

Professor Peter Cappelli
2205 SH/DH Management Department
215-898-2722

TA: Dr. Liat Eldor
leldor@wharton.upenn.edu

**How to Be the Boss
Management 748x
Spring 2021**

Overview of the Course:

Despite the press accounts about the “gig” economy, the Bureau of Labor Statistics calculates that about 92 percent of the people working in the US are employees who are supervised by someone. That figure has remained roughly the same for decades.

The term “supervisor” is sometimes used for the first-level of supervision in an organization, but in fact that role – and indeed the title – goes all the way up to the very top of any employer organization. Even CEO’s are the supervisor of their direct reports. When people talk about their “boss,” they are almost always referring to the person who supervises them.

Supervisors are the central actors in accomplishing work tasks, especially in projects where they also have autonomy over what is done and how it is done. They have an extraordinary amount of power and influence over their direct reports and considerable responsibility toward them.

There is considerable truth to the aphorism that people quit bosses, not organizations, as employee dissatisfaction with supervisors rates as one of the leading causes of turnover. There is little doubt that a bad boss can make the life of a subordinate miserable, while a good boss can do the opposite, i.e. improving job design to make work more motivating, providing support during difficult periods of learning new tasks and facing performance pressures, helping chart a career path, and mentoring in organizational realities.

Being a supervisor is not the same as leading a team of peers. Supervisors have formal authority over subordinates that we never have with peers. Supervisors also have decisions they cannot delegate, and are personally accountable for them.

Stepping into a supervisor position is challenging, especially so when it comes with a promotion in the same organization having to manage direct reports who were peers. In this class, we examine the role of the supervisor and the unique tasks associated with performing that role.

Supervisors have authority, both given to them by the organization and by law. They also have obligations to subordinates backed by law. Legal obligations differ across countries although most of them are similar across common law countries. The important tasks they must perform include:

- Hiring their subordinates
- Assigning work to them

- Directing that work (telling them how to do it)
- Assessing that performance and rewarding it with merit pay and other compensation
- Improve performance and deal with struggling workers
- Dealing with disruptive and problem employees
- Develop subordinate's skills and help manage their career
- Helping subordinates "fight fires", i.e. deal with day-to-day problems that subordinates confront in their own work.

In contrast to earlier periods in business history, individuals are now likely to move into supervisory roles without any training from their employer. This class fills that practical concern as well as addresses the unique conceptual issues associated with having formal authority.

The Contemporary Scene:

Being a boss was never an easy role, but it is arguably more difficult now. One reason is that the span of control - the number of subordinates for which each supervisor is responsible - has increased. The rise of alternative forms of hierarchy, such as matrix management where subordinates report to more than one supervisor or where the supervisor is responsible for workers who are organized into teams, further complicates what was already a challenging role.

Even though the reality of "gig" work remains rare, the array of arrangements for getting work done - temps, contractors, electronic platforms, and so forth - also represents a new challenge: because such workers are not employees, none of the traditional tools of supervision can be used with them. Among the new approaches for managing contractors are "algorithmic management," or incentives and behavioral interventions delivered by IT systems. The current pandemic and the associated practice of remote work in many organizations adds to the challenge of supervising subordinates.

As many observers have noted, the relationship between employees and supervisors is at the center of modern organizations. It is where the work of organizations gets done. The supervisor represents the organization for subordinates: if that relationship is good, the work goes well; if it is bad, the whole organization suffers.

Course Requirements:

We examine the tasks that supervisors have to perform and the evidence on how best to perform them. We practice those approaches in every class. That includes role-play exercises, computer-based simulations, and more traditional cases to not only identify problems and solutions but to practice addressing them correctly.

The class meets in a three-hour block so that we have time to both discuss concepts and practice them in class. We use a mix of guest speakers, computer-based simulations, and in-class role plays each week to illustrate and reinforce concepts.

In addition to a course pack, we have a required book:

The First-Time Manager. Loren B. Belker, Jim McCormick, and Gary S. Topchik.

Assignments:

Class participation: The class involves not only discussion but also active participation in exercises. 20% of grade.

Two short papers: Each paper is five pages double-spaced 12pt /1000 words, and each is worth 30% of the grade:

- The first is an assessment of your own experience being supervised, examining the pluses and minuses, due half way through the course. Pick any job you've ever had where you were an employee. (If you've never been an employee, let's discuss situations where you have been working under someone's direction.) The idea here is to describe in some detail how you were supervised, using illustrations where that is useful, and include what your responses or reactions to the experience were. It helps to discuss issues such as what kind of feedback you received, how tasks were assigned to you, what kind of direction you received, and so forth.
- It is useful at the end of the exercise to draw some conclusions about the experience: which aspects appeared to be helpful or useful, which ones not so much or even dysfunctional.
- The second paper due at the end of the class is a reflection exercise looking back over the course. The assignment is to consider two issues. The first is to identify the aspect of supervision (a specific task or a more general attribute of supervision) that you believe is the most difficult to accomplish. Explain why you think it is the most challenging, using content from the course, and then suggest ways to make it easier to do. The second issue is to do the reverse, identify what you think is or should be the easiest of the supervisory tasks we've discussed to executive. Again explain why that is using content from the course.

Short Quiz: 20% of grade. The last assignment is a short quiz on the readings. This is a simply to see who has done the reading, so the quiz is short-answer, multiple choice, or other very objective assessments. It should be simple if you've done the readings and impossible if not. It will be on the last day of class.

Week-by-Week Guide

Week I Introduction – January 22nd, Wednesday

What is a Supervisor, and What Do They Do? Supervision is created by the common law construct of “employment,” which gives employers the formal authority to direct the work of their employees and influence their performance. (Contractors and “gig” workers are not employees and cannot be supervised.) Supervisors span the gap between what the organization wants and what employees do.

In this first class, we consider the nature and scope of the supervisor role and its relationship with subordinates as well as evidence as to how it matters. Especially when they first become supervisors, many people are pleased but also apprehensive about the formal authority they exercise. Over time, however, we learn that formal authority has clear limits and that other ways of managing are equally important.

Guest Speaker:

Readings: Chapter 2: *The Employment Relationship* in ***Employment Law for Human Resource Practice***. David Walsh. Southwest Publishers 5e.

Chapters 1&2: *Starting Out* and *The Road to Management* in ***The First Time Manager***.

The Value of Bosses. 2015. Edward P. Lazear, Katheryn Shaw, and Christopher T. Stanton. ***Journal of Labor Economics***, 33(4).

A Note on Obedience to Authority. Darden Publishing.

Case – In class - the Fall of Barings Bank

Optional Reading: Anders Frederiksen, Lisa B. Kahn, and Fabian Lange. Supervisors and Performance Management Systems. NBER Working Paper 23351. Further evidence that supervisors matter.

Week II. Motivation and Influencing the Employee’s Duty of Care: January 29th

Employers have the legal right to shape the perceptions that employees have about their obligations to the employer. Those include the basic question of, how hard should I work? That may seem like an obvious question – just set the standard – but in virtually all jobs, measuring performance is difficult, and employees have discretion as to what to do and how to do it: Supervisors cannot be standing over them all the time. Getting them to put in effort is often quite challenging. We review the rational (e.g., incentives), cognitive (e.g., goal setting), and social (e.g., exchange theory) factors that affect motivation and how they apply to the workplace.

We also consider the fact that employers make very different decisions as to how to organize the tasks of employees, such as how much autonomy to give them, which has fundamental implications for supervision.

Readings: Excerpts from “Motivation” (covers four theories: needs, cognitive evaluation, goal-setting, expectancy), *Organizational Behavior*, Stephen P. Robbins and Timothy A. Judge.

Guest Speaker – Partner at Morgan Lewis on supervising within the employment law framework.

What is Job Crafting and Why Does It Matter? Justin M. Berg, Jane E. Dutton, Robert L. Kahn, and Amy Wrzesniewski. University of Michigan Ross School of Business.

What Motivates Effort? Evidence and Expert Forecasts. Stefano Della Vigna and Devin Pope. **NBER Working Paper No. 22193.**

The Paradox of Coordination and Control (Supervision at American and Southwest Airlines.) Jody Hoffer Gittel. *California Management Review*.

Week III. Managing Performance: February 5th

One of the most important tasks of supervision is to manage the performance of subordinates. That includes setting expectations about what they are supposed to do, how they should do it, and what results to expect at the end. Assessing how well employees have performed their assignments, manifested by performance appraisals, is typically a very challenging task because lack of communication leads expectations to be out of alignment.

We describe the tasks associated with managing performance and outline how best to perform them. We focus on the role of the performance appraisal, which includes efforts to improve performance, reward performance, and help shape careers. We practice doing appraisals.

Readings: Chapter 16: Performance Appraisals in *Employment Law for Human Resource Practice*.

Chapter 10. *Managing Problem Employees* and Chapter 20: *Managing Problem Employees in The First-Time Manager*.

The Performance Revolution. Peter Cappelli and Anna Tavis. **Harvard Business Review**, 2016.

Manager’s Choices of Performance Measures in Promotion Decisions: An Analysis of Alternative Job Assignments." Isabella Grabner and Frank Moers. **Journal of Accounting Research**, 2013.

What Do Performance Appraisals Do? Peter Cappelli and Martin Conyon. **ILR Review**, 2018.

Case: *The Performance Interview* (in-class exercise).

Mid-Course Paper Due!

Week IV. Hiring, Retention, and Development: February 12th

Supervisors are not the only ones involved in hiring, but they are increasingly involved in the process and often make the final decision as to whom gets hired. Bringing new hires into the organization and keeping them are clearly related tasks, but they are different and require different practices.

This week, we consider what is required at the supervisor level to pick good candidates and to keep them. We practice making hiring decisions as well.

Readings: *Chapter 6: Employment Tests in Employment Law for Human Resource Practice*

Chapter 23: *Your Best Friend: Delegation* in ***The First Time Manager***

What's Wrong with Hiring. Peter Cappelli. **Wall Street Journal**, February 2019

Promotions and the Peter Principle. Alan Benson, Danielle Li, and Kelly Shue. 2018. **NBER Working Paper 2434.**

A Market-Driven Approach to Retaining Talent. Peter Cappelli. **Harvard Business Review.**

Case: *Hiring at S.G. Cowen* HBS case.

Week V. Organizing and Managing Projects: February 19th

In modern organizations, the most important tasks that managers perform is to run projects. Most of us have worked on projects, but organizing, initiating, and leading one requires quite different skills. In this section, we explore how to organize work into projects, how to set up and assign tasks within them, and how to manage the teams around which they are often organized.

There are many challenges in organizing projects, but the most important are the people aspects. Those include breaking the project down into component parts, assigning employees to those parts, managing the interdependence of component parts – therefore of employees – and considering what to do when things don't go as planned.

Readings: *Note on Project Management Fundamentals.* Richard Ivey Publishing.

How to Be the Best Coach for Your Team, Judith Ross. Harvard Business School Publishing.

Agile at Scale. Darrell K. Rigby, Jeff Sutherland, and Andy Noble. **Harvard Business Review**, May-June 2018.

Case: Ozark River Bank (assembling a project team)

Week VI: Challenging Situations – Older subordinates, dangerous employees, and sexual harassment. February 26th

This week, we consider some of the more difficult challenges that supervisors have to face. They include the increasingly common situation of having to supervise subordinates who are both older and more experienced at the job they perform than the supervisor is, dealing with employee misconduct – most pertinently sexual harassment – and ultimately the situation where subordinates have to be dismissed.

First-time supervisors are often struck first by the procedures required for disciplining and sometimes firing employees and second by the enormity of the consequences of doing so, not just for the employee but for the employees who remain. We focus on dismissals, or firing for cause, but we also consider the question of layoffs and how those should be conducted.

Readings: Chapter 18: Employee Terminations in *Employment Law for Human Resource Practice*.

Chapter 14: Disciplining the Employee in The First Time Manager.

“Helping the Younger Supervisor,” in *Managing the Older Worker*....Peter Cappelli and Bill Novelli.

“Getting Tough on Sexual Harassment.” Peter Cappelli and Dan O’Meara. *Human Resources Executive*.

“*Note on Terminations.*” Jim Ellis and Bethany Shaler Coates. Stanford Business School.

Week VII: Looking forward March 4th

In our last class, we consider some of the changes that are underway in the workplace. The most important of these for supervision may be the growing use of data science that turns supervisory decisions over to algorithms. What constitutes “privacy” in the workplace is also being rethought

We end the class with a simulation exercise in a team-based context.

Readings: Artificial Intelligence in Human Resources: Challenges and a Path Forward. With Prasanna Tambe and Valery Yakubovich. *California Management Review*. 2019.

In-class computer simulation: *The Rig*

Reflection Paper Due!

Quiz on Readings