

Entrepreneurship 12



Managing New Ventures for Growth

“Surround yourself with the best people you can find, delegate authority, and don’t interfere.”
--Ronald Reagan

12-2

Building Human Capital

- What techniques will help you choose the best people?
- How can you increase the motivation and commitment of employees?
- What can you do to retain these employees?

12-3

Selecting High-Performance Employees

- Job analysis—defining the activities of the job
- Competency profiling—defining the experience, skills, knowledge, and experience needed to perform the job well



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Employment Interviews

This selection technique is low in validity because:

- Interviewers make decisions too quickly
- Interviewers may ask different questions of applicants
- Interviewers may be biased

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Improving Interviews

The validity of interviews can be improved with

- Structured interviews
- Reference checks



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Outsource Hiring

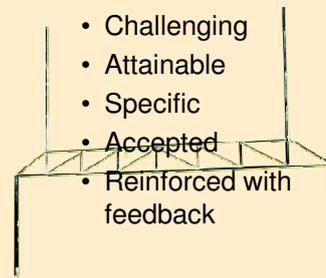
- Companies that specialize in hiring...
- Use tests, selection simulations, structured interviews, and other techniques for selection
- Offer training in interviewing, the use of tests, and other tools for selecting employees

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The Role of Goals in Motivation

Goals must be

- Challenging
- Attainable
- Specific
- Accepted
- Reinforced with feedback



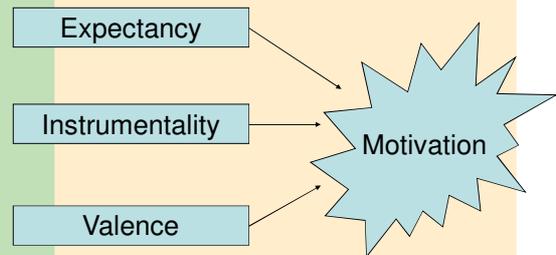
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Expectancy Theory of Motivation

- People will be motivated when they believe that
- Expending effort will improve performance
 - Good performance will be rewarded
 - The rewards offered are the ones they really value

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Expectancy Theory



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Maintaining Motivation

- Provide the training and resources necessary to ensure that effort leads to good performance
- Recognize and reward good performance
- Provide the rewards employees really value

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Fairness and Motivation

- Unfairness leads to a strong drop in motivation.
- Unfairness is perceived when there's an imbalance between contributions and outcomes relative to those of other persons.



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It's Not Fair

- Distributive justice
- Procedural justice
- Interactional justice



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Playing Fair

- Link rewards closely to performance
- Establish fair procedures for employee evaluations and rewards
- Treat employees with courtesy and respect

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Retention Strategies

- Developing excellent reward systems
- Building a high level of commitment and loyalty among employees



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Pay for Performance

- Merit pay plans
- Bonuses, awards, and stock options
- Team-based incentives
- Profit sharing
- Employee stock ownership plans

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Organizational Commitment

The extent to which an individual identifies and is involved with his or her organization and is, therefore, unwilling to leave it

- Continuance commitment
- Affective commitment
- Normative commitment

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Rewards of High Employee Commitment

- Higher employee loyalty and retention
- Organizational citizenship behavior
- Higher efficiency and performance for the company



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Team Success

The benefits of a team depend on

- Cooperative working relationships
- Ability to effectively handle conflict



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Two Kinds of Trust

| | | | | |
|----------------------------|---|-----------------------|---|---|
| Calculus-based trust | → | Expects punishment | → | Complies only when threatened with punishment |
| Identification-based trust | → | Believes in good will | → | Complies without threat of punishment or surveillance |

12-20

Building Identification-Based Trust

- Act as you promise
- Make it clear that you are listening
- Practice organizational citizenship
- Psychological contracts
 - Transactional relationships
 - Relational contracts
 - Balanced psychological contracts

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Conflict

Process in which one party perceives that another party has taken or will soon take actions that are incompatible with its interests



12-22

Types of Conflict

- Affective conflict
 - Involves strong feelings of anger or dislike toward the people involved
 - Tends to be destructive
- Cognitive conflict
 - Focuses on issues, not on the people involved
 - Tends to be constructive

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Causes of Affective Conflict

- Distrust
- Pre-existing grudges
- Faulty attributions
- Belief that views of others are biased
- Personal traits or characteristics

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Negotiating to Resolve Conflict

- To obtain a win-win
- Avoid win-lose tactics
- Uncover the real issues
- Broaden the scope of issues considered
- Help the other side save face
- Don't be secretive



12-25

Lead On

- Task-focused leadership
 - Best in unstructured or rapidly changing situations or in situations that are highly structured and stable
- Relationship-focused leadership
 - Best in situations with a moderate degree of uncertainty and change

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Making Decisions

- Participative approach
 - Decisions made with input from subordinates
- Autocratic approach
 - Decisions made by the leader alone

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Leadership

The process whereby one individual in a group influences one or more other members of that group toward the attainment of defined group or organizational goals

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Leadership Styles

- Transformational leader
 - Inspires others to rise above self-interests to achieve a higher mission or vision
- Transactional leader
 - Uses standard forms of reinforcement to get others to follow their directives

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Transformational Leadership

- Intellectual stimulation
- Individualized consideration
- Inspirational motivation
- Personal identification
- Social identification

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