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Charles A. O'Reilly, III; Barton A. Weitz

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Managing Marginal
Employees:
The Use of Warnings
and Dismissals

Charles A. O'Reilly, III,
and Barton A. Weitz

This study examines how first-level supervisors identify and manage marginal employees. It was expected that supervisors would differ both in their approaches to marginal employees and in their willingness to use negative sanctions (informal warnings, formal warnings, and dismissals). Results corroborated these expectations and showed a significant positive correlation between supervisors' use of sanctions and ratings of unit performance by higher level managers. An interpretation based on social learning theory rather than operant conditioning is offered; it suggests that appropriate use of sanctions may be perceived by employees as legitimate and may be conducive to the development of productive group norms.*

A central theme in the study of organizations has been that of effectiveness. Researchers and practitioners alike have sought to determine what structures and actions promote effective performance and minimize ineffective performance (e.g., Mahoney and Weitzel, 1969; Cummings and Schwab, 1973; Steers, 1975; Evan, 1976; Goodman et al., 1979).

The quest for effective performance on the individual level in organizations has centered primarily on recruiting, selecting, and training the best person for the job (Guion, 1976; Hinrichs, 1976), designing jobs that are satisfying and motivating as well as productive (Hackman and Oldham, 1976; Aldag and Brief, 1978), and supervising or managing employees in a way that ensures high levels of performance (Cummings and Schwab, 1973; Stogdill, 1974; Vroom, 1976). These efforts may be characterized as being focused on inputs. Researchers and practitioners have given less attention to the problem of dealing with employees who are hired, trained, and managed, yet remain ineffective or marginal performers. Compared to the voluminous research on selection (Guion, 1976), motivation (Campbell and Pritchard, 1976), and leadership (Vroom, 1976), the research devoted to the management of marginal employees is small although there have been studies by Steinmetz (1969) and Huberman (1975). Miner and Brewer (1976: 1002) note this when they observe that

... there are ... long-standing problem areas such as chronic disciplinary cases that have attracted practically no research and give little evidence of doing so in the future.

This lack of attention to the unpleasant task of managing marginal performance is unfortunate because some evidence exists that documents the positive benefits of discipline (Berkowitz, 1969; Booker, 1969; Huberman, 1975; Heizer, 1976). For example, a survey of one hundred firms showed that 44 percent used the threat of discipline to correct problems and considered it effective (Miner and Brewer, 1976: 1021). McDermott and Newhams (1971), in a study of fifty-three discharged workers who had been reinstated, found that performance improved after sanctions. Baum and Youngblood (1975) found that a control policy based on legal compliance significantly improved both attendance and performance without any change in levels of employee satisfaction. Franke and Karl (1978: 636), in a

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statistical analysis of the original Hawthorne experiments, indicate that managerial discipline "seems to have been the major factor in increased rates of output." This evidence generally confirms what appears to be an ignored fact: discipline that is not punitive but is used to ensure compliance with established rules of conduct is usually accepted and supported by employees (Odiorne, 1971; Wheeler, 1976).

BACKGROUND

Almost every experienced supervisor has been faced with the necessity of dealing with a marginal employee at some time during his or her career. This is not to suggest that the problem is commonplace (Mulder, 1971); rather, as Anderson (1976), in a study of over 1,600 manufacturing employees discovered, the marginal employee is typically one of a small number of employees who cause the most problems. This study suggests that it is this minority, not the majority, of employees with whom the supervisor must be concerned. A supervisor's failure to identify and deal with marginal employees may result in not only lowered performance on the part of these employees but also diminished motivation and effectiveness of the entire work group.

Some evidence is available from the few studies undertaken to identify the characteristics of marginal employees (Mulder, 1971; Anderson, 1976) that a variety of problems may result in the labeling of an employee as "marginal" or "ineffective." A Bureau of National Affairs survey of 185 firms reported in Megginson (1977: 471), showed that absenteeism and tardiness were considered serious disciplinary problems in 79 percent of the firms. Productivity was considered a serious problem in only 11 percent of the firms. Several authors have suggested employee problem areas from alcoholism to insubordination to emotional disorders (Miner and Brewer, 1976; Megginson, 1977; Glueck, 1978). While some problems are generally acknowledged as intolerable offenses (e.g., dishonesty, physical attacks), little is known about how supervisors actually identify marginal employees. It is possible, and perhaps likely, that supervisors vary widely in their reasons for labeling employees as marginal; they may each establish their own subjective standards for evaluating performance, standards that may vary among subordinates as well as across supervisors. Employees considered marginal by some supervisors might be considered acceptable by others.

The problem of how supervisors deal with marginal employees once they are identified must also be considered. It has been shown that clear differences in style exist (Thomas, 1976). For instance, some supervisors are more assertive in dealing with conflict while others attempt to be accommodating (Burke, 1970; Ruble and Thomas, 1976). Some supervisors, particularly inexperienced ones, may rely too heavily on dismissal as a solution to conflict (Parisi, 1972). In addition to differences across supervisors, there are differences in the way individual supervisors deal with different employees (Booker, 1969; Steinmetz, 1969; Wohlking, 1975).

There are four main types of sanctions used in dealing with marginal employees: (1) informal oral warnings, (2) formal

Managing Marginal Employees

written warnings, (3) suspension or loss of pay, and (4) dismissal. Some evidence exists suggesting that these sanctions may be differentially applied by supervisors. Wohlking (1975), for example, presents data suggesting that some supervisors do not resort to disciplinary actions as often as they could. In a study of arbitration reports, Wheeler (1976) reported that corrective punishments (e.g., warnings) were applied in over 50 percent of cases involving infractions such as absenteeism and intoxication, while more severe sanctions (e.g., termination) were applied in cases involving infractions such as dishonesty, illegal strikes, and insubordination.

Several authors have noted that dismissal of employees may be becoming more difficult due to legal constraints (Fisher, 1973; McAdams, 1978). Miner and Brewer (1976) spend considerable time delineating some of the difficulties and costs associated with firing an employee. Nevertheless, the right to dismiss an employee remains a carefully guarded management prerogative, and dismissal may be an effective sanction under certain circumstances.

Conceptual Framework and Propositions

The conceptual framework for this exploratory study is shown in the Figure. This model postulates that variations will exist among supervisors in what they perceive as employee problems and in how they manage marginal employees. Those attitudes and behaviors associated with how supervisors approach and deal with marginal employees are characterized here as *style facets*. The Figure also suggests that the problems perceived and strategies used in coping

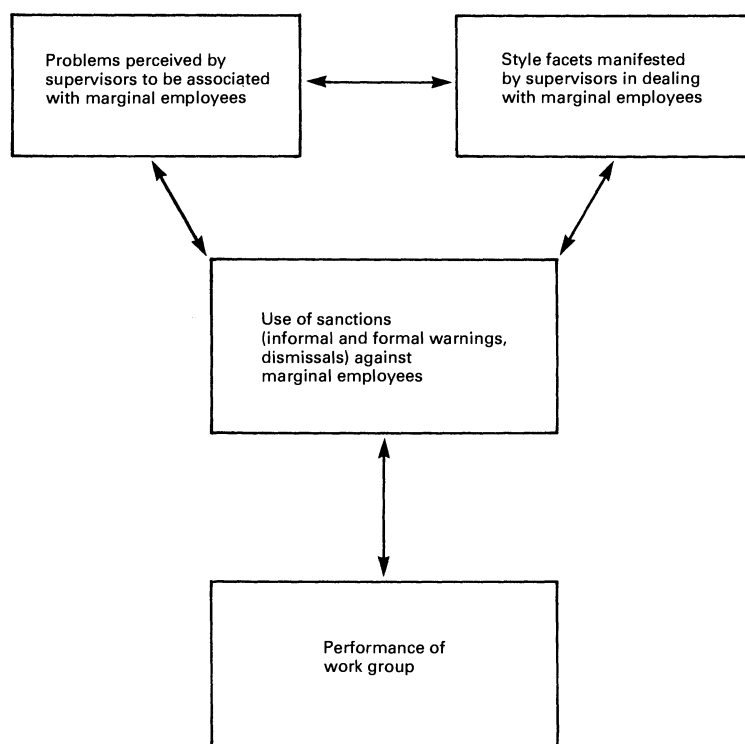


Figure. Interrelationship of perception of problems, style facets, sanctions, and performance.

with the problems may be related. It is expected that variations in supervisors along these dimensions will be associated with differential use of sanctions such as warnings and dismissals. In addition, the model proposes a positive correlation between the use of sanctions and employee performance. Based on the conceptual framework shown in the Figure, the following exploratory research questions are proposed:

Proposition 1a: Differences in perception of employee problems will be associated with variations in the use of sanctions.

Proposition 1b: Differences in supervisor style facets will be associated with variations in the use of sanctions.

Proposition 1c: Differences in the perception of employee problems will be associated with variations in supervisor style facets.

The research questions investigated here are based on similarities and differences among supervisors in identification and response to specific problems rather than in general conflict handling. Proposition 1a, for example, suggests the idea that clearly observable problem behaviors may be more likely to result in sanctions than behaviors that are harder to witness. Proposition 1b suggests, for instance, that supervisors who are more assertive in dealing with marginal employees may be more likely to apply sanctions than those who are less assertive. Proposition 1c suggests that certain employee problems, such as gross negligence of duties, may be associated with certain supervisor style facets, such as a propensity for confrontation. The general expectation underlying Proposition 1 is that supervisors will vary in perception of problems, ways used to deal with problems (style facets), and the use of sanctions.

Proposition 2: Supervisors who apply sanctions more frequently will have higher performing units than supervisors who apply sanctions less frequently.

Sanctions (e.g., informal warnings, formal warnings, and dismissals) may improve performance in several ways. First, sanctions may act to directly alert the marginal employee to his or her low performance and result in a change in behavior (e.g., improve attendance or increase output). Second, the sanction may be a signal to others in the work group as to expected levels of performance and standards of behavior, not in a punitive sense but in terms of social learning. Third, performance may be increased when the sanction is perceived as legitimate by other organizational members; the sanction may remove a source of inequity from the group and thus increase motivation and morale. In their reanalysis of the Hawthorne experiment, Franke and Karl (1978: 636) speculate that improvement in the relay assembly test room resulted from "the positive example of the two new workers, as well as from the aversive effects of management's disposal of two of the original workers." Rather than increased production resulting from a release from supervision, it appears that it occurred from its reassertion. Sayles and Strauss (1977: 115) quote an assembly line worker as saying,

if a fellow is just a slacker, the foreman should straighten the man out for the sake of everybody . . . you don't like to do your best while the other guy goofs off, loafes . . . it burns you.

Heizer (1976: 119) provides a similar example in which a

Managing Marginal Employees

manager described an incident involving a dismissal and reported that the "remaining employees wondered why I had waited so long but unofficially agreed with my action."

Thus, when sanctions are perceived as legitimate by members of the organization and applied in an appropriate fashion, they may improve the performance of both the focal employee and the group. Discipline may act as a negative reinforcement to the former (Luthans and Kreitner, 1975) and improve feelings of equity for the latter (Weick, Bougon, and Maruyama, 1976). In cases where dismissal occurs, overall performance may be improved both through elimination of a marginal performer and through increased motivation of others.

DATA

Since there is a lack of data in identification and management of marginal employees, a data base was needed. The first phase of this investigation consisted of a series of structured interviews with twenty line managers and personnel officers in a large retail chain. These supervisors were asked how they characterized and dealt with marginal employees. Based on these interviews, a comprehensive questionnaire was constructed to gather information on the identification and management of marginal employees. This questionnaire was pilot-tested on five experienced retail sales managers. The pilot test allowed us to correct unclear wording, identify potential omissions, and ensure the accuracy and relevance of all items. The questionnaire was then screened for accuracy and completeness by two personnel managers familiar with procedures used for formally disciplining and terminating ineffective employees.

The questionnaire, a cover letter from the researchers explaining the purpose of the research and guaranteeing confidentiality of responses, a letter from the employer encouraging employees to participate, and a return envelope were sent to 169 managers from eight stores in a large retail chain. Each manager was a first-level supervisor of a

Table 1

141 Retail Sales Managers: Demographics, Use of Sanctions, Performance

	Mean	S.D.	Range
Demographics			
1. Tenure with organization (years)	4.0	5.9	0-32
2. Tenure as manager (years)	3.9	4.9	0-27
3. Age	30-34		under 25-over 50
4. Education	2 years of college		High school-post grad
5. Number of subordinates	8.4	3.7	0-27
Use of sanctions			
6. Number employees dismissed (present employment)	0.4	1.0	0-8
7. Number employees dismissed (lifetime)	0.9	1.5	0-8
8. Number formal warnings issued (present employment)	1.1	1.2	0-5
9. Number informal warnings issued (present employment)	2.7	2.3	0-15
Performance			
10. Performance rating (N=113)	4.8	2.4	1-10

department. After one follow-up mailing, responses were obtained from 141 supervisors (a response rate of 83 percent). Table 1 presents the means, standard deviations, and ranges for a series of demographic variables describing the sample. All managers were at the same hierarchical level and, excepting differences in the type of department supervised, performed the same set of tasks.

Each manager provided data on previous use of sanctions (informal warnings, formal warnings, and discharges), supplied demographic information, and responded to a series of questions measuring (1) perception of employee problems, (2) style facets, and (3) use of sanctions.

Problems characteristic of marginal employees were identified, through a critical-incident approach, during interviews with line and staff managers. A composite list of these problems was formed containing fourteen examples of problems that employees might present to a supervisor. Survey respondents indicated, on a seven-point Likert scale ranging from very infrequently to very frequently, the frequency with which these problems were encountered. Although an opportunity was provided for respondents to include additional problems, no further problems were added. The fourteen items were factor analyzed using a principal-components analysis and a varimax rotation. The items and factor loadings are presented in Table 2. Two dimensions were found. Based on the factor loadings, an interpretation suggests that supervisors generally see two independent problem areas — problems of personal conduct centered on attendance and punctuality (items 1, 5, 6, 7, 11, 13, and 14) and problems of sales orientation such as low sales productivity, a bad attitude, and lack of courtesy toward customers (2, 3, 4, 8, 9, and 10). Factor scores were used to compute

Table 2

Means, Standard Deviations, and Varimax Loadings for Fourteen Types of Problematic Behavior (N=141)

Problem*	Mean	S.D.	Varimax loadings	
			1 (Conduct)	2 (Sales orientation)
1. Fails to keep sales area tidy	3.6	1.6	.49	
2. Poor personal appearance	2.0	1.3		.40
3. Low sales productivity	3.0	1.6	.43	.55
4. Not courteous to customers	2.6	1.6		.70
5. High absenteeism	2.9	1.9	.51	
6. Doesn't assist in stocking	2.8	1.6	.48	
7. Conducts personal business during work hours	2.8	1.8	.66	
8. Doesn't follow supervisor's directions	2.7	1.6	.42	.51
9. Bad attitude toward job	2.8	1.6		.80
10. Lacks selling skills	2.9	1.7		.52
11. Takes long breaks	3.0	1.6	.69	
12. Doesn't cooperate with fellow workers	2.6	1.7	.48	.49
13. Leaves sales area unattended	2.2	1.6	.57	.43
14. Not punctual	2.8	1.7	.70	
Unique variance accounted for			46%	7%

*Responses were scored on a seven-point scale (1=very infrequently to 7=very frequently)

Managing Marginal Employees

two indices for these two variables for use in further analyses. Supervisor style facets relevant to relations with marginal employees were also identified during the interviews with line and staff managers. Sixteen separate statements reflecting how these managers handled marginal employees were generated. Respondents indicated, on a six-point Likert scale, the extent to which each of the statements accurately described their own style when dealing with problem employees. Again, opportunities were provided for respondents to add additional statements, but none were offered. The sixteen statements, like the fourteen examples of problems, were factor analyzed using a principal-components analysis with a varimax rotation. The items and factor loadings are shown in Table 3. Four factors emerged, which are interpreted, based on factor loadings of .40 and greater, as indicative of four styles: (1) *confrontation* of the problem, indicated by a willingness to approach the problem quickly and professionally (items 3, 4, and 5) and by a belief that when discharge is necessary, it is best for all concerned (items 12, 13, and 14); (2) *difficulty with firing*, indicated by depressing effects (items 1 and 8) and a desire to avoid having to be personally responsible (items 9 and 10); (3) an *employee orientation*, indicated by a belief that the supervisor should be sensitive to employee problems and can

Table 3

Means, Standard Deviations, and Varimax Factor Loadings for Sixteen Managerial Styles (N= 141)

Items*	Mean	S.D.	Confrontation	Difficulty with firing	Employee orientation	Complete documentation
1. I find it very difficult to fire an employee	4.4	1.7		.58		
2. The problems which result in an employee being fired are caused by the employee, not the manager.	4.2	1.5				
3. I believe it is best to fire a problem employee as soon as possible after it is apparent that a serious problem is not being quickly corrected.	4.5	1.6	.49			
4. I think firing of an employee is just another part of the job.	3.3	1.7	.62			
5. When dismissing an employee I am completely blunt and honest.	4.4	1.4	.45			
6. I believe I can correct most employee problems given the time to work with the employee.	4.9	1.3			.62	
7. I am very sensitive to an employee's personal problems that may result in written warnings or terminations.	4.6	1.4			.42	
8. It's depressing to me to have to fire an employee.	4.4	1.6		.52	.53	
9. When I have a problem employee I often make the situation so uncomfortable that the employee quits.	1.8	1.3				
10. I would prefer it if the personnel department took care of dismissing employees.	4.0	1.9		.57		
11. Before firing an employee, I bend over backward to help the employee solve the problem.	5.1	1.2				.60
12. When terminating or warning an employee, I try to be as impersonal as possible.	4.1	1.7	.43			
13. It is important to take action to deal with a problem employee because a "bad apple" can affect the performance and morale of others in the group.	5.1	1.4	.52			
14. The dismissal of an employee is in the long run in the best interest of the individual being let go.	4.3	1.6	.52			
15. I go to great lengths to ensure that the employee has been fully informed about the possibility of dismissal.	5.5	1.0				
16. When dismissing an employee it is important to have a complete record of all previous problems you have had with the person.	5.7	0.9				.57
Unique variance accounted for:			20%	15%	9%	6%

*Responses were scored on a six-point scale (1=strongly disagree to 6=strongly agree).

correct most subordinate problems (items 7 and 8); and (4) a concern for *complete documentation* when administering sanctions (items 11 and 16). Factor scores were used to construct indices representing these four style facets.

Use of sanctions was assessed in two ways. First, respondents indicated the number of times they had, while employed by the firm, given informal oral warnings, given formal written warnings, or dismissed an employee. Respondents also indicated their beliefs about sanctions by specifying the number of informal and formal warnings that should be given before an employee was dismissed and the number of weeks that should elapse between a first warning and eventual dismissal.

In addition to questionnaire data, performance data on each of the first level managers were obtained from company files. Each was responsible for the sales of a department, and extensive sales and cost data were available comparing unit performances over time, both across similar departments and against projected goals. Managers were also rated on job knowledge and supervisory ability. These evaluations, completed by second- and third-level managers, were each summarized by the personnel office into a single overall rating. The overall score, on a ten-point scale, was used in this study. The performance rating was a summary measure of each manager's performance based predominantly on an assessment of the unit's annual costs and sales data. Performance ratings were available for 113 of the 169 managers surveyed.

RESULTS

The variety of problems associated with marginal employees is illustrated in Table 3. An examination of the mean scores for each of the fourteen items indicates that certain problems are encountered more frequently than others. Failure to keep the sales area tidy, low sales productivity, and long breaks are the problems most frequently encountered. Poor personal appearance and leaving the sales floor unattended are the least frequently encountered problems (*t*-tests for differences were significant at $p < .001$). Although alcoholism, drug abuse, gross insubordination, and dishonesty are often mentioned as potential problems by other authors (e.g., Miner and Brewer, 1976; Wheeler, 1976), they did not surface in the interviews where the questionnaire was generated, nor did survey respondents in this sample cite these areas as problems.

Results of the factor analysis given in Table 2 support further grouping of the problem set; as indicated previously, the problems fall into two categories, one defined primarily by items associated with conduct on the job, the second defined by attitudes and behaviors directly related to selling. Results of factor analysis given in Table 3 show how the items fall into the four supervisor style facets mentioned earlier.

Propositions 1a and 1b postulated that significant associations would exist between problems perceived by supervisors, supervisor style facets, and use of various sanctions. Table 4 presents the correlations among sanctions, problems, and style facets.

Managing Marginal Employees

Table 4

Correlations Among Use of Sanctions, Beliefs About Dismissal, Perception of Employee Problems, and Supervisor Style Facets (N=141)

Variables	Perception of employee problems			Supervisor style facets		
	Personal conduct	Sales orientation	Confrontation	Difficulty with firing	Employee orientation	Complete documentation
Previous experience						
1. Tenure in organization	-.02	-.01	.12*	-.03	.10	.14**
Use of sanctions						
2. Number informal warnings given	.18	.28***	.15**	-.07	.14*	.07
3. Number formal warnings given	.21**	.21**	.28***	-.10	.07	.28***
4. Number employees dismissed (present employment)	.08	.07	.12*	-.21***	-.09	-.09
5. Number employees dismissed (lifetime)	.19**	.14**	.09	-.15**	-.08	-.05
Beliefs about dismissal						
6. Number of verbal warnings issued	.08	.00	-.16**	.09	.02	-.03
7. Number of written warnings issued	-.05	.17**	-.11	.10	.11*	.14*
8. Time between first warning and dismissal	-.06	-.07	-.16**	.01	.13*	.09

* $p < .10$; ** $p < .05$; *** $p < .01$

Noting first the correlations among sanctions and problems, it can be seen that both formal and informal warnings are related to problems of personal conduct and poor sales orientation. Respondents who perceive problems of both categories as more frequent are more likely to use warnings as sanctions. The number of dismissals during present employment is not related to the category of problems encountered, but the number of dismissals a supervisor has engaged in during his lifetime is significantly related to his perception of both categories of problems. To examine better the relationships among problems and sanctions, a canonical correlation was computed between the two problem categories and three sanction variables (number of informal warnings given, number of formal warnings given, and number of employees dismissed while in present employment). No significant canonical roots were obtained, suggesting that no strong associations exist between categories of problems encountered and types of sanctions applied. The presence of significant bivariate correlations between problems and warnings and the absence of significant multivariate relationships is interpreted as offering only weak support for Proposition 1a.

The correlations among use of sanctions and supervisor style facets are also presented in Table 4. A number of significant relationships are evident. These findings indicate that supervisors who are more likely to confront problem employees are also more likely to have given formal and informal warnings and to have discharged employees. These managers also believe in giving fewer informal warnings and giving marginal employees less time between the first warning and dismissal. Supervisors who express difficulty with firing are characterized by having dismissed fewer employees than those who express less difficulty with firing. Supervisors characterized by a strong employee orientation are likely to have given fewer informal warnings than those who are not as employee oriented, and they believe in giv-

ing problem employees more written warnings and more time to correct problems. Supervisors who are concerned with obtaining complete documentation for infractions are significantly more likely to have given more formal warnings than supervisors who are less concerned with complete documentation. Results from Table 4 also show that tenure in the organization is associated with a more confronting style and a concern for complete documentation, suggesting that these respondents are more likely to be retained by the firm or that more experienced supervisors adopt these styles over time.

A more comprehensive picture of the relationships among strategies for dealing with marginal employees and sanctions can be seen in the results of a canonical correlation between style facets and sanction variables. Recall that a canonical correlation maximizes the correlation between sets of variables with the standardized coefficients of the individual variables interpreted as similar to that of a standardized regression coefficient (Barcikowski and Stevens, 1975; Lambert and Durand, 1975). Canonical correlation coefficients for supervisor style facets are presented in Table 5. Two significant roots were found, suggesting that formal warnings are independently associated with three supervisor style facets: that is, formal warnings are positively related to a confrontation and negatively related to complete documentation and employee orientation. Interpretation of the second canonical root suggests that employee dismissals are negatively related to difficulty with firing and employee orientation. In sum, the results from Tables 4 and 5 suggest that the use of formal warnings and dismissals is characterized by an increased assertiveness on the part of supervisors when dealing with marginal employees. Both the simple correlations and multivariate analysis support Proposition 1b, which suggested that relationships would exist between supervisor style facets and the use of sanctions.

Table 5

Canonical Correlation Coefficients for Associations Between Supervisor Style Facets and Use of Sanctions (N=141)

Variable	Canonical coefficients	
	Root 1	Root 2
Supervisor style facets		
1. Confront problem	.76	.30
2. Difficulty with firing	-.12	-.70
3. Employee orientation	-.55	-.40
4. Complete documentation	-.47	-.33
Use of sanctions		
1. Informal warnings	.21	-.41
2. Formal warnings	.94	.11
3. Terminations	-.25	1.07
Chi-square	29.5	13.9
Significance	.01	.03

Proposition 1c postulated that there would exist significant associations among style facets and perception of problems. The argument is that there would exist, in addition to relationships among problems and style facets on the one hand and use of sanctions on the other, relationships between

Managing Marginal Employees

problems perceived and style facets. For example, supervisors with a more confronting style may be more likely to perceive certain actions as problems. Supervisors who are less assertive may choose to ignore certain employee behaviors and "see" fewer problems. Bivariate correlations (not tabulated here) among the four style facets and two problem categories (personal conduct and sales orientation) suggest that supervisors who indicate that they have difficulty with firing and those who are characterized as having an employee orientation are more likely to perceive employee problems. Managers with a more confronting style are more likely to perceive problems with employees' sales orientation. A canonical correlation (not displayed here) relating problems to style facets was not significant, suggesting that strong relationships between the two sets of variables do not exist. Overall, these results weakly support Proposition 1c.

A final examination of the associations among sanction use, problem categories and style facets was made using a canonical correlation analysis relating the set of problem and style variables to the full set of sanction variables, as suggested in the Figure. The results of this analysis are presented in Table 6. Examination of the coefficients shows that the use of formal warnings by supervisors is positively related to problems of employee conduct, a confronting style, and complete documentation. Taken as a whole, these results suggest that, as postulated in Proposition 1, supervisors do vary in their identification of employee problems and their approaches to managing these employees, and these differences are significantly related to the use of sanctions by these supervisors.

Proposition 2 postulated positive relationships between the use of sanctions by supervisors and the performance of their units. Table 7 presents the correlation between performance ratings and the use of sanctions by supervisors. Respondents who indicate more frequent use of informal warnings, formal warnings, and dismissal have higher performance ratings. Supervisors who believe that problem employees should be given more time before dismissal have lower performance ratings. Tenure with the organization, which might be an index of increased opportunities for the use of sanctions and increased experience as a supervisor, is not significantly related to performance. Further, when partial correlations are computed between performance and the use of sanctions, controlling for tenure, the statistically significant findings remain unchanged, suggesting that the performance-sanction association is independent of tenure. A stepwise multiple regression with performance as the dependent variable and the three sanctions and tenure as independent variables was significant ($F(4,90) = 3.04$; $p < .05$; $R^2 = .12$) for two of the independent variables. Both the number of formal warnings and the number of dismissals were significantly related to the overall performance rating for the unit.

As displayed in the Figure, no predictions were made relating style facets and unit performance. The expectation was that supervisor attitudes toward the use of sanctions would be related to actual use and would, subsequently, be visible

Table 6

Canonical Correlation Coefficients for Associations Between Employee Problems and Supervisor Style Facets and Use of Sanctions (*N*= 141)

Variable	Canonical coefficients
Problems and Style Facets	
1. Employee conduct	.54
2. Sales orientation	.27
3. Confrontation	.67
4. Difficulty with firing	-.27
5. Employee orientation	.34
6. Complete documentation	.38
Use of sanctions	
1. Informal warnings	.19
2. Formal warnings	.89
3. Dismissals	.03
Chi-square	40.1
Significance	.01

to other unit members. An examination of the correlations between the four style facets and unit performance ratings shows only one statistically significant correlation between difficulty with sanctions and performance ($r = -.16$; $p < .05$). A stepwise regression with style facets as independent variables and unit performance as a dependent variable reveals no significant coefficients. These results suggest, as expected, that style facets are more closely related to the use of sanctions than to unit performance. In sum, these results appear to be consistent with the model in the Figure and supportive of Proposition 2.

DISCUSSION

In general, the results presented are consistent with the model shown in the Figure. Supervisors appear to vary in their perceptions of employee problems and in their re-

Table 7

Correlations Between Managerial Performance Ratings and the Management of Marginal Employees (*N*= 141)

Variable	Performance* rating
Previous experience	
1. Tenure in organization	.10
Number of sanctions	
2. Informal warnings	.16**
3. Formal warnings	.25***
4. Employees discharged (present employment)	.22***
5. Employees discharged (lifetime)	.13*
Beliefs about discharge	
6. Number of verbal warnings should be given before dismissal	.01
7. Number of written warnings should be given before dismissal	.06
8. Typical time between first formal warning and eventual dismissal (assuming employee doesn't improve)	-.12*

*Performance rating scored so that high score represents high performance ($N=112$)

•= $p < .10$; **= $p < .05$; ***= $p < .01$

Managing Marginal Employees

sponses to marginal employees. Both the problems encountered and styles used are associated with types of sanctions employed. The evidence suggests, however, that associations between problems and sanctions may not be as consistent as associations between style facets and sanctions. The results do indicate that certain problems are associated with certain style facets. Importantly, the findings also show that supervisors who use sanctions more often also have higher performance ratings than those who use them less often.

Certain limitations must be kept in mind when interpreting the results of this study. First, the data are cross-sectional. While the performance ratings and use of sanctions constitute an objective record of previous behavior, the questionnaire responses are perceptual assessments. For this reason, causal inferences cannot be drawn safely. In addition, the sample (first-level retail managers) may not be representative of other managerial groups. These supervisors may be able to observe subordinate behavior and performance more closely than supervisors in situations where methods and goals are less clearly defined (e.g., Ouchi and Maguire, 1975). It should also be noted (Table 1) that the use of sanctions by supervisors is not great. Most supervisors have not dismissed many employees. This finding, supported by interview data, is consistent with previous evidence suggesting that sanctions are not used frequently or against a wide range of subordinates but are typically concentrated on the occasional difficult employee. Finally, company policies in the organization studied proscribed certain staffing options such as transfer or retraining, which might be used in other firms as ways to deal with marginal employees. Thus, differences affecting supervisor response to marginal employees may exist across organizations.

Sanctions and Performance

Despite these caveats, the existence of significant positive relationships among use of sanctions and performance raises some interesting and important issues. While previous research and theory have largely ignored the necessity for supervisors to deal with difficult employees, it is clear that, on occasion, supervisors do have to do so. When authors deal with these issues at all, they tend to use the literature on operant conditioning as a basis for recommendations (e.g., Megginson, 1977). This research usually demonstrates that negative reinforcement is a less effective and predictable way to change behavior than positive reinforcement or a simple lack of any conditioning response (e.g., Luthans and Kreitner, 1975). The implication is that sanctions are likely to be an ineffective response to employee problems.

The results here can be interpreted as directly contrary to this position. More frequent use of sanctions is associated with increased performance. Several explanations can be offered. First, the performance ratings used in this study are largely reflective of unit performance, not individual performance. Supervisors must deal with the behaviors of individuals in a social context, not the isolated behavior of a single person. Hence, generalizing to a social context from operant conditioning theory, a theory of individual behavior,

may be inappropriate (e.g., Roberts, Hulin, and Rousseau, 1978). Furthermore the disadvantages of negative reinforcement may be reduced if the sanction results in removal of the individual from the group such that no opportunity exists for the repeated occurrence of an undesired behavior; dismissal prohibits recurrence.

A more powerful explanation for the positive relationship between sanctions and performance can be found in social learning theory (Bandura, 1977). Individuals in groups look to others to learn appropriate behaviors and attitudes. In organizations, standards become institutionalized through the adoption of roles, standard operating procedures, and group norms (e.g., Zucker, 1977). Violation of these institutionalized standards by an individual may result in feelings of uncertainty and inequity on the part of other group members and a loss of group cohesion. In addition, those individuals whose attitudes and behaviors are in violation of group norms may cause problems for the group as well as for the supervisor. Tolerance of such behavior by the supervisor may further threaten the group. Hence, while employees may understandably resist frequent or unjustifiable authoritarian behavior on the part of a supervisor, actions by the supervisor that are seen as maintaining legitimate group standards may reinforce productive group norms, instill feelings of equity, and result in increased performance through social learning. Failure to invoke sanctions may result in loss of control by the supervisor and unproductive behavior on the part of employees.

Sanctions and Supervisor Style Facets

Evidence from Tables 3, 4, and 5 suggests that there are differences in how supervisors characteristically choose to deal with marginal employees. A central distinction involves a willingness to confront difficult employees and take action. Supervisors who are more direct and who express less difficulty with firing are also more likely to apply sanctions. This evidence is consistent with previous studies demonstrating that some individuals are more likely to confront situations involving conflict than others (e.g., Burke, 1970; Thomas, 1976). These findings are also consistent with a study by O'Reilly and Weitz (1980) linking conflict-handling style to both the style facets reported here and the use of sanctions. The study showed that more assertive managers were more direct in their confrontation of problems and expressed less difficulty with firing. Managers who were more cooperative gave fewer warnings and had difficulty dismissing problem employees.

Unfortunately, in the present investigation causal relationships between use of sanctions and supervisor style facets cannot be determined. However, two arguments can be offered: either supervisors have characteristic styles that predispose them to use sanctions more frequently, or supervisors tend to adopt certain styles as they become more experienced. Both explanations, as well as one of reciprocal causation, are plausible. If the position taken by theorists who propose that conflict-handling styles are learned predispositions is correct, then it may be that supervisors learn through experience how to deal with marginal employees.

Managing Marginal Employees

Those who are successful in learning how to confront marginal employees may then be more willing to use sanctions in future circumstances. Some qualitative evidence obtained during interviews supports this position. One highly successful manager described his willingness to fire employees as "an acquired taste." A second successful manager indicated that it was very important for a manager to learn early that the problem encountered was that of the employee, not the supervisor. Less successful managers often described dealing with marginal employees as a traumatic event, one to be avoided if possible.

Sanctions and Problems

Several issues are raised by the nature of the problems characterizing marginal employees (Table 2) and the relationships of these problems to use of sanctions (Table 4). First, little data have been gathered on how supervisors characterize or identify employees as marginal. The prescriptive literature lists a variety of problems that might be encountered by a supervisor, but little data are available to suggest what problems are actually encountered by individual supervisors (e.g., Miner, 1975; Glueck, 1978). At the company level, problems such as absenteeism, dishonesty, intoxication, and insubordination are often mentioned (e.g., Parisi, 1972; Miner and Brewer, 1976), but these lists provide little insight into how often managers actually encounter these problems. Wheeler (1976), for instance, analyzes 339 incidents resulting in arbitration over a five-year period. While the data are useful, they do not indicate how many of these problems were handled by supervisors before going to arbitration, nor do they indicate whether similar problems are encountered in firms not covered by collective bargaining contracts.

The findings reported in this study suggest that, in the organization studied, instances of gross insubordination, intoxication, or dishonesty were not widely encountered. Instead, supervisors dealt with the more common problems listed in Table 2. Furthermore, it appears that the set of fourteen problems may be aggregated into two categories of problems — those of conduct and those of performance. These categories are conceptually similar to the behavior and output control categories suggested by Ouchi and Maguire (1975). To the extent that the problems encountered in this study are representative, it appears that supervisors use these two categories when defining marginal employees. Both categories are shown to be correlated with use of sanctions and supervisor style facets, suggesting that employees are assessed on two independent dimensions: to avoid being perceived as a problem, employees must give supervisors the impression that they are motivated and committed to the job and they must perform satisfactorily.

CONCLUSIONS

A central premise underlying this study is that supervisors are likely to encounter employees who, for a variety of reasons, are seen as marginal. It was postulated that supervisors would vary in how they chose to manage these employees and in their willingness to use sanctions. It was further postulated that failure to apply sanctions when re-

quired would be associated with lower performance. In general, these patterns were corroborated.

Given the exploratory nature of this study, firm conclusions are not warranted. A number of factors that might affect the use and impact of sanctions are not adequately explored here. For instance, it may be that the interdependence of work flows within groups will mediate the relationship between sanctions and performance. The task of selling in a retail store requires little task interdependence. In highly interdependent task groups, however, it may be that a marginal employee will be quite disruptive to group performance, especially if coordination is through mutual adjustment and feedback. Fry, Kerr, and Lee (1979: 6), in a study of athletic teams, suggest this when they observe that

considerable day-to-day initiation of structure by the hierarchical leader (i.e., coach) will be useful under high interdependence conditions.

These authors examined the performance of sport teams that varied in the degree of task interdependence among members and found that under conditions of high interdependence a directive leader behavior was most effective. A similar conclusion may be drawn from the path-goal literature, where initiating structure, which might include the use of sanctions, is seen as being more effective when the task is ambiguous to the subordinate. Thus, the efficacy of sanctions may be moderated by characteristics of technology or task design.

An additional point concerning the use of sanctions in a social context needs to be raised. Given a social learning theory perspective, it should be emphasized that the impact of sanctions on observers is dependent upon how group members interpret the sanction use. Conclusions drawn by observers will be related to subsequent attitudes and behaviors (Mitchell and Wood, 1980). As Pfeffer (1981) has suggested, it is the symbolic value of the action taken by the supervisor that may be most important. It is important that group members interpret the use of a sanction as beneficial to their own ends. This suggests the need for supervisors to be sensitive to group perceptions of their behavior and to be aware of factors such as equity norms and group cohesiveness that may color interpretation of their actions. Punitive behavior has been shown to be highly salient to subordinates (Curtis, Smith, and Smoll, 1979); therefore, sanctions may be of great symbolic significance.

Clearly the present study does not begin to explore these issues. It does, however, suggest that sanctions may play an important part in the development and maintenance of productivity norms and that the appropriate application of sanctions may be supported by group members. Further study is clearly needed to examine the full impact of sanctions in work settings.

Managing Marginal Employees

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