

Organizational behavior essay sample

[Psychology](#), [Success](#)



The following report applies theoretical OB concepts regarding TD Canada Trust's organizational behaviour. The report identifies and analyzes symptoms and root problems that occur in retail branches. The information provided in the analysis is used to identify a list of potential solutions, recommendation, and an implementation of a plan to resolve the root problem. The information was obtained through an interview with a Kristine Schmeiss who is a Manager of Financial Services in a retail branch.

Please refer to Appendix 1 for a summary of the interview and additional company information. TD Canada Trust Company

TD Canada Trust is the second largest banking institution in Canada and the sixth largest in North America (TD Corporate n. d.). TD Canada trust offers financial products to personal, small business and commercial clients. They currently service 22 million customers worldwide and employ 85, 000 individuals globally (TD Corporate n. d.). The company recently expanded to the United States offering U. S customers over 1, 300 locations. As of July 2012, the company held \$806 billion in Canadian assets (TD Corporate n. d.). This company is constantly growing as they continuously add new financial services for their customers. TDs mission statement is, “ We will be the best run, customer-focused, integrated financial institution with unique and inclusive employee culture”

Organizational Structure

TD follows a bureaucracy design because it is based on standardization.

There are six elements within the bureaucracy design that will be described in regards to TD's structure. Tasks within the organization are achieved through specialization and formalized rules and regulations. Employees are

given a specific role within retail branches whether its management, administrative, sales or service staff. Each area works together however tasks are completed based on the specialized group an employee belongs to. These tasks are grouped into functional departments within the organization. For example, while the retail branch serves clients face to face, there are other areas in the branch such as investment processing and credit funding that does not communicate with customers at all. They do however assist employees with client applications in order to get the account open for the client. Each area works together but complete different tasks based on the department's rules and regulations. Authority is centralized where key decision making is concentrated at the top management level of the company. Top management relays decisions by sending the information down the chain of command.

TD follows a narrow span of control as a small amount of employees report to one manager. Within one retail branch there are typically 2-3 managers who have specific individuals that report to each of them. Lastly, decision making is made following a chain of command hierarchy. Top management make key decisions and lower level management have more authority to make decisions than subordinates. Based on the elements described above, TD is considered to be a mechanistic organization. TD is legislated by the government which tend to operate at a mechanistic level (Shmeiss 2012).

Please refer to Appendix 2 for the chain of command.

Organizational Culture

TD follows a strong cultural structure because the core values are both

intensely held and widely shared between the organization and employees. Employees understand what is expected of them and have a commitment to the organizations values. Artifacts such as professional attire, TD pin, and TD nametags are worn by all employees. The following list includes TD's corporate values: be customer focused, build an extraordinary workplace, be an environmental leader and make an impact (Bal 2012). These values are shared among employees and strongly influence how employees perceive, think, feel and behave within the organization. TD hires individuals who hold the same vision and work ethic to maintain a strong organizational culture. Their employees follow the same procedures across all retail branches in order to ensure behavior is ethical, legal and transparent (TD Canada Trust 2011). Employees are expected to pay close attention to detail and work well in teams to provide exceptional customer service. Decisions among employees are made according to procedural guidelines and creativity where risk is to be avoided.

Results are managed by focusing on techniques and processes to achieve them rather than outcomes alone. The factors mentioned above are part of TD's dominant culture shared by the majority of the organizations members. TD also has subcultures within different regional districts and specific retail branches that modify the core values to fit their unique beliefs. An example is a branch in Windsor that implemented a new concept to banking. The branch offers customers a full range of TD services in one location from day to day banking to private investment council services. The branch uses an open concept offering customers a lounge, beverage station and kiosks to

simplify their banking experience. Employees at this branch do not have offices and are expected to be in the lobby throughout the day assisting customers. Sales staff is provided computer stations in the lobby to complete their customer interactions. This approach is different than most traditional retail branches. Districts and individual branches also follow values and beliefs that their leaders implement in order to achieve corporate values. TD has maintained their core value of providing exceptional customer service by obtaining the J. D Power and Associates award for the past seven years (Shmeiss 2012). Issue to be Analyze

The issue that the company is currently experiencing is lack of organizational commitment among the frontline staff. The issue has been experienced by many retail branches throughout Canada. The information provided in this report came from interviewing management and staff at the Stanley Park Mall branch in Kitchener. This branch provided information to analyze the problem the organization is facing. Concepts to be analyzed

The following four concepts were used to analyze the problem:

1. Money as a Motivator
2. Organizational Politics
3. Decision Making
4. Mechanisms of Goal Setting

Statement of Symptoms & Issues

The major symptom TD is experiencing is high turnover on the frontline. This section of the report determines issues caused by the symptom.

High turnover has been causing an increase in training expenses, decrease in customer service and decreased productivity. The cost of resources is also increased to find a replacement such as time, personnel, and job postings (Shmeiss 2012). Money as a Motivator

TD uses money as a motivator to reward and recognize employees who go above and beyond their role. The rewards include champion points, bonuses, annual trip for top performers and gift cards. Champion points are used to purchase gift cards or products from the TD Champion Rewards employee website. Many of these rewards are eligible to the sales department because their performance impacts the branches sales and volume quota the most. Customer Service Representatives' (CSR) are not offered as many rewards as other employees. There is not as much incentive to meet their goals or increase their performance. This impacts their sense of commitment and motivation to their role. This contributes to high turnover since employees do not feel motivated to increase their performance or become committed to the organization. Kristine Schmeiss mentions, " Frontline staff don't appreciate their impact on the team environment and don't feel as committed to the branch or company" (Shmeiss 2012). Managing Conflict

Politics occur among management which affect how to manage the frontline staff. Customer service managers focus on providing advice to each client and ensuring each transaction is completed diligently. Sales managers focus on providing each customer with a new or additional product to maximize customer relationships and meet sales targets. The two groups of managers don't agree on how the frontline should be servicing clients. This conflict

creates confusion for frontline staff regarding their role and expectations. Jo Ann Schmalz, who is a CSR said, “ I feel like the focus is constantly changing, sometimes we need to focus on a campaign and sell as many Visa’s as we can and some day we focus on connecting with our customers by building relationships” (Bal, Customer service Representative 2012). This decreased overall productivity. Decision Making

CSR’s are not given very much authority when it comes to decisions making. They are expected to complete routine tasks with standardized procedures. If issues arise that are outside their authorization they must consult a senior employee or manager. This takes up time when CSR’s are serving customers and have to locate a senior level employee to authorize a customer transaction or request. It decreases customer service since wait times can be long. Jo Ann mentions, “ If I need to deposit a cheque for a customer that is for a dollar value that is over my limit, I have to locate a manager and get it reviewed and initialed which can take up a few minutes. Customers don’t understand why they have to wait and I feel like I am not trusted to handle large amounts” (Shmalz 2012). Employees who do not feel like they are an integral part of decision making do not feel committed to the organization and therefore leave the position for other opportunities that are more satisfying on a personal level.

Mechanisms of Goal Setting

Goal setting for the frontline staff is structured and organized by management within the branch. Each teller is given a sales quota goal to meet each quarter based on the number of hours they work. CSR’s also have

to a quarterly referral goal based on their hours. Managers do not collaborate with the tellers to come up with a strategy together to reach their sales goals. CSR's don't feel motivated to reach goals. Lack of coaching to CSR's also contributes to high turnover because they are not provided feedback on how to increase performance. Kristine says, " If CSR's don't understand what's in it for them and why they are expected to complete specific task, they are not going to be motivated to do it" (Shmeiss 2012). Statement of Primary Problems

The major problem identified at TD is lack of organizational commitment among the CSR's. CSR's are not identifying with TD or its goals and do not feel committed to remain with the company. Affective Commitment is low since most CSR's don't understand how their performance impacts them personally and the organization as a whole. They do not feel emotionally attached to the organization or apply discretionary effort to increase the overall performance of the organization. Normative Commitment is also low because individuals do not feel obligated to stay at TD. Many CSR's are students or graduates using the role as a stepping stone for future opportunities. Kristine says, " A CSR role is not a career choice for employees at TD. The types of individuals that work in this role are young students or graduates looking to quickly excel in their career. Some of the students may not have a goal to work in a bank after they graduate and leave the bank for other career aspirations. Other students or graduates are looking to stay in this role for 1-2 years to gain experience in order to receive a promotion within the company (Shmeiss 2012)." Continuance Commitment is not as low

as the previous two because many CSR's prefer working at the bank based on the higher pay, benefits and prestige image. Many CSR's stay in the role because it would cost more to find another job that will most likely pay less and offer less benefits. Analysis of the Situation

Kristine Schmeiss makes an analysis of the situation by providing reasons for high turnover and lack of commitment to the CSR role. As mentioned earlier, Kristine explains that the CSR role is not a career choice but a stepping stone for most individuals. They plan to excel within the company or want the experience to work in other organizations or industries. There is a lack of transparency from leadership to CSR's. CSR's are not educated on how their performance impacts the organization and what is in it for them. CSR's are also given less coaching than other employees in this organization because they do not have enough time or personnel to take tellers off the frontline during busy periods. Lack of feedback decreases motivation to increase performance and commitment to the organization. Employees don't feel they are being recognized for the work they perform and decrease their performance efforts and emotional attachment to the job (Shmeiss 2012).

Alternatives

The following section outlines three alternatives to solve the problem and issues regarding lack of organizational commitment and high turnover rate at TD among CSR's. 1. Management by Objectives (MBO)

Currently TD sets goals for CSR's and expects them to use strategies that are informally communicated from management or other employees when

time is available. CSR's are not allocated time to meet with managers to create action plans and goals together. The MBO approach sets specific measurable goals jointly by managers and employees. Progress on goals is periodically reviewed and rewards are allocated based on employee's progress. If employees are involved with goal setting, they will have a better understanding about what's in it for them and become motivated. Goals direct attention, regulate effort, increase persistence and encourage the development of strategies and action plans. This advantage of this approach is that it will increase CSR's organizational commitment. CSR's will be motivated to complete tasks effectively because they will have specific goals and resources to do so. The disadvantage of this approach is that it will be costly and take up time. It will be costly because managers will need to ensure they can have enough staff to cover the frontline while coaching is being implemented. It will take up manager's time to coach each employee individually.

2. Decentralization

Provide more discretion for lower level employees to make decisions so they feel important, responsible and trusted. If employees feel trusted they will trust the organization and believe it is a fair workplace. When employees trust their workplace it will increase emotional attachment and organizational citizenship behaviour efforts by employees. Therefore, employees will increase their affective commitment to the organization which will solve the problem at TD. The disadvantage of this approach is taking a risk trusting employees to make the correct decisions. If employees misjudge a transaction they can lose the company profits.

3. Communication

TD currently uses a downward flow of communication to relay information from upper management to lower level employees. This communication is used to inform employees about their sales goals for specific campaigns. Managers at the branch level do not take the time to explain how goals are created or why they want CSR's to focus on selling a specific product. When employees do not understand why a decision is made they are less likely to be committed or support a decision.

If managers take the time to explain why decisions are made, employees will become committed and support the decision more so than if they are not explained. The advantage of this alternative is that CSR's will feel more committed to the organization if they understand why and how decisions are made that impact their role. They will have a better understanding of what is expected if managers explain decisions communicated through a downward flow. The disadvantage is that it will take time to hold meetings with CSR's to ensure they understand what is expected of them and how decisions are made. It will also cost money to replace CSR's with other sales staff to help on the frontline while they are having a meeting. Recommendations

The MBO approach is the best alternative in this case because it engages employees to make decisions along with management. Individuals will have a better understanding about how their performance impacts the organization. They can create an action plan with their manager and to meet specific goals that are important to them such as future opportunities within the company. Individuals can also be “coached out” if the company doesn't fit for them. Kristine mentioned TD may need to “coach out” employees

from the organization because the employee may not be the best fit for organization. By implementing an MBO approach the organization can determine if the employee's goals match the organizations goals. TD managers only meet with CSR's at the beginning of each quarter to discuss their goals. By implementing an MBO approach management can meet with employees on an ongoing basis to explain why specific goals are in place and how they can impact the employee, branch and organization. If management can engage with employees and get the involved in the goal setting they will improve the CSR'S organizational commitment. This process will save TD time in money hiring and training new employees due to high turnover. It will also improve employee retention because employees will want to excel and grow with a company they share goals with and are committed to.

Implementation of Plan

Implementation Plan Time| Responsibility| Action and Timing| Resources Needed| Budget, Personnel, Facilities, Equipment, Expertise, Training| What indicators or measures will you use to monitor progress towards goal(s)?| Short Term(<90 days)| Manager of Customer Service (MCS)| Arrange meetings with CSR's at the beginning of the fiscal year to discuss annual goals and objectives. Create action plan together to create strategies to meet goals. Meet monthly after initial meeting to ensure CSR's are provided ongoing feedback.| Need time -approximately 30 minutes to spend with each CSR. Need personnel to replace management and CSR while they are meeting to cover frontline| Use the online performance system to track comments and feedback between CSR and management for each meeting |

Medium Term(3 months – 1 year)| Manager of Customer Service| Ensure CSR's are implementing goals that they set in initial meeting | Observational coaching on CSR's on frontline | Offer rewards and recognitions for employees who are meeting their personal goals | Long Term: (1–3 years)| Branch Manager and Manager of Customer Service| Track how many employees have been promoted internally and how many have left company| Managers will monitor turnover rates to determine if MBO approach decreased turnover on the frontline| Internal reports|

Conclusion

TD is a highly reputable organization offering employees a flexible work options, benefits and opportunities to grow within the organization. By working with employees to create goals and action plans TD will increase affective commitment among its CSR's. CSR's will have a better understanding of what is expected of them and become more engaged with the company's goals and objectives. TD will truly offer employees a unique and inclusive employee culture which is part of their mission statement.

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