

RESEARCH AND PRACTICE IN HUMAN RESOURCE MANAGEMENT

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The Impact of Global Pressures on the Affective Well-Being of Australian Managers' Performance

Peter Hosie, Nick Forster & Peter Sevastos

Abstract

Implicit in the drive for international competitiveness is the recognition that high-performing managers are essential for organisations to achieve and sustain competitive advantage. A critique is made of the global economic pressures impacting on Australian managers' jobs. Elements of affective well-being and intrinsic job satisfaction that predict managers' performance are identified. Recommendations are made about how managers' jobs might be changed to enhance, or to avoid a decline in, affective well-being, intrinsic job satisfaction and performance, in order to improve overall organisational effectiveness. The emphasis is on investigating an aspect of human behaviour with the potential to enhance managerial performance. Organisations have the potential to gain a competitive advantage through HRM initiatives, when these are derived from and integrated with organisational strategies.

INTRODUCTION

International pressures to manage the increasingly complex and varied contingencies impacting on organisational performance are greater than ever (Patterson, West, Lawthom & Nickell 1998). In this environment, managers' performance is central to the success of organisations. Achieving and sustaining high individual performance and organisational productivity in this intensely competitive economic environment has the potential to impact on the affective well-being of managers' worldwide (Kinicki, McKee & Wade 1996). In dynamic, competitive markets, successful organisations are likely to be staffed with managers capable of adapting to constantly evolving roles, and with the capacity to achieve and sustain optimal levels of performance. Therefore, individual and collective affective well-being and the level of intrinsic job satisfaction are aspects of managers' performance that is critical to organisational survival and prosperity.

Global shifts that have led to these increased global pressures on Australian managers are discussed in the foregoing commentary. Research on Australian managers by Hosie, Forster and Sevastos (2003) is presented and related to a seminal issue in management – the 'happy-productive worker thesis'. Implications of these results for practitioners are then considered, including: improving work environments, providing quality feedback, developing emotional intelligence competencies, targeting training and development, and rigorously applying recruitment and selection criteria. In combination, these HRM initiatives are posited to improve the quality of managers working environment, and ultimately to improve performance in order to contribute to organisations competitive edge.

THE EFFECT OF GLOBALISATION ON AUSTRALIA

During the last four decades globalisation and market deregulation has dramatically altered the competitive landscape facing Australian managers. Australian organisations were thrust into the turbulent economic environment of the mid 1970s, as a result of intense competition for domestic and international markets from North American, European, and emerging East Asian rivals. From the mid 1980s onwards the Australian economy began experiencing adverse terms-of-trade accompanied by an unprecedented growth in the current account deficit. In the 1980s and 1990s most Western societies experienced a significant decline in their international competitiveness (Ohmae 1995, Guehenno 1995).

Australia's economic decline was fuelled by deregulation in the 1980s and 1990s which opened the economy to increased competition (Cascio 1993). Successive Australian governments deregulated the economy, especially the finance and manufacturing sectors, while simultaneously reducing tariffs across industries (Financial Deregulation 1995, Brooks & Faff 1997). Consequently, Australian managers were forced to adopt more sophisticated cost

management approaches. For instance, the necessity for cash flow replaced short-term debt funding for asset management in the late 1980s, resulting in a marked increase in Australia's accumulated foreign debt and associated interest payments.

Competition from countries with lower labour costs has forced companies in most industrialised countries to become more efficient and to reduce labour costs (Jones 1995). This trend is also evident in Australia, due to its geographic proximity to Asia and slowness in reforming its macro and micro economies. In particular, many Asian nation-states have developed a distinct comparative advantage over Australia, primarily resulting from a ready supply of cheap labour, which was complemented by a willingness and capacity to adopt new technologies and competitive marketing and business strategies (Ohmae 1995, Guhenno 1995). Australia is likely to remain under pressure to reduce the cost of labour. In contrast, many competitively strong countries, such as the USA, Japan, Germany, and Switzerland have relatively high wage rates compared to Australia. In these circumstances, innovation is a critical differentiator of national competitiveness.

Australia entered the arena of international competition as nation-based businesses were being replaced by organisational structures that were better equipped to respond to a more turbulent economic environment (Lawrence & Lorsch 1967). These events were preceded by the reduction in prominence of the nation-state and deregulation of the global economy (Porter 1990, Guhenno 1995, Ohmae, 1995). Australian enterprises have faced rapid technological advances, coupled with globalisation, resulting in dramatic changes to organisational structures. Since the 1980s, downsizing and delayering has emerged as a pervasive international trend affecting the Australian economy (Palmer & Dunford 1996). Flatter organisational structures have emerged from significant downsizing and the uptake of new technologies. These changes have compelled a shift in the pace and direction of managerial practices (Hammer & Champy 1993, Limerick & Cunningham 1993, Quinn, Faerman, Thompson & McGrath 1996). Prior to the onset of these economic challenges, Australian managers and businesses were shielded from global economic forces by high tariffs, buoyant commodities markets and a stable currency (Jones 1995, Hampson & Morgan 1997).

Globalisation and Australian Managers

With increased global competition, Australian managers are being required to adapt to the liberalisation of world trade and investment regimes, such as the deregulation of financial markets (Brooks & Faff 1997). Australian managers are in an era that demands competencies with global relevance, and where managers are expected to efficiently perform a wider range of complex functions. These changes have increased the strain on Australian managers with consequent increases in the incidence of stress, and burnout and subsequent impact on performance (Forster & Still 2001)

These economic dynamics have at times provided a strong impetus for Australian employers and governments to pursue ways of improving efficiency and global competitiveness (Kramar 1991). Structural micro and macro economic reforms implemented by the Australian government in the 1990s were intended to make the country more internationally competitive (Hilmer 1993). These developments have had considerable impact on Australian managers who must now operate within these global dynamics. As a consequence, the roles and performance expectations of Australian managers have changed substantially. For organisations with international responsibilities and aspirations, some managers are now required to perform highly complex tasks, such as coaching employees for overseas assignments and developing skills that are transferable to international settings.

Managers were formerly required to achieve results directly through people, using a centralised and narrow span of control. Several levels have been eliminated from organisational hierarchies, resulting in managers having a more dispersed span of control (Beitzenhausen & Fedor 1997). Relinquishing this direct supervisory role has necessitated that managers perform different roles such as empowering employees and facilitating team-based work. At the same time, some managers' jobs require that specialised tasks be performed to increasingly higher levels of efficiency. These changes to the workplace require more sophisticated and comparable measures of managers' performance in order to ascertain individual contributions to organisational effectiveness.

Managers' jobs are likely to become more complex and, as a consequence more demanding in the future. As the marketplace becomes further deregulated, outsourcing is likely to increase. In this scenario, managers' roles are evolving more into managing the outsourcing of an organisation's needs rather than just managing human resources. Technological developments will exacerbate this trend. These global trends are likely to continue to have a significant impact on Australian managers.

HRM AND BUSINESS PERFORMANCE

A strong causal link has been established between HRM and business performance by Patterson et al. (1998). Compared to other management practices (e.g., strategy, quality focus, investment in research and development), human resource practices explained 18 per cent of the variation in productivity and 19 per cent in profitability of companies in the United Kingdom. Two clusters of skills – the acquisition and development of employee skills (including the use of appraisals), and job design – were shown to be particularly important. Patterson et al. (1998) have established an empirically compelling argument supporting the relationship between HRM and commercial performance.

Organisations are under increasing pressure to improve productivity, while simultaneously reducing costs, resulting in an epidemic of ‘corporate anorexia’ (Hamel 1996). A new enterprise formula is emerging – ‘ $1/2 \times 2 \times 3$ ’ – whereby half as many people are being paid twice as much, to produce three times more (Handy 1996). This trend to ‘squeezing the pips’ is particularly evident for managers, where the incidence of stress and burnout is increasingly common (Quinn et al. 1996, Reinhold 1997). Organisational dynamics experienced by Australian managers are indicative of those facing most nation states and economies. Australian managers are under increasing pressure to produce superior results in shorter time frames, with fewer resources (Coles 1999, Forster & Still 2001). Handy (1996) considered the ‘ $1/2 \times 2 \times 3$ ’ formula ‘about right’ for Australia, New Zealand, the United Kingdom and North America.

From a broader perspective, a central point in the debate over the significance of managers to Australia’s competitiveness is the assertion that “good managers are the key to a more competitive economy and higher performing enterprises” (Karpin 1995: 1). Ascertaining the factors that determine managers’ performance has the potential to assist in initiatives to improve Australia’s competitiveness. Managers are pivotal to an organisation’s productivity and effectiveness, since they have ultimate responsibility for maximising the resources available for organisations to create value (Jones 1995). As Sanchez and Heene (1996: 13) assert, “managers’ cognitive processes are at the head of a chain of causality that can eventually reshape the nature of competition in an industry”; a proposition extended here by determining the contribution of managers’ affective well-being and intrinsic job satisfaction to this process. The resource-based view of the firm recognised the value added by human capital (Wernefelt 1984, Hamel & Prahalad 1994). Regardless of the industry or country concerned, managers represent the human capital that is critical to an organisation’s success (Williams 1991). Any decline in managers’ performance inevitably results in revenue foregone, opportunities lost, and increased costs. In turn, this outcome is likely to hamper the capacity of organisations, and ultimately national economies, to create wealth. Findings from a study by Hosie et al. (2003) are applicable to managers in other international working situations because managers are critical to the success, or failure, of companies and organisations (Carlopio, Andrewartha & Armstrong 1997).

To reach and sustain heightened levels of performance, and to avoid burnout in this environment, it is desirable that organisations develop strategies for maintaining managers’ affective well-being and intrinsic job satisfaction. Of the three psychological aspects of burnout (emotional exhaustion, depersonalisation, diminished sense of personal accomplishment), Lee and Ashforth (1996) found emotional exhaustion is increasingly prevalent in Western workplaces. By establishing how affective well-being and intrinsic job satisfaction influences behaviour, it will be possible to predict how deterioration, or an improvement, in affective well-being and intrinsic job satisfaction impacts on managers’ performance (Hosie et al. 2003). Similarly, management practices that increase managers’ affective well-being and intrinsic job satisfaction may result in corresponding reductions in workplace tension and improved efficiency. Such information may be used to develop recommendations about changes that are likely to promote a healthier and more supportive work environment for managers.

‘Hard’ and ‘Soft’ Contributions to Managers’ Performance

An important aspect of HRM in practice, or organisational behavioural research, concerns optimising an organisation’s less tangible assets. Individual task performance only captures a portion of what managers contribute to organisations. This portion is mainly attributed to the knowledge, skills, abilities and experiences of managers. Contributions beyond task performance may be more accurately termed discretionary behaviour. These behaviours contribute to organisational effectiveness and go beyond ‘soft’ psychology, or ‘humanistic’ concerns to become a critical part of the managers’ contribution. As Barnard (1938: 5) observed, “successful cooperation in, or by formal organizations, is the abnormal, not normal condition”, and in the opinion of Organ & Paine (1999):

... perhaps the reason for the dearth of explanatory power of the ‘softer’ side of I/O psychology in the study of performance has not been because it is too soft, but that our dependent variable, ‘performance’, has been too hard. (p. 338)

Such an approach has the potential to improve the interconnections between management disciplines, as well as providing useful insights for related fields (Staw 1986). The mutual contribution of ‘soft’ (people-driven human resource features, such as motivation and leadership), and ‘hard’ (market-driven forces such as strategy formulation and program evaluation), aspects of management have yet to be established (Nankervis, Compton & McCarthy 1996). Hence, the soft aspects of managers’ performance may be associated with hard organisational outcomes, such that these:

two apparently disparate approaches are not necessarily mutually exclusive. They can be reconciled through a contingency framework, which provides guidance on the positioning of an organisation’s human resource strategies as part of the organisation’s overall change strategy and ultimately its business strategy. (p. 87)

Many studies have confirmed that the so-called ‘soft skills’ are critical for a vital economy (Boyatzis 1982, Carnevale, Gainer & Meltzer 1988, Spencer, McClelland & Kelner 1997). Integrating ‘soft’ (affective well-being and intrinsic job satisfaction), or less tangible aspects of managers’ performance, with ‘hard’ (performance) aspects of management is relevant to the attainment of organisational performance outcomes. When human potential is expertly integrated with organisational strategies, it has the potential to liberate a powerful additive force.

Information about the relationships between managers' affective well-being and their performance may assist in identifying those managers who are likely to sustain heightened levels of performance, and thereby, to survive and prosper in global competitive environments. This will potentially contribute to optimising managers' capacity to create value for organisations (Bommer, Johnson, Rich, Podsakoff & McKenzie 1995). Hosie et al. (2003) have progressed the debate over the 'happy-productive worker' thesis by investigating the relationship between managers' affective well-being, intrinsic job satisfaction, and their contextual as well as their task performance.

RESEARCH INTO THE 'HAPPY-PRODUCTIVE WORKER' THESIS

There has long been an adherence to the intuitively appealing notion that happy employees perform better. Decades of research have been unable to establish a strong link between intrinsic job satisfaction and performance. Belief in the 'happy-productive worker' thesis has its roots in the Human Behaviour School of the 1950s. Similarly, the 1970s Human Relations Movement had a significant influence on job redesign and quality-of-life initiatives and was credited with specifying the original satisfaction-performance relationship (Strauss 1968). Despite mixed empirical evidence, there is support in the literature to suggest that a relationship exists between managers' affective well-being and their performance.

Reasoning and research into the construct of happiness preceded research into affective well-being. Emotions and happiness are first order conceptual bases of affective well-being. Affective well-being refers to feelings about either life in general (i.e., 'context-free'), or in relation to a specific domain (i.e., 'job-related'). In relation to affective well-being, the term 'job' refers to the specific tasks undertaken by individuals in a particular setting. Intrinsic job satisfaction refers to the internal state associated with characteristics inherent in a job, such as utilisation of skills, amount of job complexity and opportunities for control, amount of responsibility, and challenges (Brayfield & Rothe 1951).

Managers' performance is defined by Hosie (2004: 63) as "the recent net contribution value to organisational effectiveness and goals, attained in conjunction with people, determined by events under managers' control, in a particular environment." Two types of performance are distinguished in the literature: contextual and task (Borman & Motowidlo 1993, Motowidlo, Borman & Schmit 1997). Both domains of performance contribute to accomplishing organisational goals, but through different mechanisms. Managers' performance mainly constitutes task performance, which is defined as the "effectiveness with which job incumbents perform activities that contribute to its technical core either by directly implementing a part of its technological process, or by providing it with needed materials or services" (Borman & Motowidlo 1997: 99). Contextual performance deals with the psychological linkages between people and is represented by discretionary forms of contributions to the organisation that have uncertain or indirect rewards compared to task performance (Organ & Paine 1999).

Hosie et al. (2003) have empirically examined the 'happy-productive worker' thesis, by establishing the impact of job-related affective well-being and intrinsic job satisfaction on Australian managers' performance. This research established which indicators of the managers' affective well-being and intrinsic job satisfaction predict dimensions of their contextual and task performance. Hosie et al. (2003) used an empirical methodology to predict which indicators of managers' affective well-being and intrinsic job satisfaction predict dimensions of their performance. Components of managers' affective well-being and Intrinsic Job Satisfaction were identified that predict dimensions of their performance.

Self-report of affective well-being (Positive Affect and Intrinsic Job Satisfaction) was found to be positively associated with a dimension of superiors' reports on task performance (Influencing). Positive associations for dimensions of affective well-being (Positive Affect, Anxiety and Relaxation) were also found to be negatively associated with dimensions of superiors' reports on managers' task performance (Monitoring) and contextual performance (Following) that was also negatively associated with the task performance dimension (Technical). As predicted, positive affective well-being was related to enhanced managerial performance, whereas diminished affective well-being indicated poorer performance. Positive Affect and Intrinsic Job Satisfaction were found to be related to enhanced managerial performance and poor affective well-being indicated reduced performance. Affective well-being self-report (Positive Affect and Intrinsic Job Satisfaction) was found to be positively associated with a dimension of superiors' report on task performance (Influencing). Positive associations for dimensions of affective well-being self-report (Positive Affect, Anxiety and Relaxation) were found to be negatively associated with dimensions of superiors' evaluation on task performance (Monitoring) and contextual performance (Following). This was also negatively associated with the task performance dimension (Technical).

Positive Affect was the only variable to be significantly associated with both task and performance dimensions. This indicated that managers with high Positive Affect were likely to perform well when Influencing, and when undertaking Monitoring and Following roles, supporting the argument that managers' with dispositional Positive Affect will outperform those who are unhappy (negative Positive Affect). The study by Hosie et al. supports the claim by Wright and Staw (1999a, b) that a person's disposition is associated with performance. However, this position should not be taken as evidence to support the contention by Wright and Staw (1999a, b) that organisational conditions do not influence the happiness of managers. A person's genetic makeup, socialisation and life experiences all contribute to happiness.

Conclusions About the 'Happy-Productive Worker' Thesis

Wright and Staw (1999a, b) claimed that a person's disposition towards happiness, not organisational conditions, was associated with performance. Ledford (1999) extended this reasoning by concluding that if "only trait-based happiness leads to performance, it was pointless to try to make employees happier as a way of improving performance" (1999: 30). This position assumes that employees are either born happy or unhappy, and that such a demeanour would not change, notwithstanding the design of a job. However, a vast literature exists to indicate that trait affect is not solely determined by hereditary (Hackman & Oldham 1975, 1980, Clegg 1984, Broadbent, 1985, Gardner & Cummings 1988, Ilgen & Hollenbrook 1991, Hesketh 1993).

The direction of the relationship between the variables reported in the literature is from affective well-being, to intrinsic job satisfaction to performance (Warr 1999). These findings do not provide evidence of causation. As Ashkanasy, Hartel, Fischer and Ashforth (1998) state, "performance is another likely concomitant of affect at work, though whether it is a cause or a consequence is unclear" (1998: 4). The analysis does provide for certain inferences to be made about the relationships between aspects of managers' affective well-being, intrinsic job satisfaction and performance. Research by Hosie et al. (2003) suggests that happiness contributes to self-motivation, and that this facilitates organisational effectiveness, or that performance is a barometric of the feeling that managers are effective. This study lends qualified support for the proposition that happy managers perform better but the 'happy-productive' worker thesis is yet to receive unequivocal empirical support. Well performing managers could also be happy as a consequence of their effective performance and the resulting rewards. How may these findings be useful for practitioners and organisations?

IMPLICATIONS FOR PRACTITIONERS AND ORGANISATIONS

Managerial and Practitioner Implications

Perhaps the most important contribution to managers' affective well-being and intrinsic job satisfaction will be through job design analysis. Social needs (the desire for significant social relationships) and growth needs (the desire for personal accomplishment, learning and development) can most effectively influence work designs (Cummings & Huse 1989). The degree of individual managers social needs will determine whether work was designed for individual jobs or work groups. For example, managers with low requirements for the social relationships are likely to be more content working on individualised jobs than being involved with working groups. Those who have high social needs will probably be more attracted to group work than individualised forms. However, it is essential that any HRM practices must fit with the business objectives of the organisation to have any chance of being implemented and ultimately being successful. Successful initiatives to improve managers' affective well-being and intrinsic job satisfaction depend on individual and situational circumstances. Contingency theory indicates that one general intervention is unlikely to be effective for all managers in all situations, and those combinations of approaches are likely to result in longer term benefits.

Assessments of affective well-being and intrinsic job satisfaction need to match closely the work environment that a manager is located in, a general consideration frequently overlooked (Warr 1995). Competence, autonomy and aspiration are three behavioural components of mental health usually connected with positive levels of affective well-being and intrinsic job satisfaction. Managers who spend long periods in jobs that lack opportunities for control and skill use are likely to have a negative impact on job-related competence. In isolation, job enrichment may only enhance motivation for those managers who desire autonomy and challenge at work and in an organisation where executives support participative decision-making.

Organisations providing pleasant work environments that are challenging and supportive are likely to motivate managers to be more creative, energised and productive (Forster 2004). Organisational climate has been shown to have a direct impact on productivity and efficiency, accounting for up to 25 per cent of performance (Hay Group 1999). A general work environment, and specific job characteristics that managers find psychologically supportive, is conducive to improvements in their performance (O'Reilly & Pfeffer 2000, Collins 2001). Australian managers have entered an era that demands competencies with global relevance, where managers are expected to efficiently perform a wider range of complex functions. For organisations with international responsibilities and aspirations, some managers are now required to perform highly complex tasks, such as coaching employees for overseas assignments and developing skills that are transportable to international settings. Australian managers now operate within these global dynamics.

Work Environment

Creating an environment capable of liberating human potential has been acknowledged as the key source of competitive advantage available to organisations (Forster 2004). Encouraging and developing human potential is a means of creating a competitive edge capable of increasing an organisation's potential to create value. When employees discern an opportunity to meet their psychological needs, they are more likely to engage in maximisation of an organisation's operations, so as to achieve its goals (Kahn & Cooper 1993, Pfeffer 1994, O'Reilly & Pfeffer 2000, Collins 2001, Forster & Still 2001). Such commitment from managers has the potential to result in superior

organisational productivity and competitiveness. Evidence for this assertion has long been established, and continues to emerge, confirming that a psychologically meaningful work environment is positively related to effort expended in a job, which in turn leads to enhanced job performance (Brown & Leigh 1996).

The establishment of a work environment that is conducive to optimal performance has the potential to ameliorate debilitating pressures on managers, arising from unrealistic demands for performance, reducing the complexity of organisational practices, and increasing job security. In some cases job-related anxiety, when linked to aspirations, is not necessarily linked to diminished affective well-being and intrinsic job satisfaction. For example, highly motivated managers who desire challenges may react to risks in ways that raises their anxiety level, but that does not negatively impact their affective well-being and intrinsic job satisfaction. Managers are liable to have elevated anxiety but not depression, as opposed to the rest of the general population, because of the nature of their work. Extended periods of work anxiety need to be followed by opportunities for managers to have commensurate periods of relaxation. Therefore, organisations that intersperse periods and aspects of work that invoke anxiety with opportunities for relaxation are likely to have managers who perform well on administrative roles (such as Monitoring and Following).

Feedback to Managers

Providing feedback to managers may assist them to self-monitor their affective well-being, intrinsic job satisfaction and performance, by providing a yardstick against which to measure and compare. Factors identified as having an impact on positive and negative affective well-being may also be used to construct guidelines for the design of managers' jobs and work environments conducive to optimal performance. Psychometrically robust measures of performance behaviour, when combined with multi-source feedback, would permit managers to see themselves as others do, both within their organisation and in relation to those in other organisations. Masked and unconscious behaviours would be apparent. Increased self-awareness would assist managers to identify shortcomings and areas of performance needing improvement. A heightened sense of self-awareness, when combined with the capacity to develop rapport with a range of people, is valuable for motivating others.

Performance assessments that are more rational, focusing on behaviour alone, may help to make claims arising from a dismissal potentially more difficult to establish, and easier for employers to defend. Concentrating on managers' behaviour, that is, what they do, rather than attempting to address the more contentious question of what managers are, in some intrinsic psychological sense, allows performance assessment to be viewed in a more positive light.

Emotional Intelligence

Entire edited texts are now devoted to managing emotion in the workplace (Ashkanasy, Zerbe & Hartel 2002). Goleman (1996) has argued that IQ and technical skill are perennial 'threshold capabilities' required for entry to management positions. Essentially, "IQ takes second position to emotional intelligence in determining outstanding job performance." (Goleman 1998: 5). Emotions are considered by Goleman (1996) to play an important role in business decision-making, the more important the decision the stronger the influence. Goleman (1996, 1998) argues that emotional skills are twice as important as cognitive and technical skills for performance. How well employees handle themselves, and each other, emotionally is believed by Goleman (1998) to be as important as the intelligence or the expertise possessed.

Managers' 'affective reaction' to their environment determines, in some part, the interplay between the organisational dynamics encountered and external environment forces faced. Such an outcome will depend on the circumstances of managers' working environments. This necessitates the creation of a work environment that provides managers with the opportunities to realise their needs through personal development and contribution to an organisation (Forster 2004). Individual needs can be fostered through high degrees of autonomy, regular and meaningful feedback, and by encouraging a reasonable amount of risk taking to achieve work goals (McClelland 1985).

Emotional intelligence is crucial to individual and organisational prosperity in a rapidly changing world. Leaders of organisations increasingly understand how valuable these 'emotionally intelligent' managers' are to an enterprise. There is support for the assertion that emotional intelligence leads to measurable business outcomes (Spencer et al. 1997). Emotional intelligence is relevant to contextual performance constructs, specifically leadership and to management in general (Goleman 1998). Goleman (1998: 21) observed that "[as] more companies put a premium on people who can lead, the ability to influence (emphasis added) is one of the competencies at a premium." Thus, managers' emotional intelligence should be incorporated into assessments of their performance. Goleman (1998) also considered that the further managers progress in organisations, the more vital all aspects of emotional intelligence become.

IMPLICATIONS FOR STRATEGIC HRM PRACTICES

An important aspect of HRM in practice or organisational behavioural research concerns optimising an organisation's less tangible assets. Organisations would be well advised to invest in initiatives that provide

managers with a sense that their organisation is concerned about their affective well-being and intrinsic job satisfaction, as this is likely to be a reciprocated as part of the social contract inherent in contextual performance. A clear reward system would need to involve a measurable demonstration of desired behaviours that lead to defined outcomes. For such an outcome to occur, the levels of job performance would be expected to increase, commensurate with increases in affective well-being and intrinsic job satisfaction. This would become a self-perpetuating relationship. High levels of affective well-being and intrinsic job satisfaction may, in turn, lead to higher levels of performance.

Training and Development Issues

Since behaviour is something that can be changed and developed, more emphasis needs to be given to developing an aspect of human potential to enhance managerial performance. Training and development efforts have not always distinguished between cognitive learning and emotional learning, but such a distinction is important. A shift in attitude and emphasis is needed for this to occur, beginning with recognition of the importance of affective well-being and the contribution of intrinsic job satisfaction to managers' performance.

Creating ingrained patterns of thoughts, feeling and behaviour may require an extensive development effort over several months, and may require three to five years to be fully developed (Boyatsiz 2000, Cherniss & Goleman 2001). Developing emotional intelligence takes time and, most of all, commitment from organisations and individuals. Benefits that flow from a well-developed emotional intelligence, for both the individual and the organisation, make the effort and cost worthwhile. Emotional competence requires emotional learning to be recognised and given the same prominence as cognitive learning.

A growing body of research on emotional learning and behaviour change suggests that it is possible to help people of any age to become more emotionally intelligent at work. However, many programs designed to do so fail to recognise the difference between two types of learning. An "emotional competence is a learned capability based on emotional intelligence that results in improved job performance" (Goleman 1998: 25). According to Goleman (1998), companies are naive in how they spend their development dollars in training for people skills – they can get a far better return on their investment if they do it right. Further, says Goleman (1998):

The rules of work are changing. We're being judged by a new yardstick: not just how smart we are, or our expertise, but also how well we handle ourselves and each other. (p. 317)

Executive development is being increasingly seen as involving personal development related to how the individual deals with work/life issues, stress, and health (Hall 1995). This reinforces the need to rethink how we approach training soft skills in the workplace.

Managers need to be encouraged to master both their emotions and the emotions of those around them. Management training should focus on developing a set of emotional intelligence skills, including: control of one's impulses, self-motivation, empathy and social competence in interpersonal relationships (Goleman 1988). Additionally, training that involves the development of emotional competence may be more effective than traditional cognitive based initiatives. General support was found in this study for enhancing affective well-being as a way of improving self-efficacy to motivate managers with the competence to perform. This can be achieved by enhanced self-awareness, self-management, social awareness and social skills, otherwise known as emotional intelligence (Hay Group 1990, Salovey & Mayer 1990, Mayer & Salovey 1993, Goleman 1998).

Cognitive learning involves fitting new data and insights into existing frameworks of association and understanding, extending and enriching the corresponding neural circuitry. But emotional learning involves more – it requires that we also engage the neural circuitry where our social and emotional habit repertoire is stored. Changing habits, such as learning to approach people positively instead of avoiding them, to listen better, or to give feedback skillfully, is a more challenging task than simply adding new information to old.

Motivational factors also make social and emotional learning more difficult and complex than purely cognitive learning. Emotional learning often involves ways of thinking and acting that are more central to a person's identity. Goleman (1998) has specifically linked the ability to influence to emotional intelligence. However, the importance of emotional intelligence needs to be kept in perspective – "emotional intelligence skills are synergistic with cognitive ones: top performers have both" (Goleman 1998: 21). Developing managers' emotional competencies requires a broad and sophisticated array of development tools. Traditional training needs to be blended with a variety of ongoing planned development, such as career assignments and individual coaching. A period of months involving ongoing coaching, encouragement, peer support, modelling and on-the-job practice is necessary to develop emotional intelligence (Hay Group 1999). Such major initiatives have resource implications for organisations.

Implications for the Recruitment and Selection of Managers

Collins argued that "The old adage 'People are our greatest asset' is wrong. People are not your most important asset. The right people are" (2001: 64). Collins goes on to assert that "whether someone is the right 'person' has more to do with character traits and innate capabilities than with specific knowledge, background, or skills" (2001: 64). A large part of making the transition from mediocrity to excellence in an organisation is the discipline requisite in

selecting the right people through rigorous selection choices involving ‘thick screening’ to select and recruit the right managers. These competencies should be incorporated into organisation’s selection, development and succession planning processes. As a minimum, high performing managers would be expected to have the following emotional intelligence competencies: self-awareness, impulse control, persistence, zeal and motivation, empathy and social deftness (Collins 2001).

Managers’ Performance and Competitive Advantage

Pressures to manage the increasingly complex and varied contingencies impacting on organisational performance are greater than ever (Patterson et al. 1998). In this environment, managers’ performance is central to the success of organisations. Achieving and sustaining high individual performance and organisational productivity in this intensely competitive economic environment has the potential to impact on the affective well-being of managers’ world-wide (Kinicki et al. 1996). In dynamic, competitive markets, successful organisations are likely to be staffed with managers capable of adapting to constantly evolving roles, with the capacity to achieve and sustain optimal levels of performance. Individual and collective affective well-being and intrinsic job satisfaction of managers is, therefore, critical to an organisation’s survival and prosperity.

Implicit in the drive for international competitiveness is the recognition that the only sustainable competitive advantage is the quality of an organisation’s work force (Collins 2001). Competitive advantage is achieved through people (Pfeffer 1994). Potentially, organisations can gain a competitive advantage through improved HRM practices, when these initiatives are derived from and integrated with organisational strategies. Strategically integrated HRM initiatives are likely to contribute to an organisation’s success (Guest 1990). HRM practices have emerged as a key competitive advantage for countries and organisations (Schuler & Macmillan 1984). Decisions about the direction HRM practices take will be ultimately largely dependent on the world economy. Likewise, managers are dependent on the financial prosperity of the organisations for which they work. As such, the financial viability of organisations will be dictated by their managers’ capacity to generate wealth. Enhancing managers’ affective well-being and intrinsic job satisfaction is one way of contributing to strategic HRM initiatives (O'Reilly & Pfeffer 2000).

CONCLUSION

As global market forces become more pervasive, optimising so-called hard and soft HRM strategies is likely to become more important to enhancing managerial health, performance, and organisational prosperity. This position has been predicated on the assumption that improved affective well-being and intrinsic job satisfaction may result in improved managerial performance, which will eventually result in increased organisational productivity. Enhanced individual performance may also result in increased benefits and reduced organisational costs, and ultimately more effective organisational outcomes.

Elements of affective well-being and intrinsic job satisfaction are identified that indicate how managers gain and sustain heightened levels of performance. This study investigated the impact of individual affective well-being and intrinsic job satisfaction in this process. Managers’ jobs might be improved to enhance, or avoid a decline in, managers’ affective well-being, intrinsic job satisfaction and performance. In turn, this helps to explain the process of upward and downward spirals of managerial effectiveness, whereby positive or negative affective well-being and intrinsic job satisfaction leads to increased or reduced performance, which in turn either enhances positive, or exacerbates negative affective well-being and intrinsic job satisfaction. These issues need to be addressed if organisations are to operate effectively, in an integrative manner.

A number of implications for HRM practices emerged. The main recommendation was that organisations should consider initiating ways to improve managers’ affective well-being, intrinsic job satisfaction and performance by improving workplace environments, providing feedback, targeted training, and rigorous selection and recruitment. Workplace initiatives have the potential to improve the quality of the working lives of managers and organisational effectiveness. This will assist HRM practitioners to align management practices within the broader framework of organisational strategies.

Authors

Dr Peter Hosie is a Post Doctoral Research Fellow at Curtin Business School, Curtin University of Technology, Perth, Western Australia. Peter has published over 50 articles and reports on Technologically-Mediated Learning and HRM/HRD. This work has been cited in over 40 international articles, papers and reports.

Professor Nick Foster works at the Graduate School of Management at the University of Western Australia. He has published four books, written more than 70 articles in a variety of international academic and professional journals and produced several research and consulting reports for organisations in Australia and the UK.

Dr Peter Sevastos is co-ordinator of the masters program in organizational psychology at Curtin University of Technology, where he also lectures in psychology and HRM. His current research involves job-related affective well-being and job satisfaction, organisational commitment and trust, contextual performance, and measurement

issues in organisational psychology.

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