CHAPTER 6. PEOPLE AND ORGANIZATIONS

CHAPTER 6 OVERVIEW

Chapter 6 Summary ____________________________________________________

Chapter 6 explores the origin, focus, and content of the human resource frame. The chapter covers several areas:

1. The frame’s fundamental premise (people’s skills, insights, ideas, energy, and commitment are an organization’s most critical resource).
2. Its core assumptions.
3. Its central elements (human needs and capacities and the fit between people and organization).
4. The changing employment contract.

The authors point out that needs are hard to define, difficult to measure, and still a source of contention among social scientists. Still, the concept of human needs helps us understand the basic conditions that people require in order to survive and develop. The authors see needs as based in genetic predispositions that are shaped and molded by interaction with the environment. Abraham Maslow’s hierarchy of needs, Douglas McGregor’s Theory X and Theory Y, and Chris Argyris’s theory of personality-organization fit are explored as classic foundations of the human resource perspective.

In discussing the changing employment contract, the authors examine the shifting relationship between individuals and organizations. Rapid change and global competition create dilemmas for organizations. Pressures for flexibility push organizations to downsize, outsource, and use part-time employees, but at the risk of sacrificing the knowledge, skills, and loyalty that are critical to high performance. The chapter discusses two different responses to this dilemma: lean and mean (downsizing, outsourcing, and so on) and investing in people (building loyalty and skill).

Chapter 6 Key Terms ___________________________________________________

Self-actualization: Development of one’s full potential.

Abraham Maslow’s hierarchy of needs: A theoretical model that organizes human needs according to priority level. The model groups needs into five categories: physiological, safety, belonging and love, esteem, and self-actualization. People are motivated first to satisfy physiological and safety needs; only after those needs have been satisfied do people move on to the higher levels of belonging and love, esteem, and self-actualization.
satisfied are they motivated by the higher needs of belonging, esteem, and self-actualization.

**Theory X:** According to Douglas McGregor, a management philosophy arising from a widespread belief on the part of managers that subordinates are passive and lazy, have little ambition, prefer to be led, and resist change. Consequently, external controls are necessary to ensure that they do their jobs.

**Theory Y:** McGregor’s alternative to Theory X, which promotes the idea that employees would prefer to do a good job if given the authority to direct themselves. According to McGregor, “the essential task of management is to arrange organizational conditions so that people can achieve their own goals best by directing their efforts toward organizational rewards” (1960, p. 61).

### Chapter 6 Major Case Examples

- David Swanson and Procter & Gamble
- McWane Industries
- Ben Hamper, GM autoworker
- “Chainsaw” Al Dunlap, CEO of Scott Paper
- Ewing Kauffman, founder of Marion Laboratories
- GM Lordstown, Ohio, plant

### Suggestions for Teaching Chapter 6

The ideas in Chapter 6 revolve around core beliefs that organizations exist to serve human needs and that the fit between people and organizations is key to both individual satisfaction and organizational effectiveness. Instructors can focus on:

1. The content of the human resource frame.
2. Application of the frame to self-diagnosis.

Teaching methods appropriate for each approach are described in the sections that follow. Student exercises keyed to the approaches appear in “Student Exercises for Chapter 6,” beginning on page 12.

### Chapter 6: A Focus on the Content of the Human Resource Frame

Instructors may want to use this chapter to drill basic concepts of the human resource frame and how they fit together to form a coherent way of understanding organizations. This is useful for students who are new to the study of organizational behavior or to those less experienced with psychology and social psychology. It is also helpful for those
highly knowledgeable about the frame who have strong predispositions for human resource thinking. These students are often surprised that an approach they see as “sacred” and “the only way” to think about organizations is only one of four possible perspectives.

One way to focus on frame content is to work experientially with the central ideas in Maslow’s, McGregor’s, and Argyris’s classic works. Several ideas for activities of this type appear in Exercises 6.1, 6.2, 6.3, and 6.4 in “Student Exercises for Chapter 6.”

**Chapter 6: Cases Focusing on Frame Content**

Another way to focus on frame content is through case analysis, in which students in large or small groups examine issues such as needs, motivation, satisfaction, communication, participation, interpersonal relationships, norms and socialization, informal leadership, and group dynamics.

- The classic Hovey and Beard Company case still leads to a good introductory discussion of many of the frame’s central concepts and raises critical questions about the meaning of work and organizations. (See William Whyte, *Money and Motivation* [New York: Harper & Row, 1955], pp. 90–94, for a detailed presentation of the case situation.)

- Mary Kay Cosmetics, Inc.: Sales Force Incentives ([A] [HBS 9-190-103], [B] [HBS 9-190-104], teaching note HBS 5-191-198) discusses what happened when executives tried to change the powerful incentive system that was critical to Mary Kay’s success. A good case for testing ideas about motivation against a real-world example.

- Jet Blue Airways: Starting from Scratch (HBS) examines the human resource challenges facing a new company trying to create its own version of Southwest Airlines’ success story.

- A set of companion cases concerns Motorola Corp.:
  - Motorola-Elma (HBS 9-494-136) provides an example of an old-line production plant that successfully reinvented itself through the implementation of modern human resource practices like teaming, cross-training, flexible jobs, participation, and so on.
  - A parallel case, Motorola-Penang (HBS 9-494-135), based in a plant in the same company but in Malaysia, provides an opportunity for discussing the cross-cultural application of human resource methods.
  - Two other companion cases, Motorola: Institutionalizing Quality Initiatives (HBS 9-494-139) and Motorola Corp: the View from the CEO’s Office (HBS 9-494-140), put Elma and Penang into the context of the view from corporate headquarters.
Laura Ashley (A): Creating a World Class Service Organization (HBS 9-493-018) provides a case in which human resource initiatives are part of a larger set of strategies to improve service on a global basis.

Several cases focus on people as an integral part of business strategy and illustrate a human resource perspective toward typical structural concerns, such as organizational design and policy development. These cases are:
- People Express (HBS 9-483-103).
- Beliefs at Borg-Warner (HBS 9-383-091).

The Case of the Part-Time Partner—which describes a firm’s struggle to decide whether part-time status should hinder promotion for a dedicated and talented attorney—adds gender and work-family concerns to discussions of individual needs and employee-organization fit. It updates models of how to think about the assumptions that managers make about subordinates. Five commentaries on the case from experts inside and outside the law profession, published with the case in the Harvard Business Review (September–October 1990, reprint #90507), make for provocative discussion.

Some of the cases suggested for teaching the structural frame may also be useful for exploring the complexity of organizations from a human resource perspective. Examples include:
- First National City Bank Operating Group ([A] [HBS 9-474-165] and [B] [HBS 9-474-166]).
- Job Corps (HBS 9-375-152).
- RFK High School (in Chapter 20).
- Seneca University (ACE).

In fact, instructors might want to revisit a case they used to explore structural issues as a way of examining the connections between the two frames and working with the concept of reframing. It is often eye opening for students to reexamine the same case from a different perspective. (A more detailed description of this teaching strategy can be found in J. V. Gallos, “Revisiting the Same Case: An Exercise in Reframing,” Journal of Management Education, XVI:2, May 1992.) The contrasts between the two frames are powerful, as is the experience of learning more and new things from a fresh look at a previously well-studied situation. An example is presented in Exercise 6.5.

Many cases explore specific aspects of the human resource frame. Some examples follow.

- **Interpersonal communication:**
You’ve Just Got to Fire Him ([A] [HBS 9-494-028], [B] [HBS 9-494-029], and [C] [HBS 9-494-030]). A CEO has decided to fire his head of sales but is having trouble figuring out when and how.

Karen Leary ([A] [HBS 1-487-020], [B] [HBS 1-487-021], and [C] [HBS 1-487-022]). A brokerage manager finds it hard to work with a Taiwanese native she hired to sell to other Taiwanese.

Mr. Hart and Mr. Bing (or the updated Mr. Dale and Mr. Shumann in an educational setting) (HBS 9-403-018).

Neely and Chapman Company (HBS 9-470-016).

John Martin (HBS 9-470-013).

Dashman Company (HBS 9-642-001).

The Road to Hell (HBS 9-480-074).

Anne Barreta (in Chapter 8).

Frank Mason (HBS 9-476-019).

Betty Randall (HBS 9-403-017).

S. S. Cowrie (HBS 9-403-032).

Industrial Chemicals, Inc. ([A] [HBS 9-410-017]).

The informal organization and its leadership:

The Slade Company (HBS 9-406-074).

Claremont Instruments Co. (HBS 9-406-032).

Meeting needs at work and motivation


Mary Kay Cosmetics, Inc.: Sales Force Incentives ([A] [HBS 9-191-002]).

Elizabeth Best ([A] [HBS 9-675-123], [B] [HBS 9-675-124], [C] [HBS 9-675-125], and [D] [HBS 9-675-126]). An outsider, the first women in a senior role in a public agency, finds her colleagues and staff seem less than welcoming.

Chris Cunningham (HBS 9-486-060). How do you manage the performance of a subordinate who does his job very well but alienates others in the process?

Portman Hotel (HBS 9-489-104). A newly opened hotel finds motivation deteriorating among its service staff.

Bob Knowlton.

Frank Mason (HBS 9-476-019).

Phoenix or Ephemera (HBS 9-413-054).

Century Co. ([A] [HBS 9-406-021], [B] [HBS 9-406-022], and [C] [HBS 9-406-023]).

Harwick, Smyth & Blanchard, Inc. ([A] [HBS 9-413-137] and [B] [HBS 9-413-138]).

Battleship “Y” (HBS 9-446-026).
- Interpersonal relationships at work:
  - Amelia Rogers at Tassani Communications ([A] [HBS 9-492-035]). Conflict between an account executive and creative director in an ad agency.
  - Serendipity Software ([A] [HBS 9-493-001]). A man and woman who successfully start a software firm have a serious falling out.
  - Newby Motors of Portsmouth ([A] [HBS 9-488-022], [B] [HBS 9-488-023], teaching note HBS 5-490-096). Conflict between father and son in a family-owned business in England.
  - Frank Mason (HBS 9-476-019).
  - Bob Knowlton.
  - Betty Randall (HBS 9-403-017).
  - S. C. Cowrie (HBS 9-403-032).
  - Ralph Langley and the American Radiatronics Corp. ([A] [HBS 9-409-071], [B] [HBS 9-409-072], [C] [HBS 9-409-074], and [D] [HBS 9-409-075]).
  - Acting out of Character (HBS 9-414-012).
  - Mayflower Paper Co. (HBS 9-470-046).
  - Beauty Care Products Inc. (HBS 9-472-063).
  - Thom Sailer ([A] [HBS 9-475-098] and [B] [HBS 9-475-099]).

- Intergroup relationships:
  - Lewis Equipment Company (HBS 9-408-005). Conflict among production, engineering, and production control in a manufacturing setting.
  - Asea Brown Boveri: Accountability Times Two ([A] [HBS 9-492-141] and [B] [HBS 9-492-142]). Internal allocation conflicts in a global matrix organization.
  - United Diesel Corp. (HBS 9-406-075).
  - Texana Petroleum Corp. (HBS 9-413-056).

- Special human resource concerns:
  - Highland Products, Inc. ([A] [HBS 9-481-159], [B] [HBS 9-481-160], and [C] [HBS 9-481-161]). EEO and affirmative action concerns.
  - Betsy Morgan ([A] [HBS 9-481-093] and [B] [HBS 9-481-094]). Sexual harassment.
  - Michael Jones (HBS unnumbered). Race and ethnicity.

**Chapter 6: Activities Focusing on Frame Content**

Another alternative is a simulation. Students can work with the terms and concepts from the chapter in debriefing the event and experience first-hand intrapersonal implications.
and interpersonal complexities of organizational life. The simulations described in the
teaching notes for Chapter 3 work well for these purposes.

Instructors might want a sequence where they drill the concepts of the structural
frame, run the simulation, and process its structural implications. Students can then read
the human resource chapters and reprocess the event from the human resource
perspective. This has the added benefit of enabling people to practice reframing and
experience its benefits.

**Chapter 6: Films or Videos Focusing on Frame Content**

Another way to work with the central ideas in the human resource frame is to use a
movie. Before showing a film, instructors will want to work with students to develop
their diagnostic maps—even something as simple as listing possible human resource
issues to look for—so that they can view the film with human resource frame lenses
firmly in place. Many students’ first impression is that they already know it because
much of the frame’s terminology and content has made its way into pop psychology and
everyday language. (If instructors have already done something similar in working with
the structural frame, this becomes the second installment in a four-frame diagnostic map.)

The list of film possibilities is long, since most movies deal with one or more of
the basic issues in the human resource frame: motivation, interpersonal relations,
relations between individual and system, and so forth. If you have a favorite movie that
takes place in a business, a hospital, a police department, a law firm, the military, a
university, or almost any other setting, you can probably find ways to use it to explore
human resource issues. Other suggestions follow:

- Classics like the *Star Wars* trilogy abound with issues of authority, interpersonal
  relationships, teamwork, communications, and interpersonal influence.

- Many of the films suggested for the structural frame, such as *Disclosure, Mr.
  Holland’s Masterpiece, Modern Times, 9 to 5, Lean on Me, Broadcast News,
  M*A*S*H, and Wall Street*, can be shown and discussed, with an emphasis this time
  on the fit between people and organization and the ways in which organizations
  support or thwart human efforts and productivity.

- An exchange (around a diving back flip) between Jane and Henry Fonda in the film
  *On Golden Pond* provides a poignant example of two people operating from different
  need levels. It is also a classic male-female conversation.

- *The American Dream* is a chilling documentary about a labor dispute between
  Hormel and a union in a plant in Minnesota.

- *Erin Brockovich, The Insider*, and *Norma Rae* are among many feature films that
document the darker side of the relationship between individual and organization. All
are based on real-life accounts of individuals who fought back against corrupt organizations despite high personal costs.

- Lighter takes on the conflict between individuals and organizations include *Office Space*, *Clockwatchers*, *Nine to Five*, *Working Girl*, and the incomparable Chaplin classic *Modern Times*. Some devastating scenes in *Office Space* capture what happens when human resource practices turn into inauthentic manipulation (the boss, played by Gary Cole, is a classic of smarminess).

- Schools, particularly high schools, are familiar organizations that almost everyone has experienced. Many feature films set in schools explore, intentionally or otherwise, the relationship between the individual and the system. Among the best examples: *Lean on Me*, *Dead Poets Society*, *Ferris Bueller’s Day Off*, *The Breakfast Club*, *Pump Up the Volume*, *Fast Times at Ridgemont High*, *Election*, and *Mr. Holland’s Opus*.

- In *The Efficiency Expert*, Anthony Hopkins, in the title role, comes into a benevolently run but money-losing factory in Australia to try and shape things up. The film provides a nice stimulus for discussion of tensions between the human resource and structural frames. (*Gung Ho*, *One Flew Over the Cuckoo’s Nest*, *Norma Rae*, *Silkwood*, and Wiseman’s documentary *High School* are also good for this purpose.)

- Films can also be used to illustrate more specific aspects of the perspective:
  - The power and complexity of interpersonal relationships—*The Breakfast Club*, *Kiss of the Spider Woman*, *Steel Magnolias*, and *Driving Miss Daisy*.
  - Group dynamics and cohesion—*The Bridge on the River Kwai*, *Glory*, *Stripes*, *Portland String Quartet*, and *Meeting of the Overhead Reduction Task Force*.
  - Superior-subordinate relationships—*Twelve O’Clock High*, *Glory*, *Stripes*, and *Driving Miss Daisy*.
  - Human needs—*From the Terrace*.

- Relationship guru Leo Buscaglia examines personal relationships at home and at work in his self-help film *Loving Relationships*. This film is perfect for exploring the power of human resource thinking in American culture.

Many training and development films explore specific aspects of the human resource frame. (Additional human resource training films are listed in the teaching notes for Chapters 7 and 8.) These films can serve as the basis for discussion about the assumptions and parameters of the perspective. Suggested films in this category include:

- *The Man Who Knew* (PBS FRL-92103-S3A)—the powerful story of John O’Neill, the FBI’s controversial top expert on Osama bin Laden and Al Quaeda. What caused tensions between O’Neill and the FBI? Why did he leave the bureau in August 2001?
How did he wind up as director of security for the World Trade Center in New York just in time to die in the terrorist attacks of September 11? (This is a multiframe case that could be used for a variety of teaching purposes.)

- **What Is Motivation** (Insight)—an exploration of Maslow’s and McGregor’s ideas and their management implications.

- **Emotional Intelligence** (CRM)—a discussion of the basic concepts of emotional intelligence. (Insight also offers a film on emotional intelligence.)

- **Motivation Decisions** (Insight)—a film that uses case examples to examine individual differences and motivation dilemmas at work.

- **The Downside of Downsizing** (FH).

- **Jobs: Not What They Used to Be—The New Face of Work in America** (FH)—an examination of companies that stress teamwork, high technology, and inventive ways of organizing their businesses.

- **Making It in the Organization** (Salenger)—an exploration of the connections among attitudes, worker satisfaction, and productivity.

- **Satisfaction: A Job Well Done** (Salenger)—an interview with a major shipbuilder from *On the Road with Charles Kuralt* focusing on how to create a satisfying and productive work environment for employees.

- **Maslow and Self-Actualization: Parts 1 and 2** (PF)—an interview with Maslow in which he describes the research that led to his theories.

- **Need to Achieve** (PSU)—David McClelland explains his belief that the economic growth of nations is dependent on individual needs for achievement.

- **Individual Motivation and Behavior** (IU)—a discussion and illustration of what motivates individuals in groups.

- **Building a Climate for Growth** (BNA)—distinguishes true psychological growth from empty symbols of advancement and investigates ways to encourage psychological growth in the workplace.

- **Case Studies in Communications** (Salenger)—a video dramatization of two cases illustrating the barriers to effective interpersonal communications.
Chapter 6: A Focus on Experiencing the Human Resource Frame

In addition to explicating the content of the human resource frame, instructors can help students to experience the personal implications of the frame. There are a number of ways to accomplish this.

One way is for instructors to define their role, for one or more class periods, in terms of the frame’s assumptions. They can model in the classroom how a manager might gather information about needs, rethink managerial choices, involve others in decision making, redesign for person-organization fit, solicit and offer feedback, and so on.

Instructors will want to be open with students about what they are doing—their choices, expectations, assumptions, dilemmas, reactions, and so on—offering students real insights into how managers think about their jobs (and teachers think about class and educational design). For many students, especially young undergraduates and cynical executives, the opportunity to see and reflect on the intentions behind managerial initiatives—particularly ones that they may disagree with or misunderstand—can be a powerful learning experience. Students can then explore in small groups both their own reactions to being involved and managed in this fashion and the implications for learning, motivation, and satisfaction in the classroom.

If instructors plan to assign four-frame personal cases in the course, they might want to use this opportunity to have students examine in small groups the human resource implications of these cases. (See Part 4 for personal case paper guidelines.) Exercise 6.6 presents another idea for a writing assignment.

Chapter 6: Cases Focusing on Experiencing the Frame

Another option is to use a case that illustrates the unique needs and expectations that an individual brings to an organization as a way of both understanding another’s point of view and stimulating self-reflection. Cases that are rich in first-person accounts of personal values, beliefs, and interpretations of choice points include:

- Lisa Benton ([A] [HBS 4-494-114])—a young manager finds that the people challenges in her first job are much tougher than she anticipated.
Chapter 6: Films or Videos Focusing on Experiencing the Frame

Students can view films (or excerpts from them) such as Dead Poets Society, Silkwood, Norma Rae, and Wall Street, in which individuals face significant choice points in organizations. Students can then explore, in large or small groups, what they would do, why, and the implications of their choices.

Dead Poets Society can also be used as a prelude to experiential learning, as described in the following section, “Activities Focusing on Experiencing the Frame.”

Chapter 6: Activities Focusing on Experiencing the Frame

Experiential learning is a good way for students to experience the frame in action, learn something about its historical roots, and acquire personal insights about themselves as organizational participants, leaders, and managers.

For students new to experiential learning, instructors might want to preface any activity with a clip from the film Dead Poets Society in which Professor Keating has students walking around a courtyard to experience the pressures to march in the cadence of the majority. Students can explore the power of that event for the participants, the boys’ feelings and reactions to the request, the meaning of the learning, the ways in which the activity violates school norms, and so on. This not only can prepare students in a new way for experiential learning but also can lead to good discussion about this historically important human resource–based methodology.

Sources of experiential activities include the following:

- Instructors with training backgrounds might want to schedule some double classes or a weekend workshop to run a short-term T-group.

- In-class assessment centers, in-basket exercises, or some of the experiential learning classics—such as the Johari Window, a force-field analysis of a personal dilemma, the Hollow Square activity, and the Prisoner’s Dilemma—combine opportunities for
Many experiential activities focusing on individual, group, intergroup, and organizational processes can be found in Doni Tamblyn and Sharon Weiss, *The Big Book of Humorous Training Games* (McGraw-Hill, 2000); Dorothy Marcic, Peter Vaill, and Joe Seltzer, *Organizational Behavior: Experiences and Cases*, 6th ed. (South-Western, 2000); and the series *A Handbook of Structured Experiences for Human Relationship Training* by J. William Pfeiffer and John E. Jones (published in multiple editions beginning in the early 1970s, originally by Pfeiffer & Co. and more recently by Wiley).


**STUDENT EXERCISES FOR CHAPTER 6**

**EXERCISE 6.1**

**Focus:** Content of the Human Resource Frame

Ask students to use Maslow’s hierarchy to diagnose and examine personal needs that students bring to the course. Students can then use information from this diagnosis to explore ways to increase student motivation, satisfaction, and productivity.

**EXERCISE 6.2**

**Focus:** Content of the Human Resource Frame


**EXERCISE 6.3**

**Focus:** Content of the Human Resource Frame

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Use the class as an organization, and ask students to explore the fit between their needs and the needs of the organization. Students can gather information about the needs that they and fellow students bring to class and compare them with the instructor’s course design and teaching methods.

**EXERCISE 6.4**

**Focus:** Content of the Human Resource Frame

Have students examine the assumptions implicit in the instructor’s course structure, class designs, management style, and reward systems using Theory X and Y and Argyris’s personality-organization theory to guide their explorations.

**EXERCISE 6.5**

**Focus:** Content of the Human Resource Frame; Reframing

Use a case study, First National City Bank Operating Group ([A] [HBS 9-474-165] and [B] [HBS 9-474-166]), to have students compare the approaches of the structural frame and the human resource frame. (This is actually an exercise in reframing.)

First, have students explore structural issues in cases A and B by asking them to focus on such questions as these:

1. Structurally, what were the changes that Reed and White made? What influenced their organizational design choices and options?
2. How would you assess the effectiveness of those structural changes?
3. From a structural perspective, what, if anything, would you do differently?

Then return to the case and ask students to prepare case B again, this time using the human resource frame to guide their analysis, focusing on questions such as these:

1. From a human resource perspective, how would you describe the change strategy used by Reed and White?
2. From a human resource perspective, how would you assess the effectiveness of those changes?
3. Using the human resource frame as a guide, what, if anything, would you do differently?

**EXERCISE 6.6**

**Focus:** Experiencing the Human Resource Frame

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Have students prepare brief vignettes that illustrate human resource problems or dilemmas that they have experienced in organizations. You can leave this assignment open ended or can narrow it by asking students to focus on a specific human resource issue (such as motivation, interpersonal relationships, or boss-subordinate interfaces), to draw on their experiences as managers, or to write from the perspective of a subordinate. Students can then explore—through written analysis, small-group discussion, or both—the ways in which the central ideas of the human resource frame help them understand these experiences in a new way and offer new alternatives for action.