Balanced Management

A Key Component of Managerial Effectiveness

by William J. Liccione

The employee-employer relationship has changed. It used to be that performers believed that their employers would recognize their loyalty and good work with steady compensation increases and job security (Robbins, 2003). However, a steady stream of events has eroded the relationship since the mid 1980s: globalization, unfriendly takeovers, the downsizings promoted by the bear market of 2002-2003, practices like Jack Welch's (2001) "vitality curve" that promote organizational revitalization through eliminating the bottom 10% of the management cadre, and growing efforts from performers to balance their work life and life outside of work. Because of influences such as these, managers now face the challenge of accomplishing more with fewer performers who often have a diminished sense of loyalty to their employers. Under these conditions, managerial effectiveness is critical to employers' ability to attract, retain, and motivate qualified performers.

Although research on managerial effectiveness during the last six decades has repeatedly identified the need for managers to both structure their performers' tasks and respond to their performers' needs (e.g., Stogdill & Coons, 1951; Kahn & Katz, 1960; Blake & Mouton, 1964; Fiedler, 1967; House, 1971), it has essentially sidestepped the issue of how to do these things in the typical work environment—where they are often opposed to each other. In other words, most research on managerial effectiveness offers little guidance on how managers are to structure performers' tasks when doing so diminishes their ability to respond to the performers' needs or, conversely, how they are to respond to performers' needs when doing so diminishes their ability to structure the performers' tasks. Which is more important? Where is the appropriate balance?

From a Human Performance Technology (HPT) perspective (Van Tiem, Dessinger, & Moseley, 2004), this disconnect between task structure and employee needs reflects a key dimension of gaps that exist between the workforce performance required to accomplish organizations' mission and strategic plans, and the workforce performance driven by performers' needs. By implication, managerial effectiveness reflects the managers' ability to minimize this gap.

The Need for Balance

Much of the research on managerial effectiveness has been conducted as investigations of "leadership" in the workplace. For example, in the 1950s, studies at Ohio State University asked subordinates to evaluate the leadership displayed by their managers. It was found that managers' perceived leadership was determined primarily by the degree to which they assisted subordinates in defining their role (i.e., initiating structure) and developed relationships with subordinates characterized by trust, respect, and concern for their welfare (i.e., consideration) (Fleishman, 1953).

About the same time, studies at the University of Michigan approached the issue of leadership in the workplace by correlating different characteristics of managers' behavior with the productivity of the employee groups they were responsible for. It found that two types of behavior distinguished effective leaders from ineffective ones: the extent to which managers were task-oriented, or assisted subordinates to plan work necessary to accomplish specific tasks, and relations oriented, or supportive and helpful with subordinates (Kahn & Katz, 1960). Since these studies, several models of management behavior have emerged. These models incorporate similar task-oriented and relations-oriented dimensions of behavior, including Blake and Mouton's Managerial Grid (Blake & Mouton, 1964). According to Blake and Mouton, the most effective managers are those who are rated high on both their concern for production (i.e., task-orientation) and concern for people (i.e., relations-orientation). In other words, these two dimensions of managerial effectiveness are additive. Consequently, having a strong concern for production or a strong concern for people should not be as effective as having a strong concern for both production and people at the same time.

Although this seems a reasonable proposition, the research Blake and Mouton's model generated during the 1960s provides only limited support for it. Why? Because, apart from methodological issues that can be raised about the research, the Managerial Grid is not based on a realistic assessment of managerial life in the workplace. In fact, managers often cannot integrate their concerns for production with their concerns for people because these two values are opposed to each other. Practically speaking, one value has to be given priority over the other, and managers are faced with the challenge of finding the right balance between them (Yukl, 2002).

Further support for the importance of managerial balance comes from research on the amount and type of influence exercised by managers at different levels in organizations. Among other things, it was found that the most effective organizations were characterized by managers who had a strong influence over their subordinates and at the same time allowed themselves to be influenced to a degree by those same subordinates (Bachman, Smith, & Slesinger, 1966; Smith & Tannenbaum, 1963). In other words, managers who had learned to balance their concern for production with their concern for people were the most effective.

Balanced Management

Abstractions like "concern for production" and "concern for people" may serve researchers well. However, they provide little direction to managers faced with the daily challenge of applying them. Furthermore, unless these different dimensions are considered simultaneously, they provide little direction regarding the tradeoffs in the workplace that managers must make.

Balanced management theory (BMT) builds on the research findings discussed above. It defines the major dimensions of managerial effectiveness in terms that have clear application and, by considering the dimensions simultaneously, gives managers direction regarding the necessary balance between them.

Control Dimension

At least two dimensions characterize the interactions between managers and the performers they manage. One dimension is the control managers exert over their performers' behavior.

During these interactions, different needs vie for attention. For example, the organization, manager, and employee each may have different needs representing divergent sets of interests. XYZ organization may need to dramatically increase its market share by keeping its Vice President of Sales in the field generating business, while the Vice President of Sales may have a strong interest in spending more time off the road with her husband and young children. At the same time, a Regional Sales Manager who reports to the Vice President of Sales may wish to switch to a more desirable geographic region even though he can do more for the company if he is not reassigned.

Practically speaking, these sets of needs cannot, and should not, be given the same weight. Since the Vice President of Sales is employed by the organization, its business needs should be assigned the highest priority. Therefore, as painful as it may be, the Vice President of Sales needs to spend the time in the field necessary to increase market share and hope that the organization has a strong work-life policy that can accommodate her in some other way.

At the same time, the Vice President must rely on the performance of the Regional Sales Manager. Consequently, the Regional Sales Manager should probably not be reassigned to another territory if doing that prevents the Vice President from meeting her goals. From this perspective, control represents managers' ability to maintain the priority of their organization's business needs amid competing alternatives.

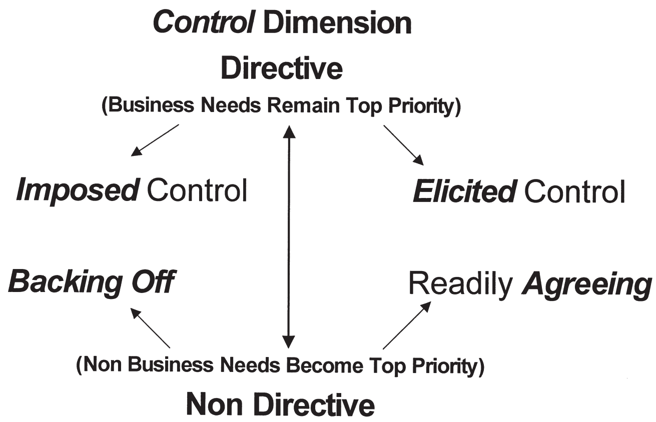

Figure 1. Control Dimension of Managerial Effectiveness.

As illustrated in Figure 1, managers can exert this control, or directive behavior, in their interactions with performers in different ways. One way is by imposing it. Hence, the Vice President of Sales may simply demand that the Regional Sales Manager remain in his assigned territory without discussion. Alternatively, managers can direct their interactions with performers by effectively encouraging the performers themselves to take the necessary action. Hence, after discussion with the Vice President of Sales, the Regional Sales Manager may be convinced that he should remain in his current territory despite his interest in reassignment.

As Figure 1 illustrates, managers' behavior at the other end of the control dimension is nondirective and fails to exert the control necessary to maintain the priority of their organizations' business needs. Under these conditions, the performers they interact with are allowed to determine the direction and focus of the interaction.

As was the case with directive behavior, managers can display nondirective behavior in different ways. One way is by assuming a passive role in their interactions with performers. For example, the Vice President of Sales may never convey her preference to the Regional Sales Manager that he remain in his current territory and simply hope that he does not pursue his interest in being reassigned. Alternatively, managers may readily agree with their performers' wishes even though doing so means the organization's needs will not be met. Hence, the Vice President of Sales may acquiesce to the Regional Sales Manager's request for reassignment, knowing that market share will be sacrificed in the process.

Responsiveness Dimension

The responsiveness dimension of behavior represents the degree to which managers understand, acknowledge, and respond to performers' needs. However, it does not assume that in so doing their needs are met.

As Figure 2 illustrates, managers can respond to their performers' needs in a variety of ways. One is to respond properly by first acknowledging and developing an understanding of the specific needs an employee has and then tailoring responses to that understanding. For example, because of the Vice President of Sales' prior conversations with the Regional Sales Manager, she may develop an understanding of the reasons for his strong interest in reassignment and then acknowledge that understanding in subsequent meetings, perhaps even planning for its eventual occurrence. Alternatively, managers can respond indiscriminately to their performers' needs by assuming that one employee is essentially the same as another. Hence, the Vice President of Sales may acquiesce to the Regional Sales Manager's interest in reassignment without ever exploring the reasons for it.

As Figure 2 illustrates, managers' behavior at the other end of the continuum essentially ignores performers' needs in one of two ways. One is by being outwardly unresponsive and telling the performers in so many words that they do not intend to consider their needs. For example, the Vice President of Sales may intimate to the Regional Sales Manager that she "couldn't care less" about his interest in reassignment even though she is aware of it. Alternatively, managers can be inwardly unresponsive and avoid doing anything that indicates they are even aware their performers have various needs. Hence, the Regional Sales Manager may never suspect that the Vice President of Sales is aware of his interest in reassignment. Such managerial behavior is often thought of as passive aggressive.

Management Styles

When the two dimensions of managerial behavior discussed above are combined, they describe the four different management styles shown in Figure 3. Each of these styles represents an approach to accomplishing results through others. However, only one style allows managers to address the issue of how best to accommodate the needs of the organization with their performers' needs.

Dominant

Managers whose behavior imposes control on performers during their interactions with them, and outwardly

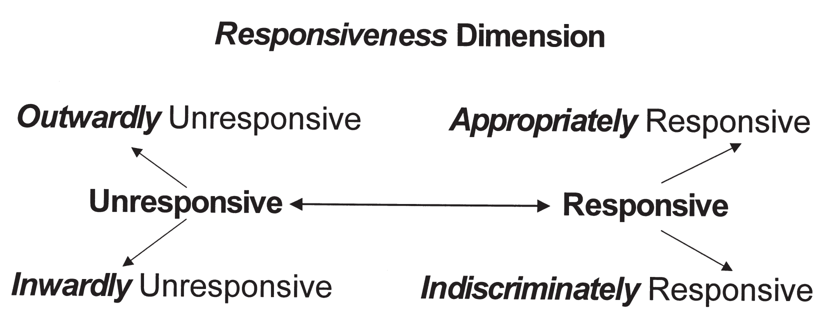

Figure 2. Responsiveness Dimension of Managerial Effectiveness.

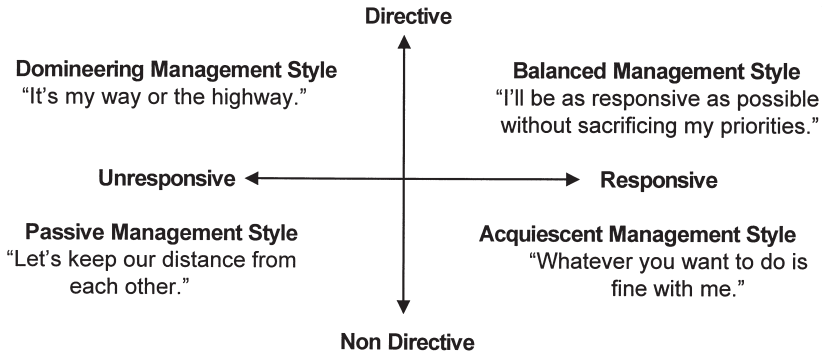

Figure 3. Model of Managerial Styles.

communicates the managers' intentions of ignoring their needs have been characterized as a domineering management style. Essentially, managers using this style convey to performers the expectation that they will be told what to do and are expected to do what they are told. For example, if the Chief Executive Officer of our hypothetical organization manages the Vice President of Sales using this management style, the Vice President of Sales may achieve her targeted market share but her concerns on the balance between her work and personal life will remain hers alone.

Passive

A passive style is characterized by behavior that allows performers the latitude to put their own needs ahead of the organization's, but provides no indication the manager is even aware of what those needs are. Essentially, managers using this style passively convey their expectation that performers should "keep their distance." In addition, although performers may enjoy the latitude this style allows them, they are limited by their managers' lack of management support. For example, when it comes time for the Regional Sales Manager to collaborate with the Vice President of Sales on whether the reassignment he is interested in will help or hinder the Regional Sales Manager's career, the Vice President of Sales would be nowhere to be found.

Acquiescent

An acquiescent management style is characterized by readily agreeable behavior that again allows performers the latitude to put their own needs ahead of the organization's but treats all performers as if they were essentially the same. Managers using this style convey the expectation that "whatever the performers want to do is fine." There is little room for candid dialogue during interactions with performers since maintaining a cordial working relationship supersedes the needs to address difficult issues. For example, the Vice President of Sales may be aware that allowing the Regional Sales Manager to pursue his interest in reassignment will hinder the Regional Sales Manager's career. However, rather than risk a contentious discussion of the issues, the Vice President supports the reassignment.

Balanced

Managers who elicit performers' cooperation in maintaining control of the interaction, to the extent possible, and respond appropriately to their specific needs characterize a balanced management style. Essentially, managers using this style balance a commitment to understanding and responding to their performers' needs with a commitment to maintaining the primacy of their organizations' strategic, tactical, and operational initiatives. These managers convey their commitment to being as responsive to their performers' needs as possible without sacrificing those initiatives. Hence, the Regional Sales Manager knows that the Vice President of Sales understands his interest in being reassigned to another territory and will be as responsive as possible without sacrificing the organization's need to increase market share. Clearly, this style provides performers not only the best opportunity for professional growth and development, but also the direction managers need to maintain their effectiveness in the workplace.

Early Research to Support the Importance of Balanced Management

BMT suggests that because a balanced management style is the only one that obligates managers to understand and, to the extent possible, meet performers' needs, there should be a positive correlation between the strength of managers' balanced management style and employee satisfaction. The research described below provides early support for this hypothesis (Liccione, 2002).

Method

As part of a study of employee satisfaction in 2002, questionnaires were mailed to senior leaders (i.e., vice presidents, senior vice presidents, and chief executive officers) of 120 organizations with average gross revenues of $31 million. The organizations represented various market sectors in the mid-Atlantic region. The questionnaires consisted of 39 questions regarding the organizations' financial performance and a variety of hypothesized drivers of employee satisfaction, including managers' behavior. (A copy of the questionnaire may be obtained from the author upon request.)

Management style was assessed with the inclusion of three descriptions of each management style discussed in this report, producing twelve different descriptions of managerial behavior. Pretests of the descriptions supported their construct validity. All respondents in the pretest groups correctly associated each description with the management style it was intended to describe.

Each description was accompanied by a five-point rating scale, ranging from strongly agree (+2) to strongly disagree (-2), that allowed respondents to indicate the extent to which they felt the description characterized managers' behavior in their organizations.

Forty-two organizations, representing (35% of the surveyed population) returned completed questionnaires. When analyzing the respondents' ratings, the strength of managers' balanced management style was determined by assigning positive scores to—

- their agreement with descriptions of balanced managerial behavior (e.g., Managers here balance the needs of the organization with their performers' needs, but keep the organization's needs first.)
- their disagreement with descriptions of managerial acquiescence (e.g., Managers here seem willing to put performers' needs ahead of the organization's needs.)
- their disagreement with descriptions of managerial passivity (e.g., When it comes time to actively support performers in the performance of their jobs, the managers here are nowhere to be found.)
- their disagreement with descriptions of managerial domineering behavior (e.g., Managers here do not value differing points of view from the performers they supervise; it's their way or the highway.)

Conversely, negative scores were assigned to respondents' disagreement with descriptions of balanced management behavior and agreement with descriptions of acquiescent, passive, and domineering management behavior. An index defining the perceived strength of managers' balanced management style was then developed by summing respondents' ratings across all 12 descriptions of management behavior; the higher respondents' scores, the stronger their managers' perceived management styles.

Employee satisfaction was assessed using the same method. Respondents were asked to indicate the extent to which they believed performers in their organizations were satisfied with their life at work and, separately, the balance between their work and personal life. A statement on each type of satisfaction was included in the questionnaires, and respondents indicated their agreement or disagreement with the statement using a five-point scale similar to the one described above.

Results

The results of the study (see Figures 4 and 5) indicate a moderate, positive correlation between the strength of managers' perceived balanced management style and performers' satisfaction with both their life at work and the balance between work and personal life.

Type of Employee Satisfaction	Correlation with Strength of Balanced Management[b]
Satisfaction with life at work	.479[c]
Satisfaction with balance between life at work and personal life	.467[d]

[a]n = 42
[b]Pearson correlation coefficient
[c]Significant at the .01 level (2-tailed test)
[d]Not statistically significant

Figure 4. Correlation Between Balanced Management and Employee Satisfaction[a].

When considering the practical importance of these findings, it is important to note that the same research also found a small but statistically significant positive correlation between performers' satisfaction with their life at work and year-over-year growth in their organizations' net income. However, this impact on the organization's financial performance does not extend to performers' satisfaction with the balance between their work and personal life.

As a whole, the data suggest a significant, indirect relationship between managers' behavior and the financial performance of organizations, with employee satisfaction the intervening variable. Although this research provides support for BMT, it has limitations. For example, neither the reliability of the survey questionnaire nor the comparability of the 42 responding organizations to the population of 120 organizations surveyed has yet been fully assessed. In addition, the effect size of the findings was relatively moderate. Because of these limitations, care should be taken at this juncture in extrapolating the results of the research to other populations.

Type of Employee Satisfaction	Correlation with Year-Over-Year Change in Net Income[b]
Satisfaction with life at work	.248[c]
Satisfaction with balance between life at work and personal life	.-.034[d]

[a]n = 42
[b]Pearson correlation coefficient
[c]Significant at the .01 level (2-tailed test)
[d]Not statistically significant

Figure 5. Correlation Between Change in New Income and Employee Satisfaction[a].

The results of the study indicate a moderate, positive correlation between the strength of managers' perceived balanced management style and performers' satisfaction with both their life at work and the balance between work and personal life.

Implications From an HPT Perspective

The HPT Model (Van Tiem et al., 2004) suggests that organizations' missions and business goals may drive desired workforce performance that is at odds with the actual workforce performance dictated by, among other things, workers' needs. Past research on managerial effectiveness has largely sidestepped this gap between desired and actual workforce performance by prescribing managerial practices that assume a correspondence between employers' and performers' needs. Yet managers' ability to operate outside this ideal by accommodating the sometimes-intractable differences between employers' and performers' needs is a strong determinant of their effectiveness.

BMT provides a framework for assisting managers in balancing the differences between employers' and performers' needs that interfaces with HPT at three key junctures. First, both BMT (Elliott, 1996) and HPT promote systems for optimizing employee performance that support organization objectives. Hence, meeting performers' needs at any cost is not appropriate. Instead, because both managers and their performers are in the service of the organizations that employ them, managers are obligated to maintain the primacy of their employers' expectations when they conflict with performers' demands.

Second, the application of both BMT and HPT depends on the ability to clearly define the outcomes or results associated with jobs. From this perspective, it is not sufficient to regard managers' jobs as simply the process of hiring and firing, dispute resolution, etc. Rather, these processes are most appropriately regarded as means to accomplishing specific results through the performers being managed. Before gaps between employer and performer expectations can be identified and addressed, managers must fully understand the results for which they are being held accountable.

And finally, even after managers understand the results they are expected to accomplish, issues may remain regarding the best methods of accomplishing them. BMT represents an example of what Elliott (1998) refers to as a performance model, designed to promote best practices that are in the service of clearly defined outcomes. Hence, managers' ability to accomplish the results they are held accountable for depends on both clearly understanding their performers' personal needs and, at the same time, developing the skills to be as responsive to those needs as possible without sacrificing the priority of their employers' business interests.

In total, this knowledge and these skills and abilities represent not only the basis for practicing balanced management and delivering the impact on employee satisfaction and organizational performance suggested by the results of the preliminary research discussed here, but also the basis for enhancing organizational performance from a HPT perspective.

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