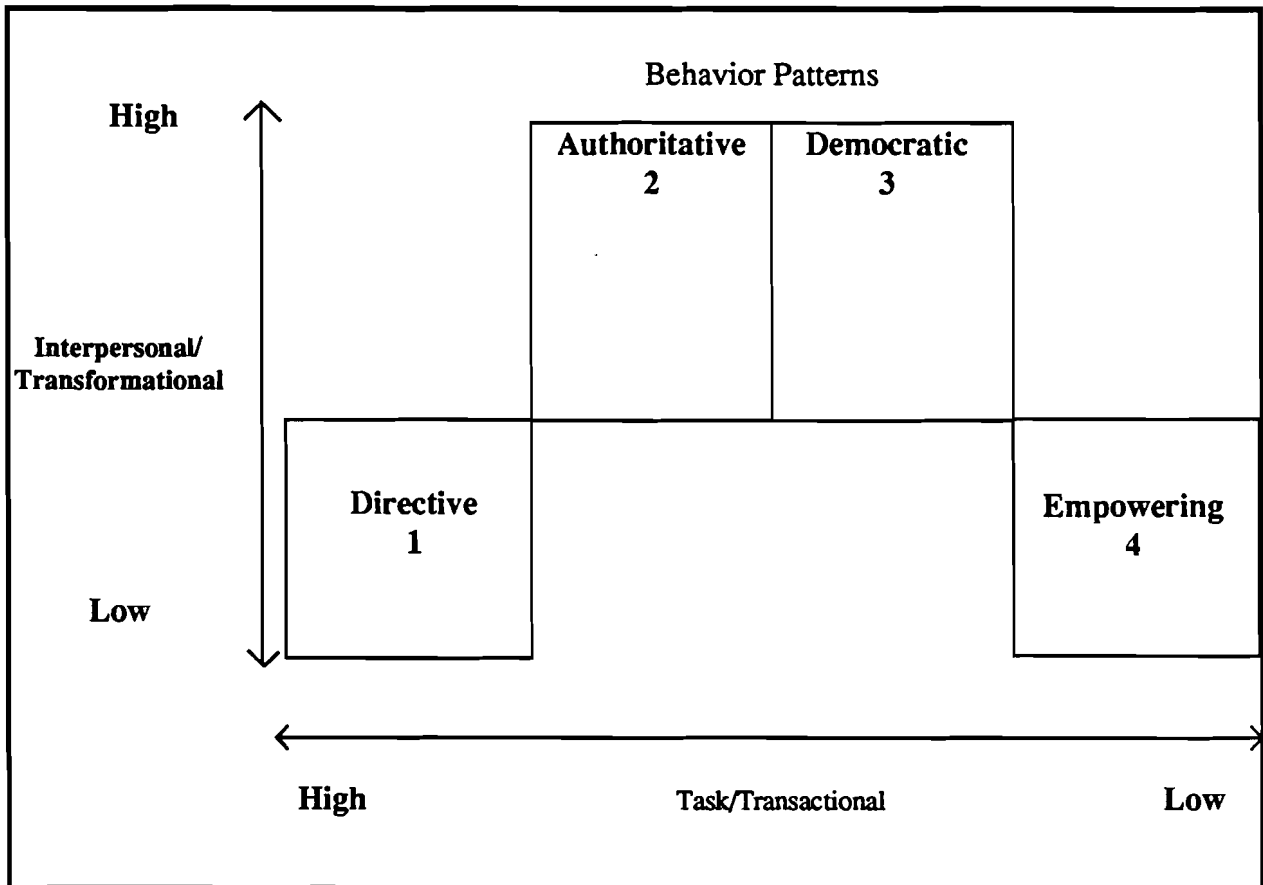
Read each of the following statements and decide which type of leadership interaction it describes. On the line before each statement, write either "P" for Interpersonal Interaction or "T" for Task Interaction.

- _____ 1. Getting things done
- _____ 2. Demonstrating trust and confidence
- _____ 3. Offering positive reinforcement for actions taken
- _____ 4. Translating concepts into reality
- _____ 5. Making things happen
- _____ 6. Improvising in order to fix something
- _____ 7. Encouraging involvement in decision making
- _____ 8. Telling people what needs to be done
- _____ 9. Listening to suggestions
- _____ 10. Sharing goals and objectives
- _____ 11. Working very hard
- _____ 12. Completing many items on a TO DO list
- _____ 13. Seeking input when making new plans
- _____ 14. Directing people as to how a job should be done
- _____ 15. Working to develop the skills of others

The Model

The managed leadership model which follows shows the interrelationship between task and interpersonal behaviors. This model builds on one first presented by Blake and Mouton in 1964 and popularized by Paul Hershey and Ken Blanchard in 1977.

Managed Leadership Model



As shown in the model, the relationship between the two behaviors and interactions and the four styles using this model can be summarized as:

Directive - high task; low interpersonal: this leadership style is best for situations where the primary behavior concerns the task. Examples could include crisis situation, such as a fire.

Authoritative - high task; high interpersonal: this leadership style is appropriate for situations where both task and interpersonal interactions are important. An example is employees continually performing repetitive tasks. Task interaction is necessary to maintain and increase performance while interpersonal interaction is necessary to communicate progress, maintain motivation, and perhaps eliminate frustration.

Democratic - low task; high interpersonal: This leadership style is appropriate in situations where the followers have mastered the tasks but require encouragement and feedback to maintain and increase performance.

Empowering - low task; low interpersonal: This style is appropriate in situations where the followers have the maturity to accept responsibility and authority over the task/activity/enterprise. The situation is low task because the tasks have been mastered and low interpersonal because sufficient maturity exists to perceive rewards and overcome setback through goal accomplishment.

Selecting the Appropriate Style

The selection of the best leadership style depends upon the followers, the leader, and the context. Important factors for each are summarized followed by the LEADERSHIP STYLE SELECTION WORKSHEET.

Factors of the Followers

Task ability

- Knowledge
- Skills
- Expertise in a particular area/task/job
- Experience in the task

Willingness to perform

- Match between organizational and individual goals
- Readiness to accept responsibility
- Ability to set high but realistic goals
- Match between individual motives and organizational incentives

Interpersonal skills

- Ability to understand communication
- Ability to initiate communication
- Ability to understand and operate effectively within the informal dimension of the organization

Motivation

- Need for psychological basics
- Need for safety and security level
- Need for group social support/cohesiveness
- Need for self-esteem
- Need for personal growth
- Need for independence
- Need for dependence

Factors in the Leaders

Management ability

- Planning
- Organizing
- Staffing
- Directing
- Controlling
- Experience in past with a particular method or style
- Default style (at ease with a particular approach)
- Flexibility/rigidity

Willingness to manage

- Match between organizational and individual goals
- Readiness to accept responsibility
- Match between individual motives and organizational incentives

Interpersonal skills

- Ability to understand communication
- Ability to initiate communication
- Ability to understand and operate effectively within the informal dimension of the organization

Available power basis

- Coercive
- Connective
- Reward
- Formal
- Personal
- Information
- Expert

Factors concerning the context of the situation are also important. Several are outlined below:

Task complexity and difficulty

- Skills required
- Habituation of tasks
- Communications required

Appropriate level of investment (time and capital)

- Importance of task to organizational objectives
- Investment required
- Training required

Level of authority necessary for successful completion

- Organizational structure
- Attractiveness of tasks

Risk to people or business if task fails

We conclude this discussion by using the LEADERSHIP STYLE SELECTION WORKSHEET to analyze the style Raymond's supervisor should have used in working with him in the example introduced previously.

LEADERSHIP STYLE SELECTION WORKSHEET

		Managed Leadership Model	
		Behavior Patterns	
High ↑ Transformational Informal, Interpersonal, Relationship Behavior ↓ Low		Authoritative 2 High Content High Interpersonal	Democratic 3 Low Content High Interpersonal
	Directive 1 High Content Low Interpersonal	Transactional Formal, Content, Task, Behavior	
		High	Low

Followers

Task Ability	← Low High →
Willingness to Perform	← Low High →
Interpersonal Skills	← Low High →
Motivation	← Physical Safety & Security Social Self-Esteem Personal Growth →

Leaders

Management Ability	
Willingness to Manage	← Low High →
Interpersonal Skills	← Low High →
Available Power Basis	← Low High →

Context

Task Complexity and Difficulty	← Coervice Connection Reward Formal Personal Information Expert →
Appropriate Level of Investment	← Low High →
Level of Decision Making Authority Necessary for Task Completion	← Low High →
Risk to People or Business if Task Fails	← Low High →
	← High Low →

COMMITMENT TO BUSINESS MISSION AND OBJECTIVES

Two conclusions important to mission and objectives of the farm business are inescapable both from the management literature and from observations of the authors:

1. Understanding of and commitment to the mission and objectives of the organization is the key to motivation.
2. As a business becomes larger and more complex, the structure of the business including communications should become more formal¹

The implication is that, as our farm businesses grow and evolve, the development of procedures for development of and commitment to the mission and objectives must evolve. Utilizing a framework consistent with Milligan and Hutt¹, the stages could be:

- Stage 1: Mission and objectives are implicit, unstated, and almost completely intertwined with the mission and objectives of the family.
- Stage 2: Development of the mission and objectives is informal, and unwritten; business personnel have a "feel" for the mission but could not explicitly recite it.
- Stage 3: The mission statement is written and recognized by all business personnel. In more developed stages explicit objectives are written and all business personnel are formally involved in periodic reviews of the mission and objectives.

The authors concluded that the businesses represented at this conference should be working toward stage 3. Use the BUSINESS MISSION WORKSHEET to assist you in assessing where you would like it

¹ For further detail, ask the authors for "Organizational Structure: Does it Hinder or Promote Management Decisions" by Robert A. Milligan and Guy K. Hutt.

to be concerning development of and commitment to the mission and objectives of the farm business.

BUSINESS MISSION WORKSHEET

A. In what form was the mission statement prior to your receipt of the mission request with your registration acknowledgment?

B. How well do the personnel on your farm understand, explicitly and/or implicitly, the mission and objectives of your business?

C. How committed are the personnel on your farm to the mission and objectives of your business?

D. Use the worksheet in the last section of the notebook to brainstorm ideas to improve the development of and commitment to the mission and objective.

GOAL SETTING Pre-Assessment

True or False.

- ☐ 1. Setting goals has been demonstrated to improve performance.
- ☐ 2. Simply having a goal is more important to improved performance than how hard or easy the goal is to attain.
- ☐ 3. Involving employees in the goal setting process will result in improved performance.
- ☐ 4. Setting goals which allow room for individual interpretation increases employee motivation by encouraging innovation.
- ☐ 5. For goal setting to be effective, feedback on performance relative to the goal must be offered.
- ☐ 6. That a goal is set is more important than how a goal is set.
- ☐ 7. Employees who are asked to establish their own goals consistently set them lower than the manager would prefer.
- ☐ 8. If employees are relatively uneducated, it is important for managers to set the goals.
- ☐ 9. A goal of "Do your best" often results in as good or better performance than a very specific goal.
- ☐ 10. Goal setting as a motivational tool is too simplistic to work in real life.

GOAL SETTING

Section Outline

- I. Introduction: Why Goal Setting Works**
- II. Goal Attributes**
 - A. Preciseness**
 - 1. **Specific Goals**
 - 2. **Measurable Goals**
 - 3. **Time bound Goals**
 - B. Difficulty**
 - 1. **Attainable but Challenging**
 - 2. **Rewarding**
- III. Goal Setting Process**
 - A. Setting the Goal**
 - 1. **Participative vs. Assigned Goal Setting**
 - 2. **High Goals ---> High Performance**
 - B. Obtaining goal commitment**
 - 1. **Instruction, Trust, Supportiveness**
 - 2. **Training for Skill Development**
 - 3. **Rewards, Incentives**
 - C. Providing Support Elements**
 - 1. **Resources**
 - 2. **Culture**
 - 3. **Action Plans**
 - D. Giving Feedback**

GOAL SETTING

It is now commonly accepted in farm management circles that setting goals is an effective means of improving productivity. Many farm managers are setting goals and getting results. But just as one can improve the management of their cropping program by gaining more knowledge about the intricacies of soil fertility, one can get more out of goal setting by learning more about how and why goals work.

By the end of this section of the workshop, you should be able to

1. Describe how goals work in motivating performance;
2. List the 5 major goal attributes;
3. Analyze goals in terms of the 5 attributes; and
4. Utilize a goal setting process.

Why Goal Setting Works

The effectiveness of goals in improving performance is explained by a basic theory of human behavior. Many psychologists describe behavior in terms of an "ABC" model. According to this model, behavior (B) is affected by antecedents (A) and consequences (C). An antecedent is an event which prompts or triggers a certain action or behavior. The ringing of a telephone is an antecedent which prompts the action of picking up the phone. Once an action is taken, some consequence results. In the case of the telephone, we find out who is calling.

In the ABC model, goals can be thought of as antecedents. By setting a goal, the manager triggers actions or behavior necessary to achieve the goal. The desire to achieve the goal is often based on the anticipation of positive consequences (expectancy!). For example, a goal of increasing crop yield by 25% could trigger such actions as soil testing and machinery repair - behaviors required to achieve the consequence of higher yields.

Starting with this as a basic model, the manner in which goals work can be further studied. Goals work because they (1) focus attention and action, (2) mobilize energy and effort, (3) increase persistence, and (4) encourage

development of work strategies. As these four areas are discussed below, it will become clear why the most effective goals are "SMART": Specific, Measurable, Attainable, Rewarding, and Timed.

Goal Attributes

Goals can help farm managers focus their attention on the most important activities. They become an aid in setting priorities on action to be taken. Specific and Measurable goals direct action more reliably than vague or general goals. For example, a goal of more frequent meetings of the farm management team is too vague; increasing the number of team meetings from one per month to one per week would be a more effective goal.

The level of difficulty is critical to the effectiveness of goals. If goals are sufficiently challenging but still Attainable, energy and effort will be mobilized and better job performance will result. However, unrealistic goals can actually lead to lower commitment. A goal of increasing production per cow per day from 50 to 65 pounds within one year is unrealistic and could cause those involved to become less motivated. On the other hand, if a goal is too modest it can become a performance ceiling, inhibiting further improvement.

People enjoy a sense of completion or closure when a goal is accomplished. Often the same people will be uncomfortable when a job is unfinished. It is because of these attitudes that goals increase one's persistence. Of course, this willingness to exert effort over extended periods of time will wane unless the attainment of the goal is rewarding (the R in SMART).

An established goal encourages one to develop the tactics necessary to reach the target. Sometimes these tactics are obvious; however, in many situations they must be discovered through a problem solving process. Regardless, the goal leads to the essential activity of tactical planning to map out a course of action. This process is expedited by the presence of a deadline; thus the necessity that goals be timed (the T in SMART).

Goal Setting Process

The best results from goal setting can be obtained by using a simple 4-step process: (1) set the goal, (2) obtain commitment to the goal, (3) provide support to those working on the goal, and (4) give feedback on progress.

1. Set the goal

The issue of who sets the goal is often raised. Field research has demonstrated that it does not matter so much how a goal is set; what mattered was that a goal was set. Both participative and assigned goal groups in these studies outperformed groups that were simply told to "do your best." Still, there are at least two reasons why managers may want to seek employee involvement in goal setting. The first comes as a surprise to many managers: employees usually set higher goals for themselves than would have been set for them! The second reason is that involvement may contribute to the employees' commitment to reaching the goal.

A second, and critical, issue in setting the goal is the level of difficulty chosen. One of the fundamentals of goal theory is that high goals lead to high performance. This is perhaps the most important lesson of this section. As was mentioned above, goals which are too easy or too hard can lead to lower commitment and poorer performance. Thus, the selection of a challenging but realistic goal level is vitally important.

2. Obtain Goal Commitment

Goal setting will not work unless employees accept and remain committed to the goals. Simple instructions and positive support from supervisors is often all that is needed to gain employee commitment to goals. Employees must also have trust in their manager; they must trust that the goals are fair and reasonable, and have not been set merely to exploit the employees.

Resistance to assigned goals generally occurs for one of two reasons. First, the employee may feel incapable of reaching the goal because they lack knowledge, ability, or skill. Second, the employee may not see any personal

benefits, either intrinsic (feelings of accomplishment, pride) or extrinsic (money, promotion, recognition). Training designed to raise the person's confidence that he or she can reach the goal is one method to overcome resistance to goals. Offering rewards (monetary or non-monetary) may also help. Allowing employees to participate in goal setting is another tactic which can be used. Interestingly, research shows participation in goal setting to be most effective with less educated employees.

3. Provide Support Elements

Providing support elements is complementary to a managers efforts to gain goal commitment, but is also necessary in and of itself. Essential support elements include the following:

- a. resources (money, equipment, time) necessary to do the job and freedom to use those resources;
- b. a business culture which values and shows appreciation for work well done; and
- c. guidance in developing tactical (action) plans for reaching goals.

4. Give Feedback on Progress Toward Goal

Feedback is absolutely necessary if goal setting is to work. Remember that human actions or behavior (B) in the "ABC" model is affected by "A" and "C". If goals are an antecedent (A) to behavior, feedback should be a consequence (C) of behavior. Feedback can take a number of forms, but one of the most effective in improving performance is positive reinforcement. For those implementing a new goal setting program, designing the program to provide some early successes in attaining goals combined with positive feedback to those involved is a great way to get started. However, negative feedback, when warranted, is just as important to the success of a goal setting program. Employees should be made aware if their performance is not meeting expectations and in exactly what way(s) they are falling short.

Summary

Goal setting is certainly an excellent technique for motivating performance; it is simple and effective. But like any tool, if used incorrectly goal setting can cause problems. For example, if goals are unfair or impossible to reach, the result will be poor performance. High production goals set without adequate management control can result in large quantities of low quality product as employees take short cuts to meet the goals.

When goal setting is used properly - following the 5 goal attributes and the goal setting process discussed above - the benefits can be great. Focused action, mobilized effort, and increased persistence will all contribute to improved performance. Improved employee performance will, in turn, translate into improved business performance and increased profits.

MANAGING EMPLOYEE PERFORMANCE

I. Introduction

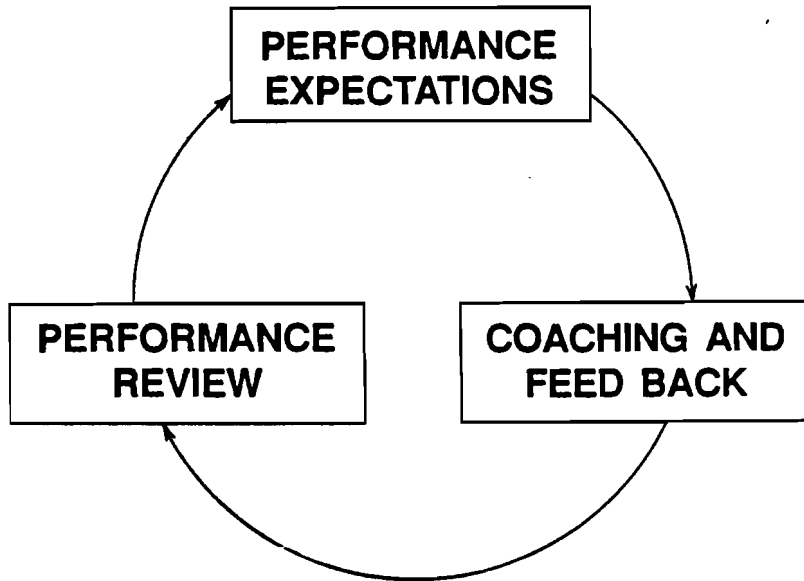
Employees want to know the answer to two questions -- "What is my job?" and "How am I doing?" A performance management process properly conducted will help managers provide employees with answers to both of these questions. The complete process of performance appraisal is often referred to as performance management. **Performance management is defined as the daily process of working toward previously established performance expectations followed by a formal performance review.** The traditional performance appraisal or review is a part of this process. To many, performance appraisal refers to an evaluation which is often done once a year and often accompanies the process of giving employee raises. To be effective, performance management must be a process with several phases. It should be looked at as a process of communicating behavior-related information between employer and employee. Dr. Kenneth Blanchard, co-author of *The One Minute Manager* tells us: "Management is something you do **with** your people, not to your people." A constructive interchange of information is essential for the process to work effectively. Performance management represents the following three-step process conducted under the leadership of the manager:

Step 1 - Convey Performance Expectations

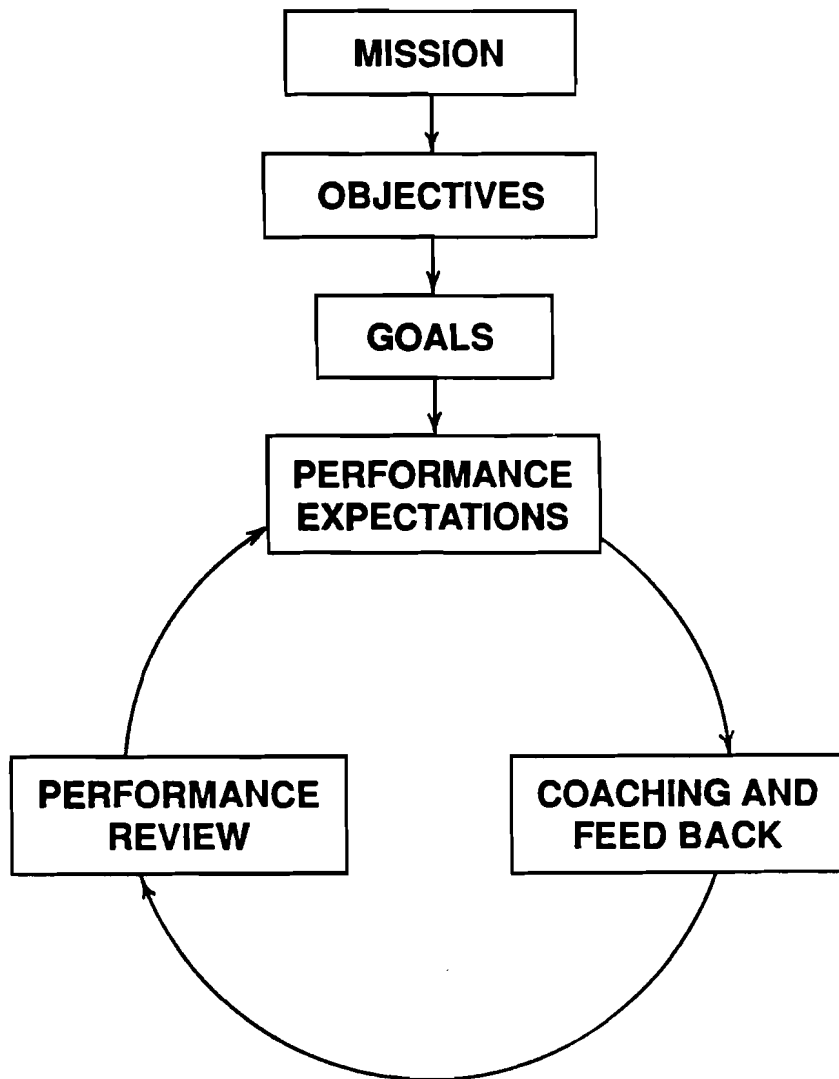
Step 2 - Provide Regular Coaching and Feedback Regarding Employee Performance

Step 3 - Conduct The Performance Appraisal Interview.

Figure 1 illustrates this process.

Figure 1.

For performance management to work effectively, direction of this process and the business as a whole must come from management. An effectively led organization has a clear and established direction, which comes from a formal mission statement supported by written objectives and goals. Each of these must be considered when employee performance expectations are established. All employees must be working toward the mission objectives and goals for the business to achieve maximum workforce efficiency and productivity. If we integrate mission, with its objectives and goals, into our original figure, a new figure emerges.

Figure 2.

The integration of business objectives with performance expectations is a key to improved business productivity and employee satisfaction.

II. Mission Objectives and Goals

Integrating the business's mission, objectives, and goals into the performance expectations of individual employees is a critical step in the performance management process. Employees will be more highly motivated if they understand how their performance expectations and their work contributions fit into the success of the business. Further, all individuals working in the business want it to succeed. In short, people want to be on a winning team. The manager's challenge, then, is to create a winning mission and actualize it through clear objectives and goals. Once objectives and goals are set, the performance expectations of each individual in the business should be tied to them.

Let's review briefly the process of creating mission, objectives, and goals for the business. Direction for the business begins with the statement of mission, which explains that the business is based on the personal values of the owner(s) and summarizes why the business exists. The mission statement should be in writing and should be a broad description of planned business direction. Here is one example of what a business mission statement might look like.

"To operate a profitable business by selling high quality products at an affordable price and to provide a good living for the owners and all of the people who work in the business." Once the mission statement is written, the next step is to define the broad objectives for the business.

Objectives are general, observable, challenging and timed descriptions of business direction based on the mission statement. They outline what the operator wants the business to look like in the future. The mission is realized through the accomplishment of objectives. For example, in support of the mission statement above, objectives may include an annual percentage increase in the gross sales, diversification of enterprises, profit potential, etc.

Goals are Specific, Measurable, Attainable, Timed statements of what is to be done in the process of accomplishing an objective. Goals are stated usually in quantitative terms that can be measured. Goals adopted in support of objectives help create a winning mission.

However, writing a mission statement, with objectives and goals, is not enough to create a winning organization. The mission must be internalized by the leader and then articulated to all the individuals in the business. The mission can, and should, be communicated in a variety of ways including written statements given to employees. Discussion of the business mission should take place in staff meetings and in each step of the performance management process. A manager should constantly communicate where the

business is going. In addition, business success should be tied to personal success. For example, part of the process of articulating the vision of the business is the need to convey that when the business makes a profit "we all benefit". After mission, objectives, and goals are set, they should provide the basis for setting performance expectations for each individual employee.

Having discussed mission, goals, and objectives, let's look at the three primary components of performance management.

III. Establishing Performance Expectations

At least once each year, performance expectations should be conveyed to the employee in a clear and understandable way. Individual performance expectations or standards are defined as the **conditions or results of satisfactory work**. They should be discussed and agreed upon **before** the performance period begins. Performance expectations for the individual should be consistent with the mission, objectives, and goals previously discussed. In addition, performance expectations should consider the tasks performed in the employee's position and the employee's past performance in conducting those tasks. Performance expectations should be clear and behavioral-based; that is, the employee must understand the behavior required to meet established performance expectations. In many businesses, performance expectations are given to the employee verbally through discussions, meetings, and other forms of communication. Many believe performance expectations should be in writing and kept up to date. Written performance expectations have several advantages. They allow the manager and employee to discuss and agree on expected performance. They also provide a permanent record which can be referred to at any time through the performance period. To be most effective, the establishment of performance expectations should be a two-way process where the employee has input in deciding on expectations based on the goals of the business and the goals of the individual job that he or she is performing.

Performance expectations have several specific components. The following are three essential components of effective performance expectations.

1. **Measure** - Truly result-oriented performance expectations must contain measures by which performance can be judged. Measures may include dollars, percentages, numbers of items, ranges, etc. By integrating measures into performance expectations, both manager and employee know clearly what level of performance is expected.

2. **Time** - Productivity is often determined by how quickly desired results can be achieved. The employee and the manager should be clear on just when results are expected.
3. **Attainability** - Performance expectations must be within the individual's and the organization's reach if they are to be an effective performance management tool. If either internal or external business constraints prevent attainability, they may serve to demotivate rather than motivate the individual.

It was mentioned earlier that performance standards should be put in writing. This can be done through a job description, if the job description is specific enough. A job description for the purposes of establishing performance expectations might include a general position goal statement or an umbrella statement of several sentences describing the objectives of the position. The remainder of the position description could include five to ten key statements of the results expected in the position. In some businesses, a job performance guide or similar tool separate from the general job description, is used. (Refer to Appendix I)

IV. Coaching and Feedback

Ongoing performance feedback, both positive and negative, is critical for employee development, growth, and productivity as well as business success. Yet this is an area of management which can be fraught with difficulties. Before we look at proper coaching feedback skills, let's look at some reasons why managers do not always provide feedback as much as they could.

A. Reasons Why Managers Fail to Provide Positive Feedback

1. Managers often use the excuse that it's not necessary. "Joe already knows he's doing a good job."
2. Some managers have a difficult time expressing their feelings to others, (both positive and negative). As a result, they often say nothing.
3. Some managers feel that praise or positive feedback will be perceived as insincere. They feel uncomfortable complimenting or praising their employees.
4. It takes time. A manager who is often on the run may feel that he or she can always stop to provide positive feedback.

B. Reasons Why Managers Fail to Deliver Negative Feedback

1. Some managers tend to avoid uncomfortable situations with employees hoping they will "go away". Unfortunately they tend to get worse.
2. Sometimes managers think "I don't have time to deal with that problem right now, I'll deal with it another time." In the meantime, the problem usually persists.
3. A manager may resist giving negative feedback out of fear of being disliked by the employee.

The importance of performance feedback, both positive and negative, cannot be overstated. Employees want to know where they stand and even the best employees appreciate compliments and praise for work well done. Likewise, immediate negative or corrective feedback is important. If it is not provided, the employee's poor performance will be repeated and reinforced making it much harder to correct in the future.

Performance management as defined earlier suggests an ongoing process of working toward established performance expectations. Periodically, manager and employee should review the employee's performance. If it is satisfactory, praise and acknowledgement of success is appropriate to reinforce good work behavior. Many managers admit they don't provide positive feedback often enough. The authors of *The One Minute Manager* encourage supervisors to "catch your employees doing something right."

Conversely, if improvement is needed, the manager should not hesitate to discuss the areas of difficulty and coach the employee regarding ways to improve performance. Employee involvement in developing strategies for improved performance is important.

Coaching on a timely basis can prevent numerous problems, particularly unpleasant "surprises" at the time of the performance review. It also avoids the problem of reinforcing poor work habits through continued improper performance.

For managers who feel the need to improve their coaching skills, more effective communication techniques can often provide the answer. The following formula provides a practical five-step communication process for delivering performance feedback.

Reach Method of Communication

Each letter in the word "reach" stands for a step in a process of communicating your wishes to another person.

- R:** This step stands for rapport. Developing rapport involves verbal and nonverbal communications to put the person you are talking with at ease. Weather, sports, hobbies, or family are common topics.
- E:** This step stands for established purpose. Establishing the purpose for the communications gives your discussion a clear goal. Without purpose, the person may be worrying whether what you say next will be good or bad.
- A:** This step stands for asking questions. Asking questions and listening to the response helps managers gain additional information and also to be certain that the person who is listening understands what is wanted. Prepare questions in advance.
- C:** This step stands for committing to plans. Getting commitments to plans makes it clear to both people what steps are to be taken next. Managers should take notes as a written record for future reference.
- H:** This step stands for highlight plans. Highlighting what has been discussed and agreed to gives the manager a last chance to clarify key issues, action plans, and procedures for follow through.

V. Performance Review Mistakes

Unfortunately, in many businesses, perceptions of performance appraisals are negative. The process becomes one of criticism and confrontation, rather than one of employee growth, development, and reward. To avoid the negative aspects of the performance appraisal that often trap many managers, let's look at performance appraisal mistakes that managers commonly make.

A. The appraisal becomes a confrontation.

If indeed the purpose of the performance appraisal is one of employee development and growth, it is important to avoid confrontation. Corrections in performance should have taken place through coaching during the ongoing performance management process. Efforts at the appraisal can then be focused on employee development as opposed to criticism of past performance.

B. The manager springs "surprises" on the employee.

Any negative behavior and corrective action should have been discussed at the time it occurred. Saving performance problems or issues for the appraisal interview surprises and angers the employee and creates a "fear of the unknown" for future performance reviews.

C. Managers sometimes act as a judge of an individual's worth.

By keeping the appraisal interview "performance and behavior" oriented, there is less chance of the individual taking criticisms or suggestions for improvement personally. Focus should be on the level of performance observed and the level of performance required by the position.

D. The performance review is conducted with unclear objectives.

The main objective should be to review past performance and discuss future expectations and plans. When performance expectations are in writing the process becomes clearer.

E. The manager tries to improve too many performance problems at one time.

Studies have shown that individuals have a tolerance limit for criticism, and once this limit is met, the individual becomes increasingly upset (Carol and Schneier). It is important to focus on one or two areas of improvement, and integrate those areas into job expectations and plans for the coming year.

F. The appraisal focuses on filling out a form rather than on actual employee performance.

Forms for performance appraisal are not nearly as important as the manager's relationship with the employee and the expertise with which the manager executes the appraisal interview. If a form is used, it should be used as a management tool rather than as the focus of the performance appraisal itself.

G. Performance data is not gathered in advance.

If some kind of information gathering or sharing process does not take place ahead of time, the manager may be dealing with general instances of work behavior and the appraisal interview will become a discussion of vague issues as opposed to specific performance-related issues.

H. Clear-cut action plans are not established.

An important objective of the formal appraisal is to plan future goals, performance, and job expectations. Before the appraisal interview is complete, there should be some agreement between the manager and the employee regarding general performance expectations for the coming year. If necessary, a follow-up meeting can be planned to elaborate on those expectations in detail. (Guinn)

VI. Conducting a Positive Performance Review

At its worst, a performance appraisal interview can be a negative experience for both the employer and the employee, filled with confrontation, criticism, and focused on mistakes of the past rather than on opportunities for the future. At its best, a performance review is a developmental tool. It is an opportunity for the employer and the employee to sit down and discuss performance results. Then, using those results, they can plan for the employee's growth and development in the future.

Performance evaluation should be kept simple. The purpose of the appraisal is to provide clear, useful information to employees about their performance related behavior. Perhaps the most important thing a manager can do, is properly prepare for the performance appraisal interview. The interview should be conducted in a quiet place where both manager and employee will not be interrupted. Allow an adequate amount of time. The manager should try to create as positive an atmosphere as possible and to speak in positive terms during the appraisal. Prior to the interview, the manager should have gathered any written information regarding the employee's performance over the past year, and any written performance expectations prior to the start of the performance period. This information should be reviewed and highlighted. If much of this information has not been put in writing, the manager should make notes, both positive and negative, of past performance, remembering that there should be no surprises. He or she should

also remember that the employee's tolerance for criticism is limited and it is important to select only one or two areas where improvement is most needed. Avoid being too easy or too tough minded. Be fair and honest.

When conducting the performance review, the manager should follow a set of steps to provide structure to the process and insure that it is conducted completely and thoroughly. The steps in conducting the performance appraisal interview as follows:

1. **Explain the purpose of the discussion and the procedures that the discussion will follow.** For example, a manager might begin by indicating that the purpose of the discussion is to review the employee's performance over the past year. The beginning of the discussion may be a review of the performance standards set before the performance period began, followed by a comparison of actual performance within those standards.
2. **Elicit the subordinate's ideas and opinions, making sure not to say anything that might influence or contaminate them.** Early in the conversation, the manager should ask for an employee's perception of his or her performance over the past year. If the business uses a Performance Review Form the employee can be asked to use the form to rate his or her performance in the past year. Effective listening and communication skills are very important in this step.
3. **The manager communicates his or her views regarding performance over the past year.** This can be based on notes or an outline that the manager has written. If possible, it should also be based on performance measures that have been observed in the past year.
4. **Discuss with the subordinate any differences between you and how those differences might be resolved.** During this part of the appraisal process, the manager and the employee should openly discuss any differing perceptions and come to agreement on how to resolve any differences of opinion.
5. **Together with the subordinate, devise a plan of action for carrying out whatever has been agreed upon.** This is the goal setting part of the process. After analyzing and discussing the past year's performance, place emphasis on setting performance expectations for the year to come, making those expectations measurable, time bounded, and attainable. If the complete process cannot be

carried out during the performance appraisal interview, set up a separate time to finish the goal setting process for the coming performance period. End the interview by restating the positive aspects of the employees' performance and reinforce their value to the business.

VII. Use of Forms in the Review Process

Businesses with formalized personnel functions tend to use a variety of forms in the performance review process. Performance appraisal rating forms provide a tool for the manager to conduct a complete and accurate performance appraisal. Very often employees or managers within a large business may resist the use of specific forms for conducting performance appraisals either because they do not like to use the forms or because they do not find the forms helpful for the job that they are trying to evaluate. The majority of farm businesses in New York State (and even in the entire country) do not conduct formal performance appraisals. Likewise, most farm businesses that do conduct performance appraisals do not use a formal performance appraisal form. However, it is important to be aware that a variety of performance appraisal forms exist, and have an understanding of why and how they are used.

A. Comparative Procedures

Comparative procedures are based on the relative standing of an individual among other employees. For example, comparative procedures might suggest that employee A is a better performer than employee B at a specific job, but both are better than employee C. The two most commonly used comparative procedures are straight ranking and forced distribution.

1. **Straight Ranking** - This is a simple procedure that compares a group of employees with one another. The manager will typically decide who is the top performer in a group, who is the second performer, etc. down to the poorest performer.
2. **Forced Distribution** - In this case, the manager assigns employees to a small number of categories, typically three to seven. The distribution is forced in the sense that the appraiser puts a certain percentage of employees in each category. Employees are compared to one another during the process of placing each employee into a specific category.

Comparative procedures can be useful when sorting out differences in employee performance. They are relatively easy to develop and supervisors can understand the process without too much difficulty. However, the disadvantage of comparative procedures is that they do not indicate if an employee's performance is acceptable or unacceptable. They simply compare one worker to another.

Comparative procedures are not very good when feedback to employees is necessary since they only tell the employee if performance evaluation is above or below others. They also may breed resentment since one employee may resent being told that he or she is doing less well than another individual. Typical comparative procedures are designed so that an assessment is made of the overall workforce performance as opposed to specific individual performance. They tend to be global rather than specific.

B. Absolute Standards

This approach involves determining specific standards of performance and writing them down. The person rating the performance then refers to the absolute standard to make the rating determination. The three absolute standard approaches to performance appraisal most frequently used are: the trait rating scale, the behaviorally anchored rating scale, and management by objectives.

1. The Trait Rating Scale - This scale is used widely and usually has the following characteristics, which assess such general performance dimensions as job quality, quantity, timeliness, etc. (Appendix II).

- Performance dimensions are determined and they are usually not based on job analysis.
- The job dimensions used are often presumed to be equally applicable to a wide variety of jobs and, therefore, tend to be general in nature. For example, one performance appraisal form may be used throughout a very diverse organization.
- Absolute standards are judgemental by nature, and represent different levels of performance. For example, each rater may use the same rating of one through five for each performance dimension. However, one individual's judgement of what constitutes a five rating may be different from someone else.

2. Behaviorally Anchored Rating Scales - In this procedure, job behaviors are defined and integrated into a rating form. The

rater is then asked to pick the description that most closely illustrates the behavior of the employee whose performance is being appraised. Behaviorally anchored rating scales are unique in that they indicate specifically and concretely the levels of performance for each performance dimension. The specific performance standards described in the rating form are designed to minimize rating errors that can occur in traditional rating scales. This approach is time consuming and has not been adopted as widely as the trait rating scales or management by objectives.

3. **Management by Objectives** - Under this approach, a set of performance objectives for the employee is established and implemented during some future period, perhaps six months or a year after their establishment. This step is very similar to the job expectations step discussed earlier. The next step in management by objectives is evaluation of the employee's performance at the end of the specified period, when the actual performance is compared with the goals established at the beginning of the process. Management by objectives is the most individualized appraisal system. It is important for the manager to monitor this system to see that the goals established for each employee are equally difficult.

C. Measures of Physical Output

A third approach to measuring employee performance is simply to use specific production measures or quality measures which indicate actual output. For example, produce grading or quality standards are one way to measure quality output. Fruits or vegetables packed per hour may be another way to measure production output. In cases where this approach is used in agriculture, a piece rate or an incentive rate is often used for payment. An advantage to using this approach is that in some aspects of agriculture and horticulture, production is easily quantified and it's easy to determine how productive an individual is compared to other workers in the business.

While performance appraisal forms are widely used in the business world, they should be used with caution by the farm manager. A rating form or written outline should be a tool for structuring the interview. They should not be used as a substitute for good communication skills. In the final analysis, the success of the performance review will depend more on the manager's execution of the total performance management process than on the use of a particular rating form.

Appendix I:**PARTIAL JOB PERFORMANCE GUIDE****CROP ENTERPRISE MANAGER****Duties/Responsibilities:****Expected Performance****Financial Control****This duty has been performed well when:**

Control costs

Costs never exceed approved budget limitations by more than \$100 unless approval is given; cost reductions are made wherever possible but with no loss of crop yield, or quality.

Prepare crop budgets.

The budget is accurate if it reflects realistic needs, and can be justified. It is submitted to the farm owner on or before February 15th.

Assist in the accounting process.

All invoices are forwarded to the farm bookkeeper and all expenses are accounted for. Previous year's expenses are used in the next year's budget preparation.

Inventory and Ordering of Crop Supplies

At the end of the crop season, all crop supplies have been inventoried in preparation for ordering next year's supplies.

Order Fertilizer, Pesticides, and Seed for Coming Crop Year

Based on crop planting plans for the coming year, quantities of various pesticides, various fertilizers, and specific seed varieties are ordered.

Employee Relations

- | | |
|-----------------------------------|---|
| Interview and hire new personnel. | At least 90 percent of the people hired meet all job performance standards within predetermined time required to master the job; no complaint from any candidate is received concerning the courtesy or professionalism of the interview. |
| Conduct new employee orientation. | Orientation is initiated the first day the employee reports for work and is continued until the employee is comfortable with the job and work environment. No employee leaves within the first 90 days because of inadequate orientation to the organization and the job. |
| Train subordinates. | Following proper training, no employee errors occur because of knowledge deficiencies or instructional problems; there are no employee resignations within the first 90 days of employment due to training program failures. |
| Provide adequate staffing. | Future labor needs are anticipated and budgeted; positions becoming vacant are evaluated before replacement requisitions are originated. |

Appendix II:

TRAIT RATING SCALE EXAMPLE

	VERY POOR		BELOW AVERAGE		AVERAGE			ABOVE AVERAGE		VERY GOOD											
	:	:	:	:	:	:	:	:	:	:	:										
=====																					
EMPLOYEE	:	:	:	:	:	:	:	:	:	:	:										
CHARACTERISTIC	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:
=====																					
Attendance	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Enthusiasm	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Ambition	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Initiative	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Perseverance	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Attitude @ Work	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Cooperation	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Leadership Ability	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Quantity of Work	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

Quality of Work	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:

COMMENTS:

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Performance Review Case Example

John Jones is a mechanic on a 1500 acre cash crop farm. It is time for his annual performance review. Over the last several years John has worked with his supervisor to set performance goals based primarily on timeliness of field operations. At the end of each year John and his supervisor review John's performance based on his role in getting field operations completed on time and properly. In the past year John has done his usual fine job. He is a top mechanic. He keeps the equipment moving at critical times even if he had to work long into the night. His relationships with the people who operate the equipment has been excellent and team work helps get goals accomplished.

There is only one area where John could really improve: parts and supply inventory. John has the authority to order whatever parts and supplies he needs to keep the equipment running and has been encouraged to keep supplies of frequently used items on hand. While all the field operations were done on time this year, many could have gone much more smoothly if the shop had not run out of grease, certain sizes of nuts, bolts, and similar items. One of the goals discussed with John at last year's Performance Review was to set up an inventory system to avoid running out of supplies. This has not yet been done.

Assignment:

Conduct a role play in a small group with a manager, John, and an evaluator.

Role of Manager: Conduct the performance appraisal interview using the 5 steps outlined on page 11.

Role of John: Explain that you have made several attempts to set up an inventory system but keep running into problems with how to organize it and keep the necessary records. You wonder why it is that important anyway.

Role of evaluator: Observe and critically evaluate the performance appraisal interview. Provide feedback and suggested areas of improvement for the manager.

EMPLOYEE INCENTIVE PROGRAMS: A MOTIVATIONAL APPROACH

Introduction

For over 30 years, farm employers have used a variety of monetary incentive programs as a way to pay employees for meeting prespecified performance standards. The experience of farm operators with incentive programs has indeed been one of trial and error with widely divergent results. In fact, some managers who have used incentives in the past report dissatisfaction with the programs and have ultimately eliminated them. This experience leads one to ask "What does it take to make an employee incentive program work effectively over the long term?" While there is much discussion about the role of an incentive payment as a motivator, a second very important ingredient in the success of effective incentive programs is the management of people.

This paper approaches the issue of incentive programs from the standpoint of employee motivation. For decades, industrial psychologists and others have researched the topic of human motivation. By understanding what motivates people to perform, we can look at the job behaviors required for business success and encourage those behaviors in the work place.

Incentives and Employee Performance

To be effective, employee incentive programs should create the desire to perform. Some managers have reported problems with incentive programs which were not carefully thought out or which did not meet the wants and needs of employees. At times, incentive programs fail because they are poorly designed or their objectives are unclear.

Before taking a look at creating an environment to motivate people, let's look at common myths that surround employee incentive programs.

Myth #1: Money Alone Will Motivate People to Perform -- This point of view fails to recognize other important needs and wants that employees have. Examples include the need for positive feedback, recognition of a job well done, challenging work, positive working relationships, paid vacations, and time off to pursue personal interests.

Myth #2: If an Incentive Program is Provided, The Manager Can Spend Less Time Managing and Dealing With Employees -- Properly designed and implemented, incentive programs are likely to take more management time, not less. Monitoring performance, training, communication, and providing performance feedback are all management responsibilities which take on greater importance when an incentive program is in place. Incentives must be a part of a good personnel management program not a substitute for such a program.

Myth #3: Incentive Programs Can Compensate for a Poor Wage and Benefit Package -- Incentive programs should not be used in place of good wages and benefits. Incentives should be provided in addition to a sound wage and benefit plan. They should pay for the achievement of challenging goals.

A Motivational Approach to Incentive Programs

A modern approach to motivation, Expectancy Theory, suggests that we answer four questions to determine how to best create an environment where workers will be motivated.

Question #1: What do individual employees value? -- Experts in the field of motivation suggest that there are rewards or outcomes from work which individual employees value. Employees are likely to have their own set of rewards on which they place a high value and other rewards on which they place a low value. For example, one employee may value additional cash while another employee may value praise and recognition. By understanding employee wants and needs, a manager is in a better position to design and implement incentive programs that are effective. Rewards and outcomes which employees value include money, benefits, reasonable work hours, challenging work, personal growth, continued feedback, praise, recognition, promotion, and status. Farm managers have long argued the value of wages and benefits as motivating factors to workers. Indeed, we can cite specific examples where some workers prefer additional cash over other rewards. One worker recently requested that his employer forego health insurance and a pension program so he could have additional cash in his paycheck. On the other hand, some workers are clearly motivated by rewards other than money. A middle manager, for example, may prefer more responsibility, more decision making authority, or may simply be motivated by self-recognition of his or her role in the success of the business. A review of incentive programs utilized by New York farm operators, indicates that both monetary and non-monetary rewards are valued by employees.

Question #2: What behavior do you want? -- Communication is a key to implementing incentive programs. Employees must clearly understand the goals established by the manager and what each goal means. Once employees understand the goals of the incentive program, they should also understand how and when the incentive payment will be made.

Question #3: Is the desired performance attainable? -- Research has clearly shown that employees are much more motivated if they perceive the goal is attainable. Employees should be clearly shown what job related behaviors contribute to goal achievement. They must see the link between proper work behaviors and goal achievement to be motivated to perform.

Question #4: Are desired rewards linked to desired performance? -- One common complaint about incentive programs is that employees lose interest once the program has been in place for awhile. Some managers report that employees come to expect the incentive as part of their pay, but do not necessarily link it to their performance. One manager reported that his own failure to praise his employees for attaining the incentive goals diminished the effectiveness of the incentive. Instead of posting a notice on the bulletin board or writing a congratulatory note to employees with their paychecks, it was days or even weeks before the employees were notified of the achievement of their goals. While often not discussed, positive, timely feedback from the boss may motivate every bit as much as the money that the employees receive from the incentive program.

Creating an Environment for Motivation

The challenge to the farm manager is to create an environment where all workers in the business will want to perform at a high level. In the case of milk quality incentive programs, there are five key personnel management issues which must be addressed to create an environment where people will be motivated to achieve goals. These include design of incentive payments, goal setting, team work, training, and performance feedback.

A) Design of Incentive Payments

The following incentive payment plan criteria are critical for the success of incentive payment programs.

1. The plan must reward the worker for performance that meets the objectives of the business.

2. The incentive should be based on performance that is within the control of the worker.
3. The computation of the payment should be easily understood and based on standards of performance that are readily available.
4. The payment should be made soon after the performance goals are achieved.
5. The payment should be made separate from regular pay.
6. The plan should not penalize for non-performance beyond non-payment.
7. The worker should participate in the development of the plan and provide feedback on the plan. Adjustments should be made if needed.
8. The incentive payment should be large enough to be of value to the worker.
9. The plan should be in writing and shared with employees.

While there is currently much interest in monetary incentives, it is important to note that non-monetary incentives can also be effective. Rewards in the case of non-monetary incentives are focused on recognition and token awards rather than money. For example, one business manager provides monogrammed jackets to employees who achieve performance goals.

B) Goal Setting

The relationship between goal setting and motivation has been well documented by researchers Latham and Lock. There are three characteristics that should be considered when goals are designed. First, goals should be specific rather than vague. Goals are most effective when specific measures are used. Second, goals should be challenging yet reachable. Research has shown that difficult goals lead to a higher level of performance than easy goals. On the other hand, if the goals are perceived as unreachable, employees are not likely to accept the goal or try to achieve it. Third, goals should be given a specific time frame in which they are to be met.

C) Training

The importance of the one-on-one training relationship cannot be overstated. In surveys of managers, it has been reported that the single biggest constraint in properly training employees is time. Managers have many responsibilities throughout a given day and setting aside training time is difficult. Setting aside time for ongoing mentoring and training is essential to ensure that training is done thoroughly and effectively.

A technique referred to as "Job Instruction Training" can be very helpful to the manager in training employees. Job instruction training originated during World War II when thousands of young men left American factories and went off to war. Management was forced to train replacement workers quickly to keep American factories operating. They used the job instruction training technique to train the new workforce. The following five training steps have been adapted from the job instruction training model.

Step 1: Prepare the Worker and the Workplace - Have materials and equipment ready and have the workplace properly arranged just as you want the workers to keep it. Put the workers at ease and get them interested in learning the job.

Step 2: Tell the Learner How to do the Task - Explain, show, illustrate, and question employees carefully to see that they understand how to do the job. Stress the key points and be patient. Be careful not to present more information than employees can master.

Step 3: Show the Employee How the Task is to be Performed - After a careful explanation, show the employee each part of the job, explain the job, and emphasize key points.

Step 4: Let the Learner do the Task - Have the employees show and tell you what they are doing and have them explain the key points back to you. Provide feedback and continue the process until you are certain the workers know how to do the job.

Step 5: Review the Work - After leaving the employee alone to perform the task, return and review the quality of the work. Provide feedback which reinforces good habits and helps the employees set goals for improvement. Encouragement is extremely important.

Training should be viewed as an ongoing process. Continued checking and encouragement will ensure training success.

D) Teamwork

In many cases, incentives provided to employees are not provided to just one individual. They are provided to the team of individuals who have been directly responsible for goal achievement. It is usually not desirable for individuals to work in isolation. The "loner" often works against the goals of the business. Characteristics of an effective team include:

1. Goals - As mentioned earlier goals are specific, challenging, and timed. To be effective there should be common goals for the work team and those goals should be foremost in the thinking of each team member. Effective communication and explanation of milk quality goals is essential.
2. Authority - The delegation of decision making authority empowers the team and its members and creates a desire to meet team goals. The team is then held accountable for using decision making authority effectively.
3. Communication - Team members continually communicate with each other. Everyone knows how everyone else is doing. There is immediate feedback from peers and from the managers. Ideally, with strong communication channels, mistakes are kept to a minimum and operations run smoothly. Managers with strong incentive programs report that properly managed teams "police themselves".
4. Morale - Strong feelings of commitment to the team are desirable; and this is what ultimately makes the team effective. Team members share the challenges of achievement and most importantly share the rewards (both monetary and non-monetary) of their successes.
5. The Role of the Leader - The manager as a team leader is primarily a coach, and his or her job is to service, develop, and support a winning team. The manager's role in the team is to empower team members to be effective and reach their goals.

E) Providing Performance Feedback

Above all, performance feedback should be timely and ongoing. Employees want to know how they are doing and how they can improve. Remember that while money will be provided shortly after the goal has been reached, it is not the only reward employees value. A reward that should not be overlooked is recognition from the manager that the job has

been done well. This might include personal compliments to each individual on the team, or a written notice on the bulletin board or in the paycheck congratulating the team for superior performance. The challenge should never stop. It is through constant communication by the manager and constant performance feedback that these goals will be uppermost in the minds of the individuals most responsible for business performance.

Summary

The concepts presented here are based on Human Resource Management theory and research. These concepts are not new; they have been developed over the last few decades and have been used by managers in a wide range of businesses. The manager faces two challenges. The first is to become aware of modern personnel practices and the second is to apply them to the business on a daily basis. Most managers would admit that they don't always utilize the personnel management practices they know they should. Failure to do the "little things" to create a motivated work force is counter-productive in the end. The following list of "Ten Ways to Destroy an Incentive Program" is designed to reinforce the concepts presented in this paper and to serve as a management reminder to continuously support the efforts of farm employees toward business goals.

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Ten Ways to Destroy an Employee Incentive Program

1. Fail to praise employees for the good job they are doing.
2. Forget to give employees their incentive payment on time.
3. Communicate performance standards incompletely or inaccurately to employees.
4. Take the attitude that "The money I pay toward the incentive should be sufficient to motivate people - other employee wants and needs are not important."
5. Fail to expect employees to work as a team to meet common goals.
6. Fail to instill a sense of pride in employees for their part in creating a productive, profitable business.
7. Believe that since there is an incentive program in place, you can spend less time working directly with your people.
8. Give your employees responsibility for achieving goals but don't give them the decision making authority they need to get the job done.
9. Fail to invest enough time in employee orientation, training, and ongoing skill development.
10. Ignore employee suggestions about how to do the job more effectively.

Non- Monetary Incentive Worksheet

After reading the "100 Club" article from the Harvard Business Review answer the following questions.

1. Expectancy theory suggests that employees seek rewards or outcomes which they place a high value on. What highly valued rewards are mentioned in the 100 Club Article?
2. Think of one or two ways that some of the concepts in the "100 Club" could be applied to a farm business and write them below.

CULTURE: A MAJOR DETERMINANT OF THE MOTIVATIONAL ENVIRONMENT

In this section we introduce a new topic critical to creating a motivational environment in the farm business: business culture. The goals of this session are:

1. To understand what business culture is.
2. To recognize the importance of business culture.

Business Culture

Before defining culture, complete the CULTURE WORKSHEET beginning on the next page. This exercise is designed to assist us in thinking about culture in our own organizations (farms).

Schwartz and Davis define culture as

"A pattern of beliefs and expectations shared by the organization's members. These beliefs and expectations produce norms that powerfully shape the behavior of individuals and groups in the organization."

In discussing this definition, we will consider the components of culture, culture contrasted with climate, and that culture is deeply-rooted in an organization.

CULTURE WORKSHEET

A. Read the following statements and check one answer below.

- a. Most employees are unwilling to work and require constant supervision.
- b. Most employees are willing to work; management must provide direction and some supervision.

Check one:

- _____ (1) Strongly agree with a
- _____ (2) Somewhat agree with a
- _____ (3) Somewhat agree with b
- _____ (4) Strongly agree with b

B. The most important asset in my business is the people not the land, buildings, crops, cattle, etc.

- _____ (5) Strongly agree
- _____ (6) Somewhat agree
- _____ (7) Somewhat disagree
- _____ (8) Strongly disagree

C. We carefully consider the impact on farm personnel before making and implementing production decisions.

- _____ (9) Yes
- _____ (10) No

D. How do employees in your business arrive at work:

- _____ (11) At the last minute; drag themselves in; look like it's the last place they want to be
- _____ (12) Often arrive early; with a smile; look like they want to be there
- _____ (13) Somewhere between the two

E Do the people in your business enjoy their work

- _____ (14) All the time
- _____ (15) Most of the time
- _____ (16) Some of the time
- _____ (17) Almost never

F How do people in your business view the future?

- _____ (18) With enthusiasm; expect their position to improve.
- _____ (19) Little change compared to the present.
- _____ (20) With pessimism; concerned their job or the business may not exist.

G How would the people in your business view a change in the business, such as the addition of an enterprise?

- _____ (21) With excitement and eager anticipation
- _____ (22) With great interest but some concern
- _____ (23) With skepticism and concern
- _____ (24) With outright opposition to change

H When an employee disagrees with formal authority in your business:

- _____ (25) The employee would feel comfortable discussing the disagreement with the supervisor.
- _____ (26) The employee might discuss the disagreement depending upon how strongly he/she disagreed.
- _____ (27) The employee would feel great concern and even fear about discussing the disagreement with the supervisor.

I What is the atmosphere like following an argument between two or more members of the business?

- _____ (28) Discussion is increased, even stimulated
- _____ (29) Little change
- _____ (30) There is less talk and everyone is a bit tense

CULTURE WORKSHEET SCORESHEET

Emphasis on People

- _____ A. Points: 1 if (1) is indicated
 2. if (2) is indicated
 3. if (3) is indicated
 4. if (4) is indicated
- _____ B. Points: 4 if (5) is indicated
 3 if (6) is indicated
 2 if (7) is indicated
 1 if (8) is indicated
- _____ C. Points: 2 if (9) is indicated
 1 if (10) is indicated
- _____ Total Emphasis on People

Attitude: Enthusiasm and Optimism

- _____ D. Points: 1 if (11) is checked
 3 if (12) is checked
 2 if (13) is checked
- _____ E. Points: 4 if (14) is indicated
 3 if (15) is indicated
 2 if (16) is indicated
 1 if (17) is indicated
- _____ F. Points: 3 if (18) is indicated
 2 if (19) is indicated
 1 if (20) is indicated
- _____ Total Enthusiasm and Optimism

Communication and Change

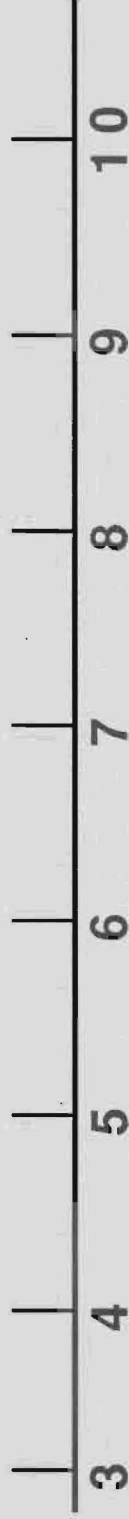
- _____ G. Points: 4 if (21) is indicated
 3 if (22) is indicated
 2 if (23) is indicated
 1 if (24) is indicated
- _____ H. Points: 3 if (25) is indicated
 2 if (26) is indicated
 1 if (27) is indicated
- _____ I. Points 3 if (28) is indicated
 2 if (29) is indicated
 1 if (30) is indicated
- _____ Total Communication and Change

CULTURE WORKSHEET DIAGRAM

Emphasis on People



Enthusiasm and Optimism



Communication and Change



Components of Culture

In describing culture four components can be identified:

1. **Artifacts:** These are verbal, physical, and behavioral; they can be seen and heard. Behavioral artifacts are the rituals and ceremonies of the organization: retirement parties, awards, etc. The physical artifacts are what you see: dress; articles on office, barn, and shed walls; the farmstead; etc.
2. **Perspectives:** These are the ideas and actions business personnel use when they are dealing with problems. They describe how things are done in this organization and how business personnel act. Examples could include how employees act when a visitor is present or is involvement in agricultural organizations expected of management personnel.
3. **Values:** a PRO-DAIRY staff member describes values as what one would walk across an I-beam between the two towers of the World Trade Center for. The values in the business culture are reflected in the organization's goals, ideals, standards.
4. **Assumptions:** These are the core beliefs of the organization -- what is take for granted. Farm business cultures often take for granted that farming is the best way to live. Unfortunately, many also take for granted that business personnel always derive satisfaction from working on the farm.

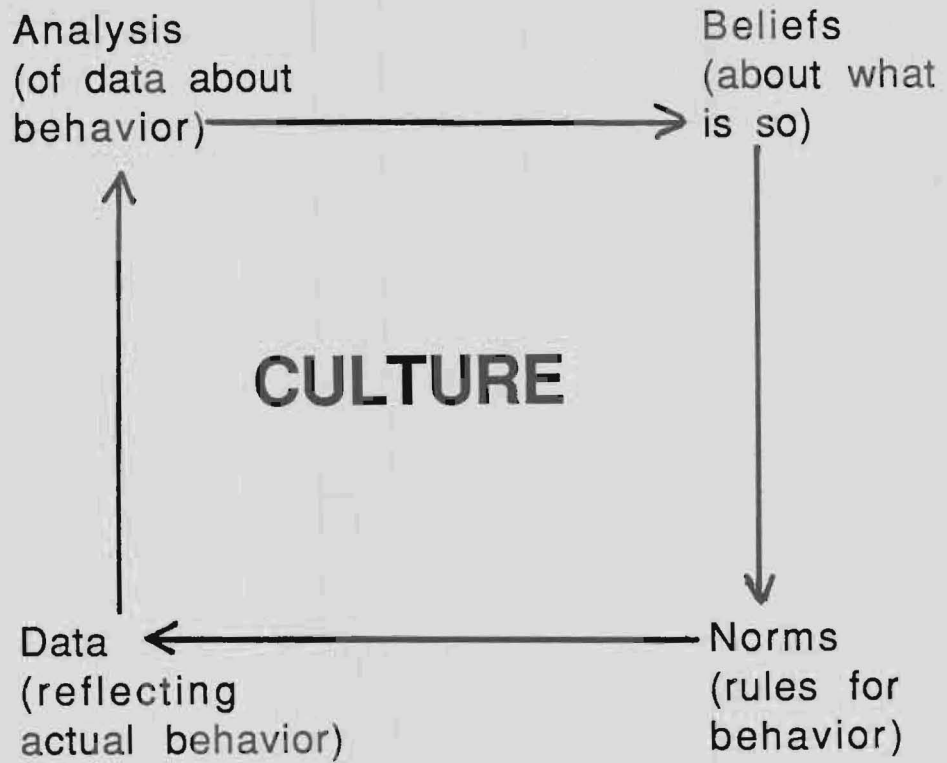
Business Climate

Business climate is a measure of how well business personnel's expectations of what it should be like to work on the farm are being met. Climate is not culture; rather climate measures the fit between the business culture and the individual values of individual owner and owner and employees. When they do not match, the "climate" is "poor" and motivation and productivity suffer. If individuals in the organization value conflict resolution

but the culture stifles dissent and discussion, climate and motivation are likely to suffer.

Culture is Deeply-Rooted

As indicated in the components of culture, culture is deeply rooted in an organization. As illustrated in the figure, the deeply-rooted beliefs create norms that reflect on behavior that can be seen and analyzed and then reinforces the beliefs.



Importance of Business Culture

Business culture has tremendous impact on the productivity of a farm business. When the artifacts, perspectives, values, and assumptions are consistent with the mission and objectives of the business creating a positive business climate, business success, measured by attainment of objectives, is high.

Consideration of the business culture is critical when strategic changes are being considered. A business culture incompatible with a planned strategic direction, has often led to business failure. Consider the case on the next page to better understand this point.

Three points are important in thinking about altering the business culture in a farm business. First, the opportunities for such a change is increased because the business is small, all in one location, and business personnel all know each other. Second, such adjustments should begin with the artifacts and perspectives. If the required change is to have more open communication, schedule meetings and social events requiring openness and set a personal example. Third, any change in culture will require a well conceived plan, great leadership skills, and patience.

CULTURE CASE EXAMPLE

Two highly successful farm businesses are considering the strategic question of bringing a son into the business. The sons have worked on the home farm, completed college education, and worked as a manager for another farm. In both cases two alternatives are being considered:

1. A major expansion involving the son as a manager and additional management responsibilities for other business personnel.
2. Father pursue other business and retirement interests; son essentially replacing him.

In both situations alternative 1 is preferred but alternative 2 is acceptable if the probability of alternative 1 failing is high.

The two farms differ only in their business culture:

Farm A. This farm has always been a one-man show. The father has made all the decisions, relied on formal power and discipline in supervising employees, and allowed absolutely no questioning of his authority. The culture exhibits an emphasis on production (things), employees rarely smile, and communications are infrequent and guarded.

Farm B. Although there has not been a need (due to size) for formal middle management positions, the father has always sought opportunities to provide employees with additional responsibilities. Use of formal authority and discipline is rare as people are committed to business objectives. A visitor in the business quickly observes the smiles and friendly conversation between the father and employees.

1. Discuss the advantages and disadvantages of each option on each farm.

2. Make a recommendation for each farm.

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INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Commitment to Business Mission and Objectives

A. Ideas regarding mission and objectives to consider in my business:

B. The potential for increased performance through greater motivation by increasing commitment to business mission and objectives is: (circle one)

Great

Modest

Non-existent

C. The greatest potential for improvement is from the following ideas:

1.

2.

3.

INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Goal Setting

A. Ideas regarding goal setting to consider in my business:

**B. The potential for increased performance through greater motivation by goal setting is:
(circle one)**

Great

Modest

Non-existent

C. The greatest potential for improvement is from the following ideas:

1.

2.

3.

INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Performance Appraisals

A. Ideas regarding performance appraisals to consider in my business:

B. The potential for Increased performance through greater motivation by utilizing performance appraisals is: (circle one)

Great

Modest

Non-existent

C. The greatest potential for improvement is from the following ideas:

1.

2.

3.

INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Economic Rewards

**A. Ideas regarding economic rewards to consider
in my business:**

**B. The potential for increased performance
through greater motivation by increased economic
rewards is: (circle one)**

Great

Modest

Non-existent

**C. The greatest potential for improvement is from
the following ideas:**

1.

2.

3.

INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Non-Economic Rewards

A. Ideas regarding non-economic rewards to consider in my business:

B. The potential for increased performance through greater motivation by improved use of non-economic rewards is: (circle one)

Great

Modest

Non-existent

C. The greatest potential for improvement is from the following ideas:

1.

2.

3.

INCREASED PERFORMANCE THROUGH GREATER MOTIVATION

Business Culture

A. Ideas regarding business culture to consider in my business:

B. The potential for increased performance through greater motivation by changes in the culture of the business is: (circle one)

Great

Modest

Non-existent

C. The greatest potential for improvement is from the following ideas:

1.

2.

3.

PLANNING TO MOTIVATE

In this section we begin the process of applying what we have learned to our own businesses. The objective is to enhance your ability to effectively utilize the human resources management principles and practices presented at this conference by applying what we have learned. The goals are to:

1. Prioritize the ideas you have generated for increased performance through greater motivation.
2. Develop a tactical plan for the highest priority idea.
3. Present the plan to and receive feedback from a fellow participant.

Step 1: Prioritizing Ideas

Complete parts B. and C. of the six INCREASED PERFORMANCE THROUGH GREATER MOTIVATION worksheets. This process should assist you in analyzing the potential of the ideas to increase motivation you brainstormed at the end of each section.

Step 2: Tactical Plan

You are now assigned the difficult task of selecting one idea to work on for the remainder of this session. You should choose an idea which its implementation is under your control.

The worksheets on the following two pages are to assist you in this process and develop a tactical plan to implement the idea.

Step 3: Presenting the Plan to Your Partner

In order to increase your comfort level and commitment to the plan, you are now to present your plan to a fellow participant who will provide you with constructive feedback. You should use the following steps:

1. Take some time to individually prepare to present the plan.
2. One member of the twosome present their plan allowing time to complete the PARTNER RESPONSE WORKSHEET.
3. The second member present the plan again allowing time to complete the PARTNER RESPONSE WORKSHEET.
4. Exchange response sheets and discuss.

ACTION PLAN WORKSHEET

(Step 2)

Idea to convert to Action: _____
(from Step 1)

- A. Describe the idea in more depth.
- B. What are your goals for the impact of this idea? Be specific (SMART)
- C. Complete the tactical plan on the following page.

CAL PLAN: Tactics are precise, individually itemized plans for action. Tactics describe exactly who, what, when, where, and how activities will take place in order to accomplish a goal.

al to be actualized: _____

[illegible]

PARTNER RESPONSE WORKSHEET
(Step 3)

- A. Briefly outline the idea outlined by your partner.

- B. Are the goals SMART (Specific, Measureable, Attainable, Rewarding, and Timed)?

- C. What is the greatest strength of the plan?

- D. What is the greatest weakness of the plan?

- E. Suggestions for your partner.

OTHER AGRICULTURAL ECONOMICS EXTENSION PUBLICATIONS

No. 91-29	Farm Income Tax Management and Reporting Reference Manual	George L. Casler Stuart F. Smith
No. 91-30	Considerations in Establishing Retirement Plans for Farm Employees	George Casler Tom Maloney
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No. 92-03	Micro DFBS: A Guide to Processing Dairy Farm Business Summaries in County and Regional Extension Offices for Micro DFBS v 2.6	Linda D. Putnam Wayne A. Knoblauch Stuart F. Smith