Supervisors driven by bottom line fail to get top performance from employees

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Matthew Quade, Ph.D., assistant professor of management, Baylor University's Hankamer School of Business. Credit: Robert Rogers, Baylor University Marketing & Communications

Supervisors driven by profits could actually be hurting their coveted bottom lines by losing the respect of their employees, who counter by withholding performance, according to a new study led by Baylor University.

The study, "The Influence of Supervisor Bottom-Line Mentality and Employee Bottom-Line Mentality on Leader-Member Exchange and Subsequent Employee Performance," is published in the journal *Human Relations*.

"Supervisors who focus only on profits to the exclusion of caring about other important outcomes, such as employee well-being or environmental or ethical concerns, turn out to be detrimental to employees," said lead researcher Matthew Quade, Ph.D., assistant professor of management in Baylor University's Hankamer School of Business. "This results in relationships that are marked by distrust, dissatisfaction and lack of affection for the supervisor. And ultimately, that leads to employees who are less likely to complete tasks at a high level and less likely to go above and beyond the call of duty."

While other studies have examined the impact of bottom-line mentality (BLM) on employee behavior, Quade said this is the first to identify why employees respond with negative behaviors to supervisors they perceive to have BLM.

The research team surveyed 866 people. Half of those surveyed were supervisors; the other half were their respective employees. Data was collected from those who work in a range of jobs and industries, including financial services, health care, sales, legal and education.

Researchers measured supervisor BLM, employee BLM, task performance and leader-member exchange—the rating employees gave of their relationships with their supervisors.

Employees rated their supervisors' BLM by scoring on a scale statements like: "My supervisor treats the bottom line as more important than anything else" and "My supervisor cares more about profits than his/her employees' well-being." They rated leader-member exchange via statements such as "I like my supervisor very much as a person" and "My relationship with my supervisor is composed of comparable exchanges of giving and taking."

Supervisors rated their employees by scoring statements such as: "This employee meets or exceeds his/her productivity requirements," "This employee searches for ways to be more productive" and "This employee demonstrates commitment to producing quality work."

Based on the responses and the data collected and analyzed, the researchers found:

- High-BLM supervisors create low-quality relationships with their employees.
- In turn, employees perceive low-quality leader-member exchange relationships.
- Thus, employees reciprocate by withholding performance.
- When supervisor BLM is high and employee BLM is low, the damaging effects are strengthened.
- When both supervisor and employee BLM are high, the negative performance is still evident.

The last finding on that list was particularly significant, Quade said, because it contradicts a common belief that when two parties (in this case, supervisors and employees) think alike and have similar values, there will be a positive outcome. Not so much in the case of BLM, the study shows.

"When supervisor and employee BLM is similarly high, our research demonstrates the negative effect on performance is only buffered, not mitigated—indicating no degree of supervisor BLM seems to be particularly beneficial," the researchers wrote. "It seems even if employees maintain a BLM, they would prefer for their managers to focus on interpersonal aspects of the job that foster healthier social exchange relationships with their employees in addition to the bottom line."

The profit-performance relationship can spark a conundrum for companies, Quade said, because organizations want to be profitable, and performance is an important indicator of an organization's health and vitality.

If leaders believe a negative dynamic regarding BLM exists in their organization, the researchers suggest a few practical steps:

- Be cautious of a BLM approach or emphasizing bottom-line outcomes that could neglect other organizational concerns, such as employee well-being and ethical standards.
- Managers should be aware of the message they pass along to employees (and the possible performance repercussions) when they tout bottom-line profits as the most important consideration.
- Organizations that need to emphasize bottom-line outcomes should consider pairing the BLM management style with other management approaches known to produce positive results, such as practicing ethical leadership.

"Supervisors undoubtedly face heavy scrutiny for the performance levels of their employees, and as such they may tend to emphasize the need for employees to pursue bottom-line outcomes at the exclusion of other competing priorities, such as ethical practices, personal development or building social connections in the workplace," the researchers wrote. "However, in doing so they may have to suffer the consequence of reduced employee respect, loyalty and even liking."

Provided by Baylor University

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