U.P.Rajarshi Tandon Open
University, Allahabad

**MBA-1.2**
ORGANIZATIONAL
BEHAVIOUR

# Block
# 1

## Nature of Organizational Behavior

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**अनुवाद की स्थिति में**

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| **मूल लेखक** | **अनुवाद** |
| **मूल सम्पादक** | **भाषा सम्पादक** |
| **मूल परिमापक** | **परिमापक** |

## सहयोगी टीम

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## BLOCK INTRODUCTION

Block 1 contains four units. First unit deals with nature of organisational Behaviour. Its concept and significance. Unit two deals with evolution of the concept of organisational behaviour. Unit three deals with models of organisational behaviour and unit four deals with Recent trends in organisational behaviour.

# UNIT 1 NATURE OF ORGANISATIONAL BEHAVIOUR

**Objectives**

After reading this unit you will be able to

- To understand the concept of organisation
- To understand the nature of Organisational behavior
- To develop the ability to identify the factors affecting Organisational Behavior
- To understand the significance of Organisational Behaviour

**Structure**



## 1.1 INTRODUCTION

There are evidences that concepts that we study in the field Organisational Behaviour existed even in ancient times as evident from literature of that time. Plato, the Greek philosopher wrote about what is good leadership. Aristotle discussed persuasive communication. Niccolo Machiavelli, an Italian philosopher, who lived in sixteenth century, believed in the philosophy of 'ends justify means', laid the foundation for contemporary work on organizational power and politics. In the eighteenth century, Adam Smith advocated the concept of division of labour and showed that efficiencies can be brought about through it. In the nineteenth century, German sociologist Max Weber gave the concept of bureaucratic structure of organizations and the advantages associated with it. Frederick Winslow Taylor introduced scientific management that involved doing job, selecting and training people in scientific manner. Later, in the 1920s, Hawthorne Experiments were conducted that brought forth the existence of social factors at play in workplace. And that productivity was affected not just by technical factors but by social factors-leadership, group dynamics etc. Thus, the concepts of Organisational Behaviour have been in practice since long, but Organisational Behaviour as a separate field of study developed after 1940s.

Organisations come into existence to fulfill some needs of society. Objective of some organizations is to earn profit while fulfilling the needs, while others exist just to provide some goods or services to people without any profit motive, like many of the government departments and non-governmental organisations. Organizations need certain people to work together and utilize the available resources to carry out its activities, so that it may achieve its objectives. The success of an organization is, thus, largely dependent upon the skills and capabilities of people who manage its resources, or the managers. To attain effectiveness and efficiency in the functioning of employees a number of aspects need to be considered. People who come to work together carry different values, attitudes, personalities, perceptions, needs, etc. Understanding behaviours in organization is therefore, very crucial for managers to work and make others work in an organization. Thus human aspect of work is very critical for any organization. The field of organisational behavior focuses on studying human behavior in organizations. Managers are faced with a number of problems like how to increase productivity of employees, how to enhance team performance, or how to increase job satisfaction of employees, to name a few. The knowledge of organizational behavior helps in finding answers to these questions. To understand what is organizational behavior, it is important to understand the meaning of the word 'organisation' and role and functions of manager.

## 1.2 CONCEPT OF ORGANISATION

It has been mentioned earlier that the organizations need people to work and manage resources. Organizations are not merely buildings or other physical structures, rather they comprise groups of people who work together, allocate resources, plan and direct the activities of other people, control the processes make decisions to achieve organizational goals are called mangers. Existence of organizations is a conscious effort. Organisations are consciously created social units, with two or more people working together in a coordinated manner, that function on a relatively continuous basis to achieve certain common goals. They are interdependent and interact with each other to achieve some common goals. Thus managers work in a coordinated and organized manner. Examples of organizations are a company manufacturing mobile phones, a school, a religious trust, a sports club, police department, a retail store, hospital and so on. Every organization has its own goals. Different managers in the organization perform different functions in a coordinated manner to achieve organizational goals.

**Management Functions**

Managers in the organizations perform a variety of functions. These are often classified as planning, organizing, staffing, directing, coordinating and controlling.

- Planning: deciding what is to be done in the future and generating plans for action.
- Organizing: making optimum use of the resources required to enable the successful carrying out of plans. The process of organizing is generally performed as a direct outcome of the planning function.
- Staffing: handling all staff-related functions, for the effective and efficient utilization of human resources.
- Directing: exhibiting skills of leadership, motivation and communication for getting others to play an effective part in achieving plans.

  common goal of achievement of organizational objectives.
- Controlling: monitoring — setting goals, measuring performance and checking actual progress against planned progress, identifying deviations and taking corrective action if required, which may involve modification of original goals based on feedback.

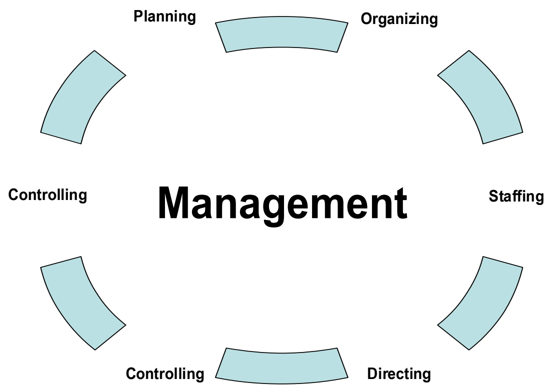


Figure 1.1: The Functions of Managers

**Management Roles**

A Canadian researcher by the name of Henry Mintzberg undertook an interesting study wherein he went to managers and studied various aspects of their work from close-by. He visited five organizations, and analyzed how their chief executives spent their time. Based on his analysis of these top executives, Mintzberg developed a typology of managerial roles. He noted that all managers perform ten roles- figurehead, liaison, leader, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator.

The ten roles may further be classified as Interpersonal, Informational and Decisional Roles. The managerial roles, as defined by Mintzberg in his seminal work *The Nature of Managerial Work* (Mintzberg, 1973), along with a brief description of each, are given in Figure 1.2.

Figure 1.2: Mintzberg's Classification of Managerial Roles

| Category of Roles | Managerial Role | Description of Actions | Example of Activities performed according to role |
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| Interpersonal (Provides Information) | Figurehead | Symbolic leader of the organization. Carries out social, inspirational, legal and ceremonial duties. | Attends and hosts functions, responds to legal queries. Signs important contracts on behalf of the organization. |
| | Liaison | Interfaces with other organizations and departments. Maintains contacts. | Participates in meetings with other departments/ organizations. |
| | Leader | Provides motivation and direction to subordinates. Establishes the work atmosphere. | Addresses subordinates, leads delegations Upgrades information through perusal of books |
| Informational (Processes Information) | Monitor | Scans environmental information and collects relevant data | and periodicals. Conducts research. Attends seminars and conferences. |
| | Disseminator | Forwards information gathered through monitoring to the organization | Issues circulars and writes in-house publications, addresses gatherings. |

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| | Spokesperson | Officially transmits information to outsiders, on behalf of the organization | Issues progress reports talks in meetings and conferences. Acts as public relations officer. |
| Decisional (Uses Information) | Entrepreneur | Identifies environmental opportunities and threats, in addition to internal strengths and weaknesses, and navigates the organization accordingly. | Actively initiates and participates in innova-tions,solutions to problems,and decisions Initiates new ventures wherever feasible. |
| | Disturbance Handler | Assumes responsibility for correcting situations that may hamper the normal course of work in the organization | Acts as a problem solver, handles crisis situations. Implements alternate measures, where required. |
| | Resource Allocator | Decides on the utilization of organization's human, physical and financial resources. | Draws up budgets and schedules, approves expenses, allocates manpower. Controls finances. |
| | Negotiator | Represents organization's interest in situations requiring negotiation | Meets and conducts negotiations with other parties like vendors, employees or competitors. |

Source: Adapted from Mintzberg, H.(1973). *The Nature of Managerial Work*. (New York: Harper & Row)

Each role is influenced by four variable types: (1) the environment (for Mintzberg's study, these were span of control, collective bargaining, and region), (2) the job (for the study, this was the position of the chief administrative officer), (3) the person (for the study, these were gender and age), and (4) the situation (for the study, these were years of managerial experience, years in position, and years at institution). Thus, even though all managers perform each role, they emphasize different roles based on the influencing factors.

Mintzberg said that the manager's position is always the starting point in an organization. Since the manager is the leader of a particular organizational unit, he holds the formal authority and status. From this formal authority and status emerge the interpersonal roles. First, in the role of figurehead, the manager represents the company in formal matters with the external bodies and agencies. Second, in the liaison role, the manager forms partnerships with colleagues and external agencies to procure information and other requirements for organisation. Third, in the role of leader, the manager has the responsibility to motivate and develop subordinates. In the role of disseminator, the manager is able to communicate information to individuals and groups internal to the organization. Also, as spokesperson, the manager communicates the organization's information to the external environment.

**Managerial skills**

The set of skills, as classified into the three the above skill-sets by Henri Fayol and popularized by Robert Katz (1974), includes-

a) *Human skills*, which pertain to a person's ability to deal with other people; his interpersonal abilities. It denotes the executive's ability to work effectively as a group member and to build cooperative effort within the team he leads. These skills include the abilities to work with superiors, peers and subordinates, as well as clients, vendors and general public. Human skills emerge in the workplace as a spirit of trust, enthusiasm, and genuine involvement in interpersonal relationships. Some managers are naturally born with great human skills, while others improve their skills through classes or experience. Regardless of whether human skills are acquired through training or by experience, they are critical for all managers because of the highly interpersonal nature of managerial work (CliffsNotes, 2008)

b) *Technical skills*, which are a measure of the extent to which a person is conversant with the area of his work. An accountant's understanding of bookkeeping, a structural engineer's understanding of construction material, and a physician's understanding of diseases are examples of technical skills. They are the keystone of creativity. These skills are the easiest to understand, since they are more visible and well-defined. Most vocational and on-the-job training programs are aimed at enhancing technical skills. The term 'specialist' refers to the degree of proficiency possessed in technical skills. Managers acquire these skills.

c) *Conceptual Skills,* which include the ability to diagnose and analyse complex situations. Managers must have the ability to analyse available information so as to make effective plans and take right decisions.

Every manager uses a mix of the above skills in the performance of his day-to-day tasks. Each of these skills is an important component of the process of management. However, the extent to which a particular skill set is required has been found to be dependent upon the nature of the managerial task being performed. In general, supervisory level managers utilize more of technical skills than conceptual skills. Middle level managers use a more balanced proportion of the two. At the same time, top-level managers largely require the use of conceptual skills, as compared with technical skills. At the same time, human skills are used to a similar extent at all levels of management. This underscores the fact that human skills are an important aspect of a manager's job, irrespective of the level at which he may be placed.

Two other terms of importance in the above definition are *efficient* and *effective*. The term 'efficiency', in general parlance, refers to output generated per unit of input. In other words, higher efficiency would be achieved if more output were to be generated for the same level of input. In any given context, and particularly in the competitive environment in which businesses function in modern times, efficiency, therefore, becomes and invaluable asset.

The term 'effectiveness' indicates the ability to achieve desired results. The importance of effectiveness cannot be over-emphasized. Take the example of the weight lifter who is able to move heavy furniture single-handedly from one hall to another- a feat that would have required two ordinary people, whom we will refer to as normal workers. In terms of efficiency, he is twice as efficient as the normal workers. However, picture the furniture being moved to the wrong hall, or the wrong floor, by the weight lifter. In spite of his efficiency, he has not performed the work effectively. The twin attributes of efficiency and effectiveness, therefore, need to go hand-in-hand.

**Activity 1**

Talk to any manager working in any organization about the tasks performed by him while fulfilling his/her responsibilities.

a) Identify the roles that he plays while working as a manager.

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b) Try to identify which of the functions of management listed above is being fulfilled by the managers in the performance of these tasks

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## 1.3 DEFINITION OF ORGANISATIONAL BEHAVIOUR

Having gained a conceptual understanding of management functions and levels, the question that arises in the minds of the reader is- what exactly is organizational behaviour? It may be seen that all the management functions and roles and activities require interacting with others –whether people within the organization or those outside the organization. Therefore interpersonal skills or people's skills are very important for any manger. The field of organizational behavior helps in understanding people's behavior. Organizational behaviour is the study of what people think, feel, and do in and around organizations. OB researchers and practitioners make a systematic study of individual, group, and structural aspects that influence behaviours within organizations.

Robbins (1999) defines organisational behavior as "a field of study that investigates the impact that individuals, groups and structure have on behavior within organizations for the purpose of applying such knowledge towards improving an organisation's effectiveness."

Organisational behaviour refers to the behaviours of individuals and groups within organizations and the interaction between organizational members and their external environments. Organisational behavior is concerned with the understanding, prediction and management of human behavior in organizations.

Another definition defines it as "the study of human behavior in organizational settings, the interface between human behavior and the organisational context, and the organization itself". (Chandan, 2005).

Thus Organisational Behaviour refers to the study of behaviors in an organization that result from the interactions between individuals, groups within organization and also between internal and external environment.

To get a better understanding of the definition of OB let us understand the nature of the field itself.

## 1.4 NATURE OF ORGANISATIONAL BEHAVIOUR

The nature of Organisational Behaviour may be understood from the characteristics that are discussed as following:

· **Separate field of study**: Organisational behavior is a separate field of study that is dedicated to studying behaviours and their impact on organizational processes and functions. Though it borrows concepts from different fields of study, it is a distinct field that proposes its own theories. Behavioural scientists have been accumulating a distinct knowledge base about behaviours within organizations that forms the foundation of this field of study.

· **Interdisciplinary**: Organisational behavior is interdisciplinary in nature. In fact, Organizational behaviour is based upon the premise that the field should develop from knowledge in other disciplines, not just from its own isolated research base. So, we may say OB is multidisciplinary. The fields of psychology, socio-psychology, anthropology, sociology contribute in the development of this field of study. Researchers have developed theories of organizational behavior on the basis of researches conducted on the concepts of these fields

· **Behavioural Approach:** Since the field of organisational behavior studies the behaviours and their impact on various organizational processes, it is based on behavioural approach to management. Underlying assumption is that effectiveness in management can be brought by improvement in interpersonal skills of managers which can be attained through understanding of behaviours. Almost every aspect of the behaviors in organizations has been studied by the specialists of OB and as a result in the past few decades OB has developed into a diverse field (Greenberg, 1994).

· **Practical Orientation:** Organisational behavior is an applied field of study that has practical orientation. Researches on various behavioural aspects of employees are conducted with a view to improve the existing conditions in organisations. Researchers in the field of organisational behavior have focused on 'cause and effect' orientation, that is, attempts have been made to understand cause of a behavior or the outcomes of that behavior in an organizational situation. Scientists try to identify the impact of people on organization and organization on people. For example, researches have been able to help answer the following practical questions:

· How to increase job satisfaction of employees in different sectors?

· What is the significance of interpersonal trust in an effective team?

· How to reduce communication barriers in organizations?

· Can the quality of leadership determine employee performance?

· What can be done to motivate employees?

· How to implement change effectively in organizations?

· **Use of scientific methods:** The word science has been defined as "the observation, identification, description, experimental investigation, and theoretical explanation of phenomena" (American Heritage Dictionary of the English Language, 1975, p. 1162). Scientists of organizational behavior study the problems using the knowledge obtained from researches in behavioural sciences. Thus field of OB finds its roots in science (Greenberg & Baron, 2000) Theories in organizational behavior are developed on the basis of empirical researches that follow scientific methods of enquiry. Data is collected, processed, hypothesis is developed and tested like in any other science. Old concepts are tested for their validity and new ones are proposed on the basis of scientific researches to find solutions to organizational problems.

· **Open system approach:** Organizational behavior views organizations as open systems. An open system is the one that interacts with external environment, whereas closed system is self-supporting. Organizations may be considered as open systems because of their interdependence with the external environment. The very existence of organizations depend on how well employees respond to environmental changes and alter their behavioural patterns to fit the emerging environmental conditions. For example, if a competitor of a firm has adopted a new technology of production with the help of which it can lower its costs, the firm will be forced to adopt new technology and its employees will have to learn to work with the new technology, in order to remain in the competition. Organizations interact with the external environment to acquire all the resources –men, money, machine and material, and information. In contrast, a closed system has all the resources needed to survive without dependence on the external environment. It may be noted that no organizations can be perfectly closed systems.

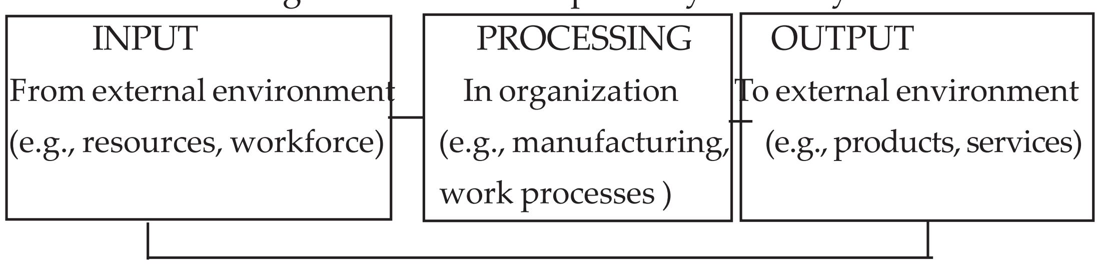


**Figure 1.2 Organisations as open systems**

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- **Three levels of analysis:** As evident from the definitions of OB in section 1.3, the field of OB has three levels of analysis: individual, group, and organization. The individual level focuses on the attributes and behaviours of employees and their outcomes on thought processes, such as personality, values and attitudes, perception, and motivation. The group level analysis deals with the way people interact with each other and its outcome on various processes like group dynamics, decision making, leadership, power and politics in organisations, and conflict management. At the organizational level, the focus is on organizational variables like organizational structure, culture, change management and organization development. The concern is also to study how organizations interact with their environments.

Each aspect of any level of analysis usually relates to all three levels. For example, decision making includes individual decision making, and its impact on group dynamics. It also relates to the organization's structure.

- **Concern for effectiveness:** The objective of the field of organizational behaviour is to bring effectiveness in management processes through understanding of the impact of behaviours. It aims at improving interpersonal skills of employees so that they are able to satisfy customers, work as good team member, act as better superior, subordinate and peer which ultimately leads to overall organizational effectiveness

**Activity 2**

Consider yourself in your organization and try to identify if a better understanding of behaviours of yourself and that of others will make you a better manager. Note down your views.

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## 1.5 FORCES AFFECTING ORGANISATIONAL BEHAVIOUR

Organisations exist in an environment that contains many forces that affect organizations. Organisations continuously interact with these external forces that play an important role in shaping the behaviours. Moreover, a manager has to perform his tasks within the bounds of organisational processes and methods, while continuously interacting with other employees at various levels. So, there are certain factors in the internal environment, too, that affect organizational behavior.

**Factors in External environment**

The external environment consists of the economic, political and social conditions outside the organization. For example, companies depend upon efficient procurement of raw material, components, government regulations and a knowledgeable workforce. Probably the most important component of the external environment is the organization's.

- **Stakeholders.** These are the shareholders, customers, suppliers, governments, and any other groups with a vested interest in the organization. Stakeholders influence the firm's access to inputs and ability to give outputs. For example, how well the firm complies with the norms and fulfills the need of society, gives it a distinct competitive advantage and affects its right to operate in that environment. Some important components of external environment that influence OB are discussed here in detail:
- **Customers:** Organisations exist to fulfill some need of customers. Customers' choices are the deciding factor in the quality and quantity of goods or service that will be produced by organizations. This, in turn, is the major determinant of work schedules, technology, requirement of number of employees and their level of skills and qualifications, etc. For example, if demand of a particular product increases in market, the firm will naturally have to increase production level, may be required to start new retail outlets, new service centres. Employees may require training programs to learn skills to interact with customers and satisfy their needs.
- **Competitor:** Competitors and an important component of a free market system. Competitors encourage (sometimes force) quality and price consciousness for firms. A firm may initiate many changes like modification in strategies, improvement in processes (like communication, recruitment, performance appraisal, decision making etc.) or change in structure (like creating a new department or creating new positions) to grow and move ahead vis-a-vis its competitors. For example, many of the family run businesses have professionalized their systems and processes in India in order to meet the competition in open economy. Organisations try to get quality certifications like ISO and BIS certifications to ensure the customers about product/service quality.
- **Regulatory bodies:** Government regulatory bodies set norms and make rules for running business. These agencies regulate the activities of organizations in five principal areas: consumer protection, investor protection, environmental laws, preservation of free market competition and labour conditions. Organizations have to make necessary changes in their policies, processes, and systems, sometimes in a big way, to meet these norms. For example, there are norms for environment conservation,

emission norms. To meet these norms organizations may be required to change their technology or may have to set up waste treatment plants.

- **Technological innovations:** Today, rapid technological changes and innovations are taking place globally. As a result of these, the nature of jobs is changing and the need for technical personnel is increasing. Hence, procurement of technically skilled employees is essential to match the changing job requirements.
- **Suppliers:** Every organization needs some inputs in form of materials or components. They have to interact with a network of suppliers to obtain the inputs. According to Michael Porter as proposed in his 'Five Force Model', suppliers may exert a considerable bargaining power when:

1) Suppliers are concentrated and well organized;
2) A few substitutes available to supplies;
3) Their product is most effective or unique;
4) Switching cost, from one suppliers to another, is high, and;
5) Firm is not an important customer to Supplier

- **Social factors:** Social factors include prevailing attitudes, values and ethics influencing organizations. Life style is changing fast. The number of women in workforce has increased, therefore companies must take care of their needs, like having crèche facility, transportation facility. Many companies are providing flexible work timings, particularly in IT sector. Today, the professionals fail to accept autocratic style of management. The Millennial generation workers are said to share the following characteristics (Gerdes, 2006) :Computer fluency, eagerness for feedback, teamwork orientation, desire for responsibility, dislike for working long hours.

Businesses are moving towards participative management style with more autonomy to workers. Organisations are adopting innovative methods of recognizing and rewarding employees. Focus is now on improving quality of work-life. This has lead to team work, job redesign, and other motivational practices to improve performance.

- **Economic factors:** Economic factors constitute indicators like Gross Domestic Product (GDP), rate of inflation, unemployment rate, economic cycles and so on. Economic factors have an indirect impact upon organizations. For example during recession period, organizations may have to resort to retrenchment, lowering of production rate, stalling of expansion plans and temporarily shutting down of plants. These actions have a far reaching impact on organizational behavior.

**Factors in internal environment**

There are several factors in internal environment of an organization that have significant effect on behaviours. There are as follows:

- **Relationships in organization:** Inside the organization are numerous subsystems, such as processes (recruitment and reward systems), task activities (production, marketing), and social dynamics (informal groups). Individuals, dyads and groups interact with each other in each of the processes, and for various tasks in the organization. A manager is continuously interacting with his superior, subordinate and peers while fulfilling his various roles in the organization.
- **Top management philosophy:** There are many organisational factors, including culture, top management values and processes that have a profound impact on relationships and working in an organization. An example of Organisational processes is internal communication. The culture of an organization is built on internal communication; this includes interpersonal relationships, newsletters, mission and vision statements and policies and so on. The way organization interacts with customers and its public affects its image. All these, in turn are determined by top management philosophy.
- **Structure:** Structure is an internal factor that impacts day-to-day operations of an organisation. A firm may be sorted by departments and teams, or it might be structured such that employees work with outside contractors. The structure impacts the number of employees hired, the levels of hierarchy, linkages and extent of coordination between various teams and departments. If a firm's activities are outsourced, for example, number of employees required will be less but that will also result into less control over the end product.

**Activity 4**

a) Examine with reference to your organization the three external forces that have affected behavioural aspects of employees.

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b) Arrange a meeting with a senior manager in your organization who has been with the organization since at least 15 years. Discuss with him the factors in the internal environment that have affected behaviours in your organization. Note down the main points that emerge in the course of discussion.

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## 1.6 SIGNIFICANCE OF ORGANISATIONAL BEHAVIOUR

The field of OB offers tested principles that have a high probability of being useful to a manager in organizational life. Human behaviour is a complex phenomenon and factors that affect behaviour change very frequently, it becomes very difficult to predict the nature of relationships in an organization. Knowledge of organizational behavior offers a variety of approaches to diagnose and address organizational problems.

To deal with fast paced international competition, companies are making every effort to foster innovation and high quality decision making. To achieve this, teamwork has become popular. Many organizations are changing their human resource management policies to attract and retain the best talent. To enhance productivity and achieve efficiency companies are making adaptations in their structure.

As mentioned earlier analysis in OB is done at three levels: individual, group and organizational level. Understanding OB helps managers solve problems at all organizational levels as all the levels are interlinked and actively influence each other. For example, Effectiveness of teams would depend upon team members, leadership and the culture of the organization.

**Activity 5**

Conduct an interview of the 4-5 senior managers of your organization and seek their views on the following and identify the main points that emerge on each of the issues:

a) Impact on understanding of behaviours on organisational productivity.

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b) Impact of understanding of behaviours on reducing employee turnover.

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## 1.7 SUMMARY

- There are evidences in literature that the field Organisational Behaviour existed even in ancient times, which gradually developed to its present form.
- Organisations are the social units that have been consciously created, having with two or more people or groups of people working together in a coordinated manner, that function on a relatively continuous basis to achieve certain common goals.
- Managers in the organizations perform a variety of functions. These are often classified as planning, organizing, staffing, directing, coordinating and controlling.
- Managers perform a variety of functions that include roles as-figurehead, liaison, leader, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator.
- Managers must possess three types of skills- human skills, technical skills and conceptual skills.
- Organisational Behaviour refers to the study of behaviors in an organization that result from the interactions between individuals, groups within organization and also between internal and external environment.
- The field of organisational behavior has certain characteristics: it is a separate field of study, adopts behavioural approach to management, uses scientific methods, interdisciplinary, adopts open system approach, has three levels of analysis, and has concern for effectiveness.
- There are factors in external and internal environment of organisation that affect organisational behavior.
- Knowledge of organizational behavior offers a variety of approaches to diagnose and address organizational problems.

## 1.8 KEY WORDS

**Effectiveness:** Ability to achieve results in time with given resources.

**Efficiency:** The quantity of output produced using a given amount of input; more the output with a given input, more efficient is the system.

**Globalization:** The process of interconnectedness between different countries of the world in terms of economic, political, technological and social environment.

**Manager:** A person employed in an organization who performs the functions of planning, organizing, directing and controlling

**Open systems:** A system that takes inputs from external environment and produces output.

**Organisation:** A coordinated set of individuals working together on a relatively continuous basis towards common goal.

**Organisational Behaviour: S**tudy of behaviors in an organization that results from the interactions between individuals, groups within organization and also between internal and external environment.

**Workforce diversity:** Differences in composition of the workforce in terms of demographic characteristics, including culture, age, gender, skills and qualification, religion and so on.

## 1.9 SELF-ASSESSMENT QUESTIONS

1. Define Organisational behavior.
2. Explain and discuss various roles played by a manager in an organization.
3. Discuss the characteristics of Organisational Behaviour.
4. Do you agree that the knowledge of Organisational Behaviour is essential for effective management? Justify your answer with suitable examples.
5. What factors in the external environment affect organizational behavior? Discuss the three factors that you think are most important in terms of their impact on organization.
6. What organizational factors affect organizational behavior? Discuss any three in detail.
7. The field of organisational behavior considers organizations as open systems, offering three level analysis. Comment upon the statement.

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# UNIT 2 EVOLUTION OF THE CONCEPT OF ORGANISATIONAL BEHAVIOUR

**Objectives**

After reading this chapter you will be able to

- Acquaint with the disciplines contributing to Organisational Behavior
- Understand the classical viewpoint of Human Behaviour
- Get the knowledge of Human Relations Approach
- Understand Behavioural Science Approach of Organisational Behaviour

**Structure**



## 2.1 INTRODUCTION

Organizational behavior is the field of study that investigates the impact of organizational structures on behaviors within organizations. The field of organizational behavior covers multiple dimensions at different levels that include studying employee behaviors within organization and also with respect to external environment. We have defined organizational behavior in Unit 1 and discussed that organisational behaviour refers to the behaviours of individuals and groups within organizations and the interaction between organizational members and their external environments. Studies in organisational behavior help in understanding and predicting human behavior in organizations with the objective to achieve organisational efficiency.

The field of organisational behavior borrows concepts from various fields to create a separate field of study. Thus, it is an interdisciplinary field that gets its roots broadly in sociology, psychology, anthropology, and communication. Organizational behavior complements organizational theory, which focuses on organizational and intra-organizational topics. It also helps in improving the implementation of concepts of human resource management which is aimed at managing employee related issues. Relating behaviours with human resource policies helps in bringing efficiency in managing employees.

**Levels of analysis**

Organizational studies can be done at various levels depending upon the scope of analysis. These levels are: Micro, macro and meso levels. These may be understood as following:

**(i)** **Micro organizational behavior**: When the scope of analysis includes individual and groups in organizations.

**(ii)** **Macro organizational behavior**: The level is said to be macro level when the study involves the whole organizations, their strategies, their impact on other organizations and the impact of other organizations on them.

**(iii)** **Meso organisational behavior:** Meso level analysis includes variables like power and politics, organisational culture, cross-cultural aspects, organisational structure and other organisational variables.

## 2.2 DISCIPLINES CONTRIBUTING TO ORGANISATIONAL BEHAVIOR

Field of organisational behavior is a field of study that is built upon theories and concepts from various other fields. Behavioural science is based upon three disciplines – psychology, sociology and anthropology. Berelson and Steiner (1964) have pointed out that, "by the behavioural sciences we mean the disciplines of anthropology, psychology and sociology –minus and plus: minus such specialized sectors as physiological psychology, archaeology, technical linguistics, and most of physical anthropology; plus social geography, some psychiatry, and the behavioral parts of economics, political science and law."

Later several other disciplines which are also concerned with explaining human behavior by scientific validation also contributed to behavioural science. The basic approach of behavioral science is to understand and predict human behavior through scientific inquiry which means establishing theory, leading to research, that further leads to application. Now we will discuss the disciplines that contribute to behavioural science as following:

**Psychology:**

Psychology is commonly said to be the 'study of mind'. It is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals. Psychologists make an attempt to understand human behavior through studies. Some of the applied areas of the discipline of psychology that may be interest to a researcher of organisational behavior are:

- Consumer Psychology
- Experimental Psychology
- Clinical Psychology
- Personality Psychology
- Social Psychology
- Industrial Psychology
- Counseling Psychology
- Consulting Psychology

People who have made an active contribution to the development of organisational behavior are Industrial psychologist, theorists of personality, learning, and psychologist counselors. Issues that have been widely researched by psychologists are motivation, perception, workplace stress, fatigue, personality, attitudes, job design, selection methods, training effectiveness etc. The objective is to create a fit between individual and organization for the benefit of both. Psychologists try to predict human behavior by taking into consideration the interaction of individual factors, environmental factors and situational factors and studying the impact of these factors on human behavior.

Managers in general find the following questions as big challenge:

How to improve motivation of subordinates?

What is the best style of leadership?

How to eliminate errors of perception?

How to make training programmes effective?

What rewards can motivate employees?

Various concepts of psychology help in getting answers to these questions. Psychologists also make studies of cause-effect relationships for example, relationship between leadership style and employee performance.

**Sociology:**

Psychologists are concerned with behavior of individuals, but sociologists study the individual behavior in a social system. Thus, sociology studies people in relation to their other human beings. A social system is a structured social unit that is functional and serves a purpose.

This social unit is made up of two or more persons who have their own roles and different status in the system that is defined by a culture. In general sociology focuses on organisation pattern and functioning of groups, organizations, social categories and societies. Organisations consist of people with different characteristics and personality, who interact with each other. Sociology analyses people and behavior with reference to authority and power, status in group, goals and objectives, rules and norms, role expectation, role perception of people in group. The organization attempts to achieve certain generalized and specific objectives. Sociologists study various aspects of people in groups in simple and complex organisational settings and thus contribute to organizational behavior. Such studies have focused on areas like group dynamics, work teams, organizational culture, organization structure, role structure, communication patterns, power and politics, conflict, and inter group behavior. Thus, sociologists have contributed to the field of organisational behavior by investigation of above mentioned issues through scientific enquiry. For this a theoretical base is developed through observations that result in propositions that intend to explain causal relationships. As the time passes, old theories are refined or corrected to get new theories.

**Social Psychology**

Social psychology is a sub-area of psychology. As the term suggests it blends concepts from psychology and sociology. It focuses on the impact of people on one another. It may be defined as the scientific study of pattern of thoughts, attitudes, and behavior of individuals as influenced by presence of other. This field makes study of impact of the presence of other people, whether for real or imaginary.

The unit of analysis in sociology is the group as a whole rather than the individuals who compose the group. Social psychology is almost similar area but its focus is on explaining how individual cognition and thinking is affected by culture and how it affects it. The unit of analysis is the individual within the group. In reality, some forms of sociology are closely related to social psychology.

Change management, communication, decision making, cross cultural issues are important areas that are studied under social psychology. Change management is a widely researched area. Change is necessary for any organization in order to survive in fast changing business environment and change implementation is a big challenge for managers. Researches in the area help managers understand reasons for resistance to change, persuasion, discrimination, leadership for change management etc. These topics are equally relevant to organisational behavior and an understanding of these processes help managers in enhancing individual and group efficiency.

**Anthropology**

Anthropology is the study of societies or races to understand their culture, traditions, and practices. The work of anthropologists helps us understand differences between values and cultures in different countries. The main objective of the studies done in the field of anthropology is to acquire a better understanding of the relationship between the human beings and the environment. Human beings are studied in the natural habitat. Scientific methods are used for conducting such studies and knowledge gathered is used to understand and utilize these differences for organisational improvement .Much of our current understanding of organizational culture, organizational environments, and differences between national cultures is the result of the work of anthropologist or researchers using their methodologies.

Anthropology contributes towards understanding several aspects in organizational settings like – comparative values and attitudes, basic orientations towards environment like locus of control, importance of hierarchy, cross-cultural issues like differences in motivations, leadership styles etc.

**Political Science**

Political science makes significant contribution towards organizational behavior. The focus of political science is to study political behaviour of individuals in organisational settings. Studies conducted on the issues like conflict management, dynamics of power – power distribution and redistribution, manipulations done by individuals for personal gains, indulging in political behavior, and others.

**Economics**

Costs incurred in carrying out various organisational processes like production, supply of components and raw material, various fixed and variable costs, cost incurred in maintaining employees, and other transaction costs - all affect organisational structure. This cost also includes internal coordination. This transaction cost economics examines the extent to which the organization structure and size affect the overall efficiency of processes in terms of cost within the constraints of human and environmental factors. Inter-firm linkages affect economics of organization.

Managerial economics is an area under economics that focuses on those aspects that affect organisational economics. Areas of study include production functions, various types of costs, market type and structure. Contribution of economics to organisational behavior is that the studies help in designing suitable organisational structure, levels of production and choice of product and choice of market.

| | | | |
|---|---|---|---|
| Psychology ⇒ | Personality<br>Perception<br>Attitude and Values<br>Learning<br>Motivation<br>Group Dynamics<br>Leadership<br>Power and Politics<br>Conflict | Individual | |
| Sociology | Organisational structure<br>Organisational Culture<br>Organisational change and Development<br>Behavioural change | Group | Field of Organisational Behaviour |
| Social psychology | Attitude change<br>Communication<br>Group processes<br>Group decision making | | |
| Anthropology | Cross cultural impacts | | |

| Political science | Power and politics | Organisation |
|---|---|---|
| | Conflict | |

Figure1: Disciplines contributing to Organisational Behaviour

Adapted from: Aswathappa, K. (2007). *Organisational Behavior*. New Delhi: Himalaya Publishing House.

**Activity 1**

Talk to a counselor and ask which fields of study are used by him/her in solving people's behavioural problems.

## 2.3 CLASSICAL VIEWPOINT OF HUMAN BEHAVIOUR

Classical era comprises researches that totally ignored human aspect. Focus was more on organisation and productivity. There are many other researchers who conducted study during this phase and made significant contributions towards understanding and development of management. Notable among these are Frederick Winslow Taylor, Frank and Lillian Gilbreth and Henry Fayol.

Frederick Winslow Taylor (1856-1915) is known as the father of scientific management. He was an engineer and worked in Midvale Steel, Simmons Rolling Machine and Bethlehem Steel. He conducted a series of experiments at these plants with an objective to bring efficiency in production. He conducted time and motion study and gave following principles of scientific management:

- **Time and motion study**: Taylor conducted time and motion study where each motion involved in the job was timed using stopwatch. Thus measuring the actual time taken to do the work and comparing it with standard time can give an idea of work efficiency. This had replaced the rule-of-thumb with science.
- **Differential payment**: Taylor believed that financial incentives are important for a worker. Taylor advocated the differential piece rate system and the related incentives with production. According to this system, a worker received a low piece rate if he produced the standard number of pieces and a high rate if he produced above the set standard. Taylor believed that that attraction of a high piece rate would motivate the workers to increase production.

- **Separation of planning from doing**: Taylor developed two new concepts: (i) Separation of planning and doing and (ii) Functional foremanship. During that time, all the workers used to plan their own work and decided the method of its execution. The job of foreman was to tell the workers how to do the job. Taylor stated that the planning should be done by supervisors and execution by workers. Each kind of work is distinct and involves different functions, therefore instructions must be given by foreman in his field of specialization.
- **Scientific selection and training** of workers: Taylor said that scientific methods must be used for selecting workers. Mistakes committed at the time of selection may create big problems later on. Same must be followed for training the workers so that they can perform better.
- **Mental revolution**: Taylor believed that it is necessary to revolutionize the minds of both management and workers so that both get a feeling of ownership of organization and work with best efforts. This is required for the success of organisation. They both would be benefited if production increases, therefore, both the sides must cooperate with each other, rather than having conflicts over work conditions and work. This would result in an increase in profits. Taylor felt that both, the management and labour, had a common interest in maximising production.

Gantt identified the human element in productivity and suggested certain methods of bringing efficiency in work methods. He introduced a new incentive plan, both for workers and foreman. Two new features were added to Taylor's incentive scheme. First, every worker who finished a day's assigned workload would get extra bonus for that day. Second, the foreman was to get a bonus for each worker who achieved the daily standard, plus an extra bonus if all the workers reached it.

The husband-wife team of Frank and Lillian Gilbreth contributed significantly to the scientific management movement. They made motion and fatigue study for the work. Frank Gilbreth tried to identify the most economical motions for bricklaying with the help of motion picture cameras. Frank and Lillian Gilbreth invented and refined this system, roughly between 1908 and 1924. They classified all movements used in industrial work under the name 'Therbligs'. Therbligs comprise a system for analyzing the motions involved in performing a task. It helped in the identification of each motion involved in the task. It also identified the unnecessary or inefficient motions, and also moments that caused delay in the task. Thus it was designed to eliminate any waste of time in work. Therblig consists of 18 elements, each describing a standardised activity, and provided a symbol for each element so that a task anyone analyzing a task could easily note down each motion as he observed the worker in action. The eighteen elements were: search, find, select, grasp, hold, position, assemble, use, disassemble, inspect, transport loaded, transport unloaded, pre-position for next operation, release load, unavoidable delay, avoidable delay, plan, rest to overcome fatigue.

Henri Fayol (1841-1925) is considered as the father of the administrative management theory. He focused on the development of broad administrative principles that are applicable to managerial levels. Fayol was a French mining engineer-turned who later became an industrialist In 1916, he wrote a book 'General and Industrialist Administration'. There are other researchers who contributed towards development of administrative management. Some notable ones are Simon, Urwick, Chester Barnard, and Gulick. Fayol divided activities in business enterprises into six broad groups:

(1) Technical (Production)
(2) Commercial, (Purchase and sales)
(3) Financial (Capital Management)
(4) Accounting (Balance sheet, costing etc.)
(5) Security (Protection)
(6) Administrative or managerial (Planning, organizing, commanding, controlling, coordinating)

Fayol's primary focus was on managerial activity and felt that that at higher level managerial skills are more important than technical skills. Fayol's fourteen principles of management are as following:

1) **Division of work**: To bring efficiency in organisational functions, there should be division of work at every stage. There are various management functions that are to be performed Division of work in the management process produces increased and improved performance with the same effect. Various functions of management like planning organising, directing and controlling cannot be performed efficiently by a single proprietor or by a group of directors. They must be entrusted to the specialists in the related fields.

2) **Authority and responsibility:** A manager has to exercise authority, delegate the power and fix responsibility in the management process. Responsibility is closely related to authority and both go

hand in hand. A manager must exercise authority to get the work done.

3) **Discipline:** Discipline is necessary for the smooth functioning of a business and is the core of administration. Discipline means obedience to authority, adherence to the rules and regulations and norms of performance, etc. Discipline may be maintained by having efficient supervisors at all levels, by brining transparent, and clarity in dealings between employer and employees and having appropriate punishments/penalities for acts of indiscipline. Good leadership is essential for proper discipline at workplace.

4) **Unity of command:** Every employee should receive orders from one superior only. Multiplicity of commands may result in confusion and chaos. There should be a well-defined chain of command.

5) **Unity of direction**: All the activities pertaining to the same objective must come from one source. These commands should ultimately lead to organisational goals. This means that there must be complete congruency between individual goals, departmental goals and organisational goals.

6) **Subordination of individual interest to general interest:** A manager must keep organisational goals above individual goals. Individual goals must be reconciled with group goals. Common good must be valued above individual good for benefit of all.

7) **Remuneration:** Employees working for the organization must be adequately compensated so that they remain interested in working for organization. A fair remuneration must be paid to the employees. It should be decided on cost of living, general business conditions, and the capacity of the firm to pay. Different types of incentive programmes may be introduced depending upon productivity and efficiency of the employees. A good remuneration system results in increased employee effectiveness and confidence If the compensation is not sufficient, it will lead to dissatisfaction and employee turnover.

8) **Centralisation:** Giving the decision making power to subordinates in an organization is known as decentralization. If decision making power is concentrated at higher levels giving lower management a smaller role and importance, it is known as centralisation. Depending upon the nature of activities in organisation, size of organization and efficiency of subordinates, and the type of organisational structure, management must decide the degree of centralisation or decentralisation of authority. The objective should be the optimum utilisation of all faculties of the personnel.

9) **Scalar chain:** As per this principle, the orders or communication should pass through proper channels of authority along a well defined chain of command or scalar chain. An organization chart may be prepared for better communication and effective coordination.

10) **Order:** Things must be put in an order for efficiency in operations. The principle of 'a place for everything and everything must be in place' must be followed by principle. This holds true not just for things but also for employees. Thus, right person must be put at right place. To follow this principle, there is a need for the selection of competent personnel, right assignment of duties to employees in organisation.

11) **Equity:** Equity results from a mixture of kindness and justice. Employees expect the management to be unbiased with everyone. It expects managers to be free from all prejudices. Equity results in healthy relations between management and workers, which is necessary for the successful functioning of the enterprise.

12) **Stability of tenure of personnel:** Providing job security to workers helps in improved quality and quantity of work. Workers get motivated when they are assured of the security of their job by the management. Fear of job insecurity may result in low morale which will affect productivity. Further, stability of tenure will result in a sense of attachment to the firm.

13) **Initiative:** Initiative means freedom to think, plan and implement. At every level of management, workers have an enthusiasm to work. The zeal and energy of employees is augmented by initiative. Employees come up with innovative ideas when are encouraged to take initiative. According to Fayol initiative provides an experience of the feeling of satisfaction for an intelligent man. Thus, managers must allow their employees to take initiative.

14) **Esprit de Corps (team spirit):** Team spirit is necessary for success of an organization. A team can be strong only if there is harmony and solidarity between team members. To achieve this managers must not follow the principle of 'divide and rule' and must adhere to the principle of 'unity is strength'. Team members must openly communication to avoid misunderstandings.

It may be seen that while Taylor's main emphasis was on task, Fayol was more concerned with administrative aspect of management.

**Activity 2**

Talk to one top level manager and one middle level manager of your organization. Ask if they agree with applicability of Fayol's 14 principle of management in today's perspective, and why? Can any other points be added to the 14 principles, in today's management scenario?

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## 2.4 HUMAN RELATIONS APPROACH

Human Relations approach and behavioural approach makes up neo-classical theory. Classical theory focused on task and physical resources for increasing efficiency. It ignored 'human' side of work. Neo classical approach focused on various aspects of workers including relationships at work. It made use of the theories of sociology, psychology and anthropology in understanding human behavior at work.

Human relations approach developed with the work of Elton Mayo and Roethlisberger in form of Hawthorne experiment.

**Hawthorne studies**

The productivity at the Hawthorne plant of Western Electric company was continuously going down. Despite many efforts management was not able to identify the reason was low productivity. They then invited Elton Mayo to make a study to identify the reasons for the problem. Elton Mayo, along with Roethlisberger, Whitehead and Dickson conducted a series of experiments at the Hawthorne plant of Western Electric Company's plant in Chicago from 1924 to 1932.

**Part I - Illumination Experiments (1924-27)**

The first experiment conducted was illuminations studies. These experiments were performed to find out the effect of different levels of illumination (lighting) on productivity of worker. The objective was to see how the changes in the environment of the workplace affect the workers. For the purpose of experiment, the workers were divided into the group of two groups –control group and experimental group. The control team was made to work under a constant level of illumination. Experimental group was subjected to varying illumination levels. So initially the group worked with medium level of illumination, then high level of illumination and then low level of illumination. It was found that there was no impact of illumination on productivity and it kept on increasing. Productivity decreased only when level of lighting was so low that it became difficult for normal eyes to see. The control group had also shown an increase in productivity even in the constant lighting conditions. It was concluded that factors other than light were also important.

**Part II - Relay Assembly Test Room Study (1927-1929)**

The relay-assembly tests were designed to evaluate the effect rest periods and hours of work would have on efficiency. Under these test two small groups of six female telephone relay assemblers were selected. The women were employed in assembling relays or electromagnetic switches used in switching telephone calls automatically. The relays were then carefully inspected. The entire process was highly labor intensive. A male observer was introduced into the test room to keep accurate records, maintain cordial working conditions, and provide some degree of supervision.

The speed of assembly had an obvious effect on productivity. There was an incentive on group productivity where extra pay for increased productivity was shared by the group.

Each group was kept in separate rooms. From time to time, changes were made in working hours, rest periods, lunch breaks, etc. Shortened work days and weeks were also introduced. Physical examination was conducted on women periodically to analyse the change in working condition on their health. They were allowed to choose their own rest periods and to give suggestions. Output increased in both the control rooms. Health conditions also improved and absenteeism rate decreased. It was concluded that social relationship among workers, participation in decision-making, etc. had a greater effect on productivity than working conditions. Researchers concluded that worker attitudes within the group were influential as was the more personal atmosphere of the test room.

**Part III - Mass Interviewing Programme (1928-1931)**

21,000 employees were interviewed over a period of three years to study morale in order to determine their like or dislike for their work. This was done with the objective to identify areas where reasonable improvements might lead to greater job satisfaction and thus increased efficiency and productivity. Researchers found that work attitudes were affected by prior life experiences. They realized that employees felt more positive about the work environment when an interviewer or listener showed interest. It was concluded that productivity can be increased if workers are allowed to talk freely about matters that are important to them.

**Part IV - Bank Wiring Observation Room Experiment (1932)**

A group of 14 male workers in the bank wiring room were placed under observation for six months. Their job was to wire conductor banks, which was a repetitive and monotonous task. The work required the workers to stand for long periods of time. A worker's pay depended on the performance of the group as a whole. The researchers thought that the efficient workers would put pressure on the less efficient workers to complete the work in order to earn more. However, it was found that this was not so and the groups established its own standards of output. It was found that workers who demonstrated the greatest resentment of authority by slowing down production were the most appreciated members. The study findings confirmed the existence of informal groups and the impact of group norms on individuals. The results of the experiment helped in better understanding of group behavior at workplace. Following conclusions were drawn from this experiment:

1. There existed an informal group that had its own unwritten rules which were followed by group members.
2. The group had established their own standard of output which was different from that of management. The group isolated and ridiculed members who tried to produce more. The researchers concluded that effect of such informal groups in the workplace was more profound on the employees than any financial incentive.
3. Financial incentives were not the only incentives to motivate workers. Need for belongingness to group was also important.

**Conclusions of Hawthorne Studies / Experiments**

The conclusions derived from the Hawthorne Studies were as follows :

1. Just the physical work conditions do not increase productivity and satisfaction at work. Psychological factors are also important.
2. There exist informal groups at workplace that exert great influence over employees work behavior in organisation.
3. Financial incentives alone cannot increase the performance.
4. Good communication between the superiors and subordinates can improve the relations and the productivity of the subordinates.
5. If workers are given attention and their views are heard, their performance can improve.

**Criticism of Hawthorne Studies / Experiments**

The Hawthorne Experiments are mainly criticised due to the following drawbacks:-

1. The Hawthorne experiments were conducted under controlled situations. The workers under observation were aware of the fact that they were part of an experiment. Therefore, increase in

productivity might have been due to the fact that they were under observation.

2. There was too much focus on human aspect and technological and other physical resources were not given adequate attention.
3. Too much emphasis was given to group decision making, when individual decision making is equally important.
4. Role of supervisors was not considered as a factor in productivity. Too much importance was given to freedom of the workers; such freedom can actually adversely affect the productivity.

## 2.5 BEHAVIOURAL APPROACH

Human relations approach was further refined to get behavioural approach. Important contributors in developing this approach are Douglas McGregor (Theory X and Theory Y), Abraham Maslow (need theory), Kurt Lewin (model of change), Chester Barnard (Social systems), Mary Parker Follett, George Romans, Rensis Likert, Chris Argyris and Warren Bennis. The main focus of the studies of these researchers was individual behavior and inter-personal relationships.

Behavioural scientists used sophisticated scientific methods to draw results. They considered organisations as groups of individuals with objectives. They studied the concepts of motivation, group behaviours and other such social and human aspects of work. Behavioural scientists have also covered the issue of leadership and conflict. They view conflict as inseparable aspect of human behavior that has both constructive and destructive aspects. A number of scientists like Victor Vroom, Herzberg, Aldelfer, McGregor, have tried to understand motivation.

**Box: Assumptions of theory X and Y**

With Theory X assumptions, management's role is to coerce and control employees.

· People have an inherent dislike for work and will avoid it whenever possible.

· People must be coerced, controlled, directed, or threatened with punishment in order to get them to achieve the organizational objectives.

· People prefer to be directed, do not want responsibility, and have little or no ambition.

· People seek security above all else. Theory y assumptionsWith Theory Y assumptions, management's role is to develop the potential in employees and help them to release that potential towards common goals.

- Work is as natural as play and rest.
- People will exercise self-direction if they are committed to the objectives (they are NOT lazy).
- Commitment to objectives is a function of the rewards associated with their achievement.
- People learn to accept and seek responsibility.
- Creativity, ingenuity, and imagination are widely distributed among the population. People are capable of using these abilities to solve an organizational problem.
- People have potential.

Behavioural scientists have found that a general model of human motivation is quite difficult to derive and is quite complex. This is so because reactions of different people to the same situation are different or reaction of the same person to same situation may be different at different occasions. Thus, different situations require different behaviours. This approach focuses on complexity of human behavior and makes an attempt at improving organisational dynamics through better understanding of behavior by the use of the concepts and theories of psychology, sociology, anthropology, and political science and other disciplines. It emphsises the need of integrating individual goals with organisational goals.

## 2.6 SUMMARY

- Studies in organisational behavior help in understanding and predicting human behavior in organizations with the objective to achieve organisational efficiency.
- The field of organisational behavior borrows concepts from various fields to create a separate field of study.
- Organizational studies can be done at various levels depending upon the scope of analysis. These levels are: Micro, macro and meso levels
- It is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals. Psychologists make an attempt to understand human behavior through studies.
- Sociology studies people in relation to their other human beings. A social system is a structured social unit that is functional and serves

a purpose.

- Anthropology is the study of societies or races to understand their culture, traditions, and practices. The work of anthropologists helps us understand differences between values and cultures in different countries.
- The concepts of the field of economics are used to study costs incurred in carrying out various organisational processes like production, supply of components and raw material, various fixed and variable costs, cost incurred in maintaining employees, and other transaction costs in a business organization.
- Classical era of organisational behavior comprises researches that totally ignored human aspect. Focus was more on organisation and productivity.
- Principles of scientific management as given by Taylor include replacement of rule of thumb by science, scientific selection and training of workers, differential payment, cooperation between management and labour.
- Administrative management was proposed by Henry Fayol. He proposed fourteen principles of management for effective management.
- Human relations approach developed with Hawthorne experiments. This approach emphasized the need of understanding 'human' aspect of work.
- Behavioual approach is based upon the study of behavior employees as individuals having unique set of needs, beliefs, values and attitudes; and employees as members of groups.

## 2.7 KEY WORDS

**Multidisciplinary:** That which is made up of more than two or three disciplines

**Psychology:** A field of study that deals with the study of behaviours of animals and humans.

**Social psychology**: A specialised area of psychology that studies behaviours of individuals with respect to other individuals.

**Anthropology:** A field of study that studies human races and their cultures.

**Sociology**: A study of individuals in a social system.

**Classical approach**: An approach of management developed by early social scientists that focused more on work and productivity aspect.

**Behavioural approach:** An approach of management that is based upon understanding behaviours of employees as individual and as part of a social system

**Human relations approach:** An approach of management that emphasizes 'human' aspect of work.

## 2.8 SELF ASSESSMENT QUESTIONS

1. State the experiments included in Hawthorne experiments.
2. Explain Human Relations Approach to management. What was its main focus?
3. State the highlights of behavioural approach to management.
4. Field of organisational behavior is multidisciplinary in nature. Elaborate the statement.
5. Explain the contributions of Psychology in understanding individual behavior.
6. Describe the role of Sociology and Social Psychology in studying the group dynamics and group structure.
7. Write short notes on:
   (a) Fayol's contributions in developing management thought
   (b) Scientific management
   (c ) Theory X and Theory Y

## 2.9 REFERENCES AND FURTHER READINGS

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# UNIT 3 MODELS OF ORGANISATIONAL BEHAVIOUR

**Objectives**

After reading this unit you will be able to

- Understand management's assumption about people
- Comprehend various models of organisational behavior
- Analyse the relevance of organisational behavior models
- Discuss the management challenges

**Structure**



## 3.1 INTRODUCTION

Organisational behavior is the study of individual behavior and group dynamics in organisation (Nelson and Quick, 2008). Organisations have undergone sea change in the past two to three decades. About a century back, labour was seen as a commodity, then was viewed as a tool for production, after which behavioural aspect at work gained currency. Since then, organisations have been adopting different approaches according to the changing times. Today, the approach is totally different. Employees are no longer considered to be merely a means of production. Organisations are trying out new ways of motivating their employees. New models or paradigms have been developed to bring effectiveness in organisations and enhance motivation and productivity of employees.

**What is a model?**

Model is representation of real life process or things. Models are the techniques which help us to understand complex things and ideas in a clear manner. The variables that interact in organisational behavior are individuals, groups, organisation and external environment. All these factors taken together complicate the ability of the managers to understand and manage people in organisation. To understand the complexity of human behavior and to explain it clearly, need was felt to develop models of organisation behavior.

Different models of organisational behavior will be discussed in this Unit that reflect changing approaches to organisational behavior. These models show different ways in which various elements of organisational behaviour combine together to produce effectiveness in organisations.

## 3.2 MANAGEMENT ASSUMPTIONS ABOUT PEOPLE

The management philosophy is determined by integrating the assumptions and beliefs about how things are, and how they should be. Rest of the elements of organisational systems stem from the management philosophy hence derived. The elements of organisational system that affect behaviours are: Mission, vision, goals and objectives, culture, communication system and management system. We will discuss each of these systems briefly as following:

**Mission:** A mission is a standing plan of an organisation. It is a statement that reflects philosophy of an organisation. It tells how an organisation manages its employees, customers, stakeholders and other parties. Mission statement tells how does organisation relates itself to society. For example, the mission statement of Hero Motocorp is:

"*Hero MotoCorp's mission is to become a global enterprise fulfilling its customers' needs and aspirations for mobility, setting benchmarks in technology, styling and quality so that it converts its customers into its brand advocates. The company will provide an engaging environment for its people to perform to their true potential. It will continue its focus on value creation and enduring relationships with its partners*" (http://www.heromotocorp.com).

Mission of an organisation determines the behaviour expected from employees towards each other, towards customers, suppliers and other external agencies.

**Vision:** A shared system of values and beliefs that guides the functions of an organisation. It represents what an organisations wants to achieve in future through its members.

For example the vision statement of Apple Inc. is:

"*Apple is committed to bring the best computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and internet offerings*".

Thus this statement clearly states the long term goals of the company, their offerings and target customers.

**Goals:** Goals are the end results that are set for employees to be achieved at some future point of time. Organisational objectives are broken down into smaller goals for each division, department, unit and so on. Within each department, goals are further broken down into smaller objectives for each member of the department. Goals at lower levels must emanate from the goals at higher levels. Thus for achievement and setting of goals there must be a proper coordination between different levels.

**Culture:** Culture is a system of shared beliefs, values, attitudes among the members of an organisation. Every organisation has its own culture that gives it uniqueness and differentiates it from other organisations. Each organisation has its preferred ways of decision making, communication, work styles etc. Culture tells the people what behaviours are expected from them.

**Communication:** Communication is the exchange of ideas and information between two parties. Communication system of an organisation determines the pattern flow of information in an organisation. In an organisation, two types of communication take place- formal and informal. The method of dissemination of information differs in different organisations. Communication medium also differs in different organisations. These factors affect the way employees interact with each other.

**Management style:** Rensis Likert has conducted research on human behavior within organisations, particularly in the industrial situation and examined different types of organisations and leadership styles. He said that it is only through proper management of the human asset that organisations can achieve maximum profitability and productivity, have good labor relations. There can be different forms of organisations depending upon their management styles. Likert identified four types of management styles.

1) The **exploitive - authoritative system**: A system of management where the basis is control. The decision making is centralized and decisions are imposed on subordinates. There is no participation of lower level employees in management of organisation. The method of motivation is based on threats, with no emphasis on developmental aspect. Higher levels of management have all the power and control while lower levels are supposed to carry out the instructions given to them. There is hardly any information shared with employees and upward flow of communication is largely for reporting only.

2) The **benevolent - authoritative system**: It is a system of management where a control is exercised on the lower level and relationship is more like master-servant but there is a trust within the superior-subordinate relationship. The style of motivating subordinates is not threatening, as in exploitative-authoritative system, but by rewards. Such systems are characterized by low levels of communication and almost lack of teamwork. Higher level managers feel the responsibility of achieving goals, but this responsibility is absent in lower level employees. Communication flows mostly in top-down direction.

3) The **consultative system**: Such a system is characterized by leadership that has a lot of trust in the subordinates. Here employees are motivated by rewards. They also have some participation in decision making. Most of the employees, particularly those at higher level, feel responsible for achieving organisation goals. Teamwork also exists to some extent. The flow of communication is maintained to some extent, both in vertical and horizontal directions.

4) The **participative - group system**: It is a system which is characterized by mutual trust between superior and subordinate. The style of motivation is by economic rewards which are linked to performance and achievement of mutually set goals. There is active participation of employees in decision making. The responsibility of achieving organisational goals lies with every personnel. There is a free flow of information and communication takes place in all directions. Such a system has a substantial amount of cooperation with each other and also teamwork.

Of all the above systems, the fourth system is the one which results in an organisation that has both profit orientation and concern for employee. According to Likert (1967) this is the ideal system and must be adopted by organisations. It may be a tough job to transform an organisation into participative-group system but these changes are beneficial in the long run. To convert into this system organisations must treat their employees as human beings who have their own needs. Their worth and self-respect must be maintained. To achieve this it is important to follow modern methods of motivation keeping in mind changing nature of workforce. Threat and fear as motivators do not seem to work in every situation. The emphasis must be on creating cohesive work groups or teams, committed towards organisational goals. There must exist cooperation and support at all levels which can be brought about only through mutual respect.

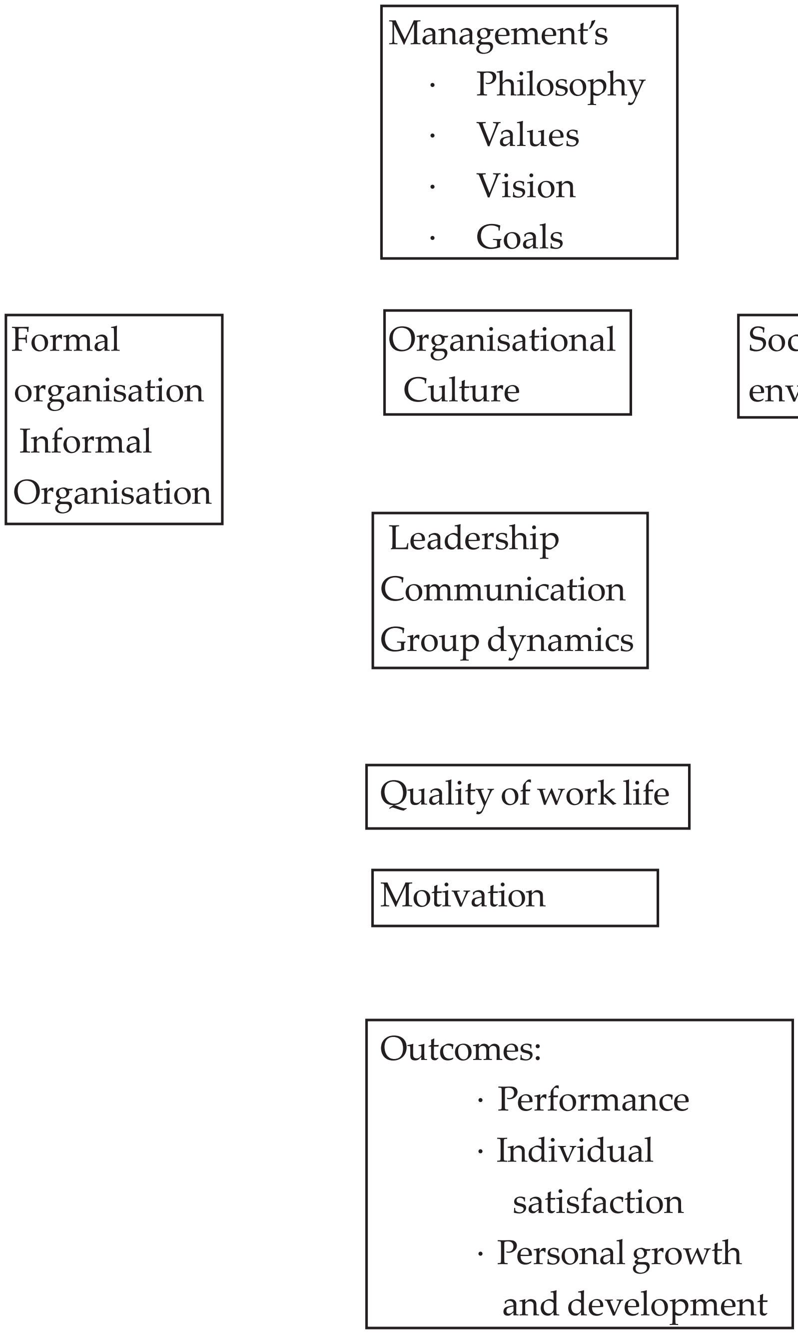


**Figure 1.** Organisational Behaviour System

(Source: Singh, N. (2001). *Organisational Behaviour: Concepts, Theory and Practices*. New Delhi: Deep and Deep Publication)

Work groups form the basis of participative group systems. It must be appreciated that since a number of people are working together, group dynamics must be active here. The group will have a leader. For having well established relationships, it is important that the group has existed for long. An effective group is the one that has mutual trust amongst the members. Each group has its own norms and values that tend to fulfill the needs of group members. Some of the members of the group act as linking pin between the group and other higher levels and lower level groups to maintain coordination. Thus, these elements along with employee skills and behaviours result in an effective organisation.

**Activity 1**

Interview two managers of different organisations to identify their organisational vision. Note down the following:

a) What were the main elements of the vision?

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b) From where did these elements of vision come from?

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## 3.3 MODELS OF ORGANISATIONAL BEHAVIOR

There are many concepts and factors that determine the types of interactions in the organisation. Creating models of organisational behavior helps in better understanding the role of each of these factors in shaping behaviours in organisation. Different organisations follow different models of organisational behavior that create different effects on organisations. Each of the models constitutes basic beliefs of management that affects its actions and ultimately the policies, processes and functions of organisation. Therefore identifying the type of model existing in an organisation is important for managers as it helps in identifying the basic beliefs and style of the top management. This may be understood by taking the example of N.R. Narayana Murthy, one of the founders of Infosys, India's leading software companies.

N.R. Narayana Murthy, founder of Infosys believes that the role of IT in any society is three-fold: It makes companies more efficient and effective and help them compete at a global level; second, it helps to make governments more responsible, responsive and accountable, since they are play an important role in lives of people; third, it helps in making the lives of people better in many ways, particularly in developing countries like India. Since most of the people are poor in such countries they must get the value for their money and IT has the potential to achieve this. Within

Infosys the role of IT is to increase efficiency. It helps to make the organisation person-independent and to improve competencies in virtual team operations, since virtual teams are the mainstay of business with members spread across the globe.

He firmly believes in the need for discipline and hard work for the success of any organisation or person. He also believes that it is the responsibility of the leader has to create an environment of openness and trust where each person feels secure enough to be able to admit his or her mistakes for further improvement.

Transparency and credibility are very important for any organisation, as it is only then that investors would respect the organisation. He wishes to establish at Infosys the philosophy of 'when in doubt, disclose.'

Besides, he is a firm believer that an organisation must have a value system. Following a value system creates such a culture at workplace where people have high aspirations and self-esteem. It generates confidence and the enthusiasm which are necessary to take up difficult tasks in future. In addition, it is the responsibility of a leader to follow these values and lead by example

(http://www.cio.in/view-top/infosys-it-has-value-beyond-price#sthash.7gBhYmc9.dpuf).

Keith Davis (1997) recognizes four different models of Organisational Behaviour. These models also show the evolution of the thinking and behaviour of management and managers in organisations. Each model represents the management style in organisations that dominates a particular period of time in history. In a large sized organisation, even different departments have different models of organisational behavior depending upon the beliefs and assumptions of the heads of the departments about the people and systems. In fact, each manager working in the organisation follows a different model of behavior, within the larger behavioural model of the organisation, depending upon his own beliefs, preferences and work conditions. The four models are summarized in the following figure.

| | Autocratic | Custodial | Supportive | Collegial |
|---|---|---|---|---|
| Basis of model | Power | Economic resources | Leadership | Partnership |
| Managerial orientation | Authority | Money | Support | Teamwork |
| Employee orientation | Obedience | Security and benefits | Job performance | Responsible behavior |
| Employee | Dependence on | Dependence on | Participation | Self-discipline |

| | | | | |
|---|---|---|---|---|
| psychological result | boss | organisation | | |
| Employee Needs | Subsistence | Security | Status and recognition | Self-actualisation |
| Performance Results | Minimum | Passive cooperation | Awakened drives | Moderate enthusiasm |

**Figure 2: Different types of Organisational Behaviour models**

(Source: Keith Davis and JB Newstorm, *Organisational Behaviour: Human Behaviour at Work,* McGraw Hill, New York, 1997)

The organisations operate out of the four major models or frameworks, which are as following:

**1. Autocratic Model**

The autocratic model is rooted in history and it probably was practices most during industrial revolution. The basis of this model is power with a managerial orientation of authority. Max Weber (quoted in Gupta and Joshi, 2000, p. 1.29) defined power as, "probability that one actor, within a social relationship will be in a position to carry out his own will despite resistance." Employees in turn are oriented towards obedience and dependence on the boss. It is characterised by the statements like "You do this or else you are punished". It is based on negative motivation. Employees should follow their boss's orders- if not they will be penalized. It creates an autocratic environment and the managerial orientation is formal. The authority is delegated by the right of command over people. All the decisions are taken by mangers and it is the obligation of employee to follow the command. Assumption in this model is that management knows what is right or wrong, and employees have to follow orders. Employees can not suggest anything, cannot give feedback, and ask questions.

This is similar to X theory of McGregor. All the planning is done by management as it considers people to be incapable of doing that, and employees have simply to carry out the plans. Managers believe that people do not want to work and hence it is their task to make them work by persuading them, directing them and forcing them. Employees are closely monitored and there is a strict control over their performance. The employee need that is met is subsistence. The performance result is minimal. Employee orientation is that of obedience, not respect for the superior. The psychological outcome for employees is dependence on boss who takes every decision right from hiring them, making them work and even firing them.

The employees need met in this model is that of subsistence as they are paid minimal wages because the managers assume that they give minimum performance. This model proposes is one of the ways of accomplishing work. It has proved to be successful under certain conditions, mostly where labour is required in large numbers,

**2. Custodial Model**

Autocratic environment bred frustration in employees as they were forced to follow the command of their manager. They could not show any disagreement with their boss even when they were unhappy. As a result their personal life started getting affected as they would vent their anger and frustration on their family.

An example of the effects of management induced frustration on the behavior of employees occurred in a wood processing plant. Managers treated their workers very badly. Since employees could not react to this abuse due to fear of losing job, they found another way of expressing their resentment against manager. They symbolically fed their supervisor to log shredding machine. They did it by destroying good sheets of veneer, which affected the monthly efficiency report of supervisor (Singh 2001).

Employers who were concerned with the improving the condition of workers thought of finding out the ways to develop employee satisfaction. It was important to rid the employees of their insecurities at workplace.

A new wave of employee welfare began with this concern. Many firms started employee welfare programmes in the last decade of nineteenth century and beyond. In about 1930s these welfare programmes developed into fringe benefits with the purpose of providing security to employees. Government and employers, both begun to take steps to ensure security to employees, or they were following a custodial model.

The basis of custodial model is economic resources with a managerial orientation of money. The employees in turn are oriented towards security and benefits. Employee dependence is on the organisation rather than on their superior. Workers become psychologically preoccupied by the maintenance factors of the job benefits. In this context it may be mentioned that Herzberg's theory of hygiene-motivation factors talks about two factors being present in organisational context. Hygiene factors are those factors that will just maintain employees in organisation without providing any motivation or satisfaction, for example company policies, relations with co-workers etc. Motivation factors are those that actually motivate employees and give them satisfaction, for example, growth opportunities, recognition etc.

The other major factors involved in Custodial model are economic rewards, safety/security, organisational dependence, and maintenance factors. The employee need that is met is security.

This outcome of this model for the organisation may result in less productivity, as compared to autocratic model. The performance result is passive cooperation.

Security need is very important for the workers, particularly for those that work in organisations where lifetime employment is not ensured. Organisations are trying to provide security to employees in various ways like- retraining. A successful custodial approach depends on economic resources. Therefore to adopt custodial model, wealth is important in order to pay timely wages, benefits and pension and so on.

Custodial approach creates dependence of employees on organisation rather than on boss, as it is the organisation that provides him the benefits and security. Government in India has enacted a number of security legislations, including

- Payment of Gratuity Act 1972,
- Employee State Insurance Act 1948,
- Maternity Benefit Act 1961,
- Employee Provident Fund and Miscellaneous Provisions Act, 1952
- Workmen's Compensation Act, 1926, etc.

Organisations are providing other types of security to employees, such as day care facility and transport facility. Child care is very important for working parents, particularly mothers. If organisations invest in providing crèche facility to employees, chances are that it can reduce absenteeism rate, and can retain employees, who leave for the reason of childcare.

Employees in the custodial model enjoy a number of benefits. Their main concern is to get security and benefit. Such a model may satisfy workers but they are not much motivated towards their work so their cooperation may be just passive cooperation. This is the main drawback of custodial model.

Thus, when compared with autocratic model, performance of employees is lower. Employees, though are happy and satisfied but there is no fear of losing job or any punishment from superior on not producing the desired results. Thus providing security may not necessarily result in increasing productivity.

### 3. Supportive Model

The supportive model originated from the "principles of supportive relationships", as proposed by Rensis Likert (System 4 Management). He believed that "*The leadership and other processes of the organisation must be such as to ensure a maximum probability that in all interactions and in all relationships within the organisation, each member, in the light of his background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains his sense of personal worth and importance.*"

This is analogous with McGregor's theory Y. Unlike autocratic and custodial model that depend on power and money respectively, the basis of this model is leadership, which is considered important to motivate employees.

The leader's assumption is that workers by nature are not passive and resistant to work; rather they are behave in this manner on accord of unsupportive organisational conditions. They will take responsibility, develop a drive to grow and contribute to organisational growth if management puts trust in their ability and provides a supportive environment. Thus, the basis of this model is leadership with a managerial orientation of support. A good leadership can provide a suitable environment to workers to grow and develop. The statements like

'How can I help you?', or

'Is there anything we can do at the company for you?',

are typical of a supportive model. The employees in turn are oriented towards job performance and participation. The employee need that is met is status and recognition. The performance result is awakened drives. It helps to create healthy environment in the organisation

Supportive model gives chance to employees to show better results, share responsibilities, and improves them. This is reflected in the behavior of managers. The psychological result is a feeling of participation and task involvement. This model needs effective leadership, not money to solve problems and accomplish goals.

This model of organisational behavior tends to be especially effective for affluent nations because their basic needs are already fulfilled and their higher order needs are required to be to be awakened in order to motivate them. This model is less relevant in developing nations as the majority of workers live in poverty and their needs are different, tending to be more basic. However, when these needs are fulfilled they may expect support from management for their growth and development and supportive model may then become relevant.

**4. Collegial model**:

The collegial model developed from the supportive model. Dictionary meaning of the word collegial is *a body of persons having common purpose.* In this model management builds a climate in the organisation where employees feel they are partners with their organisation (Harvey, 1986). As a result employees feel needed and important. It is based on mutual understanding and cooperation between employees and employer. They realize that managers too are contributing to the organisation, so they recognize and respect their role in organisation. This model is based on the concept of teamwork, hence managers are viewed as team members rather than as boss. This model is mainly applicable to research environment. It is useful in organisations like firm of lawyers, consultancy firm and research organisations.

Many organisations are making such efforts to create a collegial environment. Such efforts include suggestion schemes and rewarding of best suggestion; addressing each other by first names, whatever level of hierarchy employee may belong. These methods bring a feeling of equality. Manager's role is that of a coach and mentor. Employees develop a sense of responsibility. Unlike autocratic model, they do not give quality work because someone is monitoring them. They are self-motivated to give high quality because they feel an obligation for it. It creates awareness of social responsibility in the employees and organisation. Ultimately employees get motivated due to the feeling of this social responsibility and produces best quality product. In this type of environment employees get the feeling of self-fulfillment and self-actualisation. The performance outcome is a moderate amount of enthusiasm.

Although there are four separate models, almost no organisation operates exclusively in one. There will usually be a predominate one, with one or more areas over-lapping in the other models.

**System Model:** An emerging model of organisational behavior is the system model. It is the result of a strong search for higher meaning at work by many of today employees. They want more than money and job security from their job. This model helps in developing a sense of community amongst co-workers and they try to convey to each other that each one is an important part of the whole system. They show that each one cares about the other. They resolve that all would join together to achieve better product/service for betterment of community and society at large. This model emphasises on creating a supportive and environment, that results in self motivation of the employee. Trust and cooperativeness are the basis of this model.

**Activity 2**

(i) Consider your organisation. Which model of organisational behavior is followed in general in your organisation? Is it a single model or a combination of models?

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(ii) Take an organisation in manufacturing sector and an organisation in IT sector. Talk to the managers of these organisations about the organisational behavior model followed by the management in these organisations. Are the models adopted similar or different? Write your conclusions.

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## 3.4 RELEVANCE OF OB MODELS

**Evolving usage**

The use of models by mangers and organisations tend to evolve over a period of time with changing needs, situation and conditions in society. All the four models did not come into existence or practice at the same time, rather they evolved. Thus, this indicates that newer models will evolve over a period of time in future. Use of a particular model will depend upon manger's and management's assumption about human behavior in organisations. As this knowledge grows, usage of model also changes.

**Relation of models to human needs**

It may be appreciated that all the models relate in some way or the other to the existing human needs. For example, autocratic model is based on the subsistence needs, custodial model is based on the need of security, supportive model is based on need of participation and recognition and collegial model is based on upon self actualization need.

**Contingent use of all models**

Although a particular model may have been predominantly in use for a particular period of time, a combination of one or more models may be used in an organisation depending upon predominant employee need at that time. Workforce composition of different organisations is different. The number of professionals, skilled, unskilled, educated, and uneducated workers depends upon the nature of work done in an organisation. For example a HR consultancy firm ;will have majority of employees as professionals while a company manufacturing automobile will have skilled workers in large numbers along with other professionals. Moreover, different departments will have different types of employees. For example, production department will have more of workers, while HR department will have more of professionals. Therefore, to some extent, all the four models may be used in the same organisation.

**Managerial flexibility**

Managers must not only be able to identify their current behavioural model, but must keep it flexible so that it fits the need of situation. When the changing situations and people demand new behaviours, managers must be receptive in identifying the changing need of behavioural model. Thus, mangers must be flexible in adopting the models.

## 3.5 MANAGEMENT CHALLENGES

The world is changing very fast and the life styles and work styles have completely transformed. Economies are open up and trade barriers are falling. Advances in information and communication technology have made this world a 'global village'. This scenario has thrown up a myriad challenges for organisations. Organisations are bound to respond to this transformation by changing their existing policies for management of their people and processes. Organisations today are faced with the following challenges:

- **Increasing competition:** Falling international trade barriers are resulting into open economies, in which foreign companies can do the business in a country, with some limits of investment, depending upon the policy of the host country. This has resulted into increase in competition for domestic companies. Many companies had to face closure as they could not survive the competition. Organisations thus need to make every effort for their survival. They must foster innovation to move ahead of competitors. The challenge before organisations is to prepare employees for change.

- **Changing customer needs:** Customers today are exposed to a variety of communication media, through which they gain awareness about the variety and quality of goods available in market. They want the best product/service at affordable prices. They need a range of products to make their choice. The relationship with customer today does not end with sale of product. The concept of 'customer relationship management' is becoming popular today, under which the companies maintain a relatively long relationship with customer by remaining in touch with them through telephone calls, SMSs, etc. Customers also seem to appreciate this practice. They are also not ready to compromise on quality. This means that companies need employees that have appropriate skills for producing quality goods and interacting with customers.
- **Changing profile of workers:** Today the workers are much more aware about the general environment and their rights. People from small towns come to big cities with a professional degree in search of jobs. They have big aspirations. They do not hesitate to switch job, if they get better salary and better work profile. It is a challenge for the organisations today to find and retain talent.
- **Employee empowerment:** There has been a change in the qualification level of people in society and an in increase in the number of people who are professionally qualified. Such employees demand more openness and transparency at the workplace. Close monitoring is rejected by such employees and they expect greater participation in decision making in their organisation. Moreover with advancement in information technology, there is greater exposure to international practices and they expect the same work culture with greater empowerment.
- **Changing international business environment:** International business environment is very quick to change as so many forces act upon it all the time. Since almost all the economies of the world are interrelated today, any change in one country travels to other countries through ripple effect. For example, sub-prime crisis, that begun in USA in 2007, gradually affect almost every economy of the world. It is a challenge for the companies to react to these changes in international markets through changes in their existing policies and strategies.
- **Quality standards:** Open economy has resulted into intense competition in domestic and international market. This has

forced the organisations to be conscious about the quality of goods and services, failing which there is a risk of losing their customers to competitors. Companies are trying to attain the quality standards like six-sigma, and ISO certifications. Companies have also realized that quality can be improved through not just better quality but also by training their employees. Practices like Total Quality Management, Quality Circles are becoming popular. These practices have implications for organisational behavior as well.

· **Work-life Balance:** Today, since many households have both the spouses pursuing professional careers, managing family along with work has become a great concern for them. With changing nature of work due to advances in information and communication technology, with long work hours and short deadlines, employees often experience role conflict and a lot of pressure. Dual career families have increased and due to working of both the spouses, the need for work-life balance has also increased. Organisations are adopting new methods, like flexi-time, to maintain work-life balance of employees, which also becomes an approach for employee retention.

## 3.6 SUMMARY

· Organisations have undergone sea change in the past two to three decades. New models or paradigms have been developed to bring effectiveness in organisations and enhance motivation and productivity of employees.

· Model is the technique which helps us to understand complex things and ideas in a clear manner.

· The management philosophy is determined by integrating the assumptions and beliefs about how things are, and how they should be.

· The elements of organisational system that affect behaviours are: Mission, vision, goals and objectives, culture, communication system and management system.

· There can be different forms of organisations depending upon their management styles. Likert identified four types of management styles: exploitive - authoritative system, the exploitive - authoritative system, consultative system and participative-group system

· Different organisations follow different models of organisational behavior that create different effects on organisations.

· Keith Davis recognized four different models of organisatioanl behaviour: autocratic, custodial, supportive, and collegial model.

- Use of a particular model will depend upon manger's and management's assumption about human behavior in organisations.
- Organisations today are facing a number of challenges. Some of the important ones include increasing competition, changing customers' needs, changing profile of workers, employee demand for empowerment, changing international business environment, increased quality standards, and work-life balance need of employees.

## 3.7 KEYWORDS

**Autocratic Model:** A model of organisational behavior in which the basis is power with a managerial orientation of authority

**Collegial model:** A model of organisational behavior that is based on mutual understanding and cooperation between employees and employer.

**Custodial model:** A type of organisational model where the basis is economic resources with a managerial orientation of money.

**Management style:** A General orientation of management in dealing with employees in organisation

**Mission:** A standing plan of an organisation, in form of a statement that reflects philosophy of an organisation.

**Model:** Model is representation of real life process or things.

**Supportive model:** A model of organisational behaviour where basis is leadership and employees in turn are oriented towards job performance and participation.

## 3.8 SELF ASSESSMENT QUESTIONS

1. What do you understand by organisational behavior system? What are its various components?
2. Write short notes on the following:
   a) Models
   b) Mission
   c) Role of top management belief in organisational systems
3. Discuss the characteristics of autocratic and participative models of organisational behaviour.
4. Discuss the four management styles of Rensis Likert.
5. Organisations today are faced with a host of challenges. Comment upon the statement. Which challenge do you think is most critical for management in an organisation?

6. Compare and contrast supportive model and collegial model of organisational behavior.
7. Discuss the relevance of OB models.

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# UNIT 4 RECENT TRENDS IN ORGANIZATIONAL BEHAVIOUR

**Objectives**

After reading this chapter you will be able to

- Understand the meaning of Globalization
- Comprehend the relation between information technology and organizational behaviour
- Understand the nature of changing workforce
- Get an insight into changing workplace values and ethics

**Structure**



## 4.1 INTRODUCTION

Organizations today operate in a highly turbulent environment than they did a few decades ago. The last twenty years have witnessed unprecedented changes in political, economic and technological environment. Informational and communication technology (ICT) has revolutionized the way work is done. Liberalization of economy has resulted in falling of trade barriers. Companies have started and expanded their operations beyond the borders of their own country. This has created new types of jobs. ICT has resulted into developing of new ways of doing jobs and accessing knowledge. Internet has changed the ways of managing business and work. These changes have affected organizations in a big way. The old ways of doing work no longer hold good in the era of globalization. These changes have implications not just for large businesses but for small business as well. These businesses need to adopt new approach for functioning and adaptation to global market demands. Organizations need to change their practices in order to survive in face of tough competition from national as well as international players. There are several types of organizational changes that can occur- strategic changes, organizational cultural changes; involve organizational structural change, a redesign of work tasks and technological changes. In line with these changes, there is strong expectation of employees to improve their knowledge and actively participate in organizational change processes so as to respond to the challenges brought by the global economy. Organizations are now becoming learning organizations which are characterized by continuous updating of systems, processes and knowledge, thus constantly modifying the organizational behaviour.

## 4.2 GLOBALIZATION

Greenberg and Baron (2008) define globalization as "the process of interconnecting the world's people regarding the cultural, economic, political, technological and environmental aspects of their life." Globalization implies that the world is free from national boundaries and that is it a borderless world (Ohmae, 1990). Happenings in one country affect other economies as well. For example, Hurricane Katrina that struck US in August 2005 had an impact on several markets of the world due to disruptions in shipping and petroleum processing. Jasmine revolution, which began in Tunisia in 2010, and spread to the Middle East countries, had a substantial influence on global markets. Workers from one country are moving to other countries. Companies are expanding their operations in other countries wherever they are finding lucrative market and cheap labour. Multinational organizations are now referred to as transnational organizations. Transnational organizations are more global in orientation (Bartlett and Ghoshal, 1989).

Globalization also has certain implications for organizational behaviour, some of which are beneficial while others are a reason for concern. Globalization requires new organizational structures and different forms of communication to maintain connectivity with employees, customers, suppliers etc. throughout the globe. It often creates new career opportunities and potentially brings in new knowledge to improve the organization's competitive advantage. However, globalization also increases competition. This makes it imperative to lead a continuous change and organizational restructuring. Due to falling of trade barriers, changes taking place in one part of the world affects other countries too. Phases of economic cycles have an impact not only on business processes but employees as well. For example, effects of slowdown in economy in U.S.A. due to sub-prime crisis in 2007 were felt in India well. It resulted in large scale downsizing (layoffs and other forms of workforce reduction) in many sectors of economy. Other changes that are initiated due to globalization are mergers, and other events that produce stress and dissatisfaction among employees.

Globalization also affects how we apply organizational behaviour concepts and practices. It has been found through research that work practices in one country may not be applicable in other countries because of cultural differences. For example, the way the teams operate, communication styles with superior, subordinate, and with peers, decision making methods will be different in European countries and in Asian countries. This implies that there is a need to acknowledge the fact that as far as managing behaviours in organizations is concerned, one must recognize situational aspects of effective OB practices.

**The need for global sensitivity**

The process of globalization has made it important for organizations to be sensitive to global social, cultural and ethical issues. Such issues assume prominence when companies are doing business with other countries in terms of expanding their customer base, sourcing their inputs from suppliers in these countries, employing people, setting up technology based joint ventures, etc.

Companies which have established themselves as global brands have experienced the need to mould their products and the associated promotional campaigns in line with these issues. Brands like Coca Cola, KFC, McDonald's have accordingly made changes to their brand slogans, brand names, contents, menu and even the style of writing the brand names, in order to ensure that they comply with regional socio-cultural and ethical sensitivities.

Globally sensitive companies also look at the experiences of other companies while formulating their strategies for expanding into new markets. Both successes and mistakes while entering into a new socio-cultural arena have to be given due consideration, while expanding. This becomes an important step towards communicating effectively with all stakeholders, particularly customers, suppliers, foreign employees and business partners.

In order to smoothen out differences in sensitive issues, it may often be important to conduct negotiations. Evidently, the company has to be open to the prospect of changing its way of doing business in order to suit different entities. All leading global banks that do business in the Middle East have set up Islamic banking operations, and operate differently from conventional banking practices.

In addition to current socio-cultural and ethical issues, it is also important for companies to be able to foresee the trends in such sensitivities that will have an impact on their foreign operations. The Swadeshi Movement, which was an inherent part of the Indian independence movement, made it difficult for foreign companies to sell their products in India during the early part of the twentieth century. Such changes take place in the global environment on an ongoing basis, and can significantly impact companies doing business in those countries.

Companies have also learnt lessons from mistakes made in advertisements and promotional campaigns, on account of cultural differences. These differences stem not only from language, but also from other areas such as cultural practices. Some common examples from the corporate world are as below:

- A popular American design company found few buyers, and resultantly suffered financial losses when they tried to introduce a new perfume in the South American market, which was advertised for its fresh camellia scent. Marketers later learnt that camellias are traditionally used for funerals in many South American countries, and would not be popular as a perfume.
- Procter and Gamble (P&G), the global FMCG giant, initially experienced huge losses when it first entered the Japanese market with its popular Cheer laundry detergent, which was very popular

in the United States. Most Japanese housewives did not buy the product as it was promoted as an effective "all temperature" detergent, whereas the Japanese usually wash clothes in cold water. P&G later changed its strategy and promised superior cleaning in cold water and sales for Cheer picked up dramatically.

· Another laundry detergent that used a pictorial advertisement comprised of three images, the first showing a pile of dirty clothes, a bucket with the company's detergent in the middle, and clean clothes in the third image at the right, found its promotional campaign failing in the Middle East. The company found that this happened as most people in this region read right to left, implying that the use of the detergent causes clean clothes to turn into a pile of dirty ones.

· The popular slogan "finger licking good", used by Kentucky Fried Chicken (KFC), also suffered from faulty translation in China. The reason was that this catch phrase could be translated to "eat your fingers off" in Chinese.

The plethora of such blunders that exists in the history of advertising campaigns is a clear indication that advertisers need to be sensitive to regional differences. They need to be able to foresee how people will interpret the information provided to them. A pre-assessment of such outcomes will lead to fewer blunders in product placement, whereas corrective action could be difficult and expensive.

Of equal importance is an understanding of ethical issues. The growing emphasis on corporate social responsibility has underscored the importance of ethical behaviour in organizations, across the globe.

In light of the above, the need for global sensitivity on multiple issues of global differences is important for organizations, and such sensitivity has to be inculcated into the culture of the organization as a whole.

**Total Quality Management**

Increased competition due to globalization has resulted in quality consciousness among companies. Customers would readily shift to competitors' product if they are not satisfied with quality. The concept of total quality management (TQM) is largely becoming popular among business organizations around the world. TQM is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing changes in response to continuous feedback. The focus of the process is customer satisfaction and involves participation of all the employees in continual improvement.

Different organizations may set their own standards for maintaining quality. Some follow established international standards like International Organization for Standardization's ISO 9000 series. Though it originated in the manufacturing sector, TQM can be applied to any type of organization.

*Characteristics of TQM*

- **Customer-focused**. The quality of the product is required for customers, therefore they are the main focus of the process of TQM. An organization tries to improve its processes by various methods that involve improving processes through better technology, better quality of raw materials and components, upgrading machines or training employees for improving their skills. Every effort is directed towards improving quality for customer satisfaction. Ultimately, customer determines whether the efforts made by organizations were able to fulfill the purpose.
- **Employee involvement**. Processes are ultimately handled by employees. Therefore TQM cannot be achieved without employee commitment to improving quality. Employees must be empowered to practice the new methods that they have learnt. High-performance work environment can be created by empowerment and openness.
- **Process-centered**. TQM focuses on improvement of processes. Production process involves procuring inputs from suppliers (internal or external), converting them into outputs (products or services) and delivering them to customers (internal or external). A process is a series of steps that follow one another. The steps required to carry out the process are defined and performance measures are set and continuously monitored to identify any deviation from standards.
- **Integrated system**. An organization functions at various levels. There are different levels of management –top middle and lower level. Various functions are carried out in different departments that may be seen as

vertical levels. All these levels need to be integrated and must work in a coordinated fashion. TQM aims at interconnecting these horizontal and vertical levels.

- **Incremental and continual improvement**. TQM aims at continual improvement. It leads to small improvements in organizational processes all the time to remain competitive and meet customers' and stakeholders' expectations.
- **Ongoing monitoring**. To find out how well an organization is performing, it is essential to continuously measures performance on a continuous basis. This is essential in order to identify deviations, improve decision making accuracy and make forecast on the basis of past history.

**Reengineering and restructuring**

Reengineering an organization is the process of reviewing the working of the entire organization with respect to its processes, functions and structure, identifying the points of improvement and make significant changes to improve the system. Restructuring the firm includes changing its decision-making, different processes and management culture. This involves changing the procedures by which the work is accomplished and products/services delivered.

The goals of reengineering include increased company profits, improved competitive advantage in the marketplace and enhanced public image. Reengineering requires an organization to look closely at its strengths and weaknesses, ask difficult questions where necessary and make changes for the better of the organization. The reengineering process identifies elements of an organization that are creating costs with few benefits and makes necessary adjustments. In some cases, these adjustments are changes to the way a department does business; in other cases, these adjustments require layoffs.

Restructuring results in reduction of costs. In the book *The Machine that Changed the World*, John Womack and colleagues mentioned that Toyota and other makers in Japan reduced defects, work-time, development time and even factory space to half by applying the principles of teamwork, quality control, customer focus, minimal buffers and continuous improvement – had cut product defects by half, factory space by half, work time by half, and development time by half.

Restructuring has both positive and negative sides for employees. Reducing layers and cost reduction efforts result in retrenchment and lay off of employees. Restructuring often results in changed work schedules like increase in work hours and changed work methods. This transformation may create problem in adjustments and may result in stress. When work hours are made flexible, or options like telecommuting help employees in attaining work-life balance. It may also result in increased productivity and improved customer service.

**Benchmarking**

Benchmarking has become very popular amongst business organizations in the recent years. It is a process that is adopted to maintain quality of process in organizations. It involves comparison of practices and performance of one organization against others. For this purpose standards, or "best practices," in industry are identified and used for measuring and improving performance of one's organization. The idea behind benchmarking is simple: make comparisons internally and with other organizations and continuously improve performance using the lessons learned through this comparison process.

The objective of benchmarking is to identify the best performance and to understand the processes and practices that result in that performance. Companies then improve their performance by modifying and incorporating these best practices into their own processes and procedures.

Most business processes are common throughout all the industries. For example hiring is done in every organization, whether it is in hospitality industry or heavy industry, and whether government or private. A company needs to be innovative in incorporating best practices into its systems.

The process of benchmarking aims at quality improvement.

Benchmarking is used as a tool by organizations to make more informed decisions regarding the performance. It does so by seeking answers to the following questions: What are we doing? How are we doing? How others do it? Where do we stand with reference to identified measures? What and how to improve?

Benchmarking requires organizations to be outward looking.

**The process involves the following steps:**

(1) A detailed understanding of existing business processes

(2) An analysis of the business processes of other organizations

(3) Gap identification through an in depth comparison own business performance with that of others.

(4) Planning and implementing the steps necessary to close the performance gap.

Benchmarking offers many advantages. It not only helps organizations in improving performance, it also helps them in understanding their cost position. It facilitates the inflow of new ideas and helps company identify, focus and improve its capabilities that build its strategic advantage. Once adopted benchmarking must be an ongoing improvement process as 'best practices' keep changing with time.

**ACTIVITY 1**

Talk to the manager of (a) domestic company (b) multinational company who has spent at least 20 years in that organization. Ask them about changes in their quality management programmes in the past two decades.

a) Domestic company:

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b) Multinational Company:

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## 4.3 INFORMATION TECHNOLOGY AND OB

Information technology has brought revolutionary changes in organizations. Information and Communication Technology (ICT) has transformed the way work is done and the work environment. This has prompted researchers in the area of organizational behaviour to study the existing concepts and emergence of new concepts in light of these changes. ICT has given rise to virtual teams and telecommuting. It has given opportunity to start new businesses like online stores, business process outsourcing etc. On one hand it has put up challenges for traditional organizations, on the other hand it has facilitated in improving relationships with customers, clients and suppliers and other external agencies. It has given rise to new types of organization structures, for example, networked organizations - an alliance of several organizations for the purpose of creating a product or serving a client, virtual organizations etc.

Cisco Systems, is an example of network organization. This organization comprises a group of interconnected suppliers, assemblers, contract manufacturers and others, who are interconnected through information technology. As soon as an order is placed by a client or customer, all these interconnected organizations start their work in coordination so that order may be supplied in time.

**Virtual Teams**

As the use of ICT and telecommuting is increasing, the nature of teams is also changing. Virtual teams are now being formed. These are cross-functional teams that comprise members who are not in physical proximity. They are spread out across space and time, but work together in coordination. They remain connected through ICT. The main advantage of this type of team structure is that a team can get best of skills even though members are at a distance. Organizations can save a lot of cost involved in travelling, yet create an effective team and get best outcomes. The challenge for such a team is that the trust and understanding that develops through face to face interaction may be missing.

**Learning Organizations**

A Learning Organization is one which undergoes a continuing process of evolving through transformation, facilitated by the learning of its members, both individually, as well as group learning. Such learning could be derived from the pressures they face in a competitive environment, and it enhances the overall competitiveness of the organization.

It is important to differentiate between Learning Organizations and Organizational Learning. Organizational learning is the process by which organizations learn from and adapt to the changing environment, and such learning becomes the foundation of a learning organization. To reiterate, organizational learning is the process by which learning organizations are built up.

In his pioneering work, The Fifth Discipline: The Art and Practice of the Learning Organization (Senge, 1990), Peter Senge conceptualizes learning organizations as 'organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together'.

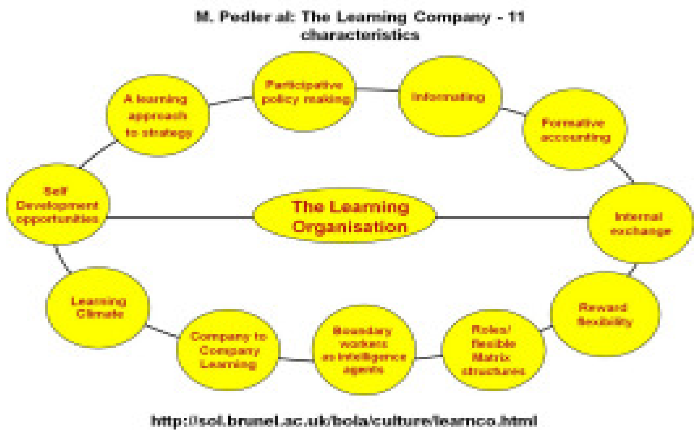


**Figure 4.1: Characteristics of a Learning Organization from M. Pedler et al. (1991); The Learning Company**

Pedler et al. (1991) described a learning organization as "an organization that facilitates the learning of all its members and continuously transforms itself". Pedler has identified eleven characteristics of a learning organization:

1. A learning approach to strategy
2. Participative policy making
3. Informating
4. Formative accounting and control

5. Internal exchange
6. Reward flexibility
7. Enabling structures
8. Boundary workers as environmental scanners
9. Inter-company learning
10. A learning climate
11. Self-development opportunities for all

**ACTIVITY 2**

Interview four employees of different software companies of large size, having international operations. Ask them how has their

(i) work; and

(ii) personal life changed due to the use of information technology.

Record their responses and classify them under different headings.

a) Impact of IT on work

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b) Impact of IT on personal life:

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## 4.4 WORK FORCE DIVERSITY

Workforce diversity has increased in the organizations in the past two decades. The dimensions that constitute workforce diversity are gender, ethnicity, age, race, nationality and personal characteristics. These are the dimensions over which one has no control. Other dimensions, which are under the control of an individual include education, marital status, religion, and work experience.

Number of women has been increasing in the workforce. There are several factors that are responsible for this change. As the education level of women is increasing and as they are becoming aware of their rights, more and more women are entering workforce. Certain professions that were dominated by men are now increasingly hiring women. Army is one such field.

Age is another dimension of diversity. Age cohorts are the people who belong to the same age group. Each generation was raised with different experiences, different skills, and a different set of values. At each stage of life, they may also have different needs to fulfill.

Workforce diversity can offer both opportunities and challenges in organizations. Employees from diverse backgrounds bring with them different perspectives. It can become a competitive advantage by improving decision making and creating attaining effective team performance on complex assignments.

Today, companies are expanding not just within their country but also across borders. Under such situation, a diverse workforce proves to be useful in understanding customer needs in a better way. Organizations can offer product with desired features and a better customer service.

There are certain challenges that come with workforce diversity. Unless organizations facilitate employees adjust with colleagues from different cultures and backgrounds, conflicts between employees from different cultural backgrounds may take place because of perceptual differences.

Another issue that is being raised is that though number of women has increased in workforce, there exists a glass ceiling. There is a very small proportion of women that is represented at the top management level.

Organizations need to address these potential problems and adapt to emerging workforce needs. Many organizations are taking up this issue seriously and making efforts to remove this discrepancy.

Women have their own needs. Looking after the family is still considered to be primarily the responsibility of women. Companies are providing better work–life balance.

**Workforce diversity at IBM**

IBM is a multinational company that believes in diversity and inclusiveness. It has a diverse workforce. IBM was one of the first companies to embrace the hiring of qualified personnel regardless of the race, color, gender or creed - IBM's diversity policy was written in 1954. The company fosters diversity in all activities within the company. IBM India focuses on the following four areas:

1) Advancement of Women
2) Integrating the Workplace & Marketplace
3) Workforce Flexibility & Balance
4) Cultural Awareness & Acceptance
5) 'Inclusivity' is a way of life at IBM India

For its efforts in managing diversity, IBM has received many awards for workforce diversity. (Source: http://www-07.ibm.com/in/careers/diversity.html)

**EMERGING EMPLOYMENT RELATIONSHIPS**

With increasing competition in the market due to increasing number of players both in domestic and international arena, companies are making efforts to cut down their costs. Due to this reason new types of employment relationships are emerging. Companies are now cutting down the number of full-time employees with part-time employees. Contract jobs are now becoming very popular. Work is often outsourced to another agency. Contingent work is increasing. This includes any job in which the individual does not have an explicit or implicit contract for long-term employment, or one in which the minimum hours of work can vary in an arbitrary manner. This has implications for job design, organizational commitment, career dynamics, and workplace stress.

Telecommuting is another work option that is increasingly becoming popular. As knowledge based economy is gradually replacing industrial economy, the number of people who choose to get connected to workplace through information technology will increase. There is no need to be present at the workplace, as in traditional industries, to complete the work. Therefore, In industries where presence at the workplace is not essential to complete the task, employers are providing the option of telecommuting (also called teleworking) to the employees. In this work option employees can work from home or another location away from the office to office through computer. It has eliminated the need for a 'physical workspace', thus reducing the cost of space. Time does not remain a limiting factor as employees would respond even before and after 'office hours', thus there is an increased flexibility and more autonomy.

Though telecommuting offers a lot of convenience, it also poses a number of organizational behaviour challenges. There is less face to face interaction between superior and subordinate. There are a number of skills that are learnt by observing and by coaching. Physical absence of employee from workplace reduces the amount of learning from superiors. Employees were evaluated on the amount of time they spent at workplace. New performance measures will be required to be developed, which need to be more outcome oriented.

Employees who were directed and controlled and who worked under the direct supervision need to monitor themselves and must learn how to be responsible for their performance. An organization is a network of people where a social system exists. With telecommuting, employees also need to learn to work in isolation and in lack of networking.

**TEAM WORK**

Teams are becoming very important in organizations today. In traditional organizations individuals formed the basic units but now teams are replacing individuals as the basic building blocks of organizations. Teamwork offers many advantages. Diversity of members brings creativity in problem solving. Complex problems can find better solutions in a team than with individuals working alone. When different teams work on different issues in coordination with each other, it may eliminate the need of certain layers -giving rise to lean organization structure. There may be self-directed work teams. These teams have a high degree of responsibility for their work activities. For such teams, supervisors sometimes become coach and adviser.

However, teams have their negative side too. There may arise problem of mutual trust, clash of viewpoints and perceptions that may affect team effectiveness. Lack of coordination between team members may result in failure of teams. Thus, it is essential that team leader maintains the effectiveness of team.

**ACTIVITY 4**

a) How diverse do you think is the workforce in your organization?

b) Conduct an interview with a middle level manager in a multinational company and find out their policies on managing workforce diversity.

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## 4.5 WORKPLACE ETHICS

**Ethics** refers to the study of moral principles or values that determine whether actions are right or wrong and whether outcomes are good or bad. We decide what is right and what is wrong on the basis of our ethical values. The issue in managing ethical behaviour is that what is ethical and what is unethical is not absolute. It depends upon the value system of an individual, organizational culture and culture of the nation.

**Workplace ethics:** Sets of formal and informal standards of conduct that people use to guide their behaviour at work. These standards are partly based on core values such as honesty, respect, and trust, but they also can be learned directly from the actions of others. For example, what people see their organizational leaders, managers, and coworkers do on the job can influence their own views of what is acceptable or unacceptable behaviour.

Workplace ethics are important as managers have to make right decisions by choosing from a number of options. There are numerous objectives that need to be achieved in business organizations. It is important for every organization to generate profits therefore managers might be tempted to adopt means which are unethical to fulfill organizational objectives

Work-place ethics refer to choosing the option, amongst other available options, that is considered to be the morally and legally right choice.

Leaders are often put in decisions where they must choose among options that vary in their degree of ethical behaviour. One of the reasons why this is a common issue for leaders is that there are often competing priorities for businesses. On the one hand, organizations exist to generate profits for their shareholders, which may encourage leaders to act in ways that are less ethical in order to cut costs or increase revenues. On the other hand, organizations are made up of human beings who are personally invested in the company and often live in the communities in which they work. If the individuals are harmed by decisions that maximize company profitability, then the decision is not an ethical one. Only one stakeholder is getting their needs met, at the expense of other stakeholders.

To follow workplace ethics certain characteristics are important. These are discussed as following:

· **Morality**

Ethics is closely intertwined with morality. At an individual level, a high level of moral values becomes the key to ensuring ethical behaviour. If a team consists of workers who are morally upright, it is far more likely to behave ethically.

· **Teamwork**

It is no secret that a group of individuals working as a team is bound to outperform the same group if each member works independently. The team spirit should pervade all members of the team, regardless of organizational or social hierarchy. Also, while the prime responsibility of nurturing team spirit rests with the team leader, team members should also work towards maintaining a healthy attitude towards their team members, leaving aside individual differences or disputes from outside the workplace.

· **Answerability**

The attitude of assuming answerability towards individual actions is another key towards ethical behaviour. Team leaders should endeavour to inculcate such attitude in their team members. This ensures that team members do not place the blame on others for their actions, thereby leading to fewer frictions and better productivity and environment within the team.

- **Perseverance**

  A group of individuals who remain committed to their objectives regardless of difficulties, challenges and setbacks will be more successful at goal achievement. Perseverance, therefore, is vital to successful goal achievement, which, in turn, is a key to ethical behaviour.

**ACTIVITY 5**

Interview a managers of an India based company and a USA based company. Ask them about the workplace ethics expected in their organizations. Compare the two.

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## 4.6 SUMMARY

The developments in technology, particularly those in the areas of telecommunication and transport, have led to reduction in barriers of distance, and have, in effect, rendered the entire world as a single marketplace, free of hindrances placed by political and economic boundaries. This is true for most of the developed world, and a major part of the developing world as well. Such integration of world-wide markets is the crux of globalization, and it ensures that economies that are linked to each other by this process also share in the positive and negative developments in other parts of the world. Further, social, cultural and workplace related behaviours are permeating across countries as a result of globalization.

One of the important changes that globalization has necessitated is the mindset of quality. Increasingly, businesses are realizing the importance of delivering quality goods and services in order to remain

competitive in the global context. At the forefront of the quality revolution is the concept of Total Quality Management (TQM). TQM is as much a philosophy as it is a practice; it involves an incessant and holistic process of improvement of quality of the end-product, in consonance with the requirements of the end-user, improvements suggested by workers, and enhancements in technology. TQM may involve a complete re-evaluation and subsequent restructuring of the processes and technologies involved in the production process, as also the capability of the workers.

At the forefront of global development is Information and Communication Technology (ICT), which has emerged as the prime driver of such global development and change. ICT is a term used to describe a variety of technologies that facilitate the communication and sharing of information. ICT is characterized by high-speed, reliable and inexpensive transmission of data, facilitated by the speedy development of satellite and mobile communication, as also by the growth in computational abilities.

From an HR perspective, ICT has changed the workplace by creating teams that are not necessarily present at the same location. Networked organizations and virtual teams are now an established reality, and in addition to adding several interesting dimensions to the area of organizational behaviour, pose unique challenges as well.

The coming together of organizations at a global level has also given rise to workforce diversity. Dimensions of such diversity include, but are not limited to, gender, ethnicity, age, race, nationality and personal characteristics. An additional dimension is added by the increasing participation of women at the workplace, and their capable performance. At the same time, the coming of the knowledge economy has meant that hierarchical differentiation is more dependent on knowledge and skills, as against age and seniority. As a result, young people are often being given positions of authority over older ones. The outcome of the above changes is the emergence of new issues and challenges to organizational behaviour.

One of the most significant challenges facing the administrators of an organization arises out of the growing complexity of businesses. As businesses grow larger, there is bound to be a separation between ownership and management, with the managers taking a dominant role in the decision making of the business. The ensuing behavioural issue, therefore, is ensuring ethical behaviour from managers and their teams, so that the interests of all stakeholders are protected. It is for this reason that ethics and corporate governance are at the top of the agendas of policymakers the world over.

## 4.7 KEY WORDS

**Globalization:** The process of breaking down of global barriers and restrictions to trade, facilitated by developments in technology and economic agreements between nations. Globalization has led to the creation of a world free from national boundaries, with respect to cultural, economic, political, technological and environmental aspects.

**Workforce diversity:** A phenomenon wherein the persons comprising the work force come from various socio-cultural backgrounds. Such diversity is greatly enhanced by globalization.

**Ethics:** A set of moral principles or values that determine whether actions are right or wrong and whether outcomes are good or bad.

**Workplace ethics:** Ethical behaviour applied to workplace situations. It comprises formal and informal standards of conduct that people use to guide their behaviour at work.

**Culture shock:** Culture shock is a problem of adjusting to a new workplace, caused by a drastic difference in the culture prevailing at the workplace, and the individual’s cultural values and experiences. It can happen to employees who move to a new job, and may lead to confusion, disorientation and anxiety.

**Total Quality Management:** A comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing changes in response to continuous feedback. The focus of the process is customer satisfaction and involves participation of all the employees in continual improvement.

**Benchmarking:** Comparison of practices and performance of one organization against standards, or "best practices," in industry, used for measuring and improving performance of the organization.

**Reengineering:** The process of reviewing the working of the entire organization with respect to its processes, functions and structure, identifying the points of improvement and make significant changes to improve the system.

## 4.8 SELF ASSESSMENT QUESTIONS

1. Define the following concepts:
   a) globalization
   b) workforce diversity
   c) Total quality management
   d) employee empowerment
2. Explain how information technology has affected work teams.
3. Discuss the role played by information technology in today's organizations.
4. Globalization has resulted in many changes in the businesses run. What are the impacts of globalisation in organizations?
5. What is a learning organization? How is it different from traditional organizations?
6. What do you understand by the concept of workplace ethics? What is the significance of workplace ethics in today's scenario?
7. Why are organizations adopting total quality management approach? Is there any link between employee empowerment in managing quality? Why?

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MBA-1.2
ORGANIZATIONAL
BEHAVIOUR

# Block
# 2

## Evolution of the Concept of Organisational Behaviour

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## परिमापक

## अनुवाद की स्थिति में

| | |
|---|---|
| मूल लेखक | अनुवाद |
| मूल सम्पादक | भाषा सम्पादक |
| मूल परिमापक | परिमापक |

## सहयोगी टीम

**संयोजक** **Dr. Gaurav Sankalp, SOMS. UPRTOU, Allahabad.**



नोट : पाठ्य सामग्री में मुद्रित सामग्री के विचारों एवं आकड़ों आदि के प्रति विश्वविद्यालय उत्तरदायी नहीं है।

प्रकाशन -उत्तर प्रदेश राजर्षि टण्डन मुक्त विश्वविद्यालय, इलाहाबाद

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## 1.2 Block Introduction : Evolution of the Concept of Organisational Behaviour

In this block Two there are four units. Unit Five deals with individual behaviour and its type. Unit six highlights perception and human behaviour. Unit Seven deals with learning and behaviour various theory of learning and its uses. Unit Eight deals with attitude and behaviour. It explores various dimension of attitude and its impact on human behaviour.

# UNIT 5 TYPES OF INDIVIDUAL BEHAVIOUR

**Objectives**

After reading this unit you will be able to

- Comprehend the meaning of personality and personality trait
- Know the types of personalities
- Understand Big Five Personality Model
- Know about Myer-Briggs Type Indicator

**Structure**



## 5.1 INTRODUCTION

We see different types of people with different characteristics all around us. Some are shy, while some are aggressive. Some are calm and patient while others are short-tempered and impatient. People possess different combinations of personality characteristics. These characteristics stay with them for a very long period of time, sometimes for entire lifetime and do not change easily. Thus, we can say that personality is a stable set of characteristics. Organisations widely use the available literature and information about behaviours and personality in managing employees. For example, psychometric tests, that test personality characteristics, are often used by organizations selection purpose. These psychometric and personality tests can be immensely beneficial in improving knowledge about employees that can help in understanding various concepts like - motivations, strengths and weaknesses in relation to job performance, styles of communications, leadership qualities and team-working.

**Concept of Personality**

The term personality has been derived from the Latin word 'per sonare' which means 'to speak through'. It refers to masks used by actors in ancient Greece and Rome. In this context, the term personality denotes external appearance. However, the term personality, as described by the researchers today constitutes both internal and external aspects of a person. Greenberg and Baron (2008, p. 135) define personality as 'the unique and relatively stable patterns of behavior, thoughts and emotions shown by individuals'. According to Ruch (1963), personality should include:

- External appearance and behaviour or social stimulus value
- Inner awareness of self as a permanent organising force
- The particular pattern or organisation of measurable traits, both inner and outer

By this account, personality may be defined in terms of behavioural aspect as propensity to react to different environmental stimuli in a particular manner. These are the behavioural outputs of an individual to his/her surroundings. Thus, personality constitutes all the traits and behaviours that determine an individual's responses to and adjustments with environment. Different people having different personality traits may react differently towards the same situation. You may be aware of people around you who get worried over small problems, while there may be others having a 'happy-go-lucky' attitude who take problems lightly and are happy in every situation.

It is very important to understanding the personality of self and others to understand your own behavior, style of working and better judge what motivates people - and yourself. The more you understand about your own personality and that of other people, the better able you are to adapt and adjust with the environment.

There are many theories of personality. Each of the different theories and models of personality provide an insight into motivation and behaviour. Five theories of personality are discussed here:

1) Trait Theory
2) Psychodynamic theory
3) Humanistic theory
4) Integrative approach
5) Social learning theory

Personality theories have been developed to provide an understanding of the personality of an individual. They help in understanding the elements that shape our personality. Interestingly, society also plays a major role in shaping the personality of an individual. Personality theories were developed in three streams of thought. They are psychoanalytic theory considers that certain elements in the human brain are responsible for shaping personality, self-theory explains the impact of environment on the individual personality. Similarly social learning theory provides that situation determines the personality. Let us learn them in detail.

**1) Trait Theory**

Many theorists believe that in order to understand personality it is important to understand the traits that make up these According to Trait theory, personality of an individual may be divided into a number of observable traits which together make up personality. According to Allport (1961), traits are broad, general guides that bring consistency in behavior. The 'Big Five' model (discussed later) proposes that there are five major personality types through which behaviours at work may be explained (Digman, 1990). For example, introverted and conscientious employees are less likely to be absent from work (Judge, Martocchio &Thoresen, 1997).

**2) Psychodynamic Theory**

Sigmund Freud developed psychodynamic theory. According to him human mind consists of three elements that are responsible for shaping the personality which are Id, Ego and Super Ego.

Consciousness is guided by principle of reasoned reality and unconsciousness is ruled by hedonistic principle of pleasure. According to this approach, personality determines the behavior. The personality systems of human mental activity are: The Id, The Ego, The Super Ego. They are described below:

- The Id: Id is most basic element. It represents the totality of instincts oriented towards avoiding pains and getting immediate satisfaction of desires. Id forms the foundation of one's personality.
- The Super Ego: Super ego forms the basis for moral actions and beliefs of human personality consisting of 'should' and 'shouldn't', and ideals.
- The Ego: Ego is the rational element. It takes information from the environment and stores it. It is logical. There is a conflict between one's moral values and desire to fulfill one's worldly desires. Thus Id and Super ego are at a clash. Ego mediates between the two.

**3) Humanistic or Self Theory**

Carl Rogers contributed to the development of humanistic or the self-theory. It is also known as Organism theory or field theory. The theory is based upon the belief that individuals direct all their actions to achieve self-actualisation. Here, individual is an initiating, creating and influencing the determinant of behavior within the environment framework.

Elements of self-theory are explained below:

a) Organism: Organism is the individual and is the store-house of all experiences. Organism is guided by conscious and unconscious elements so that individual behavior is caused by self – evaluation and by experiences.

b) Phenomenal field: Phenomenal field represents the sum total of all experiences that are collected by an individual through environmental interaction. An individual wants to grow and improve and aims at self-actualization, that acts as motivator. This quest to become what one can become is guided and controlled by environment in which individual lives.

c) Self –concept: Self –concept forms basis for individual behavior and personality. Self can be understood as a combination of perceptions, beliefs, attitudes, values and traits. It represents the concept of 'I' and 'Me'. Here, 'I' indicates one's own psychological process and is called personal self. 'Me' pertains to the belief of an individual as to how he appears to others and is called social self. Thus both personal self and social self determine individual behavior.

Self-theory provides valuable guide in understanding behavior and proposes that self-concept is an important part of an individual's personality.

**4) Integrative approach**

Researchers, more recently, have taken a broader approach to understanding the concept of personality (Clarke & Hoyle, 1988), integrating both personal and situational variables. An individual's disposition to behave in a particular manner is determined by personality, and personality may be seen as a sum total of all psychological processes. Thus, psychological variables and situations together explain the formation of personality.

**5) Social Learning Theory**

Albert Bandura developed social learning theory. It states that personality is determined by the learning from environment and interactions in different situations. The following are the assumptions of the theory.

According to the theory, an individual observe the models in the environment and learns a behavior. For example, if a child observes other students in school completing their work timely and getting appreciated by teachers, he/she too may try to emulate others and inculcate the same habit, which then forms the part of personality. When a person has undergoes experiences, certain cognitions are formed which are retained. When these experiences are repeated and practiced by the person under similar conditions, behaviors are reinforced.

Social learning theory helps in understanding the concept of personality. It considers environment as determinant of behaviour, and by controlling the environment behaviours and hence personality can be shaped.

Activity 1

Talk to some people around you. Ask them to describe their personality. Categorize personality variables as a) those that developed due to personal factors and b) those that developed due to impact of environment.

| Developed due to personal factors | Developed due to impact of environment |
|---|---|
| | |
| | |
| | |

## DETERMINANTS OF PERSONALITY

Personality is determined by a number of variables. Many environmental, psychological and situational factors work together to shape personality. There are certain aspects of a personality that are present in the person by birth. These include physical features, certain inherent talents and skills, etc. There are other aspects of personality that are shaped by the environment to which an individual is exposed to. Environment constitutes family, school, neighbor, etc. Also, despite being in the same environment, personalities may differ. For example, siblings in the same family, though exposed to the same environment may have a completely different personality. We can say that another factor comes into play here, which is situation.  Let us now discuss all the factors in detail.

- **Heredity:** Features passed on from one generation to the other through genes constitutes heredity. Heredity is known to affect physical features like height, skin colour, colour of eyes, facial features etc. Even intelligence is known to be determined by heredity factors.

- **Environmental Factors**: The environment in which an individual is brought up and lives greatly affects personality. Family, friends, teachers, school, college, neighbour, larger social circle, all constitute environment. One gets first values from family. Parents teach their children about what is right and what is wrong. The type of bonding between family members has deep influence upon the child. Later in life, many behaviours are learned and acquired in college. Our teachers, college rules and regulations, friends – all shape our personality. Social learning plays an important role here. Thus socialization process,
- **Situational Factors**: In recent years, the influence of situational factors on personality is increasingly recognized. Situational factors are the unique situations which one experiences in day to day life. These experiences are unique to a person, even though they may be born and brought up in the same environment. For example, two siblings studying in the same school, having the same family, may experience different situations. One may be having a very strict teacher, who demands strict adherence to rules, while other may have a teacher, who has altogether a very lenient approach. Thus, both are put into different situations each day.

Above discussion indicates that personality is an outcome of a number of factors acting together and personality needs to be understood as a holistic concept.

**Activity 2**

List 15 of your personality traits. Identify their sources as a) heredity b) environment c) situations.

| Heredity | Environment | Situations |
|---|---|---|
| | | |

## 5.2 TYPES OF PERSONALITY

The important personality aspects that determine what type of performance will be achieved or what kind of behaviour is depicted at work are

1. Machiavellianism
2. Self esteem
3. Locus of control
4. Introversion-extroversion
5. Type A and B personalities
6. Achievement orientation
7. Risk taking
8. Self monitoring

**Machiavellianism**

Niccolo Machiavelli (1469-1527) was a philosopher who wrote his theory of political control in The Prince. He believed in the philosophy of 'ends justify means'. The term Machiavellian has its origin from the name of this philosopher and denotes his belief. Machiavellianism (Mach) refers to the degree to which an individual is practical in his approach, maintains an emotional distance from others, and believes that ends justify the means. Research has revealed that individuals who score high on Mach are good at manipulating others and try to win by any means. They do not need to be persuaded to work but instead are able to successfully persuade others. People having a high Mach perform well in situations that involve face-to-face meetings. They are especially productive in jobs that require the use of bargaining (persuasion) skills and in jobs that offer substantial rewards for the achievement of goals.

On the basis of the degree to which these characteristics are present in an individual, people may be classified as high mach or low mach. Low Machs are more easily persuaded, more empathic, and are interpersonally oriented. High Machs are more resistant to persuasion, they are more pragmatic and logical. Culture also has been found to have an impact on the extent of Machiavellianism present in an individual. Machiavellians perform well in jobs which require bargaining skills (labour negotiation), where there are large rewards for winning (commission sales).

**2. Self Esteem**

Self-esteem refers to the feeling of self respect. It shows the degree of self-confidence and belief that one has in his/her capabilities. It varies from person to person. People with high self –esteem believe that they have the abilities to take up challenging jobs. They do not bother about others' beliefs about themselves. They move ahead with a conviction and prefer to choose jobs that are unconventional in nature. On the other hand, people with low self-esteem are more vulnerable to external influences than those with high self esteem. Self-esteem also has implications for behavior in organizations. People with high self-esteem perform better and have higher job satisfaction (Tharenou and Harker, 1984).

**3. Locus of Control**

Locus of Control is an individual's belief, whether events are within one's control (internal locus of control) or are determined by external factors that beyond one's control (external locus of control). Research has proved that people having internal locus of control (those who believe that events are determined by external factors) are more satisfied with their jobs, are more likely to assume managerial positions and have a participative style of management (Judge and Bono, 2001). People with external locus of control are likely to prefer a more structured job and have reluctance in getting involved in decision making.

What is your Locus of Control?

The following scale can give you an idea of your locus of control. For each of the four items, circle the choice a or choice b.

1 a) Becoming a success is a matter of hard work; luck has little or nothing to do with it. b) Getting a good job depends mainly on being in the right place at the right time.

2 a) The average citizen can have an influence in government decision.

b) This world is run by the few people in power, and there is not much the little guy can do about it.

3 a) As far as world affairs are concerned, most of us are the victims of forces we can neither understand nor control.

b) By taking an active part in political and social affairs, people can control world events

4 a) With enough effort we can wipe out political corruption.

b) It is difficult for people to have much control over the things politicians do in office.

Scoring Key:

The internal locus of control answers are: 1a, 2b, 3b, 4a

The external locus of control answers are: 1b, 2a, 3a, 4b

The category you circled most frequently gives an approximation of your locus of control

Sources: Adeyemi-Bello, T (2001). Validating Rotter's Locus of Control Scale with a Sample of Not-for –profit Laeders. Management Research

News. 24, 25-35; Rotter, JB (1966). Generalized Expectancies for Internal vs. External Locus of Control of Reinforcement. Psychological Monographs,80, whole No. 609

**4. Introversion and Extroversion**

Introversion and extroversion denote a person's penchant for sociability and interpersonal orientation. Introverts have a world inside them and open up in front of others with difficulty. They like to speak less. Both introverts and extroverts have different career orientations and require different organisational environment to maximise their performance. Extroverts are more likely to perform well in jobs that require a lot of interaction with others. In contrast, introverts are more likely to do well at jobs that require analytical skills.

**5. Type A and Type B Personality**

Type A and Type B personality individuals differ in their approach towards doing work. Type A individual is always in a hurry, is extremely competitive and often irritable. They feel and time is less and they have to perform a lot. They are highly goal oriented and count their success by material gains. Type B personality is a person who is relaxed, and works at an easy pace. They also achieve their goals but without getting unduly worried. They take time to enjoy life.

**6. Achievement Orientation**

Different people have different levels of need for achievement. Degree to which this characteristic is present in an individual can be used for predicting the behaviour of people. People with high achievement orientation continually attempt to improve their performance. They are persistent in overcoming difficulties, and want to take the full cred it for their success. Owing to this they take prefer to take up the task that is neither too tough nor too easy. Tough task will make it difficult to be achieved, and failure rate is likely to be higher so that their need for achievement is not fulfilled, at the same time easy level of task will not be challenging enough so as to give them the satisfaction of achievement. They want to believe that resultant success is owing to their actions. Hence, they prefer to perform tasks that are moderately difficult.

There is an impact of this personality trait and behavior in organizations. High achievers show better performance in the presence of moderate difficulty, immediate performance feedback and direct relationship between effort and reward. This implies that high achievers are successful in careers in sales, sports or management.

**7. Risk Taking**

People differ in their ability to tolerate uncertainties. Individuals who can work under situations of ambiguity and uncertainty are the ones having high risk taking ability. Such people can take up tasks where outcomes are not certain. On the other hand, low risk taking individuals like to work under situations of certainties. They perform well when they have structured task.

**8. Self monitoring**

Self monitoring refers to the ability to adapt one's behavior according to the situation. High self monitors study others' behavior very closely and take cues from there to change their behavior according to the demand of the situation. Low self monitors are the people whose reactions and behviours in different situation remain the same. They are not as alert to cues in environment.

## 5.3 PERSONALITY TRAITS

Personality is identified with the identification of traits. Traits are consistent patterns of thoughts, beliefs, behaviours and actions that make people different from one another. Traits are the tendencies that remain stay for a long time, sometimes forever and remain unchanged across the life span, though it may be adapted over a period of time with different situations.

The Big Five model of personality types (discussed later) is based upon individual differences. Various actions and reactions that constitute behavior of an individual together make up traits. It distinguishes one individual from another. We will discuss two theories of traits (a) Allport's Trait Theory (b) Cattel's Trait Theory.

a) Allport's Trait Theory: Allport identified various traits that can be used to explain human personality. He classified the traits into two categories: Common traits and Personal disposition or individual traits.

a) Common traits: These are the traits that are found in some degree in everyone and different individuals may be compared with each other on the basis of extent of presence of these traits.

b) Personal dispositions or individual traits are traits unique to the individual as each of these traits are present only in a few people. For example, paranoia, which is present only in few people and where it is present, the trait may be "the very core of their personality" (Allport, 1937, p. 302).

Depending upon the level of significance of traits in a person's life, he categorized these traits into three levels:

- Cardinal Traits: Traits that are present in the individual for the entire life and are so dominant that the individual is identified with those traits. Their name becomes synonymous with these traits. For example, Freudian, Machiavellian, narcissistic.
- Central Traits: These traits do not dominate the personality but are central to description of a person. Thus, one may Terms such as be described as honest or intelligent.
- Secondary Traits: These are the traits that are sometimes related to attitudes or preferences and often appear only in certain situations or under specific circumstances. Some examples would be getting anxious when speaking to a group or impatient while waiting in line.

2) Cattel's Trait Theory: Cattle's theory divides the traits into two categories: Surface trait and Source trait. Surface traits are those that can be seen outside or on the surface of personality. These traits originate from the underlying Source traits. Thus Source traits are the ones that are not visible but are present on inner side of the personality and give rise to Surface traits. Thus, it may be said that Source trait is a source, surface trait is effect.

## 5.4 THE BIG FIVE DIMENSION

The Big Five represents a system of classification of traits that has the ability to explain individual differences in personality. Many researchers believe that our behaviour is actually determined by five traits, and that individuals act and react in different situations due to these traits. Thus, according to this model, it is these traits and not situations that determine behavior. Other influences have a small role in determining behaviour. In other words, these traits lead to an individual acting a certain way in a given situation.

Allport, Norman and Cattell contributed in evolution of Big Five which was later refined. Allport compiled a list of 4500 traits. Cattell reduced this list to 35 traits and eventually it became the Big Five factors. These are five dimensions of personality and may be present to different degrees in a person.

The Big Five factors are:

I – extraversion vs. introversion

II – agreeableness vs. antagonism

III – conscientiousness vs. undirectedness

IV – neuroticism vs. emotional stability

V – openness to experience vs. not open to experience

The meaning of these factors may be understood as following:

- Extraversion – means a person is, talkative, social and assertive
- Agreeableness – means a person is good natured, co-operative and trusting
- Conscientiousness – means a person is responsible, orderly and dependable
- Neuroticism – means a person is anxious, prone to depression and worries a lot
- Openness – means a person is imaginative, independent minded and has divergent thinking.

Table 1: The Big Five Personality Traits

| | |
|---|---|
| Extraversion | The person is gregarious, assertive and sociable (as opposed to reserved, timid, and quiet) |
| Agreeableness | The person is cooperative, warm, and agreeable (rather than cold, disagreeable, and antagonistic) |
| Conscientiouness | The person is hardworking, organized and dependable (as opposed to lazy, disorganized and unreliable) |
| Emotional Stabiliy | The person is calm, self confident, and cool (as opposed to insecure, anxious and depressed) |
| Openness to experience | The person, curious and cultured (rather than practical with narrow interests) |

(Sources: Costa, P.T. and McCrae (1992). The Neo PI Personality Inventory. Odessa, Fla: Psychological Assessment Resources; Salgado, J.F. (1997). The Five Factor Model of Personality and Job Performance in European Community. Journal of Applied Psychology.82, 30-43)

The personality of an individual may be made up of various combinations of these five dimensions, for example a person may be responsible (High Conscientiousness), less social (low Extraversion), highly imaginative (high openness), and low trustworthy (low Agreeableness).

## 5.5 MYER-BRIGGS TYPE INDICATOR

Myers-Briggs Type Indicator (MBTI) is a personality test designed to assist a person in identifying some significant personal preferences. The MBTI was developed in the 1940s by Isabel Briggs Myers. Katharine Cook Briggs and her daughter Isabel Briggs Myers developed the Indicator during World War II, taking the basis as Carl Jung's theories in his work Psychological Types. The theory says that though there seem to be a huge random variation in people's behaviours, but actually they can be organized in an orderly fashion on the basis of differences in the way people behave due to their perceptions and judgments .The Indicator is widely used for various professional purposes, that require identification of personality type.

Myers-Briggs Type Indicator was developed with the objective to fulfill following goals.

1) The identification of basic preferences of each of the four categories of personality in Jung's theory.
2) The identification and description of the 16 distinctive personality types that result from the interactions among the preferences.

Following are the basis of identifying four categories:

Extraversion (E) or Introversion (I): Does individual prefer to focus on the outer world or on own inner world?

Sensing (S) or Intuition (N). Does individual prefer to focus on the basic information he/she takes in or does he/she prefer to interpret and add meaning?

Thinking (T) or Feeling (F). When making decisions, does individual prefer to first look at logic and consistency or first look at the people and special circumstances?

Judging (J) or Perceiving (P). In dealing with the outside world, does individual prefer to get things decided or does he/she prefer to stay open to new information and options?

**Overview of the Myers-Briggs Test**

The indicator serves the purpose of identifying personality types of individuals, rather than measuring the personality characteristics, like intelligence. According to Myers-Briggs Theory, though personality types and traits are both decided in a person by birth, traits can be improved just like skills. Similarly personality types, if supported by a healthy environment, can itself differentiate over time.

Based on the answers to the questions on the inventory, people are identified as having one of 16 personality types. The goal of the MBTI is to help people to further explore and understand their own personalities including their likes, dislikes, strengths, weaknesses, possible career preferences and compatibility with other people. No one personality type is the best or better than other types. It simply identifies the type and is not meant to look for abnormality or to compare any two types. Its main objective is to help respondents who take the test to learn more about themselves.

Four scales that make up the test are:

1. **Extraversion (E) - Introversion (I)**: The extraversion-introversion types were first discussed by Jung in his theory of personality types. He described this aspect to describe how people respond and interact with the world around them. Extraverts tend to be action-oriented, and publicly expressive. Such a person enjoys more frequent social interaction ad is gregarious by nature. Introverts tend to be thought-oriented. They are quiet and reserved. They enjoy spending time alone. This type is more reflective in attitude. Most of the people exhibit both orientations to some degree but tend to have an overall preference for one or the other.
2. **Sensing (S) - Intuition (N):** This scale involves looking at how people gather information from the world around them. Just like with extraversion and introversion, all people spend some time sensing and intuiting depending on the situation. According to the MBTI, people tend be dominant in one area or the other. People who 'sensing type' tend to pay a great deal of attention to details, particularly to what they can learn from their own senses. They tend to be more practical and focus on concreteness and specificity. Those who prefer intuition pay more attention to abstract and general aspects of things. They explore more possibilities and are more theoretical.
3. **Thinking (T) - Feeling (F)**: This scale focuses on how people make decisions based on the information that they gathered from their sensing or intuition functions. People who more thinking emphasise facts and objective data. They are analytical and go by rules. They believe in justice. They tend to be logical and impersonal when taking a decision. Those who are feeling are more likely to consider situations and emotions when arriving at a conclusion. They are more subjective in approach and their objective is to attain harmony through mercy.
4. **Judging (J) - Perceiving (P)**: This scale involves how people tend to deal with the outside world. Those who lean toward judging prefer structure and firm decisions. They are time-oriented, more organized

and prefer to make lists. People who are 'perceiving type' are more open, flexible and adaptable. They are more spontaneous and exploring. They make lists but are more likely to lose them than to use them. These two tendencies interact with the other scales. All people at least spend some time extraverting. The judging-perceiving scale helps describe whether one extraverts when one is taking in new information (sensing and intuiting) or when one is making decisions (thinking and feeling).

Each type is then listed by its four letter code:

- ISTJ
- ISTP
- ISFJ
- ISFP
- INFJ
- INFP
- INTJ
- INTP
- ESTP
- ESTJ
- ESFP
- ESFJ
- ENFP
- ENFJ
- ENTP
- ENTJ

MBTI helps in recognizing the personality dimensions and hence personality strengths and weakness of others. This makes it important for managers at workplace. While assigning task to a person, it may be assessed if his personality characteristics would support completion of task. Individual differences may be identified for the formation of effective teams with skill diversity.

**Activity 3**

Talk to the HR manager of a medium sized/large size company or to a manager of a HR consultancy that conducts recruitments. Ask them about the use of the Big Five Model and Myers-Briggs type indicator for recruitment purposes. Note down the response.

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## 5.6 SUMMARY

- The term personality, as described by the researchers today constitutes both internal and external aspects of a person.
- According to Trait theory, personality of an individual may be divided into a number of observable traits which together make up personality.
- According to psychodynamic approach, personality determines the behavior. The personality systems of human mental activity are: The Id, The Ego, The Super Ego.
- The humanistic or self theory is based upon the belief that individuals direct all their actions to achieve self-actualisation
- Integrative approach integrates both personal and situational variables in explaining the concept of personality.
- Personality is determined by three factors: heredity, environment and situation
- Machiavellianism (Mach) refers to the degree to which an individual is practical in his approach, maintains an emotional distance from others, and believes that ends justify the means.
- Self-esteem refers to the degree of self-confidence and belief that one has in his/her capabilities.
- Introversion and extroversion denote a person's penchant for sociability and interpersonal orientation.
- Some other important personality types that affect jobs are locus of control, risk taking, Type A and Type B Personality
- Traits are consistent patterns of thoughts, beliefs, behviours and actions that make people different from one another. Allport classified the traits into two categories: Common traits and Personal

  disposition or individual traits. Cattle's theory divides the traits into two categories: Surface trait and Source trait.
- The Big Five represents a system of classification of traits that has the ability to explain individual differences in personality.

- Myers-Briggs Type Indicator (MBTI) is a personality test designed to assist a person in identifying some significant personal preferences.

## 5.7 KEY WORDS

**Personality:** Personality may be defined in terms of behavioural aspect as propensity to react to different environmental stimuli in a particular manner.

**Personality traits:** The enduring characteristics that define a person

**Macheavellainism:** The degree to which one is practical in approach and believes in achieving ends by the use of any means.

**Self monitoring:** The degree to which one monitors and controls one's behavior according to the need of the situation.

**Locus of control**: The belief whether external factors or factors within oneself control the happenings around a person.

**Big Five dimensions:** The Big Five represents a system of classification of traits that has the ability to explain individual differences in personality. Many researchers believe that our behaviour is actually determined by five traits, and that individuals act and react in different situations due to these traits.

**Myer-briggs type indicator:** Myers-Briggs Type Indicator (MBTI) is a personality test designed to assist a person in identifying some significant personal preferences. It identifies 16 personality types.

## 5.8 SELF ASSESSMENT QUESTIONS

1. What is personality? Discuss the impact of heredity and environment on personality.
2. Write short notes on the following personality traits
   a) Machiavellianism
   b) Self esteem
   c) Locus of control
3. Describe the eight preferences of Myer-Briggs type indicator.
4. Analyse the Big Five Dimensions Model.
5. Explain the psycho dynamic theory and humanistic theory of personality. How do these contribute to our understanding of personality?
6. What is the need to understand personality by managers in organsiations?

7. Discuss Allport theory of traits.

## 5.9 REFERENCES AND FURTHER READINGS

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# UNIT - 6 PERCEPTION AND BEHAVIOUR

**Objectives:**

After reading this unit you will be able to :

- Comprehend the dynamics of perceptual process
- Get an insight into the role of perceiver, target and the situation in the process of perception
- Understand the causes of the errors of perception and how to eliminate them
- Appreciate the impact of perception in understanding behaviours of self and others

**Structure**



## 6.1 INTRODUCTION

We gather information about the world through the five senses, namely sense, of touch, vision, hearing, taste and smell. However, the information gathered through the five senses may be interpreted differently by different persons. Reactions of different persons towards the same situation are also different. Thus, people perceive the same things in a different manner. Take an example of a movie that is viewed by hundreds of people. Many people may like the movie, but not all for the same reason. Some may appreciate acting, while others may appreciate direction of the movie, still others may like it for its songs, depending upon their interests and may be overall state of mind. These differences in interpretations may arise due to different factors. Thus perception may be understood as including all those processes by which an individual receives stimuli from the environment by seeing, hearing feeling, tasting and smelling, which are then interpreted and meaning is drawn out of them. Studies indicate that of these processes are affected by variables related to (1) receiver of the stimuli, (2) the object, person or event being perceived and (3) the situation in which the process is taking place. In other words, "perception is the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment" (Robbins, 1998). Perception plays an important role in organisational settings. Changes in work related policies, for example, changes in work hours at a manufacturing plant, may be viewed differently by different levels of employees. To workers it may seem to be an attempt by the management to exploit them, while the same policies may be viewed as beneficial to organization and to employees by middle and top level management. Thus perception is a complex process which is much more than just receiving sensory impressions. Since perception plays an important role in interpreting and judging behaviours of others, it is very essential for managers to understand the process of perception to avoid misunderstandings at workplace.

## 6.2 PERCEPTUAL PROCESS

Perception involves both physiological and psychological process. The three main components of the process are: perceiver, target (object, person or event) and situation. The perceptual process is a series of steps that a person uses to receive, organize and interpret information from the external environment. The following five steps are involved in the entire process:

**Step 1: Observation Phase**

During this phase the stimuli present in the environment are sensed by the person using the five senses.

**Step 2: Perceptual selection phase**

The perceiver selects certain stimuli from the environment depending upon the factors inherent in the perceiver (such as motives, interests, personality variables etc.), target (shape, size, colour, etc.) and the situation (time of the day, surroundings, etc.).

**Step 3: Organization phase**

During this phase, the selected stimuli are arranged in an order so that some meaning may be drawn out of it. For example,

**Step 4: Interpretation phase**

This is the phase when perceiver elicits a meaning out of the selected and organized stimuli.

**Step 5: Behavioral Response phase**

This phase is characterized by the response of the perceiver to the received stimuli. This response may be reflected as formation of attitudes and feelings or actions.

| THE STAGES OF PERCEPTUAL PROCESS |
|---|
| Observation Phase<br>⇓ |
| Perceptual selection phase |
| Organization phase |
| Interpretation phase |
| Behavioral Response phase |

**Figure 6.1: Stages of perceptual process**

## 6.3 THE ROLE OF PERCEIVER, TARGET AND SITUATION IN PERCEPTION

As discussed earlier, there are three important components of the process of perception. These are:

(1) perceiver;

(2) target; and

(3) situation.

The characteristics of these components together determine the perception.

**Characteristics of Perceiver**

The perception formed is determined to a large extent by the characteristics of the perceiver himself or herself. The personality of the perceiver, his/her frame of mind etc. will affect the perception. Following are the variable with respect to the perceiver that will affect the perceptual process:

- **Motives**

  How a particular situation is perceived depends upon the motives of the perceiver. Perceiver will select only those stimuli that will fulfill their need at that moment. A study showed that when blurred images were shown to people who had been hungry for several hours, people perceived the images to be that of food (McClelland and Atkinson, 1948).

- **Interests**

  There are so many things around us but we give attention only to those things that of our interest. For example, if you have interest in cars, you will keenly observe the models of cars running on road, than counting the number of bakery shops on the way. If you want to buy a magazine and you have interest in sports, you will probably notice only sports related magazines. A cosmetic dentist is more likely to observe the shape of teeth of people in a party, than an engineer. These examples show that our interests determine what are we likely to observe. Different people have different interests and hence their perceptions differ.

- **Attitudes**

  Our attitudes determine our likes and dislikes for different people or things. They are an important determinant of the perception. If you enjoy histrionics and theatre and your friend arranges to get tickets for a coveted theatre show, you will readily buy the tickets and would happily watch the show. But if you do not have interest in drama, chances are that you will not even take free passes as watching drama as it might seem a waste of time. Thus attitudes affect the perception.

- **Personality**

  Different people have different personality characteristics. These personality variables also affect the way they perceive objects, persons and events. For example, people having high risk taking propensity would readily get into the situations that involves high risk. These people enjoy adventurous sports. Low risk taking people would like to play safe and may even ridicule people who, by choice get into risk. Adventurous sports may be perceived as 'useless' activity by such people. Thus, personality characteristics affect perception.

- **Past learning**

  Past learning determines the meaning that we draw out of a situation. We learn from our experiences and we tend to project our past experiences to future situations also. If you read the words given below, the chances are that you must have missed the extra 'the' in the sentence.

A BIRD IN THE
THE BUSH

Figure 6.2: Past learning affects perception

Now if you read the following words in a flow,

**M-A-C-I-N-T-O-S-H**

**M-A-C-M-I-L-A-N**

**M-A-C-T-A-V-I-S-H**

**M-A-C-H-I-N-E-R-Y**

Figure 6.3: Past learning affects our perception

You would have most likely pronounced 'machinery' as you pronounced 'macmilan'.

- **Self Concept**

  Self concept refers to perception of a person about himself/herself which in turn influence his or her perception of the environment around him/her. If a person has a high self-confidence, then the world appears to be friendly, while a person with low self-confidence perceives the world as a threatening place.

- **Cognitive structure**

  Cognitive structure refers to the thought pattern of an individual. Some people perceive physical features before other traits, while others focus first on internal traits. Cognitive structure differs in different persons allows a person to perceive different sets of characteristics of another person.

**Characteristics of Target**

Features of the target, like its size, colour, appearance, background etc. affect the way it is perceived. Now, we shall study certain such characteristics of the target that affect perception. In this context, Gestalt school of psychology is an approach to studying perception which suggests that the whole is different than the sum of the parts. It implies that people draw meaning from the 'total of a group of stimuli' rather than from any 'one individual stimulus'. The Gestalt principles (laws) of perceptual organization concern the process whereby people categorize and organize stimulus information into meaningful units to make sense of the stimuli. They consist of (1) principles of grouping—how people organize individual stimuli into groups or chunks of information, and (2) principles of context—how the surrounding environment (context) helps determine individuals' perceptions of stimuli in that environment.

**1) Principles of grouping**

**Grouping** is a process whereby individuals are inclined to perceive stimuli as belonging together or forming groups rather than as discrete objects or pieces of information. Five bases on which grouping is done are the principles are similarity, proximity, continuity, closure, and simplicity.

· **Similarity**

Things that are physically similar are perceived as forming one group or a whole figure (gestalt). Therefore, in the following figure 'XX' and 'OO' are seen as two groups, and the figure in totality is perceived as consisting of four rows rather than ten columns. In an organization, employees belonging to different age groups will most likely be seen to have similar thinking. Thus, all those in their 20Ss will be perceived as having similar views which would be different from that of those in their 50s. Here, People have been grouped together on the basis of their age group.

```
O O O O O O O O O O
 X X X X X X X X X X
O O O O O O O O O O
 X X X X X X X X X X
```

Figure 6.4: Similarity in target affect perception

· **Proximity**

The proximity principle suggests that things that are in close proximity to one another are perceived as belonging together or as forming a gestalt. Thus, employees who have their lunch together in office canteen everyday are seen as one group. In the following figure one would most likely see five groups. Though these groups comprise figures of different shapes, yet these would be perceived as one group because of their proximity.

```
O O O    O O O    O O
X X X    X X X    X X

   O O O O    O O O
   X X X X    X X X
```

Figure 6.5: Proximity affects perception

U.P.Rajarshi Tandon Open University, Allahabad

# MBA-1.2 ORGANIZATIONAL BEHAVIOUR

# Block 3

## Motivation and Leadership

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## परिमापक

**अनुवाद की स्थिति में**

| | |
|---|---|
| मूल लेखक | अनुवाद |
| मूल सम्पादक | भाषा सम्पादक |
| मूल परिमापक | परिमापक |

## सहयोगी टीम

**संयोजक** Dr. Gaurav Sankalp, SOMS UPRTOU, Allahabad





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मुद्रक : नितिन प्रिन्टर्स, 1, पुराना कटरा, इलाहाबाद ।

# BLOCK -3 CONCEPT OF MOTIVATION

Block 3 contains four units. Unit nine deals with motivation and its theory. Unit Ten deals with motivation and its practical application. Unit eleven deals with leadership theories while unit twelve deals with contingecy perspectives of leadership.

# UNIT 9 MOTIVATION

**Objectives**

After reading this unit you will be able to

- Understand the concept of motivation
- learn need-based theories of motivation
- Learn behavioral theories of motivation
- Understand various models of motivation

**Structure**



## 9.1 CONCEPT OF MOTIVATION

Employees comprise the most critical resource of any organization, i.e., human resource, and this resource needs to be motivated in order to attain organizational objectives. Motivation is the key to organizational effectiveness; it is a drive that compels one to act, because human bevavior is directed towards one goal or the other.

The word motivation is derived from "motive", which means an active form of a desire, craving or need that must be satisfied. Motivation is an internal state or condition (sometimes described as a need, desire, or want) that serves to activate or energize a particular behavior and gives it direction. It is usually intrinsic (internal); it comes from within, based on personal interests, desires and ned for fulfillment. However, extrinsic (external) factors such as rewards, praise and promotions also influence motivation. Thus motivation can be referred to as the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action.

Broadly speaking, motivation refers to the individual forces that account for the direction, level, and persistence of a person's efforts at work. Here direction refers to an individuals choice when presented with a number of possible alternatives (e.g., whether to exert efforts towards quality of a product or towards its quantity, or whether to opt for profit maximization or cost minimization). Level refers to the amount of effort a person puts forth (e.g., a lot or a little). Persistence refers to the length of time a person devotes to a given action (e.g., trying to achieve a desired product quality and giving it up when it is found difficult to attain).

**Definition of Motivation**

Motivation is a concept that is of interest to a wide variety of disciplines like management and psychology, and has been defined in various ways by different authors. The psychological meaning of motivation is that it is the mental state of a person which relates to the initiation, direction, persistence, intensity, and termination of a behavior. The managerial interpretation is that, motivation is the activity of managers to induce others to produce results desired by the organization or by the manager.

Gareth Jones, Jennifer George and Charles Hill define motivation as "psychological forces that determine the direction of a person's behavior, a person's level of effort, and a person's level of persistence in the face of obstacles." According to George R. Terry, "Motivation is the desire within an individual that stimulates him or to action. "David Myers defines motivation as "a need or desire that serves to energize behavior and to direct it towards a goal," According to Frank Hawkins, motivation is "What drives or induces a person to behave an important activities. It influences that level of performance, the efficiency achieved and the time spent on an activity." In the words of Robert Dubin, motivation is "the complex of forces starting and keeping a person at work in an organization at work in an organization." Viteles defines motivation as "an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium, by satisfying the need." The Encyclopedia of Management neatly sums up the concept of motivation as the degree of readines of an organism to pursue some designated goals, and it implies the determination of the nature and locus of force inducing a degree of readiness.

On the basis of the above definitions, the following observations can be made regarding motivation:

- Motivation is an inner psychological force which activates and compels an individual to behave in a particular manner. It originates from the needs and wants of an individual.
- Motivation is also a process of stimulating and channelizing the energy of an individual for achieving goals.
- The Motivation process is influenced by personality traits, learning abilities, perception and competence of an individual. Motivating force and its degrees may differ from individual to individual, depending on personality, needs, competence and other factors.
- The Motivation procedure in an organizational set up contributes to and boosts up the morale of employees. A high degree of motivation may lead to high morale. A highly motivated employee works more efficiently and his/her level of production tends to be higher than others.
- Motivation also plays a crucial role in determining level of performance. Highly motivated employees get higher satisfaction, which may lead to higher efficiency.
- Motivation may be positive as well as negative. Positive motivation includes incentives, rewards and other benefits, while negative motivation implies some form of punishment, fear, use of force, etc.
- The process of motivation helps managers in analyzing and understanding human behavior and finding out how an individual can be inspired to produce desirable working behaviors.

People who are committed to achieving organizational objectives generally outperform those who are not committed. In a highly competitive market, in wihch margin is the keyword to success, the use of incentives and re wards to motivate human resource is not new as a business practice. Rewards are externally controlling variables of behavior and can increase the likelihood of a behavior to occur over time, if delievered contingent upon the specific behavior. Broadly speaking, rewards in any organizational set up may be categorized as extrinsic and intrinsic. Extrinsic rewards are tangible and mostly of a financial nature (e.g., pay raise, bonus and benefits); they are named extrinsic because they are external to the work itself. Intrinsic rewards, on the other hand, are psychological rewards that employees get by doing meaningful work and performing well. Those who are intrinsically rewarded by accomplishments at workplace are satisfied with their jobs and are individuals with high self-esteem. Therefore, an important task of management is to identify which type of rewards motivates which employee; to help make work more satisfying and rewarding for an employee; and to keep employee motivation consistent with organizational objectives.

The world of work is changing at a very rapid pace. With the emergence of factors like increasing global competition, resources getting scarce and costly, outsourcing becoming more and more important, and diversity of workforce on the rise, organizations are getting exposed to diametrically opposite problems like attrition and rescructuring. All these factors, including the influences of different cultures, are affecting what people value and what is rewarding to them. Motivating employees thus continues to bring up new challenges to modern organizations.

## 9.2 NEED-BASED THEORIES OF MOTIVATION

Need-based theories are based on some of the earliest research in the field of human relations. These theories try to answer the simple question, "What factor(s) motivate people to choose certain behaviors?" The premise behind these theories is that if managers can uncerstand the needs that motivate employees, then reward systems that fulfill those needs can be implemented to reinforce the appropriate behavior.

Maslow's Hierarchy of Needs

In 1940s, Abraham Maslow, a Professor at Brandeis University and a practicing psychologist, developed a theory which is celebrated across the world and is popularly known as the Hierarchy of Needs Theory. He identified a set of needs that he prioritized into a hierarchy, given in Figure 1. This theory assumes that people are motivated to satisfy five levels of needs : Physiological, security, social, esteem and self-actualization needs explained below:

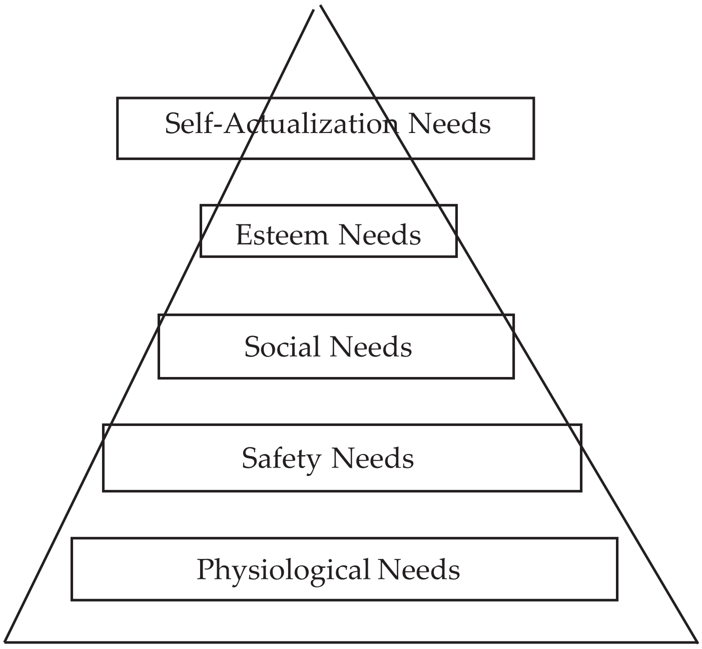


Fig. 1 : Maslow's Hierarchy of Needs

**i. Physiological Needs**

The need for sunlight, food, water, sex, and others, which are basic to human survival, comes under physioslogical neds. These are basic or primary needs that must be fulfilled for the very existence of an individual . At work level, such needs of employees can be met by providing good working conditions, attractive wage or salary, subsidized housing, canteen facilities etc.

**ii. Safety Needs**

The next higher level of needs, i.e., safety needs, include the need for freedom from threats caused by the environment, animals and people. It also includes the need for shelter, security and peace. Organizations can meet this need of employees by providing private health insurance cover, attractive pension scheme, safe working conditions etc.

**iii. Social Needs**

Also known as need for love and belongingness, social needs cover the need for relationships, affection, giving and receiving love, and belongingness. A manager can provide the following facilities to take care of these needs: company sports and social clubs, office parties, outings and informal activities. Encouraging open communication can also increase interaction with employees and thus meed such needs.

**iv. Esteem Needs**

The next higher level is of esteem needs, also known as ego needs or self-esteem needs, which include the need for strength, achievement, recognition, appreciation, respect and prestige. In order to meet such needs of employees, a manager can provide regular and positive feedback, prestigious job titles, recognition schemes, promotions, etc.

**v. Self-actualization Needs**

Self-actualization needs represent the highest level of needs in the hierarchy proposed by Maslow, and refer to a person's desire for self-fulfillment, namely, to the tendency to become actualized in what he/she is potentially. Challenging job assignments, discretion over work activities, promotion oppotuntieis and encouragement to bring out creativity at work can fulfill these needs.

Maslow classified these five needs into two broad categories: higher order needs and lower order needs. The basic needs, i.e., physiological needs, safety needs and social needs were classified as lower order needs, whereas esteem and self-actualization needs were described as higher order needs. The distinction between these two categories was made based on a single premise: whether a person assigns more importance to internal factors or to external factors. If a person gives more importance to the external factors such as salary, security, company policies, fringe benefits, etc., the lower order needs are very dominant in him/her. On the contrary, if a person assigns greater importance to challenging assignments, self-esteem and recognition, it is implied that the higher order needs are very dominant in him/her. Maslow's framework is based on three fundamental assumptions:

i. Individuals are goal-oriented, and their needs can influence teir behavior. Further, only unsatisfied needs can influence behavior; satisfied needs do not act as motivators.

ii. A person's needs are arranged in an order of imporance or heirarchy, from the basic (e.g., food and shelter) to the complex (e.g., ego and achievement).

iii. An individual advances to the next level of the need hierarchy, i.e. from basic to complex needs, only when a lower order need is substantially satisfied before the next level is activated. In other words, the next level in the hierarchy will be dominant only after the fulfillment of a need at its lower level. For example, a worker will first focus on satisfying a need for safe working conditions before his/her motivated behavior is directed towards satisfying a need for achieving successful accomplishment of a task.

The theory of hierarchy of needs is built on the framework that unsatisfied needs serve as factors that direct people to a specific behavior. Maslow took a deprivation-gratification approach to need satisfaction. That is, he contended that an unfulfilled or deprived need would activate a person to engage in a behavior that would satisfy or gratify that need. Once one level of need is gratified, it then ceases to be a motivator of behavior and the next level of needs will emerge as the deprived needs seeking to be gratified. For example, an assembly line worker may have a desire or need to become a supervisor. He/she can be promoted to a supervisory role in the factory in due course of time through training programs or part-time courses. When the need to become a supervisor no longer exists, the behavior of the individual will now be altered to a new situating.

***Implications of Maslow's Hierarchy of Needs Theory***

This model can be applied to motivate people at all levels in the organization and it helps managers understand and deal with issues of employee motivation at workplace. Managers who accepted Maslow's hierarchy have attempted to change their organizations and management practices so that employees' needs could be satisfied. Fortunately, modern organizations have the potentials to offer gratification of different types of needs, and managers can motivate employees by giving appropriate organizational support which will fulfill individual needs. Understanding the need patterns of staff can help managers engage employees in the kinds of work activities and provide the types of work environment that will satisfy their needs at work. For instance, social needs of employees can be satisfied by organizing weekend parties of peers with families, creating recreation clubs, etc.

An important point for managers to consider is that highly deficient needs, or needs that have gone unsatisfied for long period of time, serve to cause behavioral responses like frustration, conflict and stress. Reaction to such responses varies from individual to individual, depending upon environmental, organizational and personal factors. These reactions to need deficiency take the form of at least four different defensive behaviors, namely aggression, rationalization, compensation and regression.

Maslow's hierarchy of needs theory has received wide recognition, particularly among practicing managers, but it lacks substantial empirical support. Research fails to support the existence of this five-step hierarchy of needs; rather these needs seem to operate in a flexible hierarchy. Some research suggests that higher order needs tend to become more important than lower order needs as individuals move up the organizational hierarchy. Other studies report that these needs vary according to factors like career stage, size of the organization, and even geographical location. Further, there is no consistent evidence that the satisfaction of a need at one level decreases its importance and increases the importance of the next higher need. Finally, when examined across cultures, the hierarchy of needs is found to vary widely. For instance, social needs tend to dominate in more collectivist societies such as India. However, Maslow's view is quite popular in USA, because it can be easily implemented in American organizations.

Despite its drawbacks, Maslow's theory is one of the basic theories of motivation. It offers managers a good technique of understanding the motives or needs of organizational members.

**ERG Theory of Motivation**

Clayton Alderfer proposed a modified version of Maslow's need hierarchy and labeled it as the ERG theory. ERG refers to three groups of core needs : Existence, Relatedness and Growth (ERG).

**i. Existence Needs**

These needs represent the various forms of physiological and material desires, such as hunger, thirst and shelter. The need for pay, benefits and physical working conditions in organizational settings are also included in this category. Existence needs are comparable to Maslow's physiological and certain safety needs.

**ii. Relatedness Needs**

These include all needs that involve interpersonal relationships with others at workplace. This type of needs in individuals depends on the process of sharing and mutuality of feelings to attain satisfaction, and is similar to Maslow's social need and the external component of his esteem need.

**iii. Growth Needs**

Growth needs refer to an intrinsic desire for personal development; such needs involve a person's efforts towards creative or personal growth on the job. Satisfaction of these needs results from an individual engaging in tasks that not only require full utilization of his/her capabilitiess, but may also require the development of new capabilities. Maslow's self-actualization and the intrinsic component of esteem needs are comparable to growth needs.

As per Maslow's theory, once one level of need is gratified, the next level of needs will emerge, seeking to be gratified. Contrary to this, Alderfer's ERG theory does not assume a rigid hierarchy where a lower need must be substantially satisfied before one can move on to the next higher level. Instead, it demonstrates that more than one need may be operative at the same time. The ERG theory is based upon the following propositions: .

· The less each level of need has been satisfied, the more it will be desired (e.g., the less the existence needs (say, pay) have been satisfied on the job, the more they will be desired).

· The more the lower level needs have been satisfied; the greater the d esire for higher level needs. For example, the more existence needs have been satisfied for the individual worker (say, pay), the greater would be his/her desire for relatedness needs (say), satisfying interpersonal relationships)

· The less the higher level need have been satisfied, the more the lower level needs will be desire. For example, the less the growth needs have been satisfied (say, challenging work), the more relatedness needs will be desired (say, satisfying interpersonal relationships).

Thus ERG theory differs from Maslow's need hierarchy in the following aspects:

· Alderfer believed that needs are met simultaneously and in no specific order, while Maslow's theory states that needs are met one by one and in a specific order. An example of ERG theory is a starving artist who may place greater emphasis on creating art (growth) than on existence needs like food or shelter.

- Alderfer highlighted that once an individual's higher level need is not fully satisfied or he/she encounters difficulty in fulfilling such need, this would result in frustration and disappointment. Further, the individual will exhibit a strong desire to regress to a lower level need in which he/she finds more comfort and satisfaction.
- Alderfer further stated that an individual may have an intention to fulfill more than one need at the same time. In other words, an individual may be working towards fulfilling both his/her relatedness needs and growth needs or existence and related needs simultaneously. An employee who seeks a promotion or increased responsibilities may be attempting to satisfy all needs by increasing pay (existence), developing a larger social network (relatedness), and increasing self-esteem (growth).

In summary, ERG theory argues, like Maslow, that satisfied lower-order needs lead to the desire to satisfy higher order needs; but multiple needs can be operating as motivators at the same time, and frustration in attempting to satisfy a higher level need can result in regression to a lower level need. Alderfer's ERG theory clearly states that all categories of needs can become more important as they are satisfied. Additionally, individuals may place greater emphasis on any single category as opposed to the rigid hierarchy of moving from one need to the next.

**Implications of ERG Theory**

Alderfer has proposed two sets of views on individual's aspirations and fulfillment of needs. One is satisfaction-progression and other is frustration-regression. Satisfaction progression is similar to Maslow's model, in which once an individual's basic needs are satisfied, he/she will progress to the next higher level to have them satisfied. The other view proposed was of an individual's aspirations and fulfillment. If people eventually become frustrated in trying to satisfy their needs at one level, their next lower level needs will re-emerge and they will regress to the lower level to satisfy the ore basic needs. This is known as frustration-regression. If we look back to Maslow's theory, an individual would stay at a certain need level until that need was satisfied.ERG theory counters by noting that when a higher order need level is frustrated, the individual's desire to increase a lower-level need takes place. For example, inability to satisfy a need for social interaction might increase the desire for more money or better working conditions. So frustration can lead to a regression to a lower need.

To summarize, the ERG theory argues that satisfied lower order needs lead to the desire to satisfy higher order needs; however, multiple needs can be operating as motivators at the same time and frustration in attempting to satisfy a higher level need can result in regression to a lower-level need. For managers, the ERG theory provides a more workable approach to motivation in organizations because of the frustration-regression approach component, which gives the opportunity of directing employee behavior in a constructive manner even though higher order needs are temporarily frustrated. Figure 2 shows ERG theory in terms of satisfaction-progression and frustration-regression.

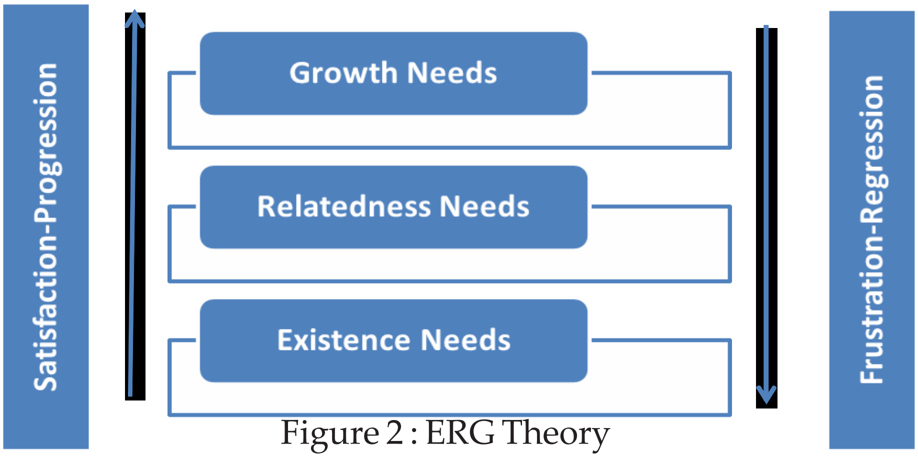


Figure 2 : ERG Theory

The ABC Group

The ABC Group provides business and technology consulting services to middle- market companies and is dedicated to accelerating growth, improving profitability and driving performance for its clients. The Group has operations and offices in the United States (Florida, Illinois, Massachusetts, Pennsylvania and Wisconsin) and in India (Bangalore and Mumbai). The CEO, Mr. AB, and the President, Mr. CD, two long-time friendds, founded the company in 1992, with vision of building a company that clients could rely upon as their trusted advisor through its integrated approach, the strength of its consulting staff, and through its business and technology expertise. Over time, the ABC Group has grown to over 400 employees, and attributes its longevity to its core values, one of which is teamwork. Mr. CD believes in investing in his human capital, and to take advantage of his employees' otentials, he has implemented a "career-pathing" program almost since he had started the business. Under this program, each employee sits down with a company assigned mentor at the beginning of the year to develop an individual annual growth plan. Such a plan typically contains the details of how the employee will spend his/her mandatory three weeks of training, as well as what progress he/she needs to make to receive a promotion. Employees receive quarterly updates on their progress and have periodic discussions with their mentors. Mr. CD salects mentors not by titles or tenure, but by their people skills and their knowledge of both the company and the industry. He finds the program to be efffective for retention.

1. Refer to the needs hierarchy and the ERG theory. Then describe what motivators does the ABC Group concentrate on?

2. How might the expectancy theory explain the Group's success in hiring and retaining productive employees?

3. How does the "career-pathing" program motivate the employees of the Group?

**Herzberg's Two-Factor Theory of Motivation**

Herzberg conducted a widely reported motivational study on about 200 accountants and engineers employed by firms in and around Pittsburgh, Pennsylvania. He used the critical incident method of obtaining data for analysis by asking a simple question such as "Can you describe, in detai when you feel exceptionally good about your job? Similarly, can you describe, in detail, when you feel exceptionally bad about your job?" Good feelongs about the job were reflected in comments related to the content and experiences of the job (e.g., doing good work or a feeling of accomplishment and challenge); bad feelings about the job were associated with context factors, i.e., those surrounding but not directly involving in the work itself (e.g., salary and working conditions). Accordingly Herzberg suggested that there are two sets of factors which either led to job satisfaction or dissatisfaction. They are termed respectively as motivating factors (or satisfiers) and hygiene factors (or dissatisfiers), described as follows:

**i. Dissatisfiers**

There is a set of extrinsic job conditions which, when not present, result in dissatisfaction among employees. Surprisingly, if these conditions are present, they do not necessarily motivate employees. These factors are related to the context of the job and Herzberg named them as dissatisfiers or hygiene factors, because they are needed to maintain at least a level of no dissatisfaction. Broadly speaking, these include; job security, salary, working conditions, status, company policies, supervision and fringe benefits. Herzberg argued that improvement in the hygiene factors would only minimize dissatisfaction, but would not increase satisfaction and motivation.

**ii. Satisfiers**

There is also a set of intrinsic job conditions that help to build levels of motivation, which can result in good job performance. The presence of motivating factors always ensure job satisfaction and happiness among the employees. If these factors (or conditions) are not present, they do not result in dissatisfaction as such. They are related to the content of the job and are called satisfiers. These include: achievement, recognition, work itself, responsibility advancement, and personal growth and development.

Figure 3 shows the motivating factors and hygiene factors in Herzberg's theory.

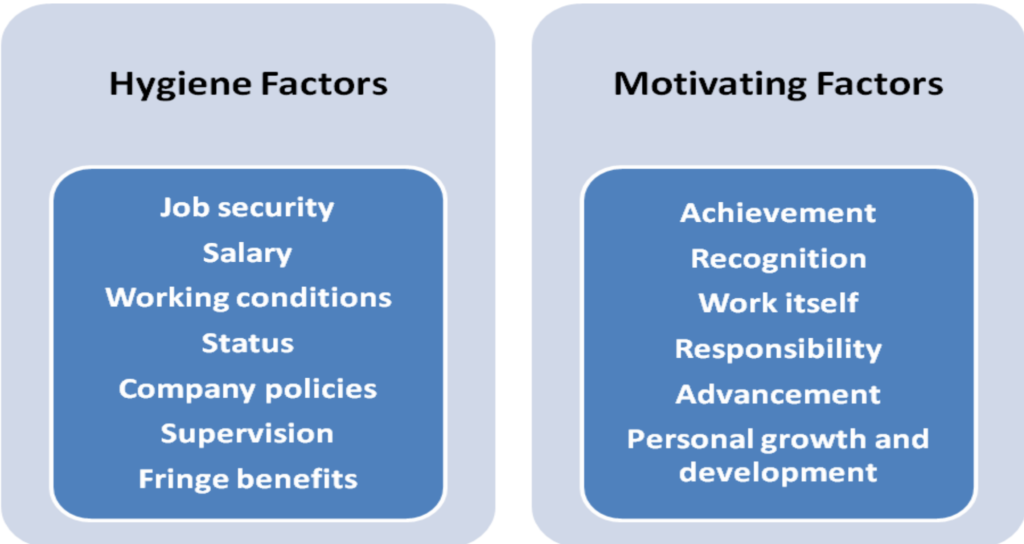


figure 3: Herzberg's Two-Factor Theory of Motivation

**Implications of Herzberg's Two factor Theory**

In order to motivate employees, managers must ensure to provide first the hygiene factors and then the motivating factors. Herzberg's Two-Factor Theory (also termed as the Motivation-Hygiene Theory) proposes that intrinsic factors are related to job satisafaction and motivation, whereas extrinsic factors are associated with job dissatisfaction.

According to Herzberg, the factors that lead to job satisfaction are separate and distinct from those that lead to job dissatisfaction . Therefore, managers who sought to eliminate factors at work that created job dissatisfaction could bring about workplace harmony, but not necessarily motivation. Because they do not motivate employees, the extrinsic factors that create job dissatisfaction were termed "hygiene factors". When these factors are adequate, people will not be dissatisfied; but at the same time they may not be fully satisfied; rather they will be in neutral state. Merely treating employees well through good company policies is not sufficient to motivate them. It is hence suggested to give more importance to job content factors such as opportunities for personal growth, recognition, responsibility, and achievement. These are the characteristics that people find intrinsically rewarding. Managers should utilize the skills, abilities and talents of employees should be challenging and exciting and offer them a sense of achievement, recognition, and growth. Unless these characteristics are present in the job, employees will not be motivated.

Activity

Your Own Motivators and Hygienes

Below are 12 job factors that contribute to job satisfaction. Rate each according to how important it is to you. Assign any number from 1 to 5 (as per 5 =Very important, 4 = Somewhat important, 3 = Neutral, 2 = Somewhat unimportant, 1 = Very unimportant) on the line before each factor.

| Very important | Somewhat important | Neutral | Somewhat unimportant | Very unimportant |
|---|---|---|---|---|
| 5 | 4 | 3 | 2 | 1 |

1. An interesting job.
2. Good working conditions (nice office)
3. A prestigious job
4. The opportunity for advancement
5. A satisfying personal life.
6. Recognition and appreciation for the work I do.
7. A job I can do well and succeed at.

8. A good boss.
9. Company rules, regulations, procedures, and policies.
10. The opportunity to grow through learning new things.
11. Job responsibility.
12. Job security.

To determine if hygienes or motivators are important to you, on the lines below place the numbers ( 1 5) that represents your answers for the statements. Add each column. Did you select hygienes or motivators as being more important to you? Now we will find out their significance.

| Hygienes Score | Motivators Score |
|---|---|
| 2------- | 1. ------ |
| 5 ------ | 3 ------ |
| 6 ------ | 4. ------ |
| 8 ------ | 7. ------ |
| 9 ------ | 10.------- |
| 12------- | 11/-------- |
| Total | Total |

**Mc Gregor's Theory X and Theory Y**

In general people tend to have either positive or negative assumptions about human nature. Based on these assumptions. McGregor's theory rests on how a manager feels about human nature. McGregor proposed two sets of theories as Theory X (negative assumptions) and Theory Y (positive assumptions), discussed here:

**Theory X**

Theory X represents the traditional approach to managing and is characterized by the following basic assumptions about human beings:

- The average human being has an inherent dislike of work and will avoid it if he can.
- Because of this inherent characteristics of disliking work, most people must be coeerced, controlled, directed, and threatened with

punishment to ensure that they put forth adequate efforts towards the achievement of organizational objectives.

- The average human being prefers to be directed, wishes to avoid responsibility, is relatively less ambitious, and wants security above all.

**Implications of Theory X**

Once managers tend to have the above-mentioned negative assumptions about employees, consequently they tend to adopt control measures or strict supervision to get results from them. Such control can be achieved by the appropriate use of rewards and punishment. Theory X usually operates in traditional, highly centralized organizations wherein decisions are made largely by the manager and communicated in writing or verbally in a formal situation. Members of the group will rarely be involved in determining their own tasks.

**Theory Y**

Theory Y is more people-oriented. It refers to Maslow's hierarchy of needs, particularly by higher- order needs and the motivation to fulfill these needs at work. Following are some of the assumptions of Theory Y:

- The expenditure of physical and mental efforts at work is as natural as play or rest.
- Average human beings learn, under proper conditions, not only to accept, but also to seek responsibilities.
- Under the conditions of modern industrial life, the intelleciual potentialities of the average human being are only partially utilized. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely distributed in the population.
- External control and threat of punishment are not the only means for bringing about efforts towards meeting organizational objectives. People are bound to exercise self-direction and self-control in the services of objectives to which they are committed (i.e., they are not lazy).
- Commitment to objectives is a function of rewards associated with their achievement.

**Implications of Theory Y**

Leader operating under the assumptions of Theory Y will be more likely to consult the members of their groups, encourage members to contribute to decision making, and work without strict supervision. Theory Y thus propagates participation and concern for worker morale. The acceptance of this theory encouraged managers to implement practices like delegation of authority for decision making, enlargement and enrichment of jobs by making them less repetitive, increase the variety of activities and resonsibilities, and improve the free flow of communication within the organization.

However, Theory Y is criticized on the ground that it lays too much emphasis on informal group processes. Also the strategies evolved on the basis of Theory Y may be successful in one organization, but they may not be successful in another.

**McClelland's Three-Needs Theory**

McClelland proposed three types of needs commonly found in work life: Need for Achievement, Need for Power and Need for Affiliation.

i. **Need for Achievement**

Need for Achievement (nAch) refers to the drive to excel, to achieve in relation to a set of standards, and to strive to succeed. People with a high need for achievement strive for personal achievements rather than for rewards. They have a desire to do something better or more efficiently than it has been done before. Such people have a yearning for jobs that offer: personal responsibility for finding solutions to problems; quick and unambiguous feedback on performance, clearly indicating as to whether an individual is improving or not; and moderately challenging goals. It would be wrong to say that high achievers are like gamblers; they actually dislike succeeding by chance. These individuals are motivated and prefer the challenge of working at problems and accepting the personal responsibility for success or failure.

ii. **Need for Power**

Need for Power (n Pow) refers to the need to make others behave in a way that they would not have behaved othersise. Individuals high in this need enjoy being 'in-charge': they strive for influence over others, and prefer to be in competitive and s tatus-oriented situations.

McClelland categorized power into two types: personal power and institutioanl power. Managers high in personal power like to inspire subordinates and expect the latter to respect and obey them. Such behaviors gratify their own need for power in a personal sense. Managers who sre high in institutional power tend to exert authority and influence on others, so as to achieve the goals of the organization, rather than to satisfy personal ego. McClelland describes such managers as "organization-minded", as they exercise power and get things done in the interests and welfare of the organization. McClelland feels that institutional or social power is good for an organization and personal power is deterimental to the overall interests of the organization.

**iii. Need for Affiliation**

Need for Affiliation (nAff) refers to the desire for friently and close interpersonal relationships. Individuals high in Need for Affiliation like to interact with colleagues in the organization; they have a strong desire for approval and reassurance from others and are willing to conform to the norms of groups to which they belong. They are usually gregarious by nature and like to work with others in a friendly atmosphere. Team work, cooperative efforts, and joint problem-solving sessions are suited for those high in this need.

***Implications of McClelland's Three-Needs Theory***

For individuals high in Need for Achievement (nAch), too little challenge at work will bring monotony, since there is no opportunity to satisfy their urge to achieve. However, too much challenge would imply that the job is difficult and hence will induce fear of failure in them. Since their needs for achievement and accom;plishment are high, high nArc individuals will avoid working on jobs that are so challenging that successful task accomplishment may become doubtful. Also, high achievers tend to avoid very easy or very difficult tasks; instead they show willingness to take up any assignment of moderate level of difficulty.

Positions of authority and influence in the organization bring out the best in persons with high Need for Power (n Pow). These people like to take charge and be in control of situations. Placing such individuals in high level positiions will help them to gratify their own needs as well as get many of the organization's policies and orders followed and carried out by their subordinates.

People high in Need for Affiliation (nAff) perform better when they are given supportive feedback. Thus, friendly managers and supervisors can influence such individuals and motivate them to work harder.

## 9.3 EXPECTANCY THEORY

Expectancy theory by Victor Vroom relates to choice behavior;. It states that individuals will evaluate various strategies of behavior (e.g., working hard each day of the week versus working hard four out of five days) and then choose the particular strategy that they believe will lead to those work-related rewards that they value (e.g., pay increase). If an individual worker believes that working hard each day of the week will lead to an increase in pay, expectancy theory would predict that this will be the behavior he/she will choose. This model is generally known as expectancy theory, but is sometimes referred to as VIE theory, where the letters stand for Valence, Instrumentality and Expectancy, respectively . Expectancy theory is classified as a process theory of motivation, because it emphasizes individual's perception of the environment and subsequent interactions arising as a consequence of personal expectations. It states that individuals have different sets of goals and can be motivated if they believe that :

- There is a positive correlation between efforts and performance.
- Favorable performance will result in a desirable reward.
- The reward will satisfy an important need.

The main postulates of this theory are centered on the belief system of an individual. Expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and also on the attractiveness of that outcome to the individual. When deciding among behavioral options, individual select the option that has the greatest motivation force (MF), which, for a behavior, action, or task is a function of three distinct perceptions: Expectancy, Instrumentality, and Valence. This functional relationship can be expressed as the product of these three perceptions:

MF = Expectancy x Instrumentality x Valence

Let us explain these key concepts here :

**i. Expectancy I : Effort-Performance Relationship**

Expectancy is the perceived belief concerning the likelihood that a particular behavioral act will be followed by a particular outcome. It represents the extent to which an individual's belief system links the Effort-Pefformance relationship, i.e., exerting a given amount of effort will lead to a corresponding level of performance. The degree of such belief can vary between 0 (representing complete lack of a relationship between the act and a given outcome) and 1 (representing complete certainty that an act will result in a given outcome).

Let us explain this with an illustration. Suppose that a student has a strong belief that if he puts 10 hours of reading per day, the chance of his getting a First Divisiion in examination is very high, and at the same time if he behieves that with only 2 hours of reading per day, the chance of getting a pass mark is very remote. The main emphasis here is that differential levels of efforts in work will lead to differential levels of outcome (i.e., securing a First Division and securing passing marks). The student has two options here: he might decide to put forth his best effort and perform an excellent job, or he might decide to put forth a moderate level of effort and do an acceptable job. In the latter case, the final performance may be either acceptable or less acceptable Hence, for each of the effort-performance contingencies, the individual will attach some kind of probability which would range from 0 to 1. For example, the individual might attach a probability of 0.8 that he would do an excellent job if he puts in superior efforts and a probability of 0.2 that it would end up to be only an acceptable job even when he puts in superior performance.

**ii. Expectancy II (Instrumentality): Performance-Reward Relationship**

Instrumentality is the belief that if one does meet performance expectations, he/she will receive a greater reward. This refers to the relationship between first and second-level outcomes. According to Vroom, instrumentality can vary between +1.0 and -1.0. If the first level outcome (e.g., high performance) always leads to a pay increase, then instrumentality would be perceived as having a value of +1.0. If there is no perceived relationship between the first and second-level outcomes, then instrumentality approaches zero. This may be inferred as the extent to which an individual's belief system links the Performance-Reward relationship, that is, getting a desired level of performance will lead to the atainment of a desired outcome. For example, if a production manager produces more than anyone else in the plant, would it lead to a bigger raise or a faster promotion? The main emphasis here is that differential level of performance in work will lead to differential levels of reward outcome.

iii. **Valence : Attractiveness of Rewards**

Valence refers to the degree to which organizational rewards satisfy an individual's personal goals or needs and th attractiveness of these potential rewards for the individual. This is a function of his/her needs, goals and values. For example: Do I want a bigger pay raise? Do I want a promotion?

The interaction of all these components is represented in Figure 4 below.

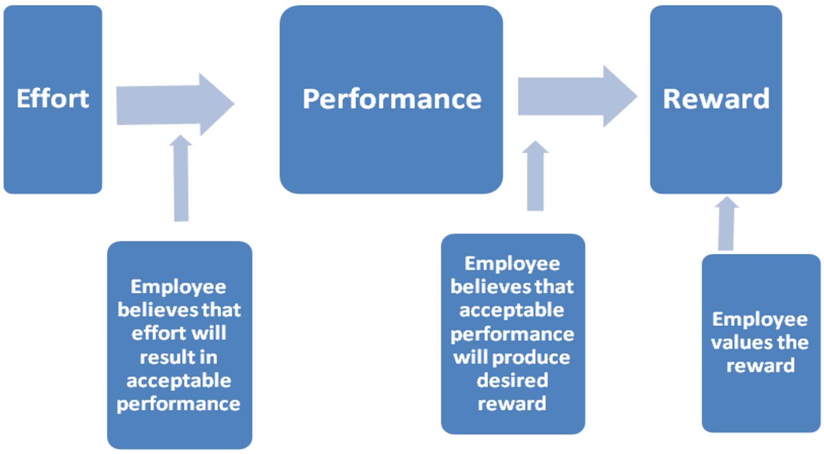


Figure 4 : Expectancy Theory

Expectancy theory helps to analyze the extent to which the belief system of an individual facilitates to maximize the amount of effort the individual puts in work. For instance, if a person believes that his skill level is deficient, no matter how hard he tries in his work, he is not likely to appraisal regardless of his best efforts, and this would be a source of low motivation for the employee. If a person feels that the Performance-Reward relationship in his job is weak, his chances of getting outstanding performance will be poor. The reason is that reward systems in organizations are not solely based on performance criteria, but on other non-performance factors as well. For example, when pay rise is given to employees based on non-perforamcne factors such as seniority, employees are likely to see a weak performance-reward relationship, and may thus feel demotivated.

**Implications of Vroom's Expectancy Model**

Following the basic tenets of Vroom's Expectancy Model, if an employee feels that the rewards in his/her organization are not so attractive to fulfill his/her goals, he/she may not put much effort in work. For example, the employee works hard with the hope of getting a promotion, but if he/whe gets a pay rise instead, in which he/she is notinterested, this will make him/her demotivated. It is hence desirable to assess what attracts employees at work. However, some managers incorrectly assume that all employees want the same thing and follow a one-size -fit-all rule, thus overlooking the motivational effects of differentiating rewards. Let us now discuss the organizational applications of the Expectancy Model.

A managers' ability to understand expectancy as related to the Effort-Performance linkage can be extremely useful in the workplace. Given the premise that an unchallenging work leads to boredome, frustration and marginal performance, a manager needs to give a reasonably challenging assignment to the employee, which would allow for self-confidence, ability development. Employees differ on experience, knowledge, training, skill, educational level and other traits: hence taks need to be assigned based on the individual's level of competence. Further, managers must recognize that employees also differ greatly in their levels of self-esteem as regards completion of a task. Confidence plays a significant role in an employee's ability to perceive his/her effort as capable of reaching a desired performance output. Also the outcome need to be communicated clearly with precise goals that need to be accomplished.

Instrumentality is rooted in the belief that the performance rendered will result in the outcome promised. The Performance-Reward (nstrumentality) linkage will be strengthened if the outcome of treatment an employee receives from a specific performance is consistently applied. An employee should come to understand that a

particular action is associated with a particular type of treatment. As regards valence, the attractiveness or value of outcome differs amongst individuals. A manager must be able to identify the value of each outcome from the perspective of the employee. Further, the personal goals of employees must be aligned with those of the organization, so that the employee's motivational force associated with receiving outcomes of high valence are aligned with the furthering of organizational interests.

In summary, the key to expectancy theory is the understanding of an individual's goals and the linkage between effort and performance, between performance and rewards, and finally, between rewards and individual goal satisfaction.

**Porter and Lawler Model**

Since its inception, Vroom's initial model on expectancy theory has undergone several developments. Similar to Vroom's theory, Porter and Lawler concluded that an individual's motivation to complete a task is affected by the reward that they expect to receive for completing the task. However Porter ans Lawler introduced additional aspects to Vroom's original theory and have proposed an interesting extension to Vroom's theory. In fact, Porter and Lawler's model went beyond Vroom's linkage of effort-performance and outcomes, and saw that effort to actual performance was moderated and influenced by an individual's own traits and abilities and perception of the role they are in. They also found different relationships of intrinsic (inner) rewards and extrinsic (from others) rewards with performance and therefore ultimate satisfaction. Before we explain the model, let us touch upon the types of rewards discussed in this model.

Performance will result in getting various rewards, which can be classified as intrinsicand extrinsic. Intrinsic rewards are those which are derived within oneself by getting the feelings of job satisfaction, self-esteem, sense of competence, and realizing one's own potentialities. Extrinsic rewards are those external rewards that are given by others in the work environment. These include money, promotion, security, incentives, etc. Both these types of rewards will result in satisfaction. Further, the Reward-Satisfaction relationship is moderated by the perceived equitable rewards, that is, satisfaction will be experienced only when a person feels fairly rewarded for his/her efforts.

The human relations school assumed that employee satisfaction causes good performance but research has not supported such relationship. Porter and Lawler suggest that there may indeed be a relationship between satisfaction and performance, that is, superior performance can lead to satisfaction. First, an individual's initial effort is influence by his / her perception regarding the value of reward and the likelihood that the particular effort will yield a reward. The probability that increased effort will lead to improved performance is affected by an individual's traits, abilities and perception of his role in an organization. Finally, the Porter-Lawler model borrows from Adam's equality theory that employee satisfaction depends on the perceived equity of the rewards relative to the effort put in and the level of performance attained. To summarize, this model presents a comprehensive notion of motivation encompassing the moderating effects of individual abilities and traits, role perception, accelerating roles of perceived equitable rewards, and perceived Effort-Reward probaiblity (Refer to Figure 5).

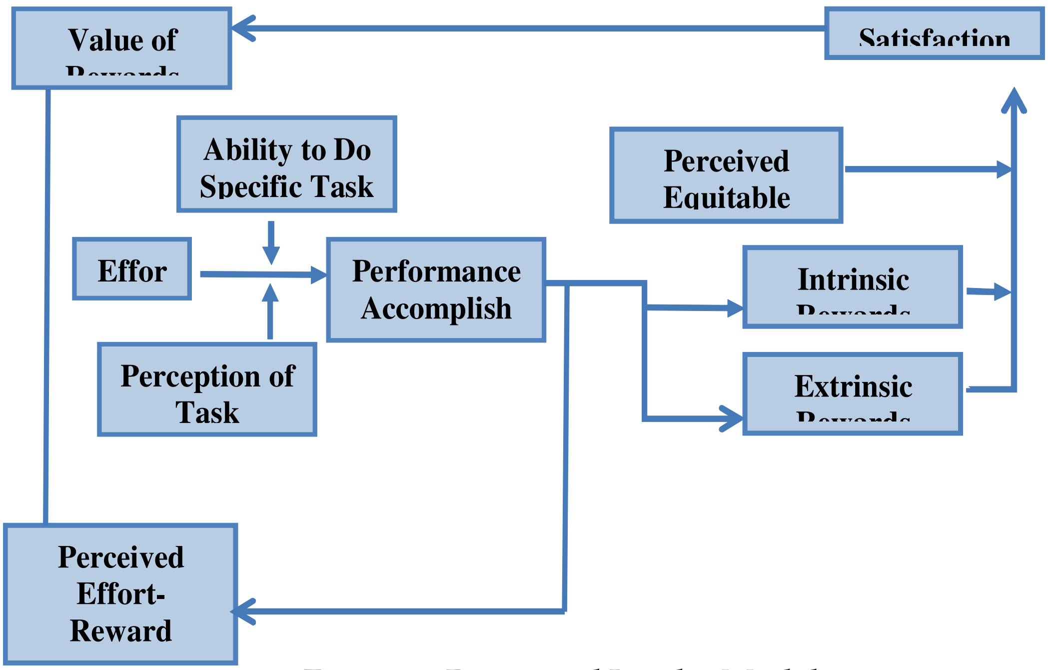


Figure 5 : Porter and Lawler Model

The model highlights two important factors which facilitate or influence an individual employee to put more effort in work, namely: valence and perceived Effort-Reward probability. Let us briefly explain these terms now.

iv. **Valence :** The first f actor concens the extent to which the value of a reward (valence) that is likely to be received from job influences the amount of effort. For example, if a person is showing more interest towards the reward or expected outcome, the chances of putting more effort in his/her work will be very high. If the expected reward is not attractive enough, the individual is likely to lower his efforts.

v. **Perceived Effort-Reward Probability :** The second factor states the influence of perceived Effort-Reward probability. If a person feels that the probability of getting a reward is very high for a given level of effort, he/she will more likely to put high level of effort in work.

There are other two significant factors which facilitate to maximize the amount of performance, discussed as follows:

- **Abilities and Traits:** If an individual has requisite abilities, skills and traits to perform the assigned job, he/she will produce more results than others who do not have such skills to perform such type of tasks. Traits include endurance, perseverance and goal-directedness which are relevant for doing any task. These abilities and traits will moderate the Effort-Performance relationship.
- **Role Perception** : If an individual has very clear role perception, that is, clear descriptions of what he/she is supposed to do in his/her task without any ambiguity or confusion, the person will deliver more output. Accuracy of role perception is another variable that moderates the Effort-Performance relationship. That is, only those who perceived their role as it is defined by the organization, will be able to perform when they put forth the required effort in their job.

*Implications of Porter and Lawler Model*

Porter and Lawler's model is of great significance to managers since

it sensitizes them to focus their attention on ways to keep their employees motivated. Assigning the right type of jobs to the right types of person, thus ensuring perfect match between person and job, is one way of motivating employees. Clear job descriptions and highlighting what a person is expected of in his work (role perception) and assignment of proper performance levels such as number of units produced, number of customer attended, etc. also induce high motivation. If high levels of motivation are to be induced, managers should ensure that the employees perceive a direct link between performance and desired rewards. If significant changes in performance levels are desired, the rewards given must also be significant and valued enough by the employees to change their effort levels.

Nadler and Lawler suggest a series of steps for managers in applying the basic ideas of the theory:

- They should determine the primary outcomes that each employee likely desires.

- They should decide what kind and levels of performance are needed to meet organizational goals.
- They should ascertain that the desired levels of performance are attainable
- They should ensure that desired outcomes and performance are linked.
- They should also analyze the complete work situation for conflicting expectancies.
- They should make sure that the rewards are large enough.
- They should make sure that the overall system is equitable for everyone.

## 9.4 GOAL SETTING THEORY

The approach to motivation has been pioneered in the USA by Edwin Locke and his associates in 1960s and was refined in the 1980s. Locke proposed that interntions to work towards a goal are the major source of work motivation. Goals facilitate employees in what needs to be done and how much effort will be required in their tasks. Goal-setting theory suggests that managers and subordinates should set goals for an individual on a regular basis. These goals should be moderately difficult, very specific, and of the type that an employee will accept and be committed to accomplishing them. Rewards should be tied directly to accompalished goal. Work values and goals are found to strongly determine the performance of an individual. When involved in goal-settings, employees see how their effort will lead to performance, rewards and personal satisfaction. Actual work behavior then becomes a function of the values and goals set by the individual. Management by Objectives (MBO) is a managerial technique for improving motivation and performance using goal-setting principles.

Following are the four important requirements for setting a goal in way to elicit a desired performance:

**i. Goal Specificity**

Goals must be stated in specific terms if they are to motivate effective performance. Setting specific goals with clear expectations, both quantitatively as well as qualitatively, will reduce the element of ambiguit or confusion among employees. Goals must be set in terms of measurable criteria of work performance, say, in terms of number of units produced, and must specify a time period within which the goal is to be attained. Employees can then put forth more effort and concentrate the achievement of a well-defined output, Specific goal fixes the needs of resources and efforts . Further, setting specific performance goals gives a sense of personal satisfaction and accomplishment to a worker if he/she is able to meet the specific goal and it serves as a better motivator than asking employees to do their best in general.

**ii. Goal Difficulty**

There exists a relationship between goal difficulty and work motivation. The more difficult and challenging the goal is, the higher the level of motivation and performance. However, it is essential that goals are set at realistic levels. It goals are too eacy to accomplish, an employee will not be motivated enough and would get bored in due course of time. On the contrary, if goals are too difficult to complete, the employee would experience frustration since it is beyond his/her capcity and he/she would not able to complete the task in time. Hence it is desirable to set the goal with moderate difficulty level that will provide challenge and motivate people to work better than easy goals.

**iii. Participation in Goal Setting Process**

In order to influence motivation and performance, a goal must be internalized by an individual, i.e., the person has to feel some personal ownershipof the goal and must have commitment to achieve it. If employees are allowed to participate in setting their work goals with clear directions, the likelihood getting their full acceptance and participation in their task will be very high. Further, goals must be in consonance with an employee's attitude and values, so that is there is a perfect harmonization of individual values system and his/her nature of work. Once there is an acceptance and commitment to the goal, employees will be motivated to put forth greater efforts and perform better. Managers can also ensure acceptance of goals by demonstrating a supportive attitude and approach toward subordinates and y assigning various rewards to the achievement of goals.

**iv. Feedback on Goal Effort**

Once the knowledge of the results of their work (i.e., feedback) is known to employees periodically, they shall be able to realize their shortcomings and errorts, and adjust their work behavior according to meet the expected output. Feedback helps in as much as is it keeps an employee's goal-directed behavior on target and stimulates him/her to put in greater efforts.

Overall, goal specificity, difficulty, acceptance and commitment combine to determine an individual's goal-directed effort, Such effort, when complemented with organizational support, and individual abilities and traits, would result in performance. Performance, when linked with intrinsic and extrinsic rewards results in employee satisfaction. This entire process is depicted in Figure 6.

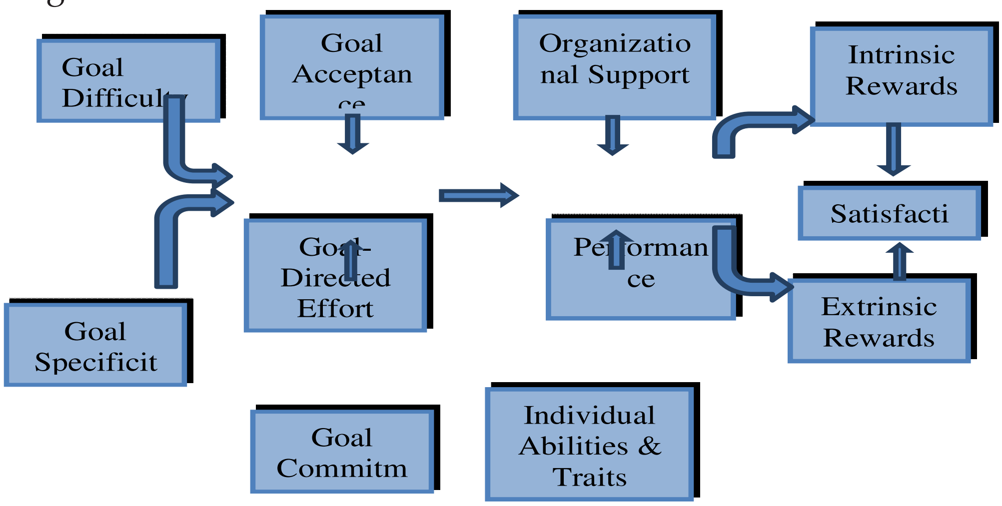


Figure 6 : The Expanded Goal Setting Theory of Motivation

(Source : Latham and Locke, 1979)

**Implications of Goal Setting Theory**

The success of goal setting as a motivational technique is largely a function of designing goals with all the four characteristics discussed above. Goal setting is a powerful motivator and can be used even in service organization where the output is not easily quantifiable. Goals can be set in such organization in terms of servicing time, customer complaints, customer satisfaction levels, and other factors as would be appropriate to the managerial responsibilities at hand.

## 9.5 SUMMARY

Motivation is an internal state or condition that serves to activate or energize a particular behavior and gives it direction. It may be intrinsic (internal) or extrinsic (external). We have introduced several theories of motivation, namely need-based theories (including Maslow's need hierarchy theory, Herzberg's two factor theory. Alderfer's ERG theory, and McClelland's Theory X and Theory Y), expectancy theory and goal setting theory. The need hierarchy theory assumes that people are motivated to satisfy five levels of needs : physiological, security, social, esteem and self-actualization needs. ERG refers to three groups of core needs : Existence, Relatedness and Growth (ERG) . Herzberg's theory suggests that there are two sets of factors which either led to job satisfaction or dissatisfaction, termed respectively as motivating factors (or satisfiers) and hygiene factors (or dissatisfiers) . McGregor has based his theory on how a manager feels about human nature, and has proposed Theory X (negative asumptions) and Theory Y (positive assumptions) McClelland has found three types of needs to be the most common at work: Need for Achievement, Need for Power and Need for Affiliation. Expectancy theory by Vroom states that individuals will evaluate various strategies of behavior and then choose the particular strategy that they believe will lead to those work-related rewards that they value. Similar to Vroom's theory, Porter and Lawler have concluded that an individual's motivation to complete a task is affected by the reward that they expect to receive for completing the task. Goal setting theory suggests that managers and subordinates should set goals for an individual on a regular basis. These goals should be moderately difficult, very specific, and of the type that an employee will accept and be committed to accomplishing them.

## 9.6 SELF ASSESSMENT TEST

1. What is motivation? Critically discuss the need-based motivational theories.
2. What are the similarities and differences between Alderfer's ERG theory of motivation and Maslow's Needs Hierarchy?
3. What are the basic tents of Theory X and Theory Y ? Which one do you find to have more practical implications?
4. What can a manager do to increase employees' perceptions of instrumentality?
5. Explain how your personal n-Ache n-Pow, and n-Aff affect your motivation, behavior, and performance.

6. Which motivation theory is the best as far as its practical implication is concerned? Explain why?

## 9.7 CASE STUDY

**Applying Motivation Theories**

You are the manager of a small department in your organization, and have three subordinates : Mr. A , Mr. B and Mr. C. The key to the success of your department rests on keeping these employees as motivated as possible. Here is a brief summary profile on each of them.

Mr. A has an absenteeisms record much higher than everage. He greatly enjoys his family and considers it central to his life. He feels that his job is simply a means of financing his family's basic needs and nothing more. Mr. A meets the minimal standards of performance at work.

Mr.B is different from Mr. A in many aspects . Unlike the letter. Mr. B responds well to the company's rules, and exhibits a high degree of personal loyalty to the company. However, Mr. B does not do his work independently, he does well with what is assigned to him, but he lacks creativity and initiative. His shy nature impacts his performance.

Mr. C on the other hand, is a very assertive person. He will work for money and is willing to change his job for more money. He really works hard for the company but expects the company also to work for him. In his present job, he has no reservations about working long hours, as long as he is getting paid for it.

**Questions**

Q.1 Explain the motivations of each of these employees by using one or more motivation theories.

Q.2 Who among these three perceives money as a direct reward and motivation for performance?

## 9.8 FURTHER READINGS

Stephen Robbins, Timothy Judge, Organizational Behavior Global Edition, 15th edition, Pearson Education.

Margie Parikh, Rajen Gupta, Organizational Behavior, Tata McGraw Hill

Fred Luthans, Organizational Behavior, McGraw Hill.

# UNIT 10 MOTIVATION:PRACTICAL APPLICATIONS

**Objectives**

After reading this unit you will be able to

- Understand the applications of need-based theories of motivation
- Understand the applications of expectancy theory of motivation
- Understand the applications of goal setting theory of motivation

**Structure**



## 10.1 APPLICATIONS OF NEED-BASED THEORIES

Human resource is the nucleus of organizational resources. It is widely accepted that motivated employees generate higher value and more substantial levels of achievement. Management of motivation is therefore a decisive element of success in any business, allowing the input of human resources to be maximized with regard to fulfilling the potential output expected. Motivating employees has become one of the most significant and most demanding activities for any organization, and hence organizations invest in efficacious strategies to get a work force motivated enough to enable them to compete in market.

Garry Dessler has pointed out that "motivation is both one of the simplest and most complex jobs of management". It is simple because people are motivated by rewards. Therefore, to motivate someone, managers must first ascertain what he/she wants, and then offer that as a reward to him/her; as a result that person will be behaving in the desired way. However, finding what employees want and then aligning individual and organizational needs can be complex at some stages. This is because salary alone does not prove to be a vital motivator for everyone in an organization. Various other factors motivate people differently. Mostly these factors are intangible in nature (for instance, empowerment, recognition and feedback), and may even be the primary motivators for many workers to perform effectively.

Managers and supervisors always seek the best performance from their employees. Productive and efficient employees help increase the company's profits and growth. Need-based theories by Abraham Maslow, Frederick Herzberg, David McClelland, and Clayton Alderfer that that employee satisfaction and performance are based on how well companies meet the needs of their employees. These theories provide the fundamental basis of motivation that helps in describing the motivation of employees in a systematic way and in applying them at workplace. Let us briefly discuss these theories here before we deal with their application.

Maslow's hierarchy of needs theory can be applied to employees of any organization by understanding their needs. Physiological needs may include pay, benefits, health and medical facilities, accommodation and transportation, and a comfortable working environment. An employee's security needs can be met by providing job security, fair treatment, protection against threats, and in many more ways. Affiliation needs of any employee can be fulfilled by promoting participation in departmental decisions, acceptance from colleagues and co-workers, etc., whereas esteem needs maya be met by introducing various schemes of recognition, say, from the supervisor, colleagues, subordinates, and even customers. Maslow did not include money in his schema because of the ambiguity in the meaning of money. For some people, money is a way to achieve the basic requirements of food and shelter, while some others view money as a measure to satisfy their need for self-fulfillment.

The ERG theory by Alderfer, unlike Maslow's theory, proposes that managers must recognize that an employee has multiple needs to satisfy simultaneously. Furthermore, if growth opportunities are not provided to employees, they may regress to relatedness needs. If the manager is able to recognize this situation, then steps can be taken to concentrate on relatedness needs until the subordinate is able to pursue growth need again.

Herzberg has divided motivational factors in terms of job satisfaction. He pointed out that factors giving job satisfaction (known as motivators) are different from those that give job dissatisfaction (known as hygiene factors). He further emphasized that hygiene factors will not necessarily increase job satisfaction, but can lead to low motivation as compared to motivators. If we see employee motivation in accordance with this theory, hygiene factors for an employee can be salary, support, interpersonald relationships with supervisors, and work conditions. If these factors are favourable in terms of highly facilitated working environment, increased colleague support and satisfactory compensation schemes, they can lead towards high work performance. However, if unfavourable, they may directly influence an employee's motivation to perform at his/her best. Motivators, on the other hand, are internal motivating factors which always stimulate the employee's motivation to put his/her best efforts. These motivators for employees include recognition from supervisors, empowerment, and career advancements.

In his acquired needs theory, David McClelland proposed that an individual's specific needs are acquired over time and are shaped by one's life experiences. Most of these needs can be classed as achievement, affiliation, or power. People with different needs are motivated differently. High achievers should be given challenging projects with reachable goals; they should also be provided with frequent feedback. While money is not an important motivator. It is an effective form of feedback. Employees with a high affiliation need perform at their best in a cooperative environment. Finally, for those having high need for power, their organization should provide them with the opportunity to manage others.

Flexibenefits

When it comes to applying motivation theories at work, managers tend to ignore these theories, and prefer to rely on their own preconceived notions of what motivates their suordinates Further, in many cases managers assume that what motivates them will also motivate their subordinates. According to Robbins, variable pay is probably the most compatible with expectancy theory, because individuals perceive a strong relationship between their performance and rewards they receive if motivation is maximized. He also argued that organizational rewards should be linked to each individual employee's goals.

Giving all employees the same benefits assumes that they have the same needs, which, of course, is wrong. Flexible benefits, or flexibenefits, individualize rewards by allowing each employee to choose that compensation package which best satisfies his/her current needs, and they can individually tailor the package to their own needs and situations by picking and choosing from a menu of benefit options. These plans may include health insurance and flexible spending accounts that employees can use to pay medical and other costs. Let us discuss some of the popular plans under flexible benefits.

**i. Cafeteria Plans**

Cafeteria benefit plans give employees the choice of receiving a selection of non-taxable benefits, cash or some other taxable benefits. Employers can offer only some benefits through these plans, such as health and life insurance, disability and dental coverage, etc. The funding may be by the employer, or the employee , or both.

**ii. Flexible Spending Accounts**

Flexible spending accounts, often called reimbursement accounts, are conceptually similar to a bsnk savings account. Under such a scheme, employees deposit funds through the year and use them for health care, dependent care and other qualified expenses. An employer may also contribute to these accounts, though it is under no obligation to do so.

**iii. Transportation Plans**

Transportation benefit plans allow employees to deposit funds to pay for commuting expenses, parking expenses, or both. Eligible commuting expenses include passes, tokens and vouchers purchased for travel on buses, trains, and other forms of mass transportation.

The most popular type of flexible benefits is modular plans; these are pre-designed modules that meet needs of a specific group of employees. Next, core plus plans consist of a core of essential benefits plus other benefits that employees can add to the core, and flexible spending plans allow employees to set aside up to the amount offered in the plan in terms of money to pay for particular services.

Flexible benefits are effective as they individualize rewards commensurate to current needs of individual employees. These plans help small and large employers alike, because they can share the costs of coverage with their employees, while providing them with competitive benefit plans.

**Flexitime**

Societies are changing at a rapid place; workforce in organizations the world over is now comprised of dual career familites with children, part-time students, older workers (retired or nearing the age of superannuation), and single parents. These new segments of work force have brought new demands for work-life balance and such demands are a challenge to employers to be more "family-friendly". As one of the strategies to meet such demands, alternative ways of scheduling time are becoming increasingly common at workplace. These arrangements are essentially reshaping the traditional 40-hours week, and the standard 9 to 5 schedules, where work is done at the company premises. Typical examples are compressed work weeks, flexible working hours, job sharing, work at home, and part-time work. Virtually all such plans are designed to influence employee satisfaction and to help employees balance the demands of their work and non-work lives.

**i. Compressed Work Weeks**

A compressed work week is any scheduling of work that allows a full-time job to be completed in fewer than the standard five days in a week. The most common form of a compressed work week is the "4/40" or 40 hours of work accomplished in four 10 hours days.

This approach has many possible benefits. For the worker the added time off is a major feature of this schedule. An individual employee often appreciates increased leisure time, three days weekends, free weekdays to pursue personal business, and lower commuting costs. The organization can benefit, too, in terms of lower employee absenteeism and improved recruitment of new employees. Compressed work weeks are usually preferable for those employees who are allowed to participate in the decision to adopt the new work week, those who have their jobs enriched as a result of the new schedule, and those who have strong higher order needs in Maslow's hierarchy.

However, there are potential disadvantages associated with the concept of compressed work weeks, Individuals can experience increased fatigue from the extended workdays and can also face family adjustment problems. The organisation can experience work scheduling problems and customer complaints because of breaks in work coverage. Trade unions may also oppose the concept, keeping in perspective legislations on payment of overtime for work exceeding the normal hours in a day.

**ii. Flexible Working Hours**

Another innovative work schedule, flexible working hours or flexitime, gives individuals a daily choice in the timing of their work commitments. A typical example is a schedule that requires employees to work four hours of "core" time. but leaves them with the freedom to choose their remaining four hours of work from among flexible time blocks. Let us explain this with illustrations. One person may start early and lelave early, whereas another may start later and leave later.

Flexible work schedule is becoming increasingly popular and is a valuable alternative for structuring work to accommodate individual interests and needs. Flexitime increases individual autonomy in work scheduling and offers many opportunities and benefits. It is preferred as an option for dual-career couples to handle their own schedules as well as of their children; it is also way to meet the demands of caring for elderly parents or ill family members. Flexitime comes as a useful way to better attend to personal affairs like medical appointments, home emergencies, banking needs, and others, without having work to suffer.

Proponents of this scheduling strategy argue that flexitime gives workers the discretion in scheduling their own hours of work. It encourages them to develop positive attitude and to increase commitment to their organization. Flexitime rograms have become very popular in corporate America.

**iii. Job sharing**

In job sharing, one full time job is assigned to two or more persons, who then divide the work according to mutually agreed-upon hours. In such an arrangement, usually each person works half a day, but this can also be done on a weekly or monthly basis. Although practiced less, human resource experts believe that job sharing is a valuable alternative work arrangement. Organizations benefit from job sharing when they can attract talented people who would otherwise be unable to work. An example is a qualified teacher who may be able to work only half a day due to responsibilities of family and child care. Through job sharing, two such persons can be employed to teach one class. Individual job shares also reap the benefits of sharing jobs: not only can they manage their work life balance, but they are also found to report less burnout and claim that they feel recharged each time they report for work. The biggest problem of this arrangement, however, is finding two people who will work well with each other.

Job sharing should not be confused with work sharing, which occurs when workers agree to cut back on the number of hours they work in order to protect against layoffs. For example, workers may agree to voluntarily reduce 10 per cent of the total number of hours worked and pay thus received, rather than have the employer cut 10 per cent of the workforce during difficult economic times.

**iv. Work at Home and Virtual Office**

Technology is influencing yet another alternative work arrangement that is being adopted widely across organizations: telecommuting, which describes working at home or in remote locations using computers and advanced telecommunication linkages with a central office or other employment locations. This arrangement is sometimes called flexiplace. The notion of telecommuting is more and more associated with the virtual office, where the individual works literally "from the road" and while travelling from place to place or customer to customer by car or airplane. In all cases, the individual remains linked electronically with the home office.

The number of workers who are telecommuting is growing daily; AT & T reports that some 55 per cent of its managers telecommute, and Cisco Systems states that 66 per cent of its overall workforce telecommutes. Al IBM Canada, flexiplace means working most of the time from a home office and coming into the corporate office only for special meetings.

Telecommuting offers an individual the potential advantages of flexibility, the comforts of home, and choice of locations consistent with his / her lifestyle. In terms of advantages to the organization, this alternative often leads to cost savings and efficiency, as well as employee satisfaction. On the negative side, telecommuters sometimes complain of isolation from co workers, decreased identification with the work team and technical difficulties with the computer linkages essential to their work arrangement. Yet, overall, the practice is growing, with more organizations now offering special training in the virtual management of telecommuters.

v. **Part-Time Work**

Part-time work has become an increasingly prominent yet controversial work arrangement. Usually , temporarily part-timers are easily released and hired as needs dictate. Accordingly, many organizations use part time workers to cut down on labor cost especially during recessionary phases of business cycles. These workers are highly skilled individuals committed to their careers; they want to continue to develop professionally, but are constrained to work part-time.

Part-time work schedules can be beneficial to people who want to supplement other jobs, or who want something less than a full work week for a variety of personal reasons. However, for a worker wh ois hokling two jobs, including at least one part time, the additional burdens can be stressful and may affect performance in either or both work settings. Furthermore, part timers are often denied fringe b enefits such as health care, life insurance, and pensions, and they may be paid less than their full time counterparts. Nevertheless, part time work schedules are gaining practical importance because of the organizational advantages they offer.

**Paradise@Home**

With more and more companies allowing their employees to telecommute or work from home the Paradise Chain of Hotels' Paradise@Home program is an example of a work from-home program. Introduced about a year back, this program has helped decrease the company's need for office space. It has also improved the work-life balance of its 1000 plus employee-base by decreasing or eliminating their commuting time and increasing their flexibility of working in schedules. Over and above everything else, the Chain has experienced a record increase in employee productivity.

1- Why do you think productivity at Paradise is increasing when these employees are allowed to telecommute?

2. What are the challenges to the Chain to motivate its workers who telecommute?

3. How do you think the hotel keeps its workers connected to the rest of the company?

## Job Redesigning

The term job Redesigning refers to activities that involve the alteration of specific jobs (or systems of jobs) with the purpose of improving both producvitity and the quality of work experiences of employees. Typically, job specifications are changed to provide employes with additional responsibilities for planning, setting up, and checking their own work: for making decisions about work methods and procedures; for establishing their own work pace; and for dealing directly with the clients who receive the results of the work, In many cases, jobs that previously had been simplified and segmented into many small parts in the interest of production efficiency are reassembled and made into larger and more meaningful wholes.

The simplest form of job redesign, known as job rotation, involves moving employees from one relatively simple job to another after short time intervals. Sometimes work is redesigned to create motivating and satisfying jobs for individual employees who work more or less on their own. Such activities are usually known as job enrichment. Alternatively, work may be designed as a group task, in which case, a team of workers is given autonomous responsibility for a large and meaningful module of work. Such teams typically have th eauthority to manage their own social and performance processes as they see fit. They receive feedback (and often rewards) as a group; and they may even be given the responsibility of the selection, training, and termination of their own members. These teams are variously known as autonomous work groups, self-regulating work groups, or self managing work groups. Let is discuss each of these types of job redesigning here in details.

**i. Job Rotation**

Job rotation is a job redesign strategy that assigns workers to an alternate job on a temporary basis. For example, at Cafe Coffee Day, an employee may make coffee one day, serve dishes the next, and handle cash transactions at the counter during the next shift.

Job rotation is useful and motivating in several ways. First, it provides employees with new opportunities to learn and do beyond their normal job. The chance to gain additional skills increases their value to the organization. Employees learn new tasks, which enables them to be more flexible and replace someone who is absent or who quits. Second, a broadens their perspective and renders a broader view to employees on how the organization operates as a whole. This helps employees in grasping the big picture, instead of being restricted to theirown jobs. Third, it increasesthe employees' understanding of what their coworkers do, which leads to a higher degree of respect for what others do. The risks of injury are reduced, as each worker must refocus on a new task every time. Essentially, job rotations is effective in adding variety in job, while generating new interest in the organization.

The primary disadvantage of job rotation is that each individual task eventually there is no substantial difference between making coffee and serving dishes. Consequently, job satisfaction and/or performance may decline. Change of assignments at frequent intervals deters mastering any one job, and cmployees end up having cursory idea of many jobs.

**ii. Job Enlargement**

This process involves increasing the number of tasks performed by each employee. Let us explain with an example. With the enlarged job, a salels representative at Pantaloons, arranges merchandise, and places fresh order, when compared to a floor staff at Pantaloons.

Workers in enlarged jobs are able to use more skills in performing their tasks. Many times, however, enlargement reduces the efficiency with which tasks are result in improved employee satisfaction and commitment.

**iii. Job Enrichment**

Jon enrichment represent an extension of the more simplified job rotation and job enlargement techniques of job design discussed here. It is a direct outgrowth of Herzberg's two factor theory of motivation. The underlying assumption of job enrichment is that in order to motivate employees, the job must be designed to provide opportunities for achievement, recognition, responsibility, advancement, and growth. The technique entails "enriching" the job so that these factors are included. In particular, job enrichment is concerned with designing jobs that include a greater variety of work content; require a higher level of knowledge and skill; give workers more autonomy and responsibility in terms of planning, directing, and controlling their own performance; and provide the opportunity for personal growth and a meaningful work experience.

As opposed to job rotation and job emlargement, which horizontally load a job, job enrichment vertically loads the job; there are not necessarily more tasks to perform, but more responsibility and accountability. For example, instead of having a worker do a mundane, specialized task, then passing off to another worker doing another minute part of the task, and eventually having a supervisor to inspect all tasks at the end, under job enrichment, a single worker would be given a complete module of work to do (i.e. job enlargement) and, importantly, would inspect his/her own work (i.e. responsibility) and put a personal identifier on it (i.e. accountability).

The biggest problem with jo enrichment is that it is difficult to implement. Many employees are often found to simply prefer an old familiar job to an enriched job, and are resistant to the change. In fact, job enrichment in some situations may inhibit a person's social life at work.

Despite its potential limitations, job enrichment is still a viable approach, and research provides continuing evidence that it mostly given beneficial results (e.g., more employee satisfaction and customer service, less employee overload, and fewer employee errors). However, management must still use job enrichment selectively and give proper recognition to the complex human and situational variables. The job characteristics model of job enrichment is a step in this direction and has been explained in the next type of job redesign.

**iv. Task Design**

The job enrichment method discussed above is a relatively simple approach by Herzberg, which he referred to as orthodox job enrichment, or OJE. This method suffered from several limitations, and to find a solution, a group of researchers began to concentrate on the relationship between certain job characteristics, or the job scope, and employee motivation. Richard Hackman and Greg Oldham developed the most widely recognized model of job characteristics, celebrated as the job Characteristics Model, which has been shown in Figure 1.

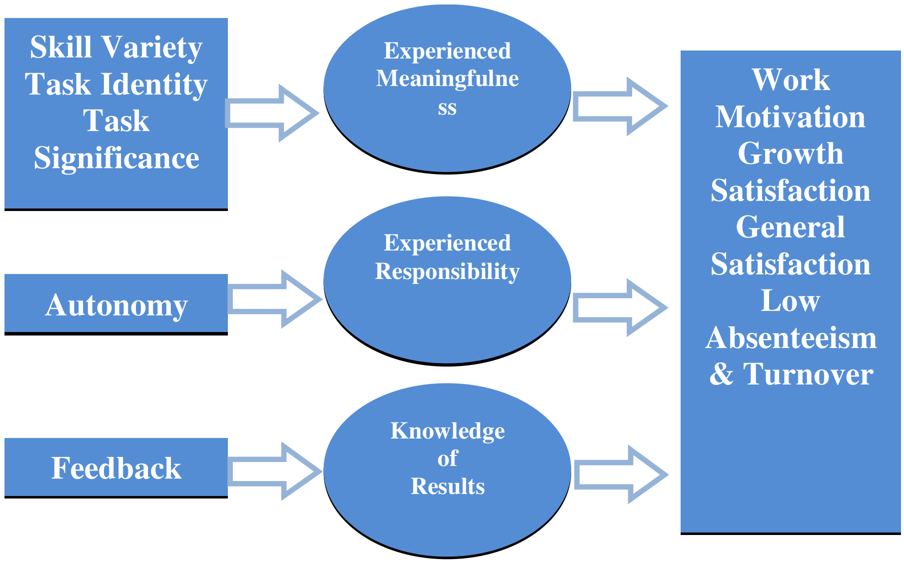


Figure 1 : Job Characteristics Model

This model recognizes that certain job characteristics contribute to certain psycholgical states and that the strength of employees' need for growth has an important moderating effect. The core job characteristics can be summarized briefly as follows:

- Skill variety refers to the extent to which the job requires an employee to draw from a number of different skills and abilities, as well as on a range of knowledge. It also implies the extent to which the job requires an employee to utilize multiple high level skills. For example, an employee whose job consists of taking orders for Pizza at the counter of Dominoz demonstrate low levels of skill variety. On the contrary, an employee who takes pizza orders, acts as a cashier, and manages the inventory of items demonstrates high skill variety.
- Task identity refers to whether the job has an identifiable beginning and end. It also deals with the degree to which an employee is in charge of completing an identifiable piece of work from start to finish. For example, a web designer who designs parts of a website will have low task identity, because his/her output would blend with other web designers' outputs; Once the website is ready. It will be hard for any one person to claim responsibility for the final output. On the contrary, a web designer who designs an entire website will have high task identity.
- Task significance involves the importance of the task; it refers to whether a person's job substantially affects other people's work,

health, or well-being. Task significance involves both internal significance, i.e., how important is the task to the organization, and external significance, i.e., how proud are employees to tell their relatives, friends, and neighbors what they do and where they work? When they feel that their tasks are significant, employees tend to feel that they are makign an impact on their environment, and their feelings of self-worth are boosted. A worker who cleans the floors at an office building may find his/her job low in significance, thinking that it is not very important as a job. However, workers cleaning the floors at a hospital may see their role as essential in maintaining hygiene and thus helping patients recover.

- Autonomy refers to job independence. It implies how much freedom and control employees have at work, say, to schedule their work, make decisions, or determine the means to accomplish objectives. For example, an instructor of an institute affiliated to a university, who is required to follow a predetermined textbook covering a given list of topics, has low autonomy. On the other hand, an instructor of a university who is free to choose the textbook and design the course content, has higher level of autonomy.
- Feedback refers to objective information about progress and performance, Feedback can come from the job itself or from other sources like supervisors, peers, subordinates, and customers. A salesperson who gives presentations to potential clients but is not informed of the clients' decisions has low feedback at work. If this person is duly informed that a sale was made based on the presentation, his/her feedback will be high.

If we look at traditional blue-collar jobs, all these five core job characteristics would be relatively minimal or even non-existent in the perceptions of many such jobholders, and this can explain the motivation problem with these low-level jobs. In other words, the job design, not just the person holding the job, helps explain the motivation to perform under this approach.

The critical psychological states in the job Characteristics Model can be summarized as follows:

- Experienced Meaningfulness: This cognitive state involves the degree to which employees perceive their work as making a valued contribution, and as being important and worthwhile.
- Experienced Responsibility : This state is concerned with the extent to which employees feel personally responsible or accountable for the work being done. Responsibility is derived from autonomy; if the job provides substantial freedom, it would render independence and discretion to the individual employee in scheduling the work and in determining the procedures to be used in carrying it out.
- Knowledge of results: Coming directly from feedback, this psychological state involves the degree to which employees understand how they are performing in the job. This can be anything from production figures through to customer satisfaction scores. The point is that the feedback offers information that once you know, you can do things differently if you wish.

The job Characteristics Model says that certain job characteristics lead to critical psychological states. In other words, skill variety, task identity, and task significance lead to experienced meaningfulness; autonomy leads to the feeling of responsibility; and feedback leads to knowledge of results (refer to Fig. 1). The more these three psychological states are present, the more employees would feel good about themselves when they perform well. The model postulates that internal rewards are obtained by an individual when he learns (i.e., knowledge of results) that he personally (i.e., experienced responsibility) has performed well on a task that he cares about (i.e., experienced meaningfulness). These internal rewards are reinforcing to employees, causing them to perform well. If employees do not perform well, they will try harder in order to get the internal rewards that good performance brings. The net result, thus, is a "self-perpetuating cycle of positive work motivation powered by self-generated rewards" . This cycle would continue until one or more of the three psychological states is no longer present, or until the individual no longer values the internal rewards that are derived from good performance.

**v. Autonomous Work Groups**

Twenty-first century organizations are "right-sizing" by becoming learner and removing layers in the middle management. Work groups have thus been given the full responsibility of particular tasks and granted freedom to make decisions. Thus the practice of having autonomous work groups has evolved. Similar to the concept of an individual with autonomy at work, an autonomous work group is a team of employees who have been granted autonomy or independence over the work they do within an organization. The underlying philosophy is that autonomy generally comes with complete independence in activity and not through periodic monitoring and evaluation from a supervisor or team leader. Such autonomy includes independent decision-making related to a specific work function, project or job, and independent freedom to assign individual members specific tasks within the group.

The general purpose of using such work groups is that several individuals working together on a common task or towards a project goal should logically come up with better ideas that one person working alone. Other benefits of autonomous work groups may include sharing of responsibilities, learning to work in a group, and growing a sense of belongingness, all of which are important elements of motivation of the job.

Despite their prevalence, autonomous work groups suffer from some serious drawbacks. With complete independence bestowed on them, work group members may take work at a moderate pace. Groups may lack cohesiveness, with members fighting over control and recognition. Resistance to change is another significant disadvantage.

## 10.2 APPLICATIONS OF EXPECTANCY THEORY : GOAL ALIGNMENT

Vroom suggested that people consciously choose particular courses of action. based upon perceptions, attitudes, and beliefs, as a consequence of their desires to enhance pleasure and avoid pain. The Expectancy component in the theory is the belief that one's effort (E) will give the expected performance (P) or goal. There are several variables that affect an individual's expectancy perception; these include self-efficacy (a person's belief in his/her ability to perform successfully), goal difficulty (how attainable is this goal) and control (does the person actually have control over the expected outcome). The second component in the Expectancy Theory equation is Instrumentality, which is the perception that a given performance level is relatled to a given outcome. A person will only perform at a certain level if he/she believes that the performance will lead to a given expressed outcome. Valence is the final component of this theory, and is characterized by the extent to which a person values a given outcome or reward. This "value" is based in individual differences, and is directly related to individual needs, goals, and values or preferences.

Expectancy theory mainly relies upon extrinsic motivators to explain causes for behaviors exhibited in the workplace. This theory has a practical and positive benefit of improving motivation because it can, and has, helped leaders create motivational programs in the workplace. One of the most common applications of this theory in organizations is goal alignment.

Goal directed behavior exists within the motivational aspirations of an employee. Nearly all behavior at work is seen as having some goal or objective that is striving to be fulfilled. According to Locke, focused goal-directed behavior is not driven by environmental conditioning or instinct alone; such behavior must be made through the free choice of options and turned from thoughts into actions. It has a specific goal outcome that employee hopes to achieve by putting forth the energy into a strategy that finally reaches its desired outcome.

Employees will set all types of goals throughout their entire spectrum of influence in an organization. Management's job is to help employees ensure that those goals that pertain to the workplace are appropriate for both the employer and employee. Through such directed goals organizations can seek higher levels of alignment between employee actions and organizational needs. Allignment is a term that describes the continuous process of mobilizing enterprise resources to execute organizational objectives. Goal alignment is process of promoting the visibility of business goals up, down, and across the organization, so that the entire workforce clearly understands the overall goals It allows managers to track progress and adapt their departmental goals to the changing needs. Employees also can feel confident knowing that their activities and roles are in syne with the organizational strategy.

Goal aligning promotes productivity and fosters a sense of united purpose. True alignment exists when the totality of employee goals further fosters the strategic objectives of the organization. Managers must hence put a lot of effort into the alignment of the personal goals of employees and those of the organization. Such alignment can work in both directions, i.e., managers can a ssign goals down to their direct reports, and direct reports can link goals up to managers. Either method will improve visibility and results. When goals are aligned downwards or upwards, it is called cascading. When two similar goals are associated with each other, it is called linking.

Expectancy theory can be used to encourage higher levels of goal alignment and performance in organizations. The pairing of individual and organizational goals is crucial to workplace motivation. If employees perceive that their goals are congruent with the goals of the organization, the motivational force of employees associated with receiving outcomes of high valence are aligned with the furthering of organizational interests. Managers' ability to do this will greatly enhance both their understanding of valence, as it pertains to individual employees, as well as give them the ability to use this understanding to motivate employees on the job.

Recent studies in goal alignment have revealed a strong correlation between an effective goal setting process and a company's financial performance. In case employees do not understand the connection between the overall objectives of the company and their individual efforts, these employees would not be able to understand their roles at the company. This would rsult in unfocussed work activities, which would ultimately lead to lower productivity.

By aligning company goals and employee efforts, companies can expect to receive benefits like:

- **Strategy Execution** : Goal alignment allows managers to have a clear understanding of the various role responsibilities and helps shape the focus of managers to improve performance with faster strategic execution.
- **Increased Margins** : Employees become more engaged when they clearly understand how their individual goals relate to the objectives of the organization. This automatically increases profitability.

The S.M.A.R.T. methodology is quite popular in alignment of individual and company goals. In fact, the S.M.A.R.T. goal setting is a very effective method of producing peak level performance by motivating and increasing employee engagement. S.M.A.R.T. goals are described as :

**Specific :** The specific goals should answer the 5 W's (Who, What, Where, Why and When)

**Measurable** : Technologies play a vital role in defining the progress of goal execution;.

**Attainable** : Realistic goals motivate employees and increase engagement. Ambitious goals on the other hand, do the opposite.

**Relevant** : A goal must be relevant to the employee concerned. It must have clarity of definition to be accepted and understood by him/her.

**Time-Based:** Goals must have a clear and objective time frame. Employees move towards achieving goals that have clear end definitions.

## 10.3 APPLICATIONS OF GOAL SETTING THEORY : MANAGEMENT BY OBJECTIVES (MBO)

The term Management by Objectives (MBO) was coined by Peter Drucker in the year 1954. The idea was eventually developed by his student, George Odiorne, and it gained immense popularity in the 1960s and 1970s. Also known as Management by Results (MBR), MBO is a systematic and organized approach that allows the management to set spedific goals with the cooperation of employees, for an explicit time period with feedback on goal progress. Superiors and subordinates sit together to identify the common objectives and set the goals which are to be achieved by the subordinates; an assessment of the contribution of each individual subordinate is made, and finally individual objectives are integrated with those of the organization, so as to make the best use of the available organizational resources. Thus the major elements of MBO are: participative decision aking, tangible goals, explitic time period, performance feedback, and corrective measures. Figure 2 depicts the stages in MBO.


Figure 2 : Stages in MBO

MBO is a comprehensive system of management that systematically integrates many key managerial activities, and is consciously directed towards the effective and efficient achievement or organizational and individual objectives. It emphasizes participative setting of goals that are tangible, variable, measurable, realistic and timely. The main focus of MBO is converting overall organizational objectives into specific objectives for the organizational units and individual members. These objectives flow from top to bottom in the organizational hierarchy as corporate goals, divisional goals, departmental goals and individual goals. The result is thus a hierarchy of objectives that has inter-linkage between levels, with specific personal performance objectives earmarked for each individual employee. MBO is widely used as a performance appraisal method that specifies the performance goals that an individual and manager mutually identify. In this context, it is also termed as appraisal by results, target coaching, work planning and review performance objective setting , and mutual goal setting.

There are four common elements in the MBO program: goal specificity, participative decision making , time frame and feedback process.

i. **Goal Specificity :** Goal statements of what employees are expected of in their work life are usually drawn in a list. Instead of highlighting vague and general statements such as "Improve service" or "Increase the quality", goals are converted into specific and measurable statements such as "Attend 10 customers within an hour", "Rejection rate in the quality must be less than 1 per 10,000 pieces produced". Making goals specific will help in achieving them.

ii. **Participative Decision Making :** The objective of MBO program are set unilaterally by the top management of any organization. Employees are invited to share their ideas and are consulted periodically to list the desired objectives. MBO replaces imposed goals with those determined in a participative manner.

iii. **Time Frame** : Each objective must have a specific time frame to accomplish with a strict deadline by stating the time and date, which facilitate completion of the task in time.

iv. **Feedback on Performance** : The MBO system facilitates to provide the knowledge of results (feedback, whether positive or negative) to the concerned employees immediately by their supervisors. In case the performance is inferior or below the level of the set objective, the same will be appraised to the employees immediately and corrective action will be taken accordingly. This can be supplemented by periodic managerial evaluations, when progress is reviewed.

By applying Management by Objectives, organizational resources and activities can be better managed, thus leading to improved results. other advantages of MBO include more efficient structure, personal commitment, motivational force, and effective control. Participation of individuals in goal setting and rational performance appraisal provide opportunities for employee satisfaction. Further, by MBO any process of change in the organization becomes easier because there is constant interaction between superiors and subordinates, thus reducing resistance from the latter.

**Comparison of Goal Setting and MBO**

When we speak of goal setting and its potential to influence individual performance at work, the concept of Management by Objectives, or MBO, immediately comes to our mind. The essence of MBO is a process of joint goal setting between a supervisor and a subordiante. It involves managers working with their subordinates to establish performance goals and plans that are consistent with a higher level work unit and with the overall organizational objectives. When this process is followed throughout an organizataion. MBO helps clarify the hierarchy of objectives as a series of well-defined means-end chains.

MBO directly advocates specific goals and feedback, and implies that goals must be perceived as feasible. Consistent with goal setting. MBO would be the most effective when the goals are difficult enough to require extra efforts of employees. The only difference between MBO and goal setting is on the issue of participation: MBO strongly advocates that participation is a part of setting of objectives, while goal setting theory demonstrates that having managers assign goals is usually just as effective. In fact, in goal setting theory, it is supervisors who usually set and assign goals to subordinates frequently. As participation is elicited from employees periodically, they can induced to set even more difficult goals for themselves.

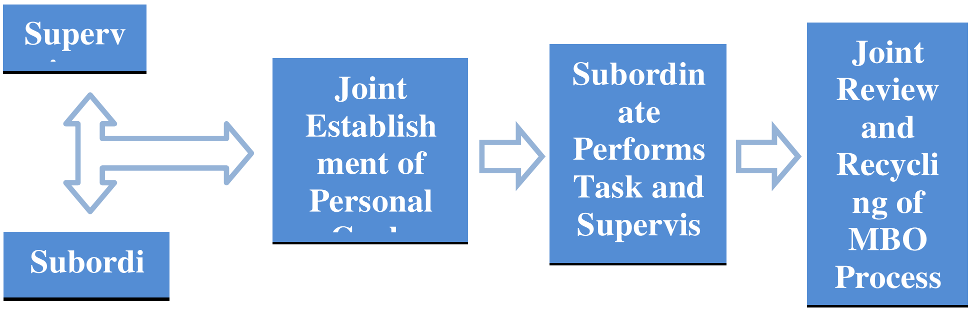


Figure 3 : Comprehensive View of MBO

Figure 3 shows a comprehensive view of MBO. The concept is consistent with the notion of goal setting and its associated principles discussed above. It is evident from the figure that joint discussions between supervisor and subordinate are designed to extend participation right from the point of establishing initial goals to the point of evaluating results in terms of goal attainment. In addition to these goal-setting steps, a successful MBO system calls for careful implementation. Not only must workers have the freedom to carry out the required tasks, but managers also should be prepared to actively support their efforts to achieve the agreed-upon goals. .

**Limitations of MBO**

In general, and specifically as an application of the goal -setting theory. MBO has several applications in organizations. However, the process suffers from several limitations. In fact , several firms have started and dropped the approach because of the difficulties experienced . Among the specific problems, MBO often requires too much paperwork in documenting goals and accomplishments; it also lays too much emphasis on goal-oriented rewards and punishments, top- down goals, goals that are easily stated in objective terms, and individual instead of group goals. One of the major weaknesses often associated with MBO is poor planning of the program prior to its implementation; MBO cannot give results if those who are expected to set the goals are not provided with operational guidelines

This apart, demerits of MBO include difficulty in setting tangible goals, danger of inflexibility, and difficulty in considering goals that are non quantifiable in nature. It has also been observed in several instances that MBO may not yield expected results if it has been implemented on a limited span. Thus, if it is to work well, MBO also may need to be implemented across the organization-wide.

## 10.4 SUMMARY

Motivating employees has become one of the most significant and most demanding activities for any organization, and hence organizations invest in effectual strategies to motivate their workforce. Flexitime is one of the applications of need-based theories to motivate the new are workforce. It includes compressed work weeks, flexible working hours, job sharing, work at home, and part-time work. Such plans are designed to influence employee satisfaction and to help employees balance the demands of their work and non-work lives. Flexible benefits as another application of need-based theories individualise rewards by allowing each employee to choose that compensation package which best satisfies his/her current needs. Job redesigning involves alteration of specific jobs with the purpose of improving both productivity and work experiences of employees. The main ways of job redesigning are job rotation, job enlargement, job enrichment, and task design. Expectancy theory can be used in pairing of individual and organizational goals, which enhances a manager's understanding of valence, as it pertains to individual employees, and enables him/her to use this understanding to motivate employees on the job. MBO is a systematic and organized approach that allows the management to set specific goals with the cooperation of employees for an explicit time period with feedback on goal progress.

## 10.5 SELF ASSESSMENT TEST

1. Describe how to enrich a present or past job of yours. How can you enlarge your job?
2. What are the major ways by which jobs can be redesigned?
3. Describe the alternative work arrangements of flexitime, job sharing and telecommuting. What are the advantages and disadvantages of each? Discuss their applicability in Indian organizations.
4. How can flexible benefits motivate employees?
5. Explain the job characteristics model. How does it motivate employees?

## 10.6 CASE STUDY

**Motivating Your Sales Staff (Goal Alignment)**

Divide yourselves into groups of four to five students and then read the scenario below:

Imagine that you all comprise the management team of a new specially retail store in electronic gadgets. Your company's business strategy is to provide high-quality products and customer-centric services. Though you are not the cheapest store in town, yet you expect that your service-oreinted atmosphere would attract customers , who would be willing to pay a little extra for the products you are offering. For this, your sales staff will be essential to your store's success, and you want to create a system that would motivate them to create a competitive advantage for your business. You are already offering market competitive starting salaries. Over and above that, you have decided to allocate 5 per cent of the store's profits to use to motivate your sales staff in a suitable way.

**Questions**

Q.1 What behaviors would you expect from your sales staff? What goals would you set for them in lines with your answer to question 1?

Q.2 What type of reward system would you set up to elicit these behaviors from your employees?

Q.3 What challenges would be looming large on implementing a new reward system? How would you proactively address these potential challenges?

## 10.7 FURTHER READINGS

Stephen Robbins, Timothy Judge, Organizational Behavior Global Edition, 15th edition, Pearson Education.

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# UNIT 11 LEADERSHIP

After reading this chapter you will be able to

- Understand the Concept of leadership
- Learn different styles of leadership
- Learn trait theory of leadership
- Learn behavioral theories of leadership

**Structure**



**Summary**

A leader is one who influences behaviour of individuals, acquires over others and the followers accept the directives and control of the leader. Thus, leadership is the ability to atract others and the potential to make them follow instructions. We have discussed various styles of leadership such as Autocratic style of leadership which proposes that a leader has all the powers to make decision and authority is centered in the leader. Democratic or participative style of leadership is a style of leadership where leaders their groups and consider their opinion in the decision making process. Laisses-faire, also known as free rein style is a type of leadership in which there is complete delegation of authority to subordinates.who make decision by themselves. Bureaucratic style of leadership emphasizes on the rules and regulations of an organization, whereas Manipulative leaders manipulates employees to attain their assigned task Participative leaders follow the philosophy that happy employees work better and harder, therefore they treat all its employees as family member. Expert leadership is a result of the complex structure of modern organization and is based on the ability, knowledge and competence of the leaders. We have also introduced behavioral theories

of leadership which focuses on specific behaviours of leaders (including McGregor's Theory X and Theory Y, The Ohio State Studies, The University of Michigan Studies, Managerial Grid) and Trait Theory which contends that while traits do differentiate leaders from non-leaders, they do not distinguish between effective and ineffective leaders.

## 11.1 CONCEPT AND DEFINITION OF LEADERSHIP

Many of us have come across the adage "A leader is born not made". Ever since childhood we have come across stories of many leaders, be it in history, like King Ashoka and King Alexander, or in politics, like Mahatma Gandhi and Jawaharlal Nehru, or in business, like Ratan Tata and J.D. Birla. The term "leader" in itself invokes challenge, charisma and glory. There are several meanings of a leader in the dictionary. Perhaps the simplest of these definitions is that a leader is one who leads or guides; one who is in charge or in command of others. The Oxford Dictionary gives a broad definition of a leader as "the person who leads or commands a group, organization, or country". In this unit, however, we shall restrict ourselves to leaders and leadership in context of a business organization.

Leadership influences behavior of individuals; it acquires dominance and the followers accept the directives and control of a leader. Thus, leadership has the ability to attract others and the potential to make them follow instructions. Leaders carry out this process by applying their leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. Leadership is an integral part of management of any organization, and plays a vital role in all managerial operations. In business and industrial organizations managers play the role of leaders and acquire the leadership of subordinates. Leadership provides direction, guidance and confidence to the employees, and helps in the attainment of goals in much easier way. Through leadership, managers induce the employees of the organization to channelize their efforts and contribute their optimum towards the attainment of organizational goals. Effective leadership even provides direction and vision for future to an organization.

**Definition of Leadership**

The concept of leadership has evolved over time, and as a result its definition has got enriched. Many define leadership as the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically for the achievement of group objectives. It has also been described as the process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. According to Wendell French, "Leadership is the process of influencing the behavior of others.in the direction of a goal or set of goals or, more broadly, toward a vision of the future". As per Keith Davis, "Leadership is the process of encouraging and helping others to work enthusiastically towards objectives". Koontz and O'Donnell define leadership as "the art or process of influencing people so that they will strive willingly towards the achievement of group goals."

According to Peter Drucker, "Leadership means the lifting of man's visions to higher sights the rasising of man's performance to higher standard, the building of man's personality beyond its normal limitations". Grey and Starke characterize leadership as "both a process and a property. As a process, it is used for non-coercive influence to shape up the goals of a group or organization, to motivate behavior toward the achievement of those goals and to help define group or organizational culture. As a property, leadership is the set of multiple characteristics attributed to those who are perceived to be leaders."

Leadership is a process by which a manager influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders play a critical role in influencing the work behavior of others in the system. For example, marketing managers influence their sales force personnel to meet the targetted sales volumes. The style of an influential leader will have an impact on the behavior of the subordinates. Let us discuss the three processes by which people can be influenced by a leader, namely, by compliance, identification and internalization, or some combinations of these.

**i.** **Compliance** : Compliance occurs when people are influenced to do something against their will, mainly because they have been coerced into doing it; otherwise , they are likely to face severe consequences which may cost them heavily. In most authoritarian organizations, managers are found to influence subordinates through such a process of coercion which, as is obvious, often elicits reluctant and half-hearted compliance.

**ii.** **Identification** : Identification occurs when people do things that their leader wants them to do, because they like him/her, and they put forth the efforts to accomplish the things that their leader would like them to do. Subordinates simply follow their managers just for the reason that he/she is attractive or likable or acts as a role model. Such leaders tend to have more charisma and posses some qualities that are more valued and admired by others in the organization.

**iii. Internalization** : Internalization occurs when followers are convinced that acting in a particular way as directed by the leader is in their own interests. This represents the highest level, wherein the amount of influence exerted by the managers is very limited. Because of their trust in the leader's judgment and expertise, employees tend to believe that the type of action they have been asked to do will be providing more benefits in future. Having "internalized" the values or opinions of the leader, the employees willingly do whatever needs to be done.

**Features of Leadership**

Leaders are people who are able to influence the behavior of others without recourse to threats or coercion or any other form of force towards them. They are accepted by other individuals as a person superior to them. Leadership is the process of influencing others to get a job done more effectively over a sustained period of time. Following are the features of leadership:

- Leadership is a continuous process of influencing behaviors of individuals of an organization.
- Leadership uses non-coercive methods to direct and coordinate the activities of individuals of an organization.
- Leadership directs individuals to attain the tasks assigned to them by following the instructions of their leaders.
- A leader possesses qualities to influence others.
- Leadership gives followers a vision for future.
- Leadership is a group activity. A leader influences his/her followers and followers also exercise influence over their leader.
- Leadership is meant for a given situation and a given group for a pre-determined period of time.

**Importance of Leadership**

Leadership is an important function of management which helps an organization to maximize efficiency and to achieve pre-determined goals In a competitive business environment, effective leadership is an essential requirement to attain success and stability. Whatever is the type or size of business, leaders must be able to provide inspiration, motivation and clear direction to their team. In the absence of effective leadership, organizations are often found to grow slowly and may run the risk of losing their direction and competitive edge in the market. The following points justify the importance of leadership in an organization:

- A leader should act as a friend of the people who are being lead. An open and engaging relationship between a leader and his/her team members is demonstrative of the fact that they are valued as an integral part of the organization. This creates a sense of ownership among team members and develops a closer alignment between individual and organizational objectives.
- A leader must have the capacity to recognize the potentials of individuals and transform such potentials into realities. A leader should also be able to motivate his/her followers to achieve their goals.
- A leader should have the confidence of the followers. Good business leadership can help a team remain focused during a time of business crisis; a leader can play a crucial role at such times, reminding the team members of their achievements and encouraging them to set short term, achievable goals.
- A leader must be able to unite the people as a team and build up team spirit. He/she must encourage the team members to openly contribute and discuss new ideas in a positive environment. This would ensure utilization of the diverse experience and ideas of the workforce and may play a crucial role in improving a business. At the same time, a leader should be able to maintain discipline among the group members and develop a sense of responsibility in them.
- A leader must be able to build up high morale among the individuals of the organization and maintain ethical standards among them. The level of commitment and degree of enthusiasm of a business leader shapes the common goals of the organization and provides inspiration and motivation for people to perform at a high level.
- A leader should act as a link between the various work groups and the forces external to the organization.

**Difference between Leadership and Management**

Leading and managing go together, in fact, many tend to use these terms interchangeably. Yet they are distinct from each other and some differences exist between the two. The distinction between leadership and management is quite useful in gaining a better understanding of these two different functions in an organization. Broadly speaking, leadership provides direction, encouragement, motivation and inspiration to a team to achieve organizational success. Management, on the other hand, is primarily an organization role, coordinating the allocation of physical and human resources to maximize efficiency in achieving identified goals. The following are the differences between the leadership and the management:

- Management takes rational and logical decisions and thus has tactical and organizational focus, while leadership takes decisions that are mostly ruled by the expectations of the followers, and thus has a strategic and people-oriented focus. Leadership has an emotional appeal while management acts on rationality.
- Management establishes relationships through a lawful authority, while leadership establishes relationships through power. Further, unlike leaders, managers have formal authority.
- Management is a process of planning, organizing, directing and controlling the activities of others to attain organizational objectives. The primary function of management is administering and maintaining systems. Leadership, on the other hand, is a process of influencing the behavior of the people to attain their assigned tasks. The prime focus of leadership is thus to motivate and inspire of people.
- While management is all about instructing and directing people, leadership entails empowering and mentoring people. Management has a short term, detailed perspective, whereas leadership is a long term, broad perspective.

Nevertheless, leadership and management operate hand in hand. To be a good manager requires leadership skills, and an effective leader must be reliant on their own and others' management skills to achieve their vision. A successful manager must posses both managerial and leadership qualities.

## 11.2 STYLES OF LEADERSHIP

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. A group of researchers led by Kurt Lewin, in the first of its kind study, had identified three major leadership styles : autocratic or authoritarian, participative or democratic, and laissez-fair or free rein. Let us discuss these styles of leadership in this section.

**I. Autocratic or Authoritarian**

In this type of leadership, there is a complete centralization of authority in the leader, i.e., authority is centered in the leader himself. He has all the powers to make decisions. He uses coercive measures and adopts, negative method of motivation. An autocratic leader wants immediate obedience of his orders and instructions, and any negligence on the part of subordinates results in punishment. There is no participation as such from the subordinates in decision making. An autocratic leader considers himself as the only competent person in the organization. According to Edwin B. Filipppo, following are the three types of autocratic leaders:

**i. Hard Boiled or Strict Autocrat :** A leader of this type uses negative influence and expects that employees should obey his orders immediately. Non-compliance of his orders results in punishment. He makes all decisions and does not disclose anything to anyone. Such a leader is quite rigid on performance.

**ii. Benevolent Autocrat** : A benevolent autocratic leader uses positive influences and develops effective human relations. He is known as a paternalistic leader. He praises his employees if they follow his orders and invites them to find solutions to problems.Such a leader feels happy in controlling all the actions of his subordinates.

**iii. Manipulative Autocrat** : A manipulative autocratic leader creates a feeling in the minds of his subordinates and workers that they are participating in decision-making processes. But in reality it is the leader who makes all decisions by himself. Non-compliance of his orders also results in punishment.

**II. Democratic or Participative**

Democratic or participative leadership is also known as group centered or consutative leadership. As is evident from the name, in this type of leadership, leaders consult their groups and consider their opinion in the decision making process. Democratic leaders encourage discussion and brain-storming among the group members on the problem at hand, and exchange of ideas with the leader. A decision is taken only on consent of the group members. In seveeral instances participation or involvement of employees in the decision-making process is even rewarded. Since democratic leaders give more freedom to their group members, the latter feel that their opinions are honored and that they are given importance. This develops a sense of confidence among subordinates and they derive job satisfaction. Participative decision making improves the quality of a decision as it is taken after due consideration of the valued opinions of the talented group members.

The biggest demerit of this type of leadership is that it takes more time to arrive at a decision, as a lot of time is wasted in collecting the opinions of employees.

**III. Laissez-faire or Free Rein**

In this type of leadership, there is virtual absence of direct leadership, and hence it is often regarded as "no leadership at all". There is complete delegation of authority to subordinates, who can make decisions by themselves. Absence of leadership may have both positive and negative effects. It can be effective if members of the groups are highly committed to their work. The negative aspect is that the leader is not competent enough to lead his group effectively. Further, members may feel insecure and develop frustration due to lack of decision making authority.

**IV. Bureaucratic**

This type of leadership emphasizes on the rules and regulations of an organization. The behavior of the leader is determined largely by the rules, regulations and procedures to be followed under his leadership, and both the leader and his subordinates adhere to these rules and regulations. Therefore, there is no difference between management and administration in this type of leadership. The employees have little to do theselves ; it is the rules that determine their performance.

**V. Manipulative**

This type of leadership manipulates employees to attain their assigned tasks. A manipulative leader is quite selfish and exploits the aspirations of the employees for his gains. He knows very well the needs and desires of the employees but he does very little to fulfill them. Due to such attitude, he has to face the hatred of the employees at times.

**VI. Paternalistic**

A paternalistic leader believes in the philosophy that happy employees work better and harder. Such leadership maintains that fatherly altitude is the right one for better relationship between a manager and employees. Everyone within the organization should work together like a family.

**VII. Expert Leadership**

The expert leadership emerged as a result of the complex structure of modern organizations. This type of leadership is based on the ability, knowledge and competence of the leaders. An expert leader handles the situation skillfully with his talent. The employees, on the other hand, feel relieved as they are working under a person who is an expert and can handle a situation without any problem.

Activity

Describe any leader or manager who, according to you, is unenthusiastic. What effects can such lack of enthusiasm have on the group members?.

How would you characterize the leadership style of your favorite business leader?

The next question that would come up quite obviously is: which of the above styles should a leader adopt? In modern organizations, human resources vary in terms of skills, knowledge, competences and their attitude towards the organization. They exhibit different behaviors as they differ in attitude. A manager must understand such varied types of behavior of his employees and accordingly can make use of the various styles. He/she should also assess the situation and adopt that style of leadership, which best suits that situation. In other words, leadership is situational. If the situation changes, the style of leadership also changes. A successful leader is thus one who assesses the situation appropriately, studies the behavior of the subordinates, and adopts the most useful style of leadership to lead the people at work towards accomplishment of organizational goals.

## 11.3 TRAIT THEORY OF LEADERSHIP

Before we understand the trait theory, let us first understand the background of the trait approach to leadership. This approach arose from the "Great Man" theory as a way of identifying the key characteristics of successful leaders. The trait theories differential leaders from non-leaders by focusing on personal qualities and characteristics. As one of the earliest form of studies on leadership, trait theories searched for any personality, social, physical or intellectual factors that could describe leaders and differentiate them from non-leaders. For example, leadership traits might include intelligence, assertiveness, above average height, self-confidence, initiative, and understanding of interpersonal relations. It was posited that the presence of these traits helps individuals to gain possession of leadership; since all individuals do not have these qualities, only those who have them would be considered as potential leaders. It was believed that through this approach, critical leadership traits could be identified and isolated, and that people with such traits could then be recruited, selected, and put into leadership positions. This approach is taken into consideration to analyze the personal, psychlogical and physical traits of strong leaders. It was common in the military, and is still used as a set of criteria to select candidates for the armed forces.

**Activity**

Do you think the "Great Man" perspective of leadership is still valid? Think about some popular English and Hindi movies. Do these movies portray a singular individual as the hero or savior in the story line? Discuss.

However, this initial line of research did not get much success and was relatively unproductive. Some of the weaknesses of this theory are :

- Almost as many traits as the studies undertaken have been identified. After several years of research it became apparent that no consistent traits could be identified. Although some traits were commonly found in a considerable number of studies (like technical and interpersonal skills, task motivation, supportiveness, emotional control, administrative skills, general charisma, and intelligence), the results were generally inconclusive. Some leaders might have possessed certain traits, but the absence of these traits did not necessarily mean that a person was not a leader. Further, all the traits are not identical with regard to the essential characteristics of a leader.

- Some traits may not be inherited, but can only be acquired over time through training.
- This approach does not identify those traits that are the most or the least important for a successful leader.
- A leader may fail in spite of possessing the required traits. This approach cannot explain such leadership failures.
- It has been found that many traits exhibited by leaders are also found among followers. The trait approach fails to explain why followers could not become leaders.
- It may often be difficult to define traits in absolute terms.

Overall it can be said that while traits do differentiate leaders from non-leaders, they do not distinguish between effective and ineffective leaders. Merely possessing the correct traits do not make a leader automatically successful. The trait theory has hence been criticised for lack of conclusiveness and predictability.

**ACTIVITY**

You are the Vice President of a retail major. You have been given the responsibility of hiring zonal heads for your company. Would you follow the trait approach to leadership when hiring a person for a leadership position? What problems can be encountered?

## 11.4 BEHAVIORAL THEORIES OF LEADERSHIP

Behavioral theories of leadership promote the concept of leadership styles with an emphasis on concern for people and colllaboration. These theories are classified as such because they focus on the study of specific behaviors of a leader. Different patterns of behavior are observed and categorized as "styles of leadership", and hence these theories are also known as "the style approach to leadership."

Behavioral theories of leadership consider the observable actions and reactions of leaders and followers in a given situation. These theories concentrate on what leaders actually do rather than on their qualities. Behavioural theories thus make a sharp departure from the trait theories by assuming that leaders can be made, rather than born, and successful leadership is based on definable, learnable behavior. The propounders of these theories propose that a leader's behavior is the best predictor of his/her leadership influences and as a consequence, is the best determinant of his/her leadership success. Behavioral theories espouse participative decision making and team development by supporting individual needs and aligning individual and group objectives. These thoeries have attracted the most attention from practicing managers.

**McGregor's Theory X & Theory Y Managers**

If we look at the background of the behavioral theories we can see researchers from the 1940s through the 1960s began studying behaviors exhibited by leaders as a means to separate leaders from non-leaders, mainly as a result of the presumed failures of the early trait studies. After the publication of the late Douglas McGregor's classic book, "The Human Side of Enterprise" in 1960, attention shifted to the behavioral theories. McGregor was a teacher , a researcher, and a . consultant; his work was considered to be "on the cutting edge" of managing people. McGregor influenced all the behavioral theories, which focus on human relationships, along with output and performance. However, strictly speaking, McGregor's theory was not a theory of leadership; nevertheless, the leadership strategy of effectively used participative management proposed in his book has had a tremendous impact on managers. In fact, the most publicized concept in this book is that, leadership strategies are influenced by a leader's assumptions about human nature. Principally as an outcome of his rich experience as a consultant, McGregor summarized two contrasting sets of assumptions made by managers in organizations.

Theory X managers believe that :

- The average human being has an inherent dislike of work and will avoid it if possible
- Because of this human characteristic, most people must be ciercedm controlled, directed, or threatened with punishment in order to ensure that they put forth adequate effort to achieve organizational objectives.
- The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all else.

In contrast, Theory Y managers believe that :

- The expenditure of physical and mental efforts in work is as natural as play or rest, and the average human being, under proper conditions, learns not only to accept, but also to seek responsibility.
- People will exercise self-direction and self-control to achieve objectives to which they are committed.

- The capacity to exercise a relatively high level of imagination, ingenuity and creativity in population, and the intellectual potentialities of the average human being are only partially utilized under the conditions of modern industrial life.

It can therefore be seen that a leader holding Theory X assumptions would prefer an autocratic style, whereas one holding Theory Y assumptions would prefer a more participative style.

**The Ohio State Studies**

Initiated in the late 1940s, the Ohio State Studies attempted to find which behaviors substantially accounted for most of the leadership behaviours described by employees. Beginning with over a thousand dimensions, researchers finally narrowed the list down to two behaviors, namely :

**Initiating Structure** : This dimension refers to the extent to which a leader is likely to define and structure his/her role and those of employees in the search for goal attainment. In initiating structure behavior, a leader clearly defines the leader-subordinate roles, so that everyone knows what is expected from him/her. The leader also establishes formal lines of communication and determines how tasks will be performed. It includes behavior that attempts to organize work, work relationships, and goals.

**Consideration** : This dimension is the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees' ideas, and regard for their feelings.and attempts to establish a warm, friendly and supportive behavior. People who are high in consideration show concern for followers' comfort, well being, status, and satisfaction.

Both initiating-structure and consideration were found to be associated with effective leadership. Leaders who were high in initiating structure typically had higher levels of group and organization productivity, besides more positive performance evaluations. Followers of leaders who are high in consideration were more satisfied with their jobs, were more motivated, and had more respect for their leader.

**Activity**

This activity would need two people, one as the supervisor and the other as the subordinate. The subordinate has an ailing parent at home, and very often comes late to work. However, he is a good performer. Think of a high-consideration behavior that the supervisor can show. What can be the reaction of the subordinate to his/her behavior?

**The University of Michigan Studies**

Researchers at the University of Michigan , led by Rensis Likert, began studying leadership in the late 1940s, approximately contemporary to the Ohio State studies. The Michigan studies had similar research objectives; to locate behavioural characteristics of leaders that appeared to be related to measures of performance effectiveness. Depending on broad discussions with managers and subordinates, this set of studies identified two dimensions of leadership behavior that were critical:

**Employee-Oriented :** Employee oriented leadership behavior emphasizes interpersonal relations; he / she interacts with group members to explain task procedures and ovversee their work. Such a leader takes personal interest in the needs of employees and also accepts individual differences among the group members.

**Production-Oriented :** The second behavior was identified as production oriented leadership behavior, which emphasizes the technical or task aspects of the job and high performance standards to be accomplished. Their main concern was in accomplishing their group's tasks and the group members were seen as a means to that end.

The Michagan researchers thought a leader could show signs of one kind of behavior, but not both. They strongly favored leaders who were employee-oriented in their behavior as such leaders were associated with higher group productivity and higher job satisfaction. The results of the Michigan studies were closely related to those from Ohio State. Employee-oriented leadership is similar to consideration and production oriented leadership is similar to initiating structure. However, the most obvious difference between Michigan and Ohio State studies is that the Ohio State researchers did not osition the two forms of leadership behaviors at opposite ends of a single contnuum; rather, they had assumed the behaviors to be independent variables. This implies that a leader could exhibit varying degrees of initiating-structure and consideration at the same time, i.e., a particular leader could have higher ratings on both measures, or low ratings on both, or high ratings on one and low on the other.

Most experts now agree that there is no single set of traits or behaviors that appears to be common to all good leaders. The universal approaches to leadership can help managers examine their own leadership characteristics and match them against the traits most commonly identified with good leaders. In order to understand the full complexity of leadership, the contingency theory is to be studied.

**Managerial Grid**

Building from the results of both the Ohio State and Michigan studies. Robert Blake and Jane Mouton created a leadership assessment instrument that was based on the styles of "concern for people" and concern for production". Commonly regarded as the "managerial grid", this tool is still very popular and finds wide application in both leadership selection and training programs.The Managerial Grid focuses on employee (people) and task (production) orientations of managers, as well as combinations of concerns between the two extremes. A grid is designed with concern for production on the horizontal axis and concern for people on the vertical axis, and it plots five basic leadership styles.

***i.*** ***Country Club Leadership*** - High People/Low Production ( 1 on task, 9 on people) : This type of leader is the most concerned about the needs and feelings of the members of his/her team. Such leaders assume that as long as team members are happy and secure, they will work hard. They predominantly use reward power to maintain discipline and to encourage their teams to accomplish their goals. Such kind of leadership contributes to a work environment that is very relaxed; however production may suffer in such an environment due to lack of direction and control. Further, country club leaders are almost incapable of applying punitive, coercive and legitimate powers due to the fear that using such powers could ultimately jeoparadize their relationships with the other team members.

***ii.*** ***Produce or Perish Leadership*** - High Production/Low People (9 on task, 1 on people) : Also known as authoritarian or compliance leaders, people in this category are very much task-oriented. They are hard on their workers and believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. There is little or no allowance for cooperation or collaboration. Heavily task oriented leaders display these characteristics; they are very strong on schedules; they expect people to do what they are told without question or debate. Such leaders are very autocratic and view punishment as the most effective means to motivate employees. When something goes wrong, they tend to focus on who is to blame, rather than concentrate on exactly what is wrong and take corrective action.

*iii.* ***Impoverished Leadership*** - Low Production/Low People (1 on task, 1 on people): This leader uses a "delegate and disappear" management style. Without any commitment either to task accomplishment or to maintenance, such leadler is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. An impoverished leader allows his/her team to do whatever it wishes and prefer to be detached from the team process. The outcome of such leadership is a place of disorganization, dissatisfaction and disharmony as the team is found to suffer from a series of power struggles.

*iv.* ***Middle-of-the - Road Leadership - Medium Production/Medium People (5 on task, 5 on people)*** : This style seems to be a balance of the two competing concerns of production and people. It may at first appear to be an ideal compromise. However, when a leader compromises, he/she gives away a big of each concern so that neither production nor people needs are fully met. Leaders who use this style settle for average performance, and often believe that this is the most that anyone can expect.

*v.* ***Team Leadershisp - High Production/High People (9 on task, 9 on people)*** : This is the pinnacle of managerial style. These leaders stress production needs and the needs of the people equally highly. The underlying premise is that employees are involved in understanding organizational purpose and determining production needs. When employees are committed to, and have a stake in the organization's success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, High production. This type of person leads by positive example and endeavors to foster a team environment in which all team members can reach their highest potential, both as team members and as people. They encourage the team to reach team goals as effectively as possible, and also work tirelessly to strengthen the bonds among the various members.

It is thus clear that by going to the extremes of the managerial grid, we can get people who score on the far end of the scales and thus we come up with four types of leaders: Authoritarian, Team Leader, Country Club and Impoverished. Of these, as Blake and Mouton propose, Team Leadership is the most effective type of leadership behavior. With a 9 on task and a 9 on people, it represents the most desirable place for a leader to be along the two axes. However, certain situations might call for any of the other styles to be used at times. For instance, being an Authoritarian Leader, a manager may instill a sense of discipline in any unmotivated team member; by playing the Impoverished Leader, a leader may allow his/her team to gain self-reliance. Thus by a careful analysis of a situation, a leader would know at what points along the axes he/she need to be, in order to achieve the desired result. Figure 1 represents the managerial grid along with the five basic leadership styles discussed above.

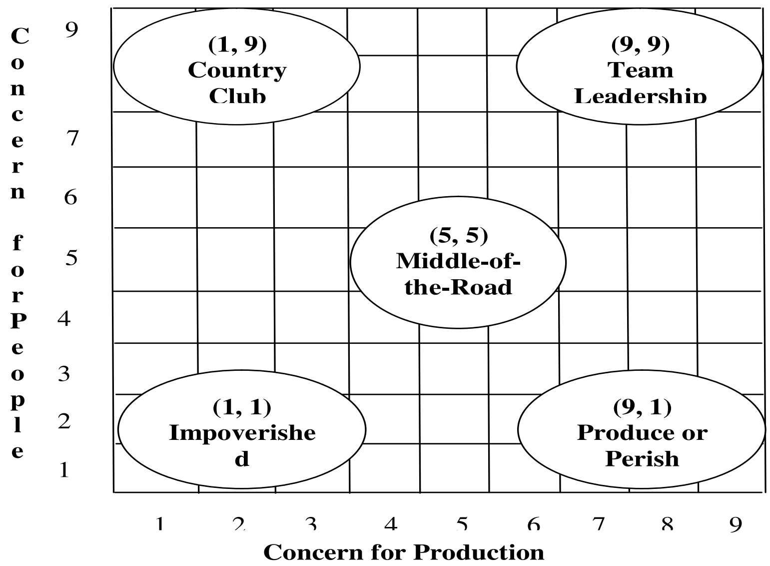


Figure 1 : Managerial Grid

**Critical Appraisal of Behavioral Theories of Leadership**

The behaviral theories promote the notion of leadership styles focusing on concern for people and collaboration. These theories help managers evaluate and understand how their behavioral style as a manager affects their relationship with their teams and enhances commitment and contribution towards organizational goals. Managers can hence find the right balance between the different styles of leadership, emphasizing on concerns for people and for productivity. The practical application of the behavioral theories is that behaviors of leaders affect their performance and different leadership behaviors could be appropriate at different times. The best leaders are those who have the a daptability to change their behavioral style, and choose the right style suitable for each situation.

Further, according to the behavioral theories, people can learn to become through teaching and observation, and certain behavioral patters may be identified as leadership styles.

Like the trait approach, behavioral theories of leadership too have their own limitations. These theories do propose leadership styles, but in reality, a specific leadership style may not serve to be the best in all circumstances. Most experts have now come to the conclusion that no one leadership style is right for every manager under all circumstances. The behavioral theories thus provide little guidance as to what constitutes effective leadership in different situations.

**Difference between Behavioral Theories and Trait Approach**

Behavioral theories of leadership are a big leap from the Trait Approach, in that it assumes that leadership capability can be learned, rather than being inherent . Hence the primary difference between studying leadership behaviors and traits is that traits cannot be taught. The trait approach attempted to find the "great man" who had the natural characteristics necessary to be a good leader; the focus clearly was on selection. Behaviors , on the other hand, can be learned. Behavioral theories are based on the principle that behaviors can be conditioned in a manner that one can have a specific response to specific stimuli. So behavioral studies attempt to find the correct actions leaders take. By teaching these behaviors, anyone could be trained to be a better lealder; the focus is not on selection, but on what should be trained.

## 11.5 SELF ASSESSMENT TEST

1. Do you agree with the idea that some people are born with traits that make them natural leadersl?
2. What are the differences between trait theories and behavioral theories of leadership?
3. Do you think subordinates under a democratic leader would perform better than those under an autocratic leader?
4. What is task oriented leadership behavior? When should such behavior be used?
5. What are the possible shortcomings of the Managerial Grid theory?

## 11.6 CASE STUDY

**Leadership Traits and Behaviors**

Consumer's Heaven Ltd. is a medium-sized manufacturer of consumer products. Mr. ABC was a plant manager in the company who was liked by the employees. Mr. ABC believed it is important to treat employees properly so that they would have a sense of loyalty. Hence he regularly arranged picnics. holiday parties and other recreational programs for the plant employees. However, under him, the plant recorded the lowest turnover in 2011, and the worst record for costs and production levels among all the plants of Consumer's Heaven. Mr. ABC was asked by the Vice President to take early retirement and Mr. XYZ replaced him. Mr. XYZ had a "reputation" as a manager who could get things done. He believed that if workers did not want to work, the company should summarily get rid of them. Immediately after he joined. Mr. XYZ held a meeting with the supervisors, and instructed them to establish high-performance standards. Costs were cut down by trimming the expenses on picnics and parties.

**Questions**

Q.1 Compare the leadership traits and behaviors of Mr. ABC and Mr. XYZ.

Q.2 Which leader do you think is more effective? Why? As an employee of this company, which manager would you prefer to work under?

## 11.7 FURTHER READINGS

Stephen Robbins, Timothy Judge, Organizational Behavior Global Edition, 15th edition, Pearson Education.

Fred Luthans, Organizational Behavior, McGraw Hill.

J.W. Newstrom, Organizational Behavior : Human Behavior at Work, Tata McGraw Hill.

# UNIT - 12 LEADERSHIP : CONTINGENCY PERSPECTIVES

**Objectives:**

After reading this chapter you will be able to :

- Learn Path-goal theory
- Understand the various models of leadership
- Understand the concept of transitional and transformational leadership

**Structure**



## 12.1 PATH-GOAL THEORY

The path-goal theory in the field of organizational behavior considers the impact of a leader's behavior on the job satisfaction, motivation and effectiveness of workers. It was originall formulated by Robert J. House in 1971, and underwent subsequent revision in the 1990s. Also referred to as the path-goal theory of leader effectiveness, this theory is influenced in part by the Ohio State Leadership research, and also by the expectancy theory of motivation. We have already discussed expectancy theory in Unit I and the Ohio State studies among the behavioral theories of leadership in Unit, 3.

The path-goal theory comes under the contingency perspective of leadership, which posits that there is no one best way to lead in all the situations, and effective leadership style will vary from situations to situation, depending on several factors such as the personality of the leader, the characteristics of the followers, the nature of task being done, and other situational factors. This theory rests on the assumption that leaders can change their style behavior to meet the demands of a particular situation, and can motivate subordinates by influencing their expectations, i.e., by making clear what they have to do to get the rewards they desire. Path-goal theory is a contingency theory, as it predicts how a leader's style will interact with the needs of a follower and the nature of the task.

In path-goal theory, the leader's job is to provide followers with information, support, or other resources necessary for them to achieve their goals. Thus followers are on a path towards a goal, and leaders are there to help their followers reach that goal through guidance, coaching and direction. Effective leaders clarify the path to goal achievement and remove any roadblocks the followers may encounter along the path. Thus the principal function of the leader is facilitating to increase the valence perception of the subordinates and clarify and increase their expectancy probabilities. This will, in turn, motivate them to put greater amount of efforts and derive higher levels of satisfaction from their work.

The path-goal theory is composed of two basic propositions, namely, role of the leader and dynamics of the situation. It identifies four leadership behaviors, each of which aims to maximize worker outcomes by recognizing the impact of both environmental factors and workers characteristics in job performance. Further, leadership style is determined by the situation in which the leader functions. This theory also proposes that dynamics of the situation moderate the situational effectiveness of a leader's behavior, and include: characteristics of the subordinates, and characteristics of the work environment. Let us explain each of these propositions in details.

**Leadership Behaviors**

The path-goal theory identifies four kinds of leader behaviors: directive, supportive, participative and achievement-oriented. Leaders are assumed to be flexible and the same leader can display any or all of the necessary behaviors for effectiveness in a given situation. Directive leadership behavior includes informing subordinates know what is expected of them, scheduling of tasks, and giving specific guidance to accomplish tasks. For instance, while leading a new group of subordinates, a leader may be directive in giving guidance and instructions to them. The leader may also adopt supportive behavior by being friendly and showing concern for the needs of followers. While exhibiting participative behavior, a leader consults with followers and seeks their suggestions before making a decision. Continuing with the same example, as the group becomes more familiar with the task assigned to it, the leader may use participative behavior by which he can consult with the members in making decisions. Finally, achievement-oreinted behavior includes setting challenging goals and expecting followers to perform at their highest level. The leader may use such behavior to encourage continued high performance of the subordinates. It is evident from these examples that a manager can adjust his/her behavior to include any of these kinds of leadership behavior. Directive leadership can be adopted for ambiguous tasks, supportive leadership for repetitive tasks, articipative leadership for autonomous tasks, and achievement-oriented leadership for challenging tasks.

**Dynamics of Situation**

Dynamics of the situation has two classes of contingency variables: characteristics of the subordinates, and characteristics of the work environment (including task, work group and other organizational factors). The path-goal theory proposes that a leader's behavior will be erceived as acceptable to subordinates to the extent that the subordinates see such behavior as either an immediate source of satisfaction, or as needed for future satisfaction;.

**Characteristics of Subordinates**

Employee characteristics include variables like locus of control, experience, and perceived ability, which are the interpersonal characteristics of the employee. These variables determine how the environment and leader behavior are interpreted. The following are the employee characteristics :

- **Ability :** This refers to the subordinate's perception of his/her own ability.
- **Locus of Control** : This deals with the degree to which an employee believes that he/she has control of what happens to him/her, People who believe that they controlled their environment and believe what happens to them occurs because of their behavior have an internal locus of control. On the contrary, people who believe what heppens to them is not under their control and occurs because of luck or fate have an external locus of control.
- **Needs and Motives** : A subordinate's dominant needs may affect the impact of a leader's behavior. For example, employees with high affiliation and esteem needs may react more positively to a supportive leader behavior.

**Characteristics of Work Environment**

Characteristics of the work environment are factors which are beyond the control of subordinates. These variables determine the type of leader behavior required for outcomes to be maximized. There are three broad aspects work environment, namely task structures, primary work group and formal authority system. When task structure is high, directive leadership is less effective than when structure is low. Subordinates do not usually need their loss to repeatedly tell them how to do a routine job.

According to the path-goal theory, these environment factors can create uncertainty for employees. A leader who helps employees reduce such uncertainty can motivate them. Leaders do not always have control over environmental factors, but the path-goal theory emphasizes that leaders can use the control they want, in order to adjust the environment and to motivate subordinates. Figure 1 shows the path-goal model of leadership.

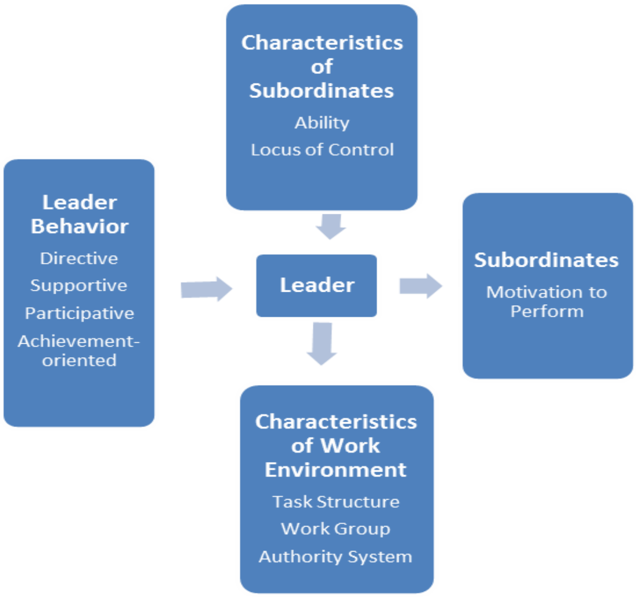


Figure 1 : Path-Goal Model of Leadership

**Path-Goal Theory Predictions**

The path-goal theory proposes leader behavior will be ineffective in two circumstances: when it is redundant with the sources of environmental structure, or when it is incongruent with employee characteristics. Following are the specific predictions (i.e., effective matches between leadership behaviors and contingency variables):

- Directive leadership behaviors are more apposite when tasks are ambiguous or stressful. However, such behavior is inappropriate when employees have high perceived ability or extensive experience.
- Supportive leadership is more effective when employees are performing structured tasks.
- Participative leadership behaviors are more appropriate for employees with internal locus of control.

- Achievement oriented behaviors are appropriate when tasks are ambiguously structured.

We can summarize the main postulates of the path-goal theory as that, any of the four styles can be used effectively by a leader, depending upon situational factors such as characteristics of subordinates (ability, locus of control, and needs and motives), and attributes in the work environment (task structures, primary work group and formal authority system). A good fit between the leadership style and these situational factors would ensure that subordinates will experience job satisfaction. Subordinates would also accept and value the leader and will engage in motivated behavior because they will know that their efforts will lead to performance, which, in turn, would lead to valued rewards.

The rationale behind the theory is that leaders can help their subordinates achieve their goals by providing that vital missing link in the situation and showing the path to desired rewards. Thus leaders should involve their subordinates as much as possible in goal setting. This, on one hand, will enhance a person's sense of control over the organization's goals, and will also ensure job satisfaction, self-esteem and self-efficacy as well as productivity improvement for the organization. However, as discussed in the previous unit, goals need to be difficult enough to be challenging and yet realistic and achievable.

The path goal theory has received mixed response, mainly owing to its inherent complexity, in spite of being attractive in its approach.

## 12.2 THE HERSEY-BLANCHARD MODEL OF LEADERSHIP

The Hersey-Blanchard Leadership Model also takes a situational perspective of leadership, in which Hersey and Blanchard developed a situational model focusing on followers' characteristics. Hence it is often referred to as the Ssituational Style Leadership Model The underlying theme of this model is that successful leadership is achieved by selecting the right leadership style, which is contingent on followers' maturity (or readiness or developmental level). It is followers who accept or reject a leader, so that they are important factors in a leader's success. In other words, it is the developmental levels of a leader's subordinates that play the greatest role in determining which leadership styles (or leader behaviors) are the most appropriate.

Blanchard defined maturity (or developmental level) as the skill and willingness of people to take responsibility for directing their own behavior. People tend to have varying degrees of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts. It consists of two components; job maturity (job competence - skills and abilities) and psychological maturity (mtovation and willingness to take responsibility). The Hersey-Blanchard model is based on task behavior and relationship behavior a leader must provide, given the situation and the level of maturity of the followers. Let us explain these behaviors here:

- **Task behavior** Task behavior refers to the amount of direction provided by a leader. It is the extent to which the leader engages in spelling out the duties and responsibilities to an individual subordinate or a group of subordinates. This behavior includes telling people that what, how, when, where and who's to do a particular task so that followers' roles are clearly communicated. A leader engages in one-way communication in task behavior and closely supervises performance of subordinates.
- **Relationship behavior** : Relationship behavior refers to the extent to which a leader engages in two-way or multi-way communications. This includes listening facilitating, encouraging and providing support. In relationship behavior the leader engages in two way communication by providing socio-emotional support to followers. Such behavior facilitates interaction by involving followers in the decision making process.

**Activity**

Why do you think an effective leader should provide socio-emotional support to team members, even when the members are matured adults?

As mentioned earlier, the key situational variable when determining the appropriate leadership style in the Hersey-Blanchard leadership model is the developmental level of the subordinates. As a result, this model proposes four leadership styles.

- **Directing** : The leader provides clear instructions and specific direction. This style is best suited for a low follower readiness level. It is high directive low supportive.
- **Coaching** : The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controlled decision making. Such behavior is high directive high supportive; implying that the leader provides both directive and supportive behavior.

Selling style is best matched with a moderate follower readiness level.

- **Supporting** : In this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. It is low directive-high supportive, with facilitating and communicating as the main role of the leader. Participating style is best matched with a moderate follower readiness level.
- **Delegating** : This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. It is low directive low supportive, and the leader provides little direction or support. Delegating style is the best fit for a high follower readiness level.

In order to determine the most appropriate leadership style to use in a given situation, the leader must first determine the maturity level of the followers in relation to the specific task that the leader is attempting to accomplish through the effort of the followers. As the level of maturity of the followers increases, the leader should begin to reduce his/her task behavior and increase relationship behavior until the followers reach a moderate level of maturity. As the followers begin to move into a level of maturity that is above average, the leader should decrease not only task behavior but also relationship behavior.

**Followers' Characteristics**

Besides identifying leadership behavior, the Situational Style Leadership Model also identifies follower's readiness for a task or developmental level on a continuum ranging from D1 to D4. The model posits two characteristics to identify the level of readiness to complete a task, namely ability and willingness. Different followers have different combinations of these two characteristics and different levels of development or readiness and capacity to complete tasks. Accordingly there are four developmental stages of followers:

- D1 : Unwilling, insecure, and with the ability to perform the task.
- D2 : Willing, confident, and without the ability to perform the task.
- D3 : Unwilling, insecure, and with the ability to perform the task.
- D4 : Willing, confident, and with the ability to perform the task.

Followers demonstrating either D4 or D3 behavior are able to direct their own behavior, whereas D2 or D1 followers need to be directed by the leader. Hence leaders need to be able to adapt their style of leadership not only to the situation, but also to the followers in the group. As a result, no one particular style of leadership is the best, and the decision to vary the style from leader-directed to task directed is dependent on the developmental level of the followers. As followers reach high levels of development, the leader gradually decreases control over activities and supportive behavior. At stage D1, followers need clear and specific direction, the directive style is highly suitable. At stage D2, both high directive and high supportive behavior are needed: as such a leader may adopt coaching style. At stage D3, the followers face motivational problems that are best solved by a supportive, non-directive participative style. Finally at stage D4, the leader does not have to do much because followers are both willing and able to take responsibilities. Table 1 summarizes all the types of leadership behavior in response to specific follower behaviors.

**Table 1 : Types of Leadership Behavior**

| | Leader Behavior | Decision Made by | Follower Behavior |
|---|---|---|---|
| D1 | Directing | Leader | Unwilling, insecure, unable |
| D2 | Coaching | Leader in consultation with follower | Willing, confident, unable |
| D3 | Participating | Leader and follower | Unwilling, insecure, able |
| D4 | Delegating | follower | Willing, confident, able |

In conclusion we can say that the Hersey-Blanchard model postulates that successful situational leadership recognizes and creates an effective combination of the following: leadership style, follower's developmental level and the situation. Leaders must work with followers and by their leadership style, affect the ability and willingness of the followers to perform. Leaders also need to establish a support mechanism to let others develop their aptitude for the task, perform to their maximum ability, and develop the confidence to match their level of willlingness.

## 12.3 FIEDLER'S CONTINGENCY MODEL

Fiedlers Contigency Model was created in the mid-1960s by Fred Fiedler, a scientist who contributed significantly to the study of personality and characteristics of leaders. The contingency model postulates that there is no single best way for managers to lead; situations will create different leadership style requirements for a manager. In other words, a leader's effectiveness is based on the situation. Fiedler developed a model to predict work group. effectiveness by taking into consideration the best fit between two factors : leadership style and situational favourableness (later named "situational control"), or degree of favorableness of the situation.

**Identifying Leadership Style**

Identifying leadership style is the first step in using the contingency model. Fiedler held that leadership style is fixed, and that it can be measured using a scale that he had developmed, known as the Least Preferred Co-Worker (LPC) Scale (see Figure 1). If the situation and style are not optimal, then either the situation needs to be modified, or the leader needs to be replaced. The LPC questionnaire basically purports to measure whether a manager is task-oreinted or relationship oriented. It is in the form of a scale to rate the type of relationship a supervisor holds towards the least preferred co-workers on a twenty-item questionnaire. The supervisor is asked to describe the person with whom he has worked the least well in accomplishing some task in the past. The model postulates that a low LPC score (unfavourable avoidable evaluation) indicates the degree to which a leader is ready to reject those with whom he cannot work. Therefore, the lower the LPC score, the greater the tendency for the leader to be task-oriented. On the other hand, a high LPC (favourable evaluation) indicates a willingness to perceive even the worst co-worker as having some positive attributes. Therefore, the higher the LPC score, the greatest the tendency for the leader to be relationship oriented.

**Situational Favorableness**

Next we need to determine the situational favourableness of a particular situation. Fiedler looked at three factors that could define the condition of a managerial task by checking whether the situation would be favorable or unfavorable and dictate a leader's situational control. These factors are : leader-member relations, task structure of the group, and perceived power of the manager.

- **Leader-member relations** : These refer to how well a manager and employees get along, and are inclusive of the amount of loyalty, dependability, and support that the manager receives from employees. Leader member relations reflect a measure of how the manager perceives he/she and the group of employees is getting along together , and is measured as good or poor.
- **Task Structure** : Task structure describes the job in terms of whether it is highly structured or highly unstructured or

somewhere in between, and is measured as high or low. In a favourable relationship the manager has a high task structure and is able to reward and or punish employees without any problems. In an unfavourable relationship, however , the task is usually unstructured and the leader possesses limited authority. The spelling out in detail (favourable) of what is required of subordinates affects task structure.

- Position power : Position power refers to the amount of power or the level of authority a manager perceives the organization has given him/her for the purpose of directing, rewarding, and punishing subordinates. It is measured as strong or weak, and depends on the taking away (favourable) or increasing (unfavourable) the decision making power of employees.

These environmental factors are combined in a weighted sum that is termed "favourable" at one end and "unfavourable" at the other. A situation is considered to be highly favourable if it possesses a high level of positive interpersonal relations between leaders and members and a well defined task structure. Leaders perceive that they are bestowed with strong perceived positional power in such type of situation the leader will have a great deal of control over situation and will simply have to make sure that he gives the necessary instructions to get the task done. A situation is considered as highly unfavorable if it possesses a low level of interpersonal relationship between leaders and members a poorly defined task, and a relatively a weak perceived power. In such type of situation, the leader is in a highly vulnerable situation and there is no other way to enforce a strict discipline and order to bring th esituation in normalcy than following relationship oriented style. In a moderately favorable situation the leader might be in a mixed situation and will be very successful and get the desirable results if he follows more of relationship oriented style than task oriented task style.

The major findings of Fiedler's contingency model are that task oriented style is preferable at the clearly defined extremes of favorable and unfavorable environments, but relationship orientation excels in situations that are intermediate in favourableness. Task oriented managers tend to do better in situations that have good leader member relationships, structured tasks, and either weak or strong position power. They experience pride and satisfaction in task accomplishment for the organization. Relationship oriented managers do better in all other situations. They build interpersonal relations and extend extra help for team development. Thus a given situation might call for a manager with a different style or a manager who could take on a different style for a different situation and each of the leadership styles can be effective in certain specific situation. There is no good or bad leadership style; each person has his/her own preferences for leadership. Task-motivated leaders are at their best when the group performs successfully, while relationship oriented leaders are at their best when greater customer satisfaction is gained and a positive image of the company is established. These findings suggests. Fiedler also suggests threat the organization can change the effectiveness of the group's performance by changing the favourableness of the situations or by changing the leader's preferred style through education and training.

Fiedler further proposed that the combination of the measurements of the three dimensions of leader member relations, task structure of the group, and perceived power of the manager creates eitht potential situations (also known as "octets") that a leader might face. Accordingly, if we match leaders and situations, we may inter that task-oriented leaders tend to perform bettere in situations that are either very favorable to them or which are very unfavorable (category I, II III, VII or VIII) and relationship oriented leaders perform better in moderately favorable situations (categories IV through VI). More recently Fiedler has condensed these octets down to three, based on the degree of control, namely : task- oriented leaders perform best in situations of high and low control, while relationship oriented leaders performs best in moderate control situations.

Fiedler's contingency model has made significant contribution to the theories of leadership in organizations with concepts like LPC and the eight potential situations a leader might face. This model is one of the first approaches to leadership that has incorporated situational factors within its theoretical framework. It also proposes that a manager's style of leading may be effective in one situation but not in another, and leadership effectiveness is a function of the leader's style and the interaction of situational factors. However, the LPC questionnaire is problematic has been criticized on grounds of reliability. Moreover, for a manager who attains a position near about the middle of the LPC scale, his/her leadership style would be unclear. The contingency variables are complex and difficult for practitioners to assess, making this a difficult model to use on a practical basis. Further, the model suffers from lack of flexibility . Fiedler believed that because natural leadership style can not be changed , if the situataion and style are not optimal, then either the situation needs to be modified, or the leader needs to be replaced. Thus this model does not allow for flexibility in leaders.

## 12.4 TRANSITIONAL AND TRANSFORAMATIONAL LEADERSHIP

The concept of transformational leadership was initially introduced by leadership expert James MacGregor Burns. Subsequtnly Burns' original ideas were expanded upon by researcher Bernard M. Bass, and this theory is referred to as Bass' Transformational Leaderlship theory. Transformational approach to leadership rests on change and the role of leadership in envisioning and implementing the trasnformation of organizational performance. Aided by the strength of their vision and personality, transformational leaders are able to inspite followers to change expectations, perceptions and motivations to work towards common goals.

A transformational leader puts passion and energy into all endeavors. Transformational leadership starts with the development of a vision, a view of the future that will excite potential followers. The next step, which, in fact, continues as a never ending process, is to constantly sell the vision. The transformational leader takes every opportunity and ensures that by all means the vision is convincing across the organization. This is followed by seeking the way forward to convert the vision into reality. This can also be an ongoing process fraught with corrections, but ahead. The final stage is to assumea central role during the action.

Bass suggested four different components of transformational leadership, which are also known as the four I's. Figure 2 represents these four components.

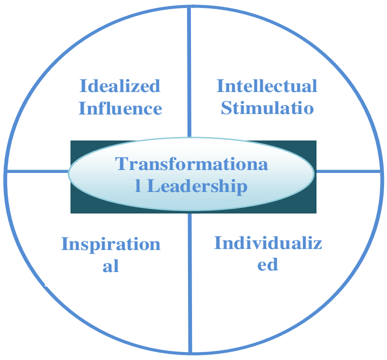


Figure2 : Components of Transformational Leadership

i. **Intellectual Stimulation ;** Intellectual Stimulation describes managers who encourage innovation and creativity through challenging the ordinary beliefs or views of a group. Transformational leaders not only challenge the status quo. but they also encourage creativity among followers. They encourage followers to explore new ways of doing things and new opportunities to learn and thus contribute to make the organization better.

ii. **Individualized Consideration** : Individual consideration describes managers who act as coaches and advisors to their associates and offer them support and encouragement to reach goals that help both the associates and the organization. Towards forstering an ambience of support, transformational leaders ensure that lines of communication are open so that followers feel free to share ideas.

iii. **Inspirational Motivation** : Transformational leaders have a clear vision that they are able to communicate to followers. Inspirational motivation describes managers who motivate associates to commit themselves to the vision of the organizataion. These leaders are also able to help followers experience the same passion and motivation to accomplish such goals.

iv. **Idealized Influence** : Idealized influence describes managers who are archetypal role models for their followers. Because of the immense trust and respect such leaders command, followers tend to internalize the ideals of these leaders. Managers with idealized influence can be trusted and respected by followers to make decisions for the benefit of the organization.

At the end, transitional leadership encompasses all aspects of leadership theories and styles. This new leadership theory proposes that a leader can transition from one theory or a particular leadership style to another as the situation demands. Translational leadership must hence include all leadership theories (with the exception of the widely criticized Great Man Theory) and all leadership styles. The underslying theme of this type of leadership is that leaders are made not born, so every effort should be made to collectively make the leaders the best that they can be. There should thus be no argument over which theory or leadership style is the best. Leaders must instead utilize all aspects of leadership.

## 12.5 SUMMARY

The path-goal theory, originally formulated by Robert J. House in 1971, comes under the contingency perspective of leadership, which posits that there is no one best way to lead in all the situations. The leader's job is to provide followers with information, support, or other resources necessary for them to achieve their goals. The path goal theory is composed of two basic propositions, namely, role of the leader and dynamics of the situation. The Hersey-Blanchard Leadership Model also takes a situational perspective of leadership, in which it is proposed that successful leadership is achieved by selecting the right leadership style, which is contingent on followers' maturity (or readiness or developmental levell). It is followers who accept or reject a leader, so that they are important factors in a leader's success. Fiedler's Contingency Model postulates that there is no single best way for managers to lead; situations will create different leadership style requirements for a manager. The model predicts work group effectiveness by taking into consideration the best fit between two factors: leadership style and situational favorableness, or degree of favorableness of the situation. Transformational approach to leadership rests on change and the role of leadership in envisioning and implementing the transformation of organizational performance. Transitional leadership encompssses alal aspects of leadership theories and styles and proposes that a leader can transition from one theory or a particular leadership style to another as the situation demands.

## 12.6 SELF ASSESSMENT TEST

1. Identify a personality trait you think would aid a manager in functioning as a contingency leader, Justify your answer.

2. Critically discuss the Hersey Blanchard leadership model.
3. Which of the four path goal behaviors do you think would be the best for managing the Indian cricket team? Defined your logic.
4. According to the contingency perspective of leadership, which theory can be applied for leading a strongly motivated sales team?
5. How can a transformational leader be helpful in a situation of business crisis?

## 12.7 CASE STUDY

**Oprah Winfrey : Transforming Lives**

In the year 1986, Oprah Winfrey launched Harpo Productions, Inc. In October 1988, she created hstory in television when Harpo Productions announced that it was taking over all production responsibilities for the Oprah Winfrey Show from Capital Cities/ABC, making Oprah the first woman in history to own and produce her own talk show. The Oprah Winfrey Show has remained the number one talk show for 22 consecutive seasons. It is seen by more than 48 millions viewers weekly in the United States and is aired in more than 120 countries. The differentiating factor of her show from the rest of daytime talk shows is the self-empowering vision of hope and uplift that Oprah renders. Her popular magazine, O, has sold an average of 2.4 million copies per month in 2007. Oprah has a satellite show, "Oprah & Friends," on XM Satellite Radio. Oprah tops the list of popular celebrities and is believed to be a person of influence in today's world.

From her humble beginnings in rural Mississippi, Oprah is not only America's richest celebrity, but she is also one of the most charitable celebrities America has ever had. In 1987, she created the Oprah Windrey Foundation to aid women, children, and families. Oprah's Angell Network, formed in 1998, also raises money for charitable causes. In January 2007, she opened the Oprah Winfrey Leadership Academy in Johannesburg, South Africa, which aims to find talented girls who come from difficult economic backgrounds and given them education and leadership training. She is unmatched as a celebrity spokesperson. Through her televison publishing and film endeavors, Oprah entertains, enlightens, and empowers millions of viewers across nations and has become one of the most important figures in popular culture.

(Adapted from : Charismatic and Transformational Leadership, available on - http://ebooks.narotama.ac.id]

**Questions:**

1. Why do you think Oprah has emerged as a popular and admired figure on TV?
2. What qualities of transformational leadership does Oprah possess?
3. Comment on Oprah Winfrey's leadership style as is evident from the case.

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# MBA-1.2 ORGANIZATIONAL BEHAVIOUR

# Block 4

# Group Dynamics and Culture

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## परिमापक

## अनुवाद की स्थिति में

| | |
|---|---|
| मूल लेखक | अनुवाद |
| मूल सम्पादक | भाषा सम्पादक |
| मूल परिमापक | परिमापक |

## सहयोगी टीम

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# BLOCK -4 Group Dynamics and Culture

## Introduction:

Block four comprises four units, Unit thirteen deals with groups in organisation, Unit fourteen deals with group performance, unit fifteen deals with transactional analysis while unit sixteen deals with organisational culture.

# UNIT 13 Groups in Organizations

**Objectives**

After reading this unit you will be able to

- Understand the concept of groups in organizations
- Learn about group membership
- Learn about group structures and norms
- Learn about group cohesiveness

**Structure**



## 13.1 CONCEPT OF GROUP

Man is a social being, who needs association with others. If you remember Maslow's hierarchy of needs you might recall social needs. Groups and staying in groups emerge out of such needs for affiliation and belongingness. You would be familiar with the concept of a group from childhood; you would have a group of friends, you must have seen how Team India as a group wins cricket matches, and how assignments and activities are given to a group in a classl of students. In fact, we spend most of our lives in groups for example, family, school, college and work. The very essence of the term group is collectivism, combination and cohesion. People Join groups for a variety of reasons like affiliation, identification, emotional support, communality of interests and goals ,etc. Employees of an organization can informally (or formally) come together to form varioius professional, social or recreational groups within the organization in order to satisfy their needs of social affiliations, So what is a group? The dictionary meaning of the word group is "lump" or "mass". A general definition is "an assemblage of persons or objects gathered or located together". The

Oxford Dictionary defines a group as "a number of people or things that are located, gathered, or classed together". Groups are important because tasks are usually complex and people cannot achieve them individually.

In the social sciences a group can be defined as two or more humans who interact with each other, share a common identity, and accept expectations and obligations as members of the group. By this definition, the society in itself can be viewed as a large group. Similarly, an organization is a group of persons with a common objective. In an organizational context, a group is a collection of two or more individuals who are mutually dependent on one another to achieve common goals, and interact with each other for the purpose of attaining such goals or objectives. Such a group may be formal or informal by nature. The existence of groups is a win-win situation for both organizations and their members, as groups help to accomplish important tasks and also ensure performance. What makes a group crucial to the study of organization behavior is the very fact that the existence of all the members of the group is necessary to the satisfaction of certain individual needs to each.

Any group has the following characteristics :

- **Composition** : A homogenous group has qualities in common, whereas a heterogeneous group would have few qualities in common.
- **Size** : A group that is small has good communication, and satisfaction to the members. On the contrary, large groups can have problems of coordination and communication among the members.
- **Motivation and support** : Members of the group should be highly motivated to abide by the values held important by the group. Feelings of confidence and trust must be high among them. All interactions, problems solving and decision making activities of the group take place in a supportive atmosphere. The group as a whole must be willing to help each member develop to full potential and the leader and members are willing to go the extra mile to accomplish any task that is difficult.
- **Common Purpose :** Members of a group share common interests or goals, though they may be skilled in varioius leadership and membership role and functions. In fact such commonality in areas of interest, goals and activities, etc. forms the basis of relations among the group members. A primary characteristic of a group is

thus synergy, by which individual members become more than the sum of the individuals . Such synergy is one of the main reasons why groups are productive and efficient.

- **Interaction between members** : The members of a group must interest with each other on a regular basis depending on the type and nature of the group. Each member influences the behavior of the other and in turn is influenced by others.
- **Awareness** : The members of a group must be aware of each other in some way or the other, failing which the chances of meaningful interaction among the members are reduced.
- **Perception** : The members of a group should perceive themselves as a collective whole. Once a group is formed, it gets a unique identity, its own structure, processes and objectives. The identity of a group is distinct from the identity of its members.

Renowned organizational psychologist Edgar Schein distinguishes between a group, a crowd, and an organization : the size of a group is limited by the possibilities of mutual interaction and mutual awareness. Mere aggregates of people do not fit the definition of a group. because they do not interact and do not perceive themselves to be a group even if they are aware of each other as, for instance, a crowd on a street. Interaction becomes a crucial differentiating factor for a group. A department, or for that matter, a whole organization would not be a group in spite of having a feeling of oneness, if they do not all interact and are not all aware of each other. However, work teams, committees, and various other informal associations formed by organizational members would fit into this definition of a group.

Let us now understand the difference between two seemingly similar terms: group and team. A team requires common resources and collective and coordinated efforts on the part of its members, whch makes it different from a group. A team is structured more formally and has a clear purpose and assigned duties. A team usually has a small number of members with complementary skills, committed to a common goal. Individual and mutual accountability is an absolute necessity in a team, unlike in a group. In fact, groups are often comprised of people with similar abilities and are formed more casually than teams. To sum up we can say that all teams are groups, but are a special subset of groups. Any organization would need both groups and teams to function effectively and must carefully ascertain the conditions in which each is effective.

**Types of Groups**

An organization may have three types of groups, which are discussed as follows:

- **Small and Large Groups** : As is evident from the name, a small group is a compact set of a few individuals. Because of its small size, members of such a group have face-to-face interactions, develop interpersonal relations and also tend to grow dependent on each other. On the contrary, a large group is a collection of a few small groups. As is obvious, such a group consists of greater number of members in comparison to smaller groups and has lesser interaction and interdependence among the members. A large group is less cohesive in comparison to smaller groups. An organization is an example of a large group, whereas the HR Department of an organization can be a small group.
- **Primary and Secondary Groups** : A primary group is a small group characterized by relatively close association among the members. Such a group is characterized by concern among the members for one another, shared activities and culture, and long periods of association and interaction. Membership of a primary group is psychologically reassuring and closeness of such association is influencial in developing personal identity and behavior of individual members. Although all primary groups are small in size, yet small groups need not always be primary groups. A primary group is different from a small group because of the existence of a shared sense of identity, values, interests and goals among the members. A primary group also has strong loyalty among the members towards the group. Examples of primary groups include family, close friends , etc.

  Secondary groups, on the other hand, are relatively larger in size, and are generally formed on the basis of formal relationships among the members. Roles, positions and relationships are predetermined in such groups, and members are expected to work within prescribed boundaries. Group loyalty may be frail in these groups, with lesser group cohesiveness as compared to a primary group.

- **Functional or Formal Groups** : Functional groups or formal groups are the groups formed to accomplish different organizational purposes. In fact, if a group is formed in an organization by a manager to help the organization accomplish its goals, then it qualifies as a formal group. Such groups are expected to accomplish specific goals within an unspecified time frame. Activities of the members of formal groups are planned by others to achieve a common purpose. These groups are permanent in nature and they remain in existence after the achievement of the current goals and objectives. They have to follow the rules, regulations and policies of the organization . Formal groups typically wear such labels as work group, team, committee, or task force. Formal groups fulfill two basic functions: organizational and individual. Examples of a formal organizational group include departments such as the HR Department, the Marketing Department, and the Production Department. Following are the types of formal groups in an organization:

o **Task Groups** : Tasks groups are the groups formed by an organization to accomplish a narrow range of purposes within a specified time or have the responsibility for making a specific contribution to the goals of the parent organization. The dictionary definition of task group is a temporary grouping of individuals and resources for the accomplishment of a specific objective. These groups are usually temporary in nature. They also develop a solution to a problem or complete its purpose;. Task groups are also commonly referred to as task forces. Though they are generally oriented to short-term tasks like preparing for launching of a new product, some task groups may also pursue ongoing responsibilities or continuing tasks, such as grievance handling procedure. Informal committees, task forces and work teams come under task groups.

A task group consists of people who work together to achieve a common task. The organization appoints members and assigns a narrow set of goals and tasks to be accomplished, such as development of a new product, improvement of quality control, evaluation of a proposed handling grievance procedure etc.

- **Command Groups** : Command groups consist of a supervisor and subordinates who report directly to that supervisor. These groups are specified by the organizational chart and managers of command groups can legitimately give orders to others. An example of a command group is the head of the department in an educational institute and the faculty members in that department.

- **Informal Groups** : In contrast to formal groups, informal groups are formed naturally for purposes other than organizational goals without a specified time frame and in response to the common interests and shared values of individuals. The seeds of such groups are laid when individuals in an organization are drawn together by friendship, common interests, similar background, etc. Informal groups are not appointed by the organization ; they are spontaneous and members can invite others to join from time to time

  Informal groups can have a strong influence in organizations, with both positive and negative impacts, These groups work as an informal communication network thus being a part of the "grapevine" in organizations. They are also like a powerful and influential force, which no organization can afford to avoid. Managers often have contrasting opinion about informal groups. While some managers consider these groups to be detrimental to the interest of an organization, others may even seek the help of such groups in getting crucial tasks accomplished. Informal groups can take the form of interest groups, friendship groups, or reference groups, discussed below.

- **Interest Group :** Interest groups are the groups formed to attain a common purpose and comprise people drawn or acting together in support of a common interest or to voice a common concern. Interest groups are usually non-profit and voluntary organizations whose members have a common cause for which they seek to influence public policy, without seeking any kind of political control However, in an organizational set up, employees coming together for common causes like increase in salary, payment of allowances and other facilities are examples of interest groups.

  Interest groups are not temporary structures they usually continue over time, What makes these groups more interesting is their composition: members of interest groups may not be part of the same organizational department, but they are woven together by some common interest. As is obvious, the goals and objectives are specific to each group and may not be even distantly related to overall organizational goals and objectives.

- **Membership Group :** Membership groups are groups of individuals who belong to the same profession and know each other. For example, teachers of faculty of management in a university.
- **Friendship Group** : Friendship groups are groups of individuals belonging to same age group, having similar political beliefs, religious values, or the same views and opinions. Friendship groups develop among the members of the same organization when they share some common interests like sports or politics. These groups can also be formed outside the organization, and can be in the form of clubs and associations.
- **Reference Group** : Reference groups are groups in which individuals shape their ideas, beliefs, values etc. and are used by people to evaluate themselves. What makes reference groups different from the other informal groups is that these groups may not actually meet or be formed volumatrily. Surprisingly, individuals believe they belong to a particular reference group, whether or not they actually do, and individuals usually seek support from the group. Family and friends are examples of reference groups for most individuals.

  Relationship of individuals to their reference group may influence their behavior. Individuals compare themselves with other members of the group, and are able to assess whether their behavior is acceptable or not. For example, if a man buys a more expensive mobile handset than he normally would because his friends use that particular handset then his buying behavior is influenced by his reference group (i.e., friends).

  The main purposes of reference groups are social validation and social comparison. Social validation enables individuals to justify their attitudes and values while social comparison helps individuals in evaluating their own actions by comparing themselves to others.

**Activity**

Have you seen supervisors friendly with their team members?

Do you think formal and informal groups can overlap?

## 13.2 GROUP MEMBERSHIP

The power of group membership over individual behavior and work performance was demonstrated in the famous Hawthorne experiments, already referred to in Block 3. Membership of a harmonious and effective work group can be a source of motivation and job satisfaction for its members. Socialization can help generate a feeling of commitment to the group and reduce the need for formal management control.

**Size of Group**

With increase in the size of a group, communication and co-ordination between the members are at threat. Large groups are obviously more difficult to handle and hence require a higher and often tighter level of supervision. When a group becomes too large, it may be split into smaller sub-groups, and this opens avenues for friction and clashes between the sub-groups. However, there is no ideal size of a work group and size actually depends on several variables. A generally accepted size of a group is of 10 to 15 members, beyond which, the group is vulnerable to be split into sub-groups.

**Group Diversity**

Diversity as a concept implies the existence of differences. The study of diversity at workplace has assumed new importance as changing economic conditions are compelling many organizations to restructure themselves into flatter, more decentralized entities. The result of such restructuring is the formation of teams that comprise diverse groups of people who come from a variety of backgrounds, have a diverse range of ideas, and have widely different personalities. Group diversity at its simplest level includes differences in demograaphics ethnicity, gender, or age, Whatever be the basis, group diversity is a challenge to modern organizations, and if managed properly, can crate better performance, and foster creativity and fresh ideas among employees.

In homogeneous groups where there is little or no diversity, members are very similar to one another and hence may find it very easy to work together. However, such groups would be constrained by limitations of skills, experiences and perspectives especially when it comes to completing complex tasks. In heterogeneous groups members vary in age, gender, ethnicity, experience, etc. However, the benefit of such groups is the availability of a wide pool of talents and perspectives useful for problem solving.

Status of a member in his/her group is another source of diversity in groups, Status refers to a member's rank or standing in the group, formed on the basis of parameters like age, experience profile, level of education, etc. Status congruence occurs when a member's position within the group is equivalent to the position(s) he/she holds outside the group. As is obvious, status incongruence ocurs when a member's position in the group does not reflect his/her outside status. For example, if the Group Head (HR) is not appointed to head the committee that would screen applicants for a prospective position in the HR Department, this may lead to difficulties in group performance.

**Compatibility of Members**

Homogeneity in terms interests, attitudes and value systems of members of a group increases the cohesiveness of the group. Members must be compatible with each other, in spite of individual differences in order to ensure the smooth working of the group, Competition among the members can be a source of conflict, and hence must be reduced to ensure member compatibility.

## 13.3 GROUP STRUCTURE AND NORMS

**Group Structure**

Groups exist in some form or the other in all organizations, and are

considered to be essential for the working and performane of any organization. Members of a group influence each other in many ways, and groups may develop their own hierarchial structure and leadership. An understanding of group structure helps in understanding the complex role of groups in organizational behavior. Group structure refers to the pattern of inter-relationships that exist among the group members, and makes the group function in an orderly and predictable manner. The following components of group structure are important: roles, norms, status, and group cohesiveness. All these aspects are discussed here:

- **Role** : The concept of role is important to the functioning of groups and for understanding group processes and behaviors. Role is the typical part played by an individual group member in accordance with th eexpectations of the other members from him / her. It represents the expected pattern of behaviors associated with members holding respective positions within the structure of the organization. It also describes how a person perceives a situation and acts in accordance.

  As a group develops, it identifies the distinct roles for each of its members. Formal organizational relationships like line, functional and staff are forms of role relationships. The person holding the role is known as the role incumbent. Role expectations refer to the behaviors that are expected from the person playing the role. Many a times role expectations are prescribed formally and they clearly indicate what the person concerned is expected to do, his/her duties and obligations, etc. Role ambiguit occurs when the role incumbent feels confused and does not know what is being expected from his/her. Role conflict arises from inadequate or inappropriate role definition. A role incumbent is said to suffer from the problem of role identity when he/she faces difficulty in accepting the assigned role. Role incompatibility is a problem that arises when an individual faces a situation in which inconsistency is created with simultaneous different or even contradictory expectations. Role overload is when an individual faces too many separate roles or has to cater to a variety of expectations.

- **Norms** : Norms refer to the rules and mutual expectations that develop within the group. These are the generally agreed upon rules that guide the behavior of the members of a group and ensure conformity among them.

- **Status** : Status refers to the relative prestige or social position given to groups or individuals by others. People often join the core group or a renowned club because of the prestige associated with these groups.

- **Group Cohesiveness** : Group cohesiveness means the strength of group members' desires to remain as a part of the group. This also refers to the degree of attraction of the group members for each other and the 'we-feeling' among the members. The degree of cohesiveness has been found to depend on external threats, the difficulty in getting included in the group, the amount of time spent by the group members with each other and the success of the group. We have discussed group cohesiveness in a subsequent section in this chapter.

**Group Norms**

Norms refer to group behavior standard, beliefs, attitudes, traditions and expectations shared by group members. Groups usually do not have the time or energy, to regulate each and every action of the individual group members. Only those behaviors that are important should be b rought under control. Group norms hence provide the rules or guidelines of accepted behavior which are established by a group and are used to monitor the behavior of its members. Norms are framed to achieve the objectives of a group. They define the limits between acceptable and unacceptable behavior and help in process of identification of members with the group. Norms may evolve in an informal manner mainly through explicit statements by supervisors or behaviors from past situations. Once defined, norms have the power to enforce a certain degree of conformity from the group members. Some groups may exert more pressure for such conformity than others mainly because of the personalities of the group members. The norms of a group are often unique to that group and cannot be easily mixed with those of another group. Differences in norms across groups are due to several reasons like difference in the structure of the groups. Although norms are typically unwritten and are seldom discussed explicitly, they play a significant role in organizing and disciplining the members of a group to make them adhere to schedules.

There are two types of group norms, explained as follows:

* *Behavior norms* Behavior norms are rules that standardize how individuals act while working on a day-to-day basis. Example is "greet every customer with a smile". These norms tend to reflect motivation, commitment to the organization and therefore result in high level of performance.
* *Performance Norms :* Performance norms are rules that standardize employee output and the number of hours worked.

Let us now discuss the difference between norms and roles. While roles involve behavioral expectations for specific positions, norms help organizational members differentiate between right and wrong and between good and bad.

**Activity**

A study of 187 work group members from 20 different organizations by researchers from Canada and USA uncovered a "monkey see, monkey do" effect relative to antisocial behavior. The primary finding of the study was that employees who observed their co-workers engaging in antisocial conduct at work tended to exhibit the same behavior. Antisocial behavior, as measured in this study, included acts like damaging company property, saying unkind words to co-workers, working slowly, complaining about co-workers and criticizing them, bending or greaking rules, doing something harmful to boss or employer, starting an argument with a co-worker, and criticizing the boss or the organization. According to the researchers, "The message for managers seems clear - antisocial groups encourage antisocial individual behavior. It is crucial to nip behaviors deemed harmful in the bud so as to avoid a social influence effect. Managers who expect that isolating or ignoring antisocia groups will encourage them to change are probably mistaken."

[Adapted from http://highered.mcgrawhill.com/sites/dl/free/007091091x/79496/KreitnerSmapleCh.pdf]

Imagine yourself as a manager who faces such behavior in your work group. How would you handle these behaviors?

## 13.4 GROUP COHESIVENESS

Employees of an organization come from diverse backgrounds. They have their own needs and aspirations, and may even be affiliated to divergent informal groups. Bindings all such diverse interests and attitudes, thus ensuring harmonious relationships at work and effective teamwork in an organization is hence not an easy task. In order to achieve the expected results, members of a work group must cooperate and work as a composite and cohesive group. A group is said to be in cohesion when its members possess bonds that link them to each others and to the group as a whole.

Let us now understand the concept of group cohesiveness. Rensis LIkert defines cohesiveness as the attractiveness of the members towards the group or resistance of the members leaving it. This definition is clearly indicative of the attachment of members with the group. Cohesiveness is the extent to which group members are loyal and committed to the group and to each other. It is the binding force between the members of a group. Cohesiveness is also understood as the extent of liking each member has towards others in the group and how far every one wants to remain as the member of the groups. Attractiveness is thus the key to cohesiveness. In a highly cohesive group , the members work together in harmony and support and trust each other. On the contrary a group that lacks cohesiveness will lack coordination. Its members will not support each other and they may face difficulty in reaching their goals.

Social scientists have explained th ephenomena of group cohesivenss in various ways. Some suggest that cohesiveness among group members develops from an increased sense of belonging, teamwork and inter-dependence ; these may develop through factors like division of labor. Managers should develop an understanding of the factors that increase and reduce group cohesiveness.

**Advantages and Disadvantages of Group Cohesiveness**

A cohesive group brings with itself several advantages like greater interaction between members, mutual help and cooperation, lower turnover and absenteeism, and often higher production. Members of cohesive groups tend to communicate and interact with each other in a more positive fashion than non-cohesive groups they share ideologies and respect the opinions of other members. Members of cohesive groups are regular at their work. They are often found to report higher levels of satisfaction and morale and lower levels of anxiety and tension than members of non-cohesive groups. Group cohesion reduces conflict in views, which is turn decreases the chances of clashes aaong members.

Further, group cohesion has been linked to improved group performance, especially when the members of a group are committed to the group's tasks. Individual members also gain out of a cohesive group by way of increased morale and social satisfaction.

Group cohesiveness can be increased by way of frequent interactions among the group members, competitiveness with other groups, inter-personal attraction among the members, etc. Stephen Robbins proposes other measures to increase cohesion like reduction in the size of the group, increasing agreement of members with group goals, enhancement of group status and difficulty in admission to the group, rewarding the group instead of individuals, and physical isolation of the group.

Membership in a cohesive group can have negative consequences as well. A cohesive group may increase pressures of conformity on their members, which might affect the performance and productivity of these members. Group cohesion can also put undue emphasis on socialization, which may detract members from work issues and productivity. Changing a course of action may often become difficult due to high levels of commitment of the group members. Many a times the goals of a cohesive group may supersede the goals of the organization. Factors like large group size, competiveness among the members within the group, and disagreement on goals may decrease the cohesiveness of a group.

## 13.5 SUMMARY

In an organizational context, a group is a collection of two or more individuals who are mutually dependent on one another to achieve common goals, and interact with each other for the purpose of attaining such goals or objectives. Such a group may be formal or informal by nature. Formal group can be of two types: task group and command group. and informal groups can take the form of interest groups, friendship groups, or reference groups. Group structure refers to the pattern of inter-relationships that exist among the group members, and makes the group function in an orderly and predictable manner. The important components of group structure are group composition, norms, status, emergent leaders, role definition, and group cohesiveness. Role is the typical part played by an individual group member in accordance with the expectations of the other members from him/her. Norms refer to the rules and mutual expectations that develop within the group. Status is the relative prestige or social position given to groups or individuals by others. Group cohesiveness refers to the strength of group members' desires to remain as a part of the group . Group cohesiveness brings with itself several advantages likes greater interaction between members, mutual help and cooperation, lower turnover and absenteeism, and even higher production.

## 13.6 SELF ASSESSMENT TEST

1. Discuss the role of norms within groups. Explain how they influence the members of a group.
2. Why are groups formed? Discuss some of the important characteristics of groups.

3. What do you mean by cohesion in a group? What can be the possible merits and demerits of a cohesive group?
4. What is group structure? Discuss the importance of roles group status as important aspects of group structure.
5. Explain the different types of groups with suitable examples of each type.
6. How would you distinguish between a group and a team? Do you think this difference has any practical significance for managers?

## 13.7 CASE STUDY

**Informal Groups at Work**

Mrs. Roy has been working with the MNC XYZ Corporation as a front office executive. She may often feel like a mere payroll number in her large office, but her informal group gives her personal atrachment and recognition. She became a part of this group in her initial days with the company, while having a quiet meal at the cafetaria. To the members of her group, Mrs. Roy is somebody important and heropinions matter, even though she is only one of about five hundred odd employees in the formal structure of XYZ. This informal group gives more sense to her usual day with a somewhat monotonous schedule of handling calls and managing visitors. Meeting her friends, sharing news, and having lunch with them take away all her fatigue.

However, with some overseas projects, XYZ Corporation is on an expansion mode. And this informal group has been expanding with time. With new members joining regularly, Mrs. Roy started feeling out of the place. She also got involved in some inter personal and inter group conflicts with a few powerful members of the group. The group could not accept such clashes. Gradually Mrs. Roy started showing poor performance at work and this increased her absenteeism. Finally she resigned from her job.

**Questions:**

Q.1 Informal groups may lead to both benefits and harmful effects . Figure out bith of these effects from the case.

Q.2 Suggest some measures that Mrs. Roy could take to improve her relationship with her informal group.

## 13.8 FURTHER READINGS

Kreitner, Robert, Kinicki, Angelo, Organizational behavior, 9th Edition, McGraw Hill.

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# UNIT 14 : GROUP PERFORMANCE

**Objectives**

After reading this unit you will be able to

- Understand the concept of Conformity and Deviance in context of Group Performance
- Learn about Group Processes
- Learn about Group Decision Making

**Structure**



## 14.1 CONFORMITY AND DEVIANCE

You have already learnt in the previous unit that norms of a group refer to the generally agreed upon rules that guide the behavior of the members of the group and ensure conformity among them. You have also got to know that a cohesive group may impose pressures of conformity on it members, which might affect their performance and productivity. Though conformity often helps in keeping a group organized, but it may also comel the members to suppress their opinions about a decision at times. The situation may even take such a turn that individual members have to give in to such ressures and conform to the team's decision. So what is conformity? The dictionary meaning of conformity is compliance with standards, rules, or laws. It also means behavior in accordance to socially accepted conventions or standards. Stated in simple terms, confirmity implies adjusting one's behavior to align with the standards of the group to which he/she belongs.

Employees of an organization come from diverse backgrounds and exhibit different behaviors at workplace. Each of these behaviors has different consequences to the individuals working in the organization and to the organization as a whole. Ideally these behaviors must coincide with the norms of the organization as a large group.

However, in reality, work behavior is often found to range outside these norms and employees fail to conform to them. Such behavior is referred to as deviant behavior on the part of employees, which includes organizational misbehavior, antisocial behavior, workplace aggression, and a host of other retaliation behaviors.

Let us first understand why people conform to group norms. Probably the most important reason is group decision making. You must be aware of the popular concept of majority rule. Conformity occurs when members choose that course of action the majority would favour. However, consensus does not necessarily imply that every member of the group approves the proposal but nevertheless find it acceptable. It is but obvious that without consensus decisions would be delayed and the group reaches a deadlock. Imagine a group of four students have been assigned a topic for presentation in any topic on organizational behavior. They now are a group but are not willing to agree on how the group should go about the presentation. The members argue over whether the group should vote on topics to be presented or whether they should select a leader from amongst themselves and allow that student to have the majority of the power. At the end, the group is unable to reach any outcome because the members will not conform in any way.

Next let us discuss why people deviate. Following the same reason as to why people conform being group decision making, the foremost reason for deviance in groups relates to the same reason. In other words, people deviate so that the group can make good decisions. If a group has a proposal drafted for a decision and all members of the group conform to it, then in all likelihood th edraft shall be the final decision. That is to say there will be no room for improvement in the draft proposal. However, the group can always strive to make better proposals if some of its members raise their concern over the draft and propose for improvements. This may lead to brainstorming sessions aimed at improving on the initial proposal. Criticism from the deviants may thus lead to improvements in the proposal.

The issue of conformity versus deviance is very important in organizational behavior. It becomes pertinent whenever an employee must choose between going along and not going along with a group. As is obvious, in such a situation group member faces two or more viable courses of action to choose from. This dilemma can come about in two ways. First, it may be that there is general social acceptance for one of the options.

Second the individual might face a voting majority and must decide between two actions: one that the voters support and another action. An individual conforms if he/she chooses that course of action which is socially acceptable or which the majority favours. In contrast, an individual deviates if he/she chooses an action that is either not socially acceptable or that is not favored by the majority. For example, your organization has lunch break from 1 to 2 pm every day. If you have your lunch in this scheduled break, you are conforming to the norm of your larger organizational group. However, every time you leave your work and go off for luch before 1 pm or finish your lunch after 2 pm, you would be deviating from the norm. It is thus obvious that any action that an individual takes under such circumstances is necessarily either conformity or deviance.

It may seem to you that conformity is good and deviance is bad. However, neither conformity nor deviance is inherently good or bad. Let us explain how. An individualmay conform to a group norm of honesty and righteousness; this is a case of good conformity. An individual may conform to a group norm of late reporting on duty, which is an example of bad conformity. He/she could also deviate from a group which indulges into unethical activities; this would be good deviance. Deviance from a group norm of honesty is a bad deviate. Thus you can see that contrary to popular beliefs, neither conformity nor deviance is inherently good or bad. However, if we consider the reason behind the action and not the action in itself (say, conforing to a group norm of honesty and righteousness), then we may be able to ascertain whether the reason is good or bad. Thus scientists differentiate between the ways in which people conform or deviate as good or bad, not their actions of conformity or deviance.

Kelman distinghished between three different types of conformity; compliance, internalization and identification. Let us explain each of these terms in this context now. For example, if an individual conforms to a group norm of honesty and righteousness not out of own conviction, but only to go along with the group, then this kind of conformity is considered to be undesirable and it would tantamount to mere compliance. It occurs when the member who complies simply does whatever he/she thinks the group wants him/her to do and publicly agree with the group. However, internally the individual maintains his/her original views. Compliance occurs to gain specific reward or approval or simply to avoid punishment or disapproval from the group, and is usually bad for a group. Internalization occurs when an individual takes on the views of his/her group both publicly and privately mainly because such views match their own value system. Finally, identification occurs when an individual conforms to the role that society expects him/her to play.

Deviance, on the other hand, can lead to conflicts within a group. There are two types of group conflicts: constructive conflict and destructive conflict. Constructive conflict occurs when group members carefully weigh the strengths and weaknesses of proposals. The benefits of such conflict exceed its costs, i.e. the outcome is mutually beneficial and shared decisions. In constructive conflicts, the process assumes as much importance as the end result. In contrast, destructive conflict occurs when members ignore the best interest of the group, Such conflict often emerges from narrowly defined or rigit goals and most often produces negative outcomes. Individuals involved in the conflict act in such a way as to defeat the opposing party. The end result is thus personal attacks, threats and hostility, leading to commotion and delay in any decision.

To summarize we may say that it would be perhaps wrong to evaluate conformity and deviance as negative behaviors. Both have shades of black and white, with good and bad types of both conformity and deviance. As we have explained earlier, onformity is usually good for a group when all members privately accept the choice of the majority. Deviance can be healthy for groups as well especially when the deviants yield innovative perspectives to a situation.

Activity

Imagine yourself to be a part of a group of employees. Give examples of the following:

* How "good" conformity can occur when you privately accept your group's beliefs?
* How "bad" conformity may occur when you voice what your group wants you to?
* How "good" deviance may occur when you give new ideas to the group?
* How "bad" deviance occurs when you refuse to participate in the group?

## 14.2 GROUP PROCESSES

**Group think**

A serious problem in group decision making, identified by social psychologist Irving Janis, is the tendency of the members of highly cohesive groups to lose their critical evaluative capabilities, thus bringing individual thinking in line with group thinking. This problem is commonly known as groupthink or leveling effect. According to Janis, since highly cohesive groups demand conformity, their members tend to be more and more unwilling to criticize each other's ideas and suggestions; solidarity is given so much importance that the group fails to cricically evaluate its own decisions. Thus in groupthink the norm for consensus in a decision dominates realistic and critical appraisal of alternative courses of action. As it implied, under such circumstances, an individual member's mental faculty and power of judgement deteriorate due to group pressures. With little room for deviants to express their dissent on any issue and to avoid unpleasant disagreements, groupthink leads to undue emphasis on agreement and under emphasis on critical discussion. The end result is hence a poor decision.

According to Janis, groups which suffer from the phenomenon of groupthink may exhibit the following symptoms:

* **Illusion of Invulnerability** : Members tend to ignore obvious danger, take extreme risk, and are excessively optimistic.
* **Collective Rationalization** : Group members collectively rationalize any resistance to the assumptions they have made. No matter how strong the evidences are contradictory to their basic assumptions members behave in such a way as to reinforce those assumptions continually. They also dishonor and explain away warning contrary to group thinking.
* **Illusion of Morality** : Members have unquestioned belief that their decisions are morally correct, and hence tend to ignore the ethical consequences of their decisions.
* **Excessive Stereotyping** : The group constructs negative stereotypes of rivals ouside the group.
* **Pressure for Conformity** : Members apply direct pressure on anyone in the group who expresses doubts or arguments against

the group's shared views, steriotypes, illusions, or commitments, mainly because they consider such opposition as disloyalty.

* **Self-Censorship** : Members withhold their dissenting views and couner-arguments.
* **Illusion of Unanimity** : Members suffer from the wrong assumption that silence implies dissent. In other words, if someone in the group does not speak, it is assumed that he/she is in full accord with the decision. Memberes perceive that everyone in the group agrees with the group's decision. Hence there is a shared illusiosn of unanimity among the members.
* **Mindguards** : Some members appoint their own selves to the role of "mindguards", protecting the group from adverse information that might threaten group compacency about the effectiveness and morality of any decision taken by the group.

**How to Avoid Groupthink**

Given that teams have become an integral part of moder organizations, groupthink is a major threat to organizations as it can thwart the working of any team. There are several ways groupthink can be avoided. The group should be made aware of the causes and possible consequences of groupthink as a phenomenon. Group leaders and responsible members must be on continuous vigil to identify the symptoms of groupthink and take any necessary action to prevent its occurrence. Group size must also be monitored. It is a normal tendency that as group size increases, distance between the members also starts increasing and members grow intimidated and hesitant. However, just like there is no ideal upper limit to the size of a group, there is no magic number of members in a group that will eliminate groupthink. The main group may be split into subgroups to work on the same problem. Managers should also encourage group leaders to play an impartial role. Leaders should actively seek input from aall members and avoid expressing their own opinions, especially I the early stages of deliberation.

Another thing is to assigning the role of d evil's advocate to some strong members of the group mainly to explicitly challenge the majority position and offer divergent perspectives to the decision being taken. Further, the leader of the group should give high priority to and encourage members to voice their objections and doubts; leaders must also be accepting of criticism in a healthy spirit. Active discussion of diverse alternatives must also be stimulated by taking care that the members do not perceive any threat. Once the members reach to a preliminary consensus on a decision, sessions must be conducted to freely express all residual doubts and the matter may be reconsidered if necessary. Often the inclusion of external experts adds value to decision making and helps reduce groupthink.

**Group Shift**

Also known as polarization, group shift is a process in which a group may decide to adopt a riskier or more exaggerated approach to a problem. What heppens is that the discussion leads to a significant shift in the position of members towards a more extreme position in the direction in which they were already heading before the discussion had begun.. So conservative members become more cautious and the more aggressive members take on more risk. The discussion tends to exaggerate the initial position of the group.

Between more cautious and riskier approaches, there seems to be a greater occurrence of the latter. This happens due to several reasons. Usually discussion among the members creates familiarization among them. and this familiarization increases the level of comfort that the members share with each other. In the process, they also become more daring. Let us explain the concept of shared risk that is responsible for such a situation. A group normally diffuses responsibilities and group decisions free any single members from accountability for a decision that has taken by the group as a whole. A riskier approach may thus be adopted because in case it is unsuccessful, the penalty is jointly shared by the group instead of a single member to shoulder the burden. This encourages the group members to be more daring in their decisions. Another argument given by experts is that we admire individuals who are willing to take risks, and that group discussion motivates members to demonstrate that they are at least as willing as their other members to take risks. However, the other extreme is also possible, when decisions taken are overly cautious and minimal in risk, because members happen to be risk averse.

Mamy experts propose group shift as a special case of groupthink. Given that the decision of the group is reflective of the dominant decision-making norm that develops during the discussions among the members, whether the shift is towards greater caution or greater risk would depend on the prevailing pre-discussion norm.

## 14.3 GROUP DECISION MAKING

You must be familiar with decision making as a practice in varying degrees from your daily life experiences. Decision making refers to the process of choosing from among alternative courses of action, and can be at either an individual or group level. Individual level decision making is the most suitable for simplistic problems with ew altlernatives. It also assumes that the individual making the decision has the knowledge and expeertise needed to solve the problem. As per Robbins, group-level decision making is the best when the problem is complex in nature, when there are multiple alternatives from which to select, and the quality of the decision is of paramount importance. So what is group decision making? It is a type of participatory process in which several individuals act at a collective level to analyze the problem, consider and evaluate the alternative courses of action, and select the most viable solution(s) from among those alternatives. Group decision making is increasingly being adopted in all types of organizations mainly because of the fact that groups better utilize the diverse talents, skills and knowledge of organizational members, and can hence lead to more informed and better quality decisions especially when solving complex problems.

The number of people involved in group decision making process is found to vary, but most often it ranges from a minimum of two up to seven. Groups involved in the process may be either formally designed and charged with a specific goal or informal in nature. The process used to arrive at the final decision may be unstructured or structured. Overall, whatever be the number of members involved and the processes adopted, the quality and timeliness of decisions made and the processes through which they are arrived at the crucial indicators of group effectiveness.

**How Groups Make Decisions**

Edgar Schein, a noted academician and consultant, has worked at length with groups to analyse and improve their decision making processes on the basis of which he has proposed a model of team-decision making which is widely applied. Schein observes that groups may make decisions through any of the following six methods: lack of response, authority rule, minority rule, majority rule, consensus, and unanimity. Let us describe each of these mthods, with their respective strengths and pit falls.

* **Lack of response** : A decision by lack of response relies on a process of elimination, in which one idea after the other is suggested without

any discussion taking place as such. The group listens to these ideas without voting, until it hits upon the one it finally accepts. This way all other ideas are discarded by simple lack of response rather than by their critical evaluation. Such a decision makaing process is usually time consuming.

* **Authority rule** : In decision by authority rule, one individual, usually the chairperson or manager or group leader makes a decision for the group. A decisions can be arrived at with or without discussion and this process is very time efficient, though it seems to be as autocratic to many. The team must provide the authority figure making the decision with ideas and information, and this decides on the goodness of the decision.
* **Minority rule :** In decision by minority rule, two or three members may be more empowered or may be simply more assertive, and are able to dominate or "railroad" the majority into making a decision to which they all agree. This is often done by providing a suggestion and then reaching a quick agreement by challenging the group with such state,emts as " "Does anayone object to this decision?" No? Well, let's go ahead with it then." Such kind of decision making is very common in the military. The pitfall with this approach is that the decision is only as strong as the aurhority making the decision.
* **Majority rule :** This is one of the most common ways by which groups make decisions. Majority rule puts a decision up to vote, or a poll of members may be conducted to find the majority viewpoint. The final decision is on the basis of a simple majority (more than 50 per cent) or a supermajority (three fifths or two thirds). This method is similar to the democratic political system. The biggest pitfall of this method is that thought it fosters strong commitment from the majority, but it can lead to weak commitment from the minority and resentments that continue may weaken group effectivenesses in the long run.
* **Consensus :** Consensus refers to a state of affairs whereby discussion leads to one alternative being favored by most of the members and the other members agreeing to support it. When a consensus is reached, even those in the minority who may have opposed the chosen course of action know that they have been listened to and have had a fair chance to influence the outcome;

they ultimately support the final decision. According to Schein, consensus fosters exchange of information and hence ensures that the decision is a well considered one.

* **Unanimity** : Unanimity represents the ideal state of affairs, in which all group members agree completely upon a decision. This is a "logically perfact" group decision making method, but is extremely difficult to attain in reality and does not work with large teams.

**Negative Aspects of Collaboration**

Are the negative aspects of collaboration so severe that we should avoid making decisions and working in groups? Groups and teams need more time to process multiple piece of information and coordinate what they know. Daniel Kaheman and colleagues also warn that when committees and groups make recommendations, they've often found to have "fallen in love" with a particular idea and are no longer thinking rationally. These problems can be magnified when a group of people is making a decision collectively. So what can managers do to minimize these biases? The problems of coordination and collaboration suggest that we should invoke group decision making only when it appears that pooling information will lead to better decisions than individual decision making. Exerts advise that decision receiving advice from teams should always ask whether the team's recommendations contain any self-interested biases. It is also important to see whether the team has developed an emotional attachment to one course of action or has succumbed to groupthink.

Can you think of any strategy that would have helped make the group decision making process more efficient and accurate?

Can you think of a type of decision that is probably better made by an individual than a group? What types of decisions should be made by groups?

Adopted from : M.T. Hansen, "When Internal Collaboration Is Bad for Your Company," Harvard Business Review (April 2009), pp. 82-88; D. Kahneman, D. Lovallo, and O. Sibony, "Before You Make that Big Decision," Harvard Business Review (June 2011), pp. 50-60; and E. Klein, "Washington's Suicide Pact" Newsweek (March 21, 2011), www.newsweek.com.

**Methods of Group Decision Making**

The group as a decision making resource has proven to be effectiive time and again. However, group dynamics must be managed to ensure balance between individual contributions and group operations. Groups adopt several methods of decision-making, some of which are discussed as follows:

* **The Devil's Advocacy Technique**: This is a group decision-making strategy designed to provide a group with a step-by-step process to achieve consensus on a decision. It works in the following way (Schweiger, Sandberg and Ragan, 1986):

1. The group as a whole (say, 6 people) is presented with a problem to solve.
2. Next the group is subdivided into 2 equal subgroups (say, 3 people in each subgroup 2).
3. Subgroup 1 (independent of subgroup 2) develops a plan to solve the problem.
4. Once subgroup 1 has completed solving the problem, it presents the plan to subgroup 2. Subgroup 2 listens to subgroup 1's plan (note : subgroup 2 is not to develop its own plan to solve the problem).
5. After subgroup 1 presents its plan, subgroup 2 offers a formal critique of that plan.
6. Once subgroup 2 offers its critique, subgroup 1 (independent of subgroup 2) gets together again and discusses and records any changes th emembers feel should be made to the original plan as a result of the inputs from subgroup 2.
7. Subgroup 1 then gets back together with subgroup2 to present its lan with the changes, if any. At this point, the entire group (i.e., 6 people) may be able to achieve consensus on the ifnal plan or subgroup 2 may offer another critique , thus requiring subgroup1 to get back together again as a subgroup to discuss and record any further changes to their plan. Subgroup 1 would then present any additional changes to subgroup 2. This part of the process may continue through several critiques and revisions until final consensus can be arrived at.

* **Brainstorming** : Brainstorming is an activity that involves group members verbally suggesting ideas or alternative courses of action. Usually unstrucured, this method entails a detailed description of the situation at hand so that the group members have a complete understanding of the problem. The members

actively and quickly generate as many ideas and alternatives as possible, without inhibitions. The group leader or facilitator then solicits ideas from all of them. For the brainstorming process to be effective, chances of all criticism are ruled out as no one is allowed to judge or evaluate any idea until the idea generation process is completed. The effectiveness of this process can also be enhanced by "freewheeling", whereby emphasis is given on creativity and imagination. Another ideology is that the greater the number of ideas, the more likely a superior idea will emerge. Finally, in "piggy-backing" everyone in the group is encouraged to suggest how others' ideas can be turned into new ideas or how to combine two or more ideas to get another new idea.

* **Dialectical Inquiry :** Dialectical inquiry, like Devil's Advocacy, is a group decision making technique that is designed to provide members with a systematic decision making process to enhance expressions of cognitive conflict. Such conflict ultimately leads to stronger group consensus and better quility decisions. This method focuses on ensuring full consideration of the alternatives available by dividing the group into opposing sides, which argue over the advantages and disadvantages of proposed solutions or decisions. In addition, this technique is designed to systematically increase participation, similar to Devil's Advocacy, by providing group members with clear roles in the decision making process. Many consider this approach to be a more comprehensive method to decision making than Devil's Advocacy mainly because it develops two distinct plans from opposing sides that are debated and ultimately sythesized into a final plan.

* **Nominal Group Technique** : The nominal group technique is a structured decision making process in which the group members are required to prepare privately a comprehensive list of their ideas of proposed alternatives in writing. Once such lists are prepared, each group member is asked, in turn, to provide one item from his/her list until All the ideas or alternatives have been publicly recorded. No criticism is allowed and it is ensured that everyone present fully understands each response. A structured voting procedure is then applied to prioritize the responses that have emerged to the nominal question. The nominal group procedure is useful as it allows ideas to be evaluated without inhibitions and conflicts that are normal in an open meeting.

* **Delphi Technique** : Developed by the Rand Corporation, the Delphi technique is a group is a group decision-making process that can be applied by decision making groups when the individual members are in different physical locations and are unable to meet face to face. The individuals in group are experts or have specific knolwedge or expertise of the problem in hand. In this technique a series of questionnaires are distributed to a panel of such experts and each is asked to independently provide ideas, input, and /or alternative solutions to the decision problem in successive stages. The decision coordinator summarizes the solutions and sends the summary back to the experts, along with a follow-up questionnaire. The experts again send in their responses, and the process is repeated until a consensus is reached and a clear decision emerges.
* **Computer-Mediated Decision Making** : Information and computer technologies enable group decision making ignoring physical distances with the support of group decision support systems. Electronic brainstorming is a typical example in which special software enable participants to enter ideas at will, either through simultaneous interactions or over a period of time. The software finally collages all ideas and gives the results. Both the Nominal Group and Delphi techniques can also be managed through computers and networking. The biggest advantage of electronic approaches to group decision making is saving time; other benefits include generation of greater number of ideas, efficiency of recording and storing data that may be retrieved in future, and ability to manage large groups with members who are geographically dispersed.

## 14.4 SUMMARY

Conformity means compliance with standards, rules, or laws. It also implies adjusting one's behavior to align with the standards of the group to which he/she belongs. Deviant behavior is work behavior of employees found to range outside group norms like organizational misbehavior, antisocial behavior, workplace aggression, and a host of other retaliation behaviors. Groupthink or leveling effect is bringing individual thinking in line with group thinking. Under such circumstances, an individual member's mental faculty and power of judgment deteriorates due to group pressures. In group shift (or polarization), a group may decide to adopt a riskier or more exaggerated approach to a problem . Discussion leads to a significant shift in the position of members towards a more extreme position in the direction in which they were already heading before the discussion had begun. Group decision making is a type of participatory process in which several individuals act at a collective level to analyze the problem, consider and evaluate the alternative courses of action, and select the most viable solution(s) from among those alternatives. It is increasingly being adopted in all types of organizations mainly because of the fact that groups better utilize the diverse talents, skills and knowledge of organizational members, and can hence lead to more informed and better quality decisions especially when solving complex problems.

## 14.5 SELF ASSESSMENT TEST

1. What is group decision making? What are the various methods of group decision making.
2. Critically explain groupthink and group shift. What are their individual effects on decision making quality?
3. When do groups make better decisions than individuals? What can be the demerits of group decision making?
4. What can be the possible disadvantages of Delphi technique? Would you prefer it over Devil's Advocacy ? Why?
5. What do you understand by conformity and deviant behavior in a group? What are the consequences of these types of behavior in a work group?
6. How groups can pressurize their members to either conform or deviate?

## 14.6 CASE STUDY

**Analysis of a Group Decision at Time Warner**

In the spring of 2000. Time Warner was finalizing its merger with America Online, which was already forecasted by critics to create an unruly monopoly. Time Warner was in the process of renegotiating its contract with Walt Disney to determine how much Time Warner would pay for the use of three of Disney's cable channels and whether Disney would renew Time Warner's right to carry the ABC network (ABC is owned by Disney). Negotiations had begun more than five months earlier but were going nowhere. Deadlines had been extended seven times. Animosities were escalating between Time Warner and Disney negotiators. By late April, face-to-face talks had ceased. Communication had come down to the exchanges of nasty faxes.

On April 26, five days before the latest negotiating deadline, when Time Warner's rights to carry the ABC network were about to expire, ABC faxed a brief letter to Time Warer notifying it that Disney expected Time Warner to continue to carry the ABC signal through May 24 after the end of the sweeps period, when stations measure audiences to determine what to charge advertisers. Time Warner had been insisting on an eight month extension. The tone of the fax set off the temper of some Time Warner executives. They felt ABC was negotiating by fiat Within Time Warner, executives began considering blocking ABC's signal to the 3.5 million homes that Time Warner's cable serviced. Some saw blocking the signal as a real risk. Given that cable companies are not popular with the public and often seen as charging monopolistic prices, several Time Warner exees feared that they would take the blame rather than Disney. Others argued that Disney, itself a huge conglomerate, might take just as much blame, if not more, if Time Warner put its message out effectively, and they doubted ABC would take the chance of losing up to $3 million a day in advertising revenues. They figures the threat of blocking ABC's signal might finally bring Disney to agree to Time Warner's terms.

By Sunday, April 30, still no agreement had been reached. More terse faxes went back, and forth. Neither side would budge from its demands. By 8:30 P.M, Disney executives began to sense that Times Warner's threat to pull the ABC signal was real, though they still found it hard to believe. Meanwhile. Time Warner executives were convinced that they had Disney cornered."It is clear they did not think we would drop, and we did not think they would let us drop," said Fres Dessler, a senior vice president at Time Warner and head of its negotiating team.

Finally, with no compromise offer from Disney, Time Warner executives felt there was no turning back. Time Warner Cable's president called the company's CEO. General Levin, and told him he was about to order his engineers to block the ABC signal. Levin supported the decision. At 12:01 on Monday May 1, the ABC screen went briefly to static, then the phrase "Disney has taken ABC away from you" appeared in bright yellow letters on a blue screen. Within 24 hours, the mayor of New York attacked Time Warner as a redatory monopoly. Disney dispatched its lawyers to the Washington offices of the U.S. Federal Communications Commission, where they requested that the commission force Time Warner to transmit its signals. Time Warner executives went to Washington to plead their case before the FCC. It quickly became clear that the commission was siding with Disney in this dispute. The next day, Tuesday, The New York Times published an editorial that said the threat to Disney by a combined AOL and Time Warner was real. It now was becoming increasingly clear to Time Warner executives that they were losing the public relations war. Tuesday afternoon, after only 39 hours of blocking ABC's signal. Time Warner called a news conference and announced that it had offered Disney a six month extensiion of the negotiations. The following day the FCC ruled that Time Warner had violated the law by blocking ABC from its system during a sweeps month.

Time Warner executives admitted afterward that they had erred. They say they made a legal miscalculation and also incorrectly assumed that Disney would back down. "Why did we decide to take a stand now?" asked Dessler, "We thught it was the right time. They were just pushing us and pushing us."

**Questions :**

Q.1 What does this case say about the role of emotions in decision making?

Q.2 What, if anyting, could senior Time Warner executives have done to have achieved a more effective outcome in this process?

Source: Robbins (1997, based on J. Rutenberg, "Reconstructing the Genesis of a Blunder," New Yyork Times May 8, 2000, p. C20.

## 14.7 FURTHER READINGS

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# UNIT - 15 TRANSACTIONAL ANALYSIS

**Objectives**

After reading this unit you will be able to

- Understand the concept of transations and their role in social interaction
- Learn various ego states
- Understand analysis of transactions
- Learn various life positions

**Structure**



## 15.1 TRANSACTIONS AS A UNIT OF SOCIAL INTERACTION

Human behavior in itself is very complex, and is affected by basic psychological factors like perception, learning, motivation and personality of individuals interacting with each other. Employees are social beings and they need to interact with each otherwithin an organizational set up. When people interact either in assertive or nonasertive ways, there is a social transaction in which one person responds to the other. Interpersonal behavior cab be mutually cooperative, when complementary transactions take place; such behavior is likely if there is mutual trust, respect for each other's opinions and ideas, and concern for each other's needs. On the contrary interpersonal behaviors can be conflicting due to reasons like difference in personalities and value systems, conflict of interest between individuals, and role ambiguity between them. The study of all these various kinds of social transactions between people is called

Transactional Analysis (TA), and forms a significant component of the study of organizational behavior.

Transactional Analysis was developeed by Eric Berne in the 1950s mainly out of his dissatisfaction with the slow speed and complexity of psychoanalysis in curing patients. Berne's major objections to psychoanalysis were that it was time consuming, complex, and poorly communicated to clients. Berne discovered that by using Transactional analysis his clients were making significant changes in their lives. and its application to ordinary interaction was popularized by Berne's book "Games People Play". It is a technique used to help people understand their own and other's behaviors better, especially in interpersonal relationships. Berne observed that there are several persons within one person and therefore an individual transacts in diverse ways with different persons in different situations. Transactional analysis offers a means of expressing personality and dynamics of self and its relationship with others. It is a method of analyzing and understanding interpersonal behavior in different situations. More specifically, TA is the study of an individual in the organization when he/she is interacting with other individuals either on social front or at a professional level. The objective of TA is to provide better understanding of how people relate to one another, so that they are able to improve their communication and human relationshis. This analysis is grounded on the premise that we make current decisions on the basis of past premises.

According to Transactional Analysis, a transaction is a stimulus plus a response. For example, if your teacher tells you, "You really did a good job on the assignment", that is stimulus. When you reply by saying "Thanks", that is a response. Thus, transactions take place between individuals. Such transactions can also take place in our head.are called our ego states.

Transational analysis involves the analysis of the following factors; study of awareness, ego state, analysis of transactions, life script, psychological games, and study of life positions,. The goal of transactional analysis is autonomy, which defined as awareness, spontancity, and the capacity for intimacy. As a part of the process of transactional analysis therepy, clients learn how to recognize their three ego states, namely, Parent, Adult, and Child, in which they function. Clients also learn how their current behavior is being affected by the rules they received and incorporated as children and how they can identify the "life script" that is determining their actions. This approach emphasizes on early decisions that each individual has made, and it also stresses the capacity of individuals to make new decisions that would change aspects of their lives that are no longer working.

## 15.2 THREE EGO STATES

Eric Berne posited that two people interact with each other from one of three psychological positions, known as ego states. Study of ego stats is an important part of transactional analysis as it is related to the way an individual thinks, his/her feelings, and subsequent behavior. Ego states explain the psychological behavior pattern of an individual. An ego state is a set of related thoughts, feelings, and behaviors in which part of an individual's personality is manifested at a given point of time. Sigmund Freud was the first to propose that there are three ego states residing within every individual, i.e., parent ego, and child ego that stimulate, monitor and control his/her behavior. Individuals can operate from any one of these three and they constantly move from one of these states to the other, manifesting behavior that is in congruence with the ego state of that particular moment. However, ego state of an individual is not related to his/her age. Berne further states, "Although we cannot directly observe these ego states, we can observe behavior of an individual and can infter which of the three ego states an individual is transacting at a particular moment". Let us study these ego states.

**Parent Ego**

The parent ego state contains the values, morals, core beliefs and behaviors incorporated from significant authority figures, primarily one's arents. Many refer to this ego state as a collection of memories that have been recorded in early years of an individual's life. This state refers to the personality attributes like value, attitude and behavior of arent-like people, inherited by a person when he was child. When we are in the parent ego state, we react to situations in the same manner as we imagine our parents or other significant people in our early life might have reacted, or we may act towards others the way our parents or other significant people have acted towards us. This state contains all the normative "shoulds" and "oughts" and other rules for living. Thus an individual copies parent figures like father, mother, teacher, brother or any other person who is elderly, and displays an advirosry behavior, which the individual has copied as a child and subsequently displays in lifetime when such circumstances arise. In the process the individual may even use some of their very phrases and his/her posture, voice modulations and mannerisms may relicate those that we experienced in our parents. Inwardly, this ego state is experienced as old parentsl messages that continue to influence the inner child of an individual. Outwardly, this ego state is expressed towards others in the form of critical or nurturing behavior, and thus we each have a "Nurturing parent" and a "Critical parent" . Let us discuss these two types of Parent ego now.

* **Nurturing parents** : Nurturing parent ego is characterized by over protectiveness, helpfulness, and distant, rigid, indispensable and upright parent behavior, It represents more affirming and more pleasnt qualities of what parents and society do for an individual. When such behavior is displayed to a child, he inherits the same pattern of behavior.
* **Critical parents** : Critical parent ego state is characterized by behavior that is hurtful, critical about others, and conveys displeasures.Critical parent behavuiyrs generally correspond to the corrective behaviours of real arents, is strict, and usually quotes rules and laws.

**Child Ego**

The Child ego state is the original part of us and represents most naturally who we actually are: John Newstrom and Keith Davis points out that this ego state reflects the emotions developed in response to childhood experiences. It may be spontaneous, dependent, creative, or rebellious. Like an actual child, the child ego state desires approval from others and refers immediate rewards. It can be identified by its emotional tone, as when an employe comments to the supervisor, "You are always picking on me!" It consists of inner feelings, impulses, and spontaneous actions and includes "recordings" of early experiences. This ego state is typified by "I" statements, "I want", "I need", etc. An individual having child ego generally displays creativity in his/her actions and generally conforms to the situation and people who interact with him. Such behavior is formed up to 5 years of age by accepting inputs of behavior of various individuals in childhood days. A person in such ego state displays anxiety, depression, dependence, fear and hatred; he/she may also show temper tantrumps and coyness and can occasionally break into giggling. The individual thinks without logic and wants immediate action on various issues. Child ego can be perceived by observing an individual who displays physical signs like silent compliance and seeking attention in certain situations.

The child ego state is divided into Natural Child and Adapted Child, explained as follows:

* **Natural Child** : Natural child generally displays following behavioural pattern . The Natural Child ego state represents a playful and spontaneous part of human behavior, from infancy to old age. Throughout life he/she plays or can be playful or thinks playfully and joyously .

* **Adapted Child :** An adaptive child is psychologically trained in obeying instructions from parents, even though he/she may not like to do so, and does whatever because his/her parents insist on doing so. This ego state represent human responses with elements of negativitiy, resistance, and hostility. Typical examples include a disobedient child and a rebellious teenager who defies norms. Rebellion and frustration becomes part of the personality of such an individual.

Many often include a third category of Child ego state, called the "Little Professor", which is the 'thinking' part of the Child. It is creative, intuitive and manipulative. The Little Professor can dream up new ideas and intuitively sense how to solve a problem. It is the part of Child that knows when to cry, and when to look pitiable or winsome in order to get what it wants.

Both of Natural Child and Adapted Child ego states have positive and negative aspects. The positive aspects of the Natural Child are spontaneity, loving and charming parts of all of us. Its negative aspect is to be impulsive. The positive aspect of the Adapted Child is that we react appropriately in social situations and its negative aspect is in being over adapting in situations in which we giv up our value and dignity.

**Adult Ego**

The Adult ego state is the processor of data, often like a computer. It is the objective part of the person which gathers information about what is going on in the surrounding environment In the words of John Newstrom and Keith Davis, the Adult ego state will appear as rational, calculating , factual, and an emotional behavior. It tries to upgrade decision by seeking facts, processing data, estimating probabilities, and holding factual discussions. Since it is based on reasoning and works with the facts and with external reality, this ego state is neither emotional nor judgmental; it is devoid of passionate convictions. A person in Adult ego state behaves rationally and thinks logically ; to such a person other people are equal, responsible, and capable of undertaking any job. Physical signs of displays control and authority can identify their behavior. Adult ego is considered to be valid ego state comparatively.

Following John Newstrom and Keith Davis, we may sum up these three ego states that conversations often are a mixture of reactions from Parent, Adult, and Child. Further, each ego state has both positive and negative features; it can add or subtract from a person's feeling of satisfaction.. Lastly, we can detect the ego state that is in control by carefully observing not only the words used, but also a person's tone, gestures, and facial expression.

## 15.3 ANALYSIS OF TRANSACTIONS

Transactional Analysis is a method for examining the nature of interpersonal communication between two individuals and to analyze its effectiveness. Every conversation is treated as a transaction. For example when A talks to B, it is one transaction and when B replies to A, it is another transaction. Each transaction of an individual emanates from parents e go, adult ego or child ego state. As stated earlier, parent ego state (P) is authoritarian, the adult ego state (A) is rational and logical in approach and lastly the child ego state (C) is impulsive. Every person transacts from all the three ego states but each one of us has one ego state as dominant. In any standard TA therapy clients are first taught how to recognize in which of the ego states they are functioniang at any given point of time: Nurturing Parent, Critical Parent, Nurturing Child, Adapted Child or Adult. The basic aim is to enable them to decide consciously whether that state or any other state is the most appropriate for them.

Transactions may be complementary or non-complementary in nature. They are complementary when the ego states of the sender and the re ceiver in the opening transaction are simply reversed in the response. On the other hand, non-complementary transactions, or crossed transactions, occur when the stimulus and response lines are not parallel. A transaction is said to be effective when stimulus and response are from the same ego state and the transaction is complementary in nature. Crossed transactions usually create conflicts and problems for interpersonal behavior. Let us study patterns of complementary transaction.

**Complementary Transactions**

Complementary transactions are those communications where stimulus and response (S-R) are from the identical ego state. Message from one person gets more or less predicted response and the transaction is parallel. There are nine such complementary transactions:

**i. Adult - Adult Transactions**

Both individuals are transacting from Adult ego state and the stimulus and response are based on logical thinking and rationale. This kind of transaction encourages problem solving. treats peopleas equals and reduces the chances of emotional conflict between people. This type of communication is considered the most ideal and most effective at work. Figure 1 explains Adult-Adult transactions.

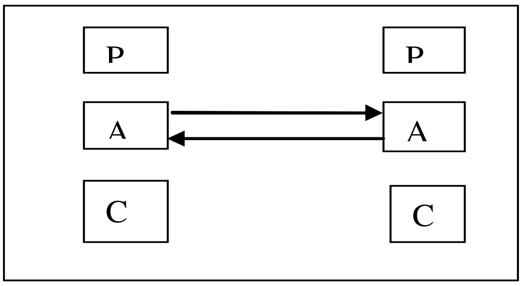


Figure 1 : Adult Transaction

**ii. Adult - Parent Transactions**

In Adult-Parent ego state, the manager speaks from Adult ego state, which is rational and backed by rules and regulations while the employee speaks from Parent ego state, which displays an advisory behavior. Parent ego state (of employee) will try to control and dominate the manager and their relationship is not likely to be cordial in the long run. The employee may even develop hostile attitude towards the manager. Figure 2 explains Adult-Parent transaction.

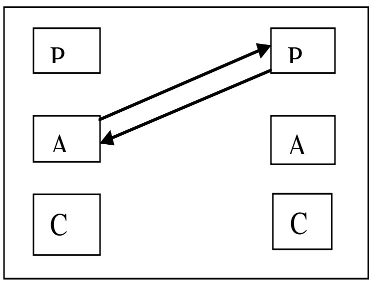


Figure 2 : Adult-Parent Transaction

### iii. Adult - Child Transactions

This type of transaction is effective if Child ego is of little professor category, in which employees can bring creativity at work. The manager has to keep guiding and tolerating childlike behavior of employees which is characterized by less control and lot of fun and enjoyment, which may not be productive for the organization. Adult-child ego transaction is shown in Figure 3.

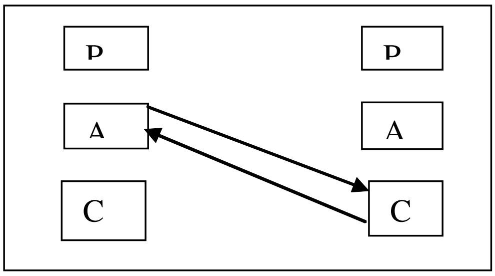


Figure 3 : Adult-Child Transaction

### iv. Parent-Parent Transactions

Parent ego state is characterized by cautious attitude, rewards, praise and punishment, and adherence to rules. If both the manager and employee have the above characteristics of Parent ego state, the stimuli and response will be dominating from either side (See Figure 4). While the manager would put forth his/her ideas, the employee would reject it and put up a fresh idea and that he/she would want to be accepted by the manager. Under such circumstances , the manager will have to adopt a Nurturing Parent ego state for the transaction to be productive and the communication to be effective.

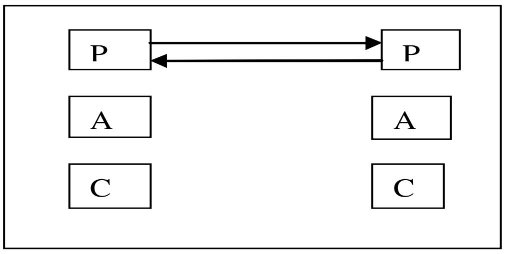


Figure 4 : Parent-Parent Transaction

### v. Parent - Adult Transactions

In this case the manager is transacting from Parent ego, while the employee responds from Adult ego state. The rational and logical thinking on the part of the employee will be cut down by Parent ego state of the manager. Good working relationship between the two parties may not last long in such transactions, and ideally any one of the two will have to switch over to the corresponding ego state for the relationship to continue.

Figure 5 explains this transaction.

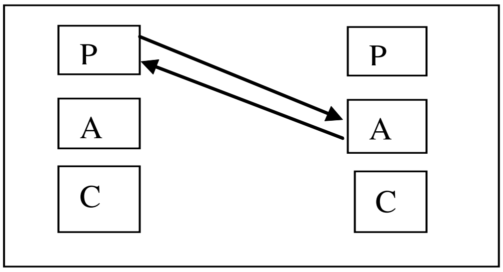


Figure 5 : Parent - Adult Transaction

**vi. Parent - Child Transactions**

In such transations, the manager speaks to an employee as Parent to Child and the employee responds as Child to Parent (see Figure 6). Normally if a supervisor initiates a transaction in a Parent-to-Child pattern, the employee tends to respond from the Child state and looks forward for advice, guidance, and assistance from the manager at each stage of any work assigned . This transaction yields results in situations in which the manager will get the work done from subordinates by advising and guiding them, and by rewarding them for good performance and punishing for non-performance. If the supervisor's behavior is dominated by this pattern. It may lead to interpersonal and group effectiveness. Unfortunately, Parent-child transaction in a superior - subordinate relationship tends frustrate the manager because he/she may develop the feeling of controlling an inefficient team that constantly needs guidance.

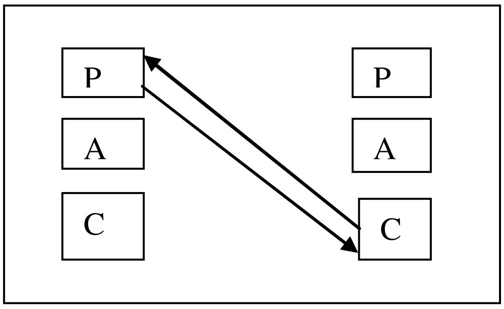


Figure 6 : Parent - Child Transaction

**vii. Child-Parent Transactions**

Transaction in which the manager has Child ego state and the employee has Parent ego state is not a very effective style of communication. In such transaction the manager elicits child-like reaction and the employee would control the manager. The manager would always identify employees as threat and would look forward for their advice from time to time. The organizational environment will be laissez-faire and there can even be instances of managers being ridiculed and looked down upon by subordinates. Figure 7 explain this transaction.

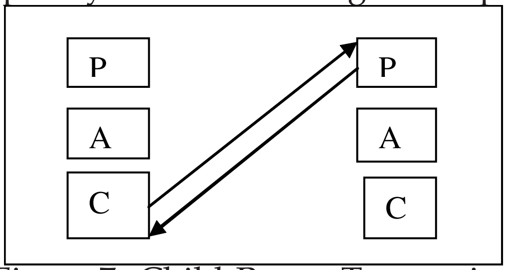


Figure 7 : Child-Parent Transaction.

**viii. Child-Adult Transactions**

When manager acts from Child ego, employees who want to work rationally from Adult ego state would be jeopardized as decisions taken shall be based on whims and fancies and even emotions (see Figure 8). No growth can be expected in the organization with unless the ego state of the manager is changed.

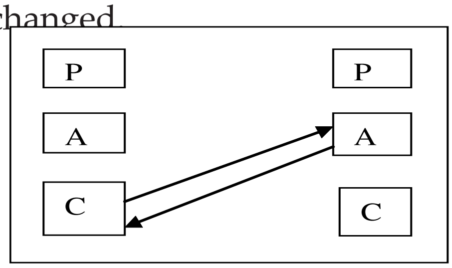


Figure 8 : Child - Adult Transaction

**ix. Child - Child Transactions**

With both manager and employee acting from Child ego state (see Figure 9 ). such transactions do not fetch good result for the organization. A manager with Child ego dominant is more of a liability to the organization, which may virtually be leaderless. With poor performance , low growth and lack of new ideas, there would be an air of lethargy all around.

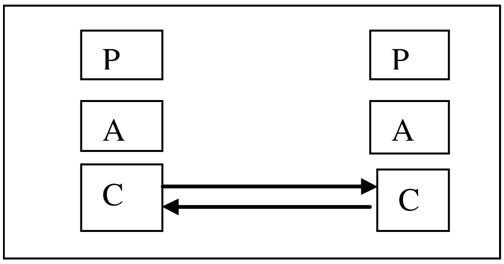


Figure 9 : Child - Child Transaction

**Non-Complementary Transactions**

Non-complementary transactions, or crossed transactions, are those transactions in which a sender sends a message on the basis of his/ her ego state, but the response is from an incompatible ego state of the receiver. Such transactions occur when the stimulus and response lines are not parallel, as shown in Figure 10. In this example the supervisor tries to deal with the employee on a Parent-to -Child basis, but the employee responds on an Adult-to-Adult basis. When crossed transactions occur, point out John Newstrom and Keith Davis, communication tends to be blocked and a satisfactory transaction is not accomplshed. Conflicts otten follow soon afterwards.

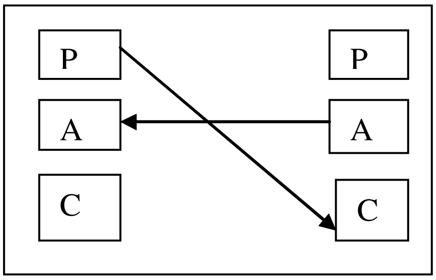


Figure 10 : Non-Complementary Transaction

**Ulterior Transactions**

Ulterior transactions are the most complex transactions because they involve more than two ego states working simultaneously with double meaning in the stimulus. This type of transactions is very common in diplomatic circles when you say something but mean somethings else. Needless to say, this type of transaction where the ulterior meaning is different is dangerous and should be avoided by all means as it created misunderstandings at workplace.

**Activity**

Recall and describe an incidence of an ulterior transaction you have experienced in the past.

To sum up we may follow John Newstrom and Keith Davis that in general, the transaction that is likely to be the most effective at work is that of Adultl-to-Adult. This kind of transaction encourages problem solving, treats people at reasonable e quals and reduces emotional conflicts between people. However, other complementary transactions can operate with acceptable success. For example, if the supervisor wants to play the Parent role and the employee wants to play the role of Child. They may develop a working relationship that is reasonably effective. In this situation, however, the employee fails to grow, mature and learn how to contribute ideas. The conclusion is that, although other complementary transactions do work the one with the best result and the least chance of problems at work is the Adult-to - Adult transaction.

## 15.4 LIFE POSITIONS

A child develops life philosophy by experience. Very early in childhood a person develops a dominant way of relating to people. That philosophy tends to remain with the person for a lifetime unless major experiences ovcur to change it: hence it is called a life position . Transactional analysis identifies four basic life positions, all of which are based on decisions made as a result of childhood experiences, and all of which determine how people feel about themselves and how how they relate to others. According to John Newstrom and Keith Davis, each person tends to exhibit one of four life positions. Although one particular life position tends to dominate a person's transactions other positionss may also be exhibited from time to time in specific transactions. That is to say, a life position dominates, but is not the only position ever taken by the individual. As a child grows, it tries to develop philosophy for itself based on self-identiry, sense of worrth and an ability to identify people in the right sense. The following are the four life positions (refer to Figure 11). :

i. I am Okay you are Okay.

ii. I am Okay you are not Okay.

iii. I am not Okay you are Okay

iv. I am not Okay you are not Okay

| | I am NOT OK | I am OK |
|---|---|---|
| You are NOT OK | A | B |
| You are OK | D | C |

Figure 11 : Four life Positions

Let us discuss the above four life positions now.

**i. I am Okay you are Okay (C)**

This is an ideal life position because it is a rationally chosen one, in which an individual behaves rationally and accepts the significance of others. A person with this position feels happy and believes that life is worth living . He/she exhibits confidence and trust in subordinates, works with high level of delegation of authority, accepts others as they are and believes in the philosophy of give and take. Managers with such a life position work with zeal and confidence and are exuberant with positive attitude towards wotk. Such employees work with Adult ego state. There is no conflict at work and no misunderstanding among subordinates. There are no losers, only winners and there is high level of job satisfaction.

**ii.** **I am Okay, you are not Okay (B)**

This is a distrustful psychological life position taken by individuals who feel that others are wrong. They hold others responsible for their failure. Generally people who have been neglected by parents in their childhood seem to take this position. They generally operate from rebellion Child ego state. Managers with this position lack trust and confidence in the skills and talent of their subordinates. They perceive delegation as threat to their personal existence and hence hardly delegate. In lines with Theory X of McGregor, managers with such life position consider their workers to be lazy and irresponsible by nature. They operate from critical parent ego state, and hence are mostly critical and point out flaws in the working of their subordinates.

**iii.** **I am not Okay, you are Okay (D)**

Typically known as the depressive position, this life position is common to persons who perceive they are powerless in comparison to others. Individuals in this life position operate from Child ego state, are always grumbling, and have a tendency to withdraw. Typically such people are found to serve others' needs instead of their own, and they generally feel victimized. Occasional experience of depression is also common. Managers with this life position are unpredictable and insecure. It is not a good life position

**iv.** **I am not Okay, you are not Okay (A)**

This is the worst life position in which an individual feels defeated and sees whole world as a miserable place to live in. It is a desperate life position that stems from circumstances in which children have been brought up by servants, with little or no attention given by the parents. Managers in this life position cannot take decisions in time and often make mistakes. They look at others for any final decision and often delegate duties inappropriately.

This quadrant is known as the position of futility and frustration. Operating from this place, people have lost interest in life and may see life as totally without promise. This self-destructive stance is characteristic of people who are unable to cope in the real world, and it may lead to extreme withdrawal, a return to infantile behavior, or violent behavior resulting in injury or death of themselves or others.

As per John Newstrom and Keith Davis, "the desirable position and the one that involves the greatest likelihood of Adult-to-Adult transaction is "I'm OK - You're OK". It shows healthy acceptance of self and others. The other three life positions are less psychologically mature and less effective. The important point is that, regardless of one's present life positions, the "I'm OK- You're OK" position can be learned. Therein lays society's hope for improved interpersonal transactions." All individuals must try and modify their life positons in various situations. Adult-Adult transaction from the above life positions will make an outstanding manager.

**Stroking**

People seek stroking in their interactions with others. Stroking is defined by John Newstrom and Keith Davis as any act of recognition for another. It applies to all types of recogniton, such as physical, verbal, and eye contact between people. In most jobs the primary method of stroking is verbal, such as words of praise. Examples of physical strokes are a pat on the back and a firm handshake. Strokes may either be positive, negative, or mixed. Positive strokes feel good when they are received and contribute to a person's sense of being all right. On the contrary, negative strokes hurt physically and emotionally and make us feel less all right about ourselves. There can also be conditional and unconditional strokes. According to John Newstrom and Keith Davis, "conditional strokes are offered to employees if they perform correctly or avoid problems. A sales manager may promise "I wil give you raise if you sell three more insurance policies." Unconditional strokes are presented without any connection to behavior. Although they may make a person feel good (for example, "You are a good employee") they may be confusing to employees because they do not indicate how more strokes may be earned. Supervisors will get better results if they give more strokes in a behavior modification framework, where the reward is contengent upon the desired activity."

Berne opines that through our early interactions with parents and others we receive a pattern of s trokes that may be either supporting or disparaging. Based on this stroking pattern, We assume one of the four life positions described in the previous section, which is then reinforced by messages (both verbal and nonverbal) that we continue to receive during our lifetime.

**Life Script**

Decisions about one's own self, one's world, and one's relationships with others are normally crystallized during the first five years of a person's life. such decisions are basic for the formulation of a life position, which develops into the roles of the life script. During our childhood years we also make the decision whether people are truastworthy. Our fundamental belief system is thus formed through this process of deciding about ourselves and others, and this determines our patterns of thinking, feeling , and behaving.

Through a process known as script analysis, clients can know how they have acquired their life script and thus are able to see more clearly their life roles. Script analysis is of use to clients in seeing the ways in which they are compelled to play out their life script and this offers them alternate life choices. As a part of the exercise, clients are asked to recall their favorite stories as children, to ascertain how they fit into these stories or fables and to see how these stories of fables fir their current life experiences.

| Activity |
| --- |
| How can you apply your knowledge of life script to ensure that children form a champion personality? |

As Gerald Corey puts it, "The analysis of the life script of an individual is based on the drama of his or her original family. As a result of exploring what they are learning based upon their lifescript, clients learn about the injunctions they uncritically accepted as children, the decisions they made in response to these messages, and the games and rackets they nw employ to keep these early decisions alive. By being part of the process of self-discovery, clients increase the opportunities for coming to a deeper understanding of their own unfinished psychological business, and in addition, they gain the capacity to take some initial steps to break out of self-defeating patterns." The concept of the life scripts has been nearly summarized by Corey by comparing life scripts to a dramatic stage production, with a cast of characters, a plot, scenes dialogues, and endless rehearlals, In essence, the life script is a blueprint that tells people where they are going in life and what they will do when they arrive.

## 15.5 SUMMARY

Developed by Eric Berne in the 1950s. Transactional Analysis is a method of analysing and understanding interpersonal behaviors in different situations. Berne posited that two people interact with each other from one of three psychological positions, known as ego states. The Parent ego state contains the values, morals, core beliefs and behaviors incorporated from significant authority figures, primarily one's parents. It is of two types: Nurturing Parent and Critical Parent. Child ego state reflects the emotions developed in response to childhood experiences. It is divided into Natural Child and Adapted Child. Adult ego state will appear as rational, calculating factual, and an emotional behavior. Complementary transactions happen when the ego states of the sender and the receiver in the opening transaction are simply reversed in the response. Non-complementary transactions, or crossed transactions, occur when the stimulus and response lines are not parallel. Life Positions are philosophy tends to remain with the person for a lifetime unless major experiences occur to change. The four life positions are : (i) I am Okay you are Okay, (ii) I am Okay you are not Okay, (iii) I am not Okay you are Okay, (iv) I am not Okay you are not Okay. Stroking is any act of recognition for another. It may either be positive, negative, or mixed . Our fundamental belief system is formed through the process of deciding about ourselves ad others, and this determines our patterns of thinking, feeling, and behaving and develops into the roles of life script. Through a process known as s cript analysis, one can know how he has acquired his life script and he would be able to see more clearly his life roles.

## 15.6 SELF ASSESSMENT TEST

1. "Transaction analysis offers a mode of expression of personality and dynamics of self and its relationship with others". Explain the statement.
2. What are varioius methods to improve interpersonal transactions?
3. What are various ego states? Explain complementary and non-complementary transactions with the help of suitable diagrams and examples.

4. What do you understand by life script? How can it be applied to organizational behavior?
5. Explain various life positions. Explain th emodel of "I am okay, you are okay?"
6. Write short notes on the following :
   i) Stroking
   ii) Benefits of transactional analysis
   iii) Ulterior transactions
   iv) Little professor

## 15.7 CASE STUDY

Parents react on seeing their children playing in mud.

*Parent 1* : Go ahead, play and enjoy!

*Parent 2* : Don't you dare enter home all messy in mud!

*Child 1* : WOW! It's fun playing here !!!!!

*Child 2* : I better not get my clothes dirty !

*Child 3* : I don't care if I get dirty ! I want to play, that's it!

**Question:**

Q.1 Notice how the different contents develop in the different ego states. Identify each of the ego states in parent 1 and 2 and child 1, 2, 3 by going through the statements.

## 15.8 FURTHER READINGS

Gerald Corey, TRANSACTIONAL ANALYSIS, Web Tutor for THEORY AND PRACTICE OF COUNSELLING AND PSYCHOTHERAPY, 8th Edition (2009).

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John Newstrom and Keith Davis, Organizational Behavior: Human Behavior at Work, Tata McGraw Hill.

# UNIT - 16 ORGANIZATIONAL CULTURE

**Objectives**

After reading this chapter you will be able to

- Understand the concept of organizational culture
- Learn various dimensions of organizational culture
- Learn the process of development of organizational culture
- Learn about managing organizational culture

**Structure**



## 16.1 CONCEPT AND DEFINITION

Before we discuss what is meant by organizational culture, let us quickly understand the meaning of "culture". The concept of culture has come from anthropology. Although people may not be consciously aware of culture, it still has a pervasive influence over their behaviors and actions. Culture occupies an important place in human society; it is one of those notions that are present at large in the work of social scientists, but has been defined in various ways, from very broad to very specific, with no perfect consensus. The simplest of them is given by Herkovits (1995), as the man made part of human environment. Hofstede (1980) defined culture as "the collective programming of the mind". Terpstra and David (1985) have observed that culture is a learned, shared, compelling, and interrelated set of symbols whose meaning provides a set of orientations for the members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable. Smith and Peterson (1994) regarded culture as the system of shared meanings placed upon events. Culture may also be defined as "the unique pattern of shared assumptions, values, and norms that shape the socialization, symbols, language, narratives and practices of a group of people" (Jackson and Schulter, 2003).

Similar to the concept of culture, there is little or no consensus on the meaning of culture or its applications to the analysis of organizations and is often considered to be a general concept which is difficult to define or explain precisely. Let us look at some of the popular definitions of organizational cuture in this context:

**Andrew Pettigrew (1979)** : "Culture is a system of publicly and colllectively acceted meanings operating for a given group at a given time. This system of t e rms, forms, categories, and images interprets a people's own situation to themselves."

**Meryl Reis Louis (1983)** : "Organizations (are) culture bearing milieux that is, [they are] distinctive social units possessed of a set of common understanding for organizing action (e.g., what we're doing together in this particular group, appropriate ways of doing in and among members of the group) and languages and other symbolic vehicles for expressing common understandings.".

**Caren Siehl and Joanne Martin (1984) :** "... organizational culture can be thought of as the glue that holds an organization together through a sharing of patterns of meaning. The culture focuses on the values, beliefs, and expectations that members come to share."

**Edgar Schein (1985)** : "The pattern of basic assumptions that a given grup has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these roblems." This description highlights that organizational culture is a set of created assumptions, which are accepted as a way of doing things and are passed on to the new members of the organization, for whom this would mean adaptive behavior within the organization that leads to new belief systems.

**John van Maanen (1988)** : "Culture refers to the knowledge members of a given groupare thought to more or less share; knowledge of the sort that is said to inform, embed, shape, and account for the routine and not-so-routine activities of the members of the culture. ... A culture is expressed (or constituted) only through the actions and words of its members and must be interpreted by, not given to, a fieldworker .... Culture is not itself visible, but is made visible only through its representation."

**Harrison Trice and Janice Beyer (1993)** : "Cultures are collective phenomena that embody people's responses to the uncertainties and chaos that are inevitable in human experience. These responses fall into two major categories. The first is the substance of a culture--- shared, emotionally charged belief systems that we call ideologies. The second is cultural forms - observable entities, including actions, through which members of a culture express, affirm, and communicate the substance of their culture to one another."

**Harrison (1993):** "Culture is the "distinctive constellation of beliefs, workstyles, and relationships that distinguish one organization from another." Thus organizational culture includes those qualities of the organization that give it a particular climate or feel As a result the distinct qualities of an organization may manifest through four dimensions, namely power, role, achievement and support (Harrison 1993).

**Brown (1998)** : Organizational culture is "the pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organization's history, and which tend to be manifested in its material arrangements and in the behaviours of its members". This suggests that organizational culture is articulated in the organization, in order to shape the way iin which its members should behave.

Martins and Martins (2003) give a general definition of organizational culture as "a system of shared meaning held by members, distinguishing the organization from other organizations". Arnold (2005) indicates that "organizational culture is the distinctive norms, beliefs, principles and ways of behaving that combine to give each organization its distinct character". We can comprehend from these two definitions that organizational culture distinguishes one organization from the other.

Thus organizational culture is to an organization what personality is to an individual (Johnson, 1990).

Deal and Kennedy (1982) view the origin of organizational culture from a national culture point of view and propose organizational culture to be central to organizational success instead of factors like structure, strategy or politics. Cartwright sees culture as a system of management authority. When accepted by employes, cultural values increase the power and authority of management in three ways. Employees identify themselves with their organization and accept its rules when it is the right thing to do'; they internalize the organizatio's values when they believe thay are right; and are motivated to achieve the organization's objectives.

A popular and simple way of defining culture is : 'how things are done around here'. For example, Atkinson explains organizational culture as reflecting the underlying assumptions about the way work is performed; what is 'acceptable and not acceptable'; and what behavior and actions are encouraged and discouraged.

Organizational culture is the system of shared action, values, and beliefs that develops within an organization and guides the behavior of its members . In a business set up , this system is often referred to as the corporate culture. Just as no two individual ersonalities are the same, no two organizational cultures are identical.

All the above concepts stress acceptables and unacceptable behavior of the members. For instance one organization might value solidarity and loyalty to organization more than any other value whereas another organization might stress on good relations with customers. Organizational culture is the set of values that states what an organization stands for, how it operate and what it considers important. Such values are part of organizational culture in spite of not being formally written like rules and regulations of the organization. They do not usually appear in the organizational training Program and in fact, many organizations have difficulty in expresssing their cultural values. However, an organizations values automatically enter every employee's personal values and actions over a period of time. Organizational culture has a profound influence on individual employees because it is generally an accepted set of values rather than a written set of rules with which employees might not argue. Most significantly, management scholars and consultants increasingly believe that cultural differences can have a major impact on the performance of organizations and the quality of work life experienced by their members.

| **Activity** |
|---|
| Divide your class into groups of four each Now try to identify a set of characteristics that describe the culture of your college/university. Compare the assessment of all groups How closely do they match? |

**Types of Organizational Culture**

Spread across a wide span of time, several studies have focused on typologies or classifications of organization culture and provide a broad overview of the variations that exist between theorists in their depiction of this concept . Let us discuss some of these types now. Deal and Kennedy (1982) have identified four generic types of cutures to describe organizational culture, namely tough-guy/macho culture, work-hard/play hard culture, bet-your company culture, and process culture. Handy (1985) describe organizational culture by using four types of classification, namely power, role, task and person cultures. Scholtz (1987) have identified five primary culture typologies, namely stable, reactive, anticipating, exploring and creative. Hampden-Turner (1990) used four types of culture to describe organizational culture, namely role, power, task and atomistic cultures. O'Reilly Chataman and Caldwell (1991) have presented seven primary charactristics to describe organizational culture, namely innovation and risk taking, attention to detail, outcome orientation, people oreintation, team orientation aggressiveness and stability . Perhaps the most famous of these typologies is the one roposed by Hofstede (1991), who has highlighted that cultures differ based on five dimensions, namely power distance, individualism/collectivism, uncertainty avoidance, masculinity/faminimity and Confucian dynamsism. Schein suggests a view of organizational culture based on distinguishing three levels of culture: artifacts and creations; vlaues; and basic assumptions. These levels are explained as follows:

**Artifacts (Level 1) :** The most visible level of the culture is artificats and creations - constructed physical and social environment. This includes physical space and layout, the technological outut, written and spoken laguage and the overt behavior of group members.

**Values (Level 2)** : Cultural learning reflects someone's original values. Solutions about how to deal with a new task, issue or problem are based on convictions of reality. If the solution works the value can transform into a belief. Values and beliefs become part of the concetual rocess by which group members justify actions and behaviour.

**Basic underlying assumptions (Level 3)** : When a solution to a problem works repeatedly, it comes to be taken for granted. Basic assumptions are unconsciously held learned responses. they are implicit assumptions that actually guide behavior and determine how group members perceive, think and feel about things. Schein suggests that the basic assumptions are treatedas the essence - what culture really is; and values and behaviours are treated as observed manifestations of the culture essence.

**Activity**

Given that workforce in organizations is increasingly made up of contractual workers, how relevant is organiation culture for such workers?

## 16.2 DIMENSIONS OF ORGANIZATIONAL CULTURE

**Power Culture Dimension**

Power oriented culture is a dimension of the organizational culture model, In any given organization there is a need to use power in order to exercise control and influence behavior of the employees. Harrison and Stokes (1992) define power oriented culture as "organizational culture that is based on inequality of access to resources" Brown (1998) states that "a power culture has a single source of power from which rays of infuences spread throughout the organization". This means that power is centralized and organizational members are connected to the centre by functional and specialist strings (Harrison, 1993). Formal authority is vested in a dominant head at the centre, who holds the power to control and influence activities within the organization. He is surrounded by intimates and subordinates who are the dependants (Harrison, 1993). This type of organizational culture can also be regarded as being rule-oriented, with emphasis on respect of authority, rationality in procedures, division of work and normalization (Hampden, Turner, 1990).

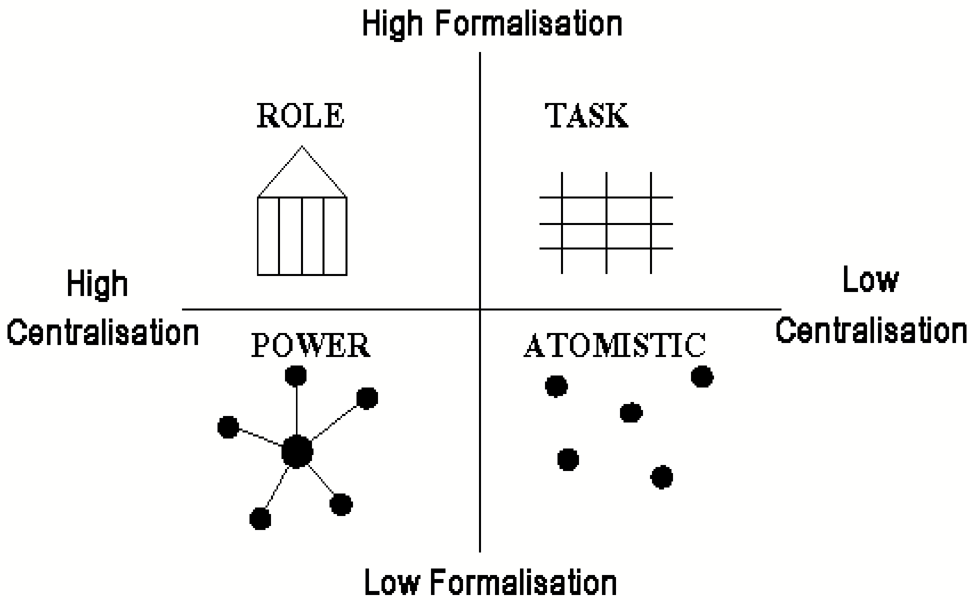


Figure 1 : Organizational Culture Model by Harrison (1993)

Figure 1 represents power oriented organizational culture model with high centralization and low formalization in modes of operation. Normally the organizational structure in such a culture is like a web that is hierarchical in nature (Brown, 1998), which implies that the whole structural system connects to the central power. Power is thus shared from top to bottom; such an organization often has a top down communication approach (Harrison, 1993). The management may be threatened by new changes imposed by the interla and external environment may be threatened by new changes imposed by the internal and external environments (Hampden Turner, 1990). Power oriented culture is found in both small and large organizations. Small organizations are run by power oriented lealders, and those exercising power maintain absolute control over subordinates. On the contrary, point out Harrison and Stokes (1992), in larger organization power oriented organizational culture may tend towards a rule by fear, with abuse of power for personal advantage on the part of the leaders, their friends and their proteges. This implies chances of abusing power and tendency to instill fear in the employees in a larger organization, which can eventually lead to nepotism and favoritism.

**Role Culture Dimension**

Harrison and Stokes (1992) define role oriented culture as "substituting a system of structures and procedures for the naked power of the leader." This type of culture focuses mainly on job description and specialization. Work is controlled by rocedures and rules coordinated at the top by a small group representing the senior management; these procedures and rules spell out the job description, which is more important than the person who fills the position (Harrison, 1993). Brown (1998) states that the strength of a role culture lies in its functions or specialities (i.e. finance, purchasing, production, etc.) coordinated and controlled by a small group of senior executives. The basis of such an organization is the formalized and centralized functions which are controlled by role and communication procedures (Hampden-Turner, 1990). However, such an organization is often stereotyped as bureaucratic because of its mechanistic procedures. The similarity between power oriented and role oriented organizational cultures is that both of them depend on the use of external rewards and punishments to motivate the organizational members (Harrison and Stokes, 1992).

**Achievcement Culture Dimension**

Harrison and Stokes (1992) define achievement oriented culture as "the aligned culture which lines people up behind a common vision or purpose". Often referred to as task culture, achievement culture is one which proposes that organizational members focus on realizing the set purpose and goals of the organization. Such an organization is high in formalization and low in centralization, which is indicative of a natural balance between formality and centrality of power shared within the organization. The organizational structure is like a net, with some of the strands of the net thicker and stronger than others (Harrison, 1993).

Power is allocated based on short term horizon, such as project classificataions. Teams of telanted people and resources are brought together to focus only on specific projects or tasks. Teams generate positive synergy through coordinated efforts. Unlike role oriented culture , where positional or personal power plays an important role, authority is based on appropriate knowledge and competence in achievement oriented culture. However, whie using teams is an advantage, the biggest weakness of achievement culture is that it overshadows individual performance (Harrison, 1993).

**Support Culture Dimension**

Harrison and Stokes (1992) define support oriented culture as an "organizational climate that is based on mutual trust between th eindividual and the organization." Thus support oriented organizational culture is often referred to as a person oriented culture. According to Brown (1998), a support oriented organization "exists solely for the individulas who compromise it. and may be represented diagrammatically as a cluster in which no individual dominates". There is minimum formal and central power that replaces management control with consensus decision making (Harrison and stokes, 1992). Th eorganizational structure is a benevolent cluster strycture with minimal hierarchy, which implies less power control of employees (Harrison, 1993). Authority is assigned on the basis of task competence; this is similar to the role oriented culture organization. Power sharing and the influence of power can only be exercised where there is a need for expert or task competence (Brown, 1998). These organizatios are normally small in size and comprise people wh have worked together for a long time and have managed to build up persoal relationships (Harrison, 1993) characterized by mutuality and trust which binds them to one another. Communication is often verbal or informa, and usually flows in all directions. Subsequently, decision making takes place through informal communication networks.

## 16.3 DEVELOPMENT OF ORGANIZATIONAL CULTURE

Culture of an organization is considered as critical as the structure and strategies in establishing the organizational foundations in such a way as to reach levels high performance. Following Robbins, Judge and Vohra, we may say that an organization's culture comes from what it has done before and the degree of success it has had. The ultimate source of an organization's culture is its founders, who traditionally have a major impact on that organization's early culture. They had the vision and they are unconstrained by previous customs or ideologies. The small size of new organizations facilitates the founders imposition of the vision on all organizational members. These authors propose that culture creation occurs in three ways; first, founders hire and keep only employees wh think and feel the way the way they do; second, they indoctrinate and socialize these employees to their way of thinking and feeling; the founders' own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions. Finally, when the organization succeeds, the founders' entire personallity becomes embedded in the culture of the organization.

Let us understand how a culture is developed, following Robbins, Judge and Vohra.

**Keeping a Culture Alive**

Once a culture is in place, practices within the organization maintain it by giving employees a set of similar experiences. The selection process performance evaluation criteria training and development activities, and promotion procedures ensure those hired fit in with the culture, reward those who support it, and penalize (and even expel) those who challenge it. Three forces play a particularly important part in sustaining a culture: selection practices, the actions of top management, and socialization methods.

**Selection :** The explicit goal of the selection process is to identify and hire individuals with the knowledge, skills and abilities to perform successfully. The final decision, because it's significantly influenced by the decision maker's judgement of how well the candidates will fit into the organization, identifies people whose values are essentially consistent with at least a good portion of the organization's Selection also provides information to applicants. Those who perceive a conflict between their values and those of the organization can remove themselves from the applicant pool. Selection thus becomes a two way street, allowing employer or applicant to avoid a mismatch and sustaining an organization's culture by selecting out those who might attack or undermine its core values.

**Top Management** : The actions of top management also have a major impact on the organization's culture. Through words and behavior, senior executives establish norms that filtler through the organization about, for instance, whether risk taking is desirable how much freedom managers give employees, what is the appropriate dress, and what actions earn pay raises, promotions, and other rewards.

**Socialization :** No matter how good a job the organization does in recruiting and selection, new employees are not fully indoctrinated in the organization's culture and are potentially likely to disrupt the beliefs and customs that are in place.

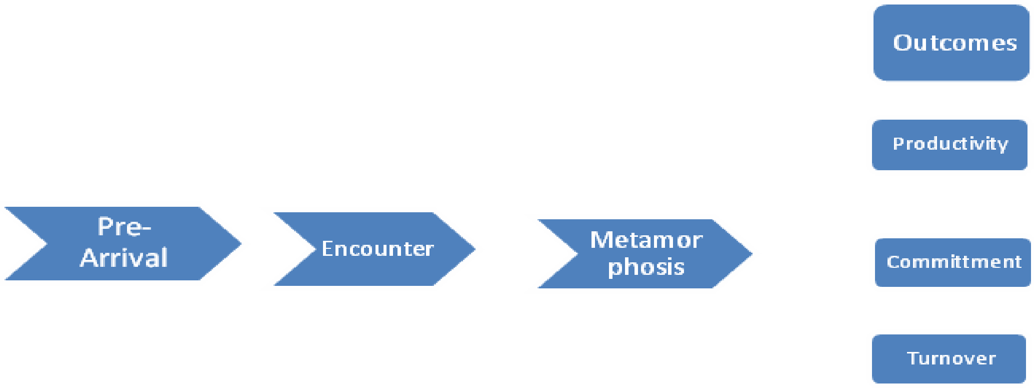


Figure 2 : Socialization Process

The process that helps new employees adapt to the prevailing culture is socialization (see Figure 2). We can think of socialization as a process with three stages: pre-arrival, encounter and metamorphosis. This process has an impact on the new employee's work productivity, commitment to the organization's objectives, and eventual decision to stay with the organization.

* **Pre-arrival Stage :** The pre-arrival stage recognizes that each individual arrives with a set of values, attitudes, and expectations about both the work and the organizations. One major purpose of a business school, for example, is to socialize business students to the attitudes and behaviors business firms want No matter how well managers think they can socialize newcomers, however, the most important predictor of future behavior is past behavior. What people know before they join the organization , and how proactive their personality is, are critical predictors of how well they adjust to a new culture. One way to capitalize on pre-hire characteristics

in socialization is to use the selection process to inform prospective employees about the organization as a whole.

* **Encounter Stage :** On entry into the organization, the new member enters the encounter stage and confronts the possibility that expectations - about the job, co-workers, the boss, and the organization in general - may differ from reality. If expectations were fairly accurate, the encouner stage merely cements earlier perceptions. However, this is often not the case. At the extreme, a new member may become disillusioned enough to resign. proper recruiting and selection should significantly reduce that outcome, along with encouraging friendship ties in the organization - newcomers are more committed when friends and co-workers help them "learn the ropes."

* **Metamorphosis Stage** : Finally, to work out any problems discovered during the encounter stage, the new member changes or goes through the metamorphosis stage. Most research suggests there are two major "bundlesl" of socialization practices. The more management relies on formal, collective, sequential, fixed, and serial socialization programs and emphasizes divestiture, the more likely newcomers' differences will be stripped away and replaced by standardized predictable behaviors. Creative fieldsl, such as research and development, advertising, and filmmaking, rely on these individual practices. Most research suggests high levels of institutional practices encourage person-organization fit and high lelvels of commitment, whereas individual practices roduce more role innovation.

The three part entry socialization process is complete when new members have internalized and accepted the norms of the organization and their work group, are confident in their competence, and feel trusted and valued by their peers. They understand the system- not only their own tasks but the rules, procedures, and informally accepted practices as well. Finally, they know what is expected of them and what criteria will be used to measure and evaluate their work. Successful metamorphosis should have a positive impact on new employees' productivity and their commitment to the organization and reduce their propensity to leave the organization

**Activity**

You work with a technology-based company. If the management wishes to have an innovative culture, how would you design the socialization program of your company?

## 16.4 MANAGING ORGANIZATIONAL CULTURE

Good managers are able to reinforce and support an existing strong culture; good managers are also able to help build resilient cultures in situations where they are absent. Two broad strategies for managing the corporate culture have received considerable attention in the organizational behavior literature. One strategy calls for managers to help modify observable culture, shared values, and common assumptions directly. A second strategy involves the use of organizational development techniques to modify specific elements of the culture.

To keep the organization culture fresh and competitive, the challlenge for any organization is to engage in a process of continuous selt-assessment and planned change in order to stay abreast of problems and opportunities in a complex and demanding environment. Organization development (OD) is a comprehensive approach to planned change that is designed to improve the overall effectiveness of organizations. Formally defined, OD is the application of behavioral science knowledge in a long-range effort to improve an organization's ability to cope with change in its e xternal environment and to increase its internal problem-solving capabilities. It includes a set of tools with which any manager who is concerned about achieving and maintaining high levels of productivity would wish to be familiar.

**Strong versus Weak Culture**

Organizational culture can be either weak or strong. Early proponents of organizational culture assumed that a strong, ervasive culture was beneficial to all organizations because it fostered motivation, commitment, identity, solidarity, and sameness. This, in turn, facilitated internal integration and coordination. According to Martins and Martins (2003) "in a strong culture, the organization's core values are held strongly and shared widely". This suggests that when an organization's members accept the shared values, they become more committed to them. A strong organizational culture therefore refers to such culture in which beliefs and values are shared relatively consistently throughout an organization (Deal land Kennedy, 1982). The more members who accept the core values and the greater their commitment, the stronger is the culture; as a result, the stronger is its influence on member behavior (Martins and Martins, 2003). Brown (1998) opines that strong organizationa culture can enable an organization to achieve high performance based on the following reasons: a strong organizational culture facilitates goal alighment; it leads to high levels of employee motivation. A strong organizational culture is better able to learn from its past. According to Martins and Martins (2003), "one specific result of a strong culture should be a lower employee turnover", due to the fact that when organizational members agree about what the organization stands for, the end results are cohesiveness, loyalty and organizational commitment.

However, a strong culture could also be a means of manipulation and co-optation (Perrow, 1979). It could further the displacement of goals or the formation of sub-goals, implying that behavioral norms and ways of doing things become so important that they begin to overshadow the original purpose of the organization (Merton, 1957; March and Simon, 1958).

A weak culture, on the other hand, means the opposite of a strong culture, Thus in a weak culture organizational members do not subscribe to the shared beliefs, values and norms (O'Reilly et al, 1991). Organizational members in a weak culture find it dificult to identify with the organization's core values and goals (Wilson, 1992). Different departments withn such an organization may uphold different beliefs that do not necessarily address the core goals of the organization. Weak cultures have a negative ipact on empoyees because they are directly linked to increased turnover (Harison, 1993).

Quintessentially, the fundamental strength of an organization's culture is determined by how weak or strong it is.

**Mergers Don't Always Lead to Culture Clashes**

A lot of mergers lead to culture clashes and, ultimately, failure. So in 2005 when the banking giant Bank of America (BOA) announced its $35 billion acquisition of the credit card giant MBNA many thought that in a few years this merger would join the heap of those done in by cultural differences. MBNA's culture was characterized by a free-sheeling, entrepreneurial spirit that was also quite secretive. MBNA employees also were acustomed to the high life. Their corporate headquarters in Wilmington, Delaware, could be described as lavish, and employees throughout the company enjoyed high salaries and generous perks - from the private golf course at its headquarters to its fleet of corporate jets and private yachts.

Bank of America, in contrast, grew by thrift. It was a low-cost, no-nonsense operation.Unlike MBNA, it believed that size and smarts were more important than speed. The cultures in the two companies were very, very different. Although these cultural differences seemed a recipe for disaster, it appears, judging from the reactions of BOA and MBNA employees, that the merger has worked. How can this be? BOA had the foresight to know which MBNA practices to attempt to change and which to keep in place. Expecially critical was BOA's appreciation and respect for MBNA's culture. "On Day 1, I was directed that this was not like th eones you are used to," said Clifford Skelton, who had helped manage BOA's acquisiton of Fleetl Boston Financial before moving on to MBNA. To try to manage the cultural transition, executives of both companies began by comparing thousands of practices covering everything from hiring to call-center operations. In many cases, BOA chose to keep MBNA's cultural practices in place. In other cases, BOA did impose its will on MBNA . For example, because MBNA's pay rates were well above market, many MBNA managers were forced to swallow a steep pay cut. Some MBNA employees left, but most remained. In other cases, the cultures co-adapted. For example, MBNA's dress code was much more formal than BOA's business-casual approach.In the end, a hybrid code was adopted, where business suits were expected in the credit card division'scorporate offices and in front of clients, but business causal was the norm otherwise. While most believe the merger has been successful, there are tensions. Some BOA managers see MBNA managers as arrogant and autocratic. Some MBNA managers see their BOA counterparts as bureaucratic.

Questions

1. In what ways were the cultures of Bank of America and MNA incompatible?

2. Why do you think their cultures appeared to mesh rather than clash?

3. Do you think culture is important to the success of a merger/ acquisition? Why or why not?

Sources: Based on E. Dash, "A Clash of Cultures, Averted," The New York Times (February 20, 2007), pp. B1, B3; L.Moyer, "Bank of America Lewis Must Wait on His Fate," Forbes (April 29, 2009), www.forbes.com ; and K.MacFadyen, "From the People Who Brought You BofA," Mergers and Acquisitions (October, 2009), pp. 38-40.

## 16.5 SUMMARY

A simple way of defining culture is: 'how things are done around here'. Organizational culture is the system of shared actions, values, and beliefs that develops within an organization and guides the behavior of its members. In a business set up, this system is often referred to as the corporate culture. Just as no two individual personalities are the same, no two organizational cultures are identical. The dimensions of organization culture are : Power Culture Dimension, Role Culture Dimension, Achievement Culture Dimension, and Support Dimension . Culture creation occurs in three ways; first, founders hire and keep only employees who think and feel the way the way they do second, they indoctrinate and socialize these emplyees to their way of thinking and feeling, finally, the founders' own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions. To manage the corporate culture two broad strategies have received considerable attention in the organizational behavior literature. One strategy calls for managers to help modify observable culture, shared values, and common assumptions directly. A second strategy involves the use of organizational development techniques to modify specific elements of the culture. A strong organizational culture refers to such culture in which beliefs and values are shared relatively consistently throughout an organizatio. The more members who accept the core values and the greater their commitment, the stronger the culture; as a result, the stronger is its influence on member behavior. On the other hand, in a weak culture organizational members do not subscribe to the shared beliefs, values and norms. Quintessentially, the fundamental strength of an organization's culture is determined by how weak or strong it is.

## 16.6 SELF ASSESSMENT TEST

1. What is organizational culture, and what are its common characteristics?
2. What are the functional and dysfunctional effects of organizational culture?
3. What factors create and sustain an organization's culture?
4. What is a strong organizational culture? How it is different from weak culture?
5. What are different dimensions of organizational culture?
6. What benefits can socialization of a new employee bring to the organization?

## 16.7 CASE STUDY

**Did Toyota's Culture Cause Its Problems?**

In 2010 Toyota issued a series of recalls for various models. The most serious was for a defect called "unintended acceleration," which occurs when a car acceleraltles with no apparent input from the driver. Investigations revealed that unintended acceleration in Toyota cars has been the cause of 37 deaths since 2000. When the problems first surfaced, however, Toyota denied it was the cause. Eventually, it apologized and recalled more than 9 million cars. To many, the root cause of Toyota's problems was its insular, arrogant culture. Fortune argued: "Like GM before it, Toyota has gotten smug. It believes the Toyota Way is the only way." Time reported "a Toyota management team that had fallen in love with itself and become too insular to properly handle something like the current crisis." Transportation Secretary Ray LaHood described Toyota's culture as "safety-deaf". But is this the reality? Increasingly, evidence suggests that Toyota's culture- or even the cars it produces - is not the source of the problem. A 2011 report released by the US National Highway Traffic Safety Administration (NHTSA) concluded that unintended acceleration was not caused by problems in the electronic circuitry. The Wall Street Journal wrote that "safety regulators, human error experts and auto makers say driver error is the primary cause of sudden acceleration." Forbes and The Atlantic commented that most of the incidents of sudden acceleration in Toyota cars occurred with elderly drivers who are known to be more prone to confusing pedals. Many other independent investigations, including once conducted by automobile experts at Popular Mechanics and Car and Driver, reached the same conclusion: the main cause of unintended acceleration was drivers mistaking the gas pedal for the brake pedal.

Does Toyota have an insular and inbred corporate culture? Probably. But it's been that way for a long time, and it's far from clear that the culture, or even the company's cars, is responsible for the sudden aceleration problems.

**Questions**

Q.1 If Toyota is not the cause of unintended acceleration, why was it blamed for it?

Q.2 Is it possible to have a strong, even arrogant culture and still roduce safe and high quality vehicles?

*Sources: A. Tayor, "How Toyota Lost Its Way." Fortune (July 26, 2010), pp. 108-117; P Allen, "Anatomy of Toyota's Problem Pedal: Mechanic's Diary," Popular Mechanics (March 3, 2010). downloaded July 11, 2011 from www.popularmechanics.com/ ; B.Saporito, "Behind the Troubleds at Toyota," Time (February 11, 2010), downloaded July 11, 2011, from www.time.com and B Simon, "LaHood Voices Concerns Over Toyota Culture," Financial Times (February 24, 2010), downloaded July 11, 2011, from www.ft.com.*

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# MBA-1.2
# ORGANIZATIONAL BEHAVIOUR

# Block 5

## Conflict and Change

## विशेषज्ञ -समिति

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2. Prof. Arvind Kumar, Prof., Deptt. of Commerce, Lucknow University, Lucknow
3. Prof. Geetika, HOD, SOMS, MNNIT, Allahabad
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## परिमापक

## अनुवाद की स्थिति में

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| मूल लेखक | अनुवाद |
| मूल सम्पादक | भाषा सम्पादक |
| मूल परिमापक | परिमापक |

## सहयोगी टीम

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## BLOCK -5

### INTRODUCTION

Block five comprises of four units. Unit seventeen deals with conflict management, Unit eighteen deals with creativity and its various aspects, Unit nineteen deals with power and politics while unit twenty deals with managing organisational change.

# UNIT 17 Managing Conflict

**Objectives**

After reading this unit you will be able to

- Understand the concept of Conflict
- Recognise different types of Conflict
- Describe the stages / process of Conflict
- Roles of Conflict
  - (a) Traditional View
  - (b) Modern View
- Aspects of Conflict
  - (a) Functional Conflict s
  - (b) Dysfunctional Conflicts
- Identify the causes of Conflict
- How to resolve/Manage Conflict

**Structure**



## 17.1 INTRODUCTION

The daily work of people in organization is intensely based on communication and interpersonal relationships, but communication in interpersonal relationships frequently opens the door for differences and disagreements that can create difficulties, success in today's high performance organizations increasingly requires a good understanding of the funcamentals of conflict and its' resolution.

**Conflict ?**

Conflict occurs whenever disagreements exist in a social situation over issues of substance or whenever emotional antagonisms create frictions between individuals or groups. It, in some form or degree is part and parcel of human life, hence, organzations are not free of it.

The term conflict has been used by different people to convey different meaning. It is a psychological state of mind within or outside the organization when people are in state of dilemma, whether to do or not to do anything and seriously enagage themselves in weighing pros and cons of the possible behavior but still feel themselves unable to take a decision either way. Thus it is the state of wavering mind. It is not same as is 'Quarrel' or 'fight'. Conflict simply gives emphasis on difference in opinion, goals ideas and line of actions.

Newstrom and Davis have defined conflict very simply as follows:

"Coflict is any situation in which two or more parties feel themselves in opposition, It is an interpersonal process. That arises from disagreements over the goals or the methods to accomplish those goals."

## 17.2 Features of Conflict

From organizational point of view, following are the features of Conflict:

- Conflict occurs when individuals are not able to choose among, the available alternative courses of action.
- Conflict between two individuals implies that they have conflicting perceptions, values and goals.
- Conflict is a dynamic proces as it indicates a series of events. Each Conflict is made up of a series of interlocking conflict episodes.
- Parties to it must perceive conflict. If no one is aware of a Conflict then it is generally agreed that no conflict exists.

## 17.3 Types of Conflict

Conflicts in an organisation can be broadly classified as follows:

1. Conflict at individual level.
2. Conflict at group level
3. Conflict at organisational level.

**Conflict at individual level :**

The analysis of Conflict may start at individual level itself. Since an organization is composed of various individuals, many Conflict develop at individual level.Individual level coflict can be classificaion into two categories.

(A) Intra-Individual (B) Role Conflict

**(i) Goal Conflict :**

A common source of conflict for an individual in an organization which has both positive and negative feature is the existence of two or more Competiting goals. Goal conflict occurs, when two or more motives block each other. There can be three alternatives of goal conflict, Approach to Approach Conflict, Approach avoidance Conflict and Avoidance avoidance conflict.

**Approach-Approach Conflict**

This type of conflict has least influence on organisational behaviour as in this situation the individual is caught between trying to decide upon one or another of two attractive goals which are mutually exclusive.

**Approach-avoidance Conflict**

In this situation the individual has both positive and negative f eelings about trying a goal ecause the goal possesses both attractive and repulsive characteristics. This may arouse great deal of conflict in the erson and may cause the person to Vacillate anxiously at the point where approach equal avoidance. This happens because the positive aspects of a given goal are stronger than the negative aspects. This type of goal Conflict is very relevant for organixational behaviour.

**Avoidance-Avoidance Conflict**

In such situation individual has to choose between two mutually exclusive goals, each of which possesses unattractive qualities. Unless other alternatives are available, such a sconflict has a tendency to stay unresolved. This is so because closer one gets to decision. The more the negative aspects of choice create to tendency to avoid the choice. Such a situation is stressful and anxiety arousing because of the perceived inability to escape either of two painful options.

**(ii) Role Conflict**

Role Conflict arises due to availability of many ways to achieve the organizational goals. In the organixation every person is expected to behave in a particular manner while performing a specific role. When expectations of role are materially different or opposite from behavior anticipated by the individual in that role, he tends to be in role conflict because there is no way to meet one expectation without rejecting the other. These role conflicts are of four types.

**(i) Intra-sender role conflict -**

Where the expectations from a single member of a role set may be incompitable.

**(ii) Inter sender role conflict -**

Where the expectations sent from one sender are in conflict with those from one or more other senders.

**(iii) Inter role conflict -**

When an individual occupies two or more roles simultaneously and the expectations associated with those different roles are in incompatible.

**(iv) Role Self-Conflict -**

It occurs when role requirements violate the needs, values or capacities of the person.

The reasons for role conflicts are -

(i) Role Ambiguity

(ii) Organizational position

(iii) Constraints of resources

(iv) Unfavourable results

(v) Divergent role expectations

**(2) Inter individual Interpersonal Conflict**

Inter-personal conflict involves conflict between two or more individuals. This type of conflict is most common and most recognized conflict. In an organizational set-up. There may be several forms of conflict but all thse conflicts may be analyzed in two form:

(a) Vertical conflict and (b) Horizontal Conflict

**(a) Vertical Conflict** : Vertical relationship in the form of superior subordinate relationship results into vertical conflicts which usually arise because superior always attempts to control the behavior of his subordinates, and subordinates resist such control. A subordinate may resist such control. as he feels that his superior tries to control activities outside the scope of his control and he perceive conflict with his superior and atter may feel when his attempt of control is thwarted.

**(b) Horizontal Conflict** - Horizontal conflict at inerpersonal level is among the erson at the same hierarchical level in the same function or in different functions.

**Causes of Interpersonal Conflict :**

The major reasons for interpersonal conflict are -

(i) Nature of persons like ego states, value systems and socio cultural factors.

(ii) Situation variables such as - Interest conflicts and role ambiguity.

(iii) Personal differences

(iv) Perception Differences

(v) Power differences

(vi) Status differences

(vii) Resource constraints

(viii) Value of interest difference etc.

**2. Conflict at Group Level**

It is common that in every organisation several groups are working together. Some times they affect the behavior of their members and sometimes they not only affect the behavior of their members rather they have impact on other groups and the organization as a whole by interacting with the members of their own group or the members of other group. In this interaction process there may be two types of conflict :

(i) Intra Group (within the group)

(ii) Inter Groups (betwen groups)

**(i) Intra Group Conflict -**

As a group consists of two or more persons who are in interaction with each other have a well defined structure of role and status relations and have a system of values and norms of behavior for the smooth working of the group. The individual may want to remain in group for social needs but may disagree with group method.

Intra group conflict may arise in three situations:

(i) When group faces a novel problem of task.

(ii) Where new values are imported from the social environment into the group.

(iii) Where a person's extra group role comes into conflict with his intra group role.

Intra-group conflict like an interpersonal conflict with the difference that the persons involved in conflict episode belong to a common group.

**(ii) Inter Group Conflict -**

Conflicts between different groups in the organization are known as intergroup conflict, as there are many factors in the organisation are known intergroup conflict, as there are many factors in the organization which determine the intergroup relationships. These factors can influence relations between two or more groups. If these factors are not positive they tend to create conflict among groups. If these factors are not positive they tend to create conflict among groups. These factors are : (i) Goal incompatibility (ii) Resource sharing (iii) Task relationship (iv) absorption of Uncertainty (v) Atitudenal sets.

**(3) Conflict at organisational level :**

We have already discussed conflict at individual level - intra individual and inter ersonal, Group level conflict - intragroup and intergroup, all these types of conflict take place within the organizational setting. Conflict at organization level may also be (i) Intra organisational and (ii) Interorganisational.

**(i) Intra Organizational Conflicts -**

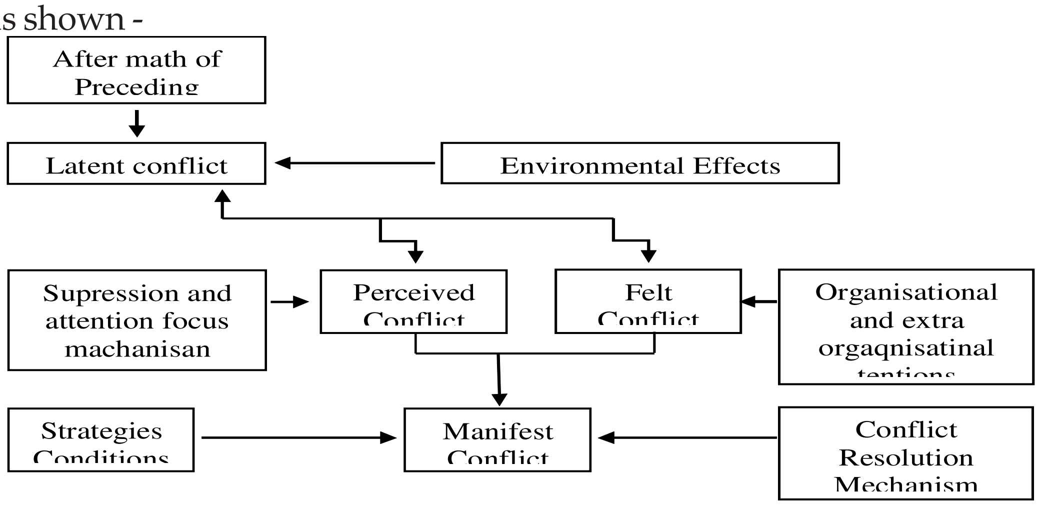
It will embrace all intra-individual, inter individual, intra-group and inter-group conflicts as they all are part of same organization.

**(ii) Inter-organisational Conflicts -**

This type of Conflicts occur between organization which are in some or other way dependent on each other. This conflict can be between buyer and seller organizations between Union and organizations, between Govt. agencies, that regulate certain organiations and organizatios that are affected by them.

## 17.4 Stages / Proces of Conflict

In organisation conflict is a process. This process progresses through different stages. Pondy p ointed out five stages of Conflicts. As it is shown -



If we consider Conflict as a dynamic process, a conflict between the two parties which proceeds through the five stages, also takes into account the outcome of the previous conflict, if any that might have occurred between them. This aspect is important as various stages of a view conflict are likely to be governed by the previous conflict episode. The various stages of conflict episode take place in the following manner

**Latest Conflict**

This is the stage in which the conflict has not taken a shape therefore it is not apparent. It may occur in sub-conscious mind. Some conditions from which conflict may occur are -

(i) Competition for scarce resources (ii) Communication barriers causing inadequate and distorted information (iii) Divergence among sub-unit goals and methods and work (4) Role ambiguity.

**Perceived Conflict**

Parties to the conflict may perceive about incompatibility of the antecdents of conflict. Perceived conflict occurs because of misunderstanding of the parties caused particularly by the lack of communication.

**Felt Conflict**

At this stage parties to the conflict feel that they have some conflict among themselves. It is the personalization internalization of differences that causes conflict. There may be organizational or extra organisational factors responsible for the internalisation.

**Manifest Conflict**

This the stage when two parties to conflict show a variety of conflict behavior such as open aggression, sabotage, apathy, withdrawal work to rule etc. depending upon the issue involves in the conflict.

**Conflict Afermath**

At this stage attempts are made to resolve the conflict through Conflict resolution mechanism. Depending on the nature of conflict resolution mechanism, either the conflict may be suppressed or resolved amicably. If the conflict is merely supprssed, the latent conditions of conflict may be aggravated and exploded in more serious form. If the conflict is resolved amicably a basis for cooperative behavior is established between parties.

## 17.5 Roles of Conflict / Views about Conflict

In general for most of the people, the term "organizational Conflict" carries a negative connotation. An effective organization is typically thought of as a coordinated group of individuals working towards a common goal. In this view conflict can only adversely affect the coordination and teamwork necessary to achieve organisation's goal.

But there is another view of conflict and which argues that conflict improves an organisation's effectiveness by stimulating change and improving the decision making process.

**Traditional View**

Traditional view of conflict assumes that all conflicts are bad as it has a negative impact on and organisation's effectiveness. The classical theorists treat conflict simultaneously with such terms as violence, destruction and irrationality. These theorists contemplated organizational structure and would not permit appearance of conflict.

Modern View

According to modernists conflict is functional when it initiates the search for view and better ways of doing things and undermines complacency within the organisation.

Conflict → Change    Adaptation    Survival

According to this figure, change needs stimulus and that stimulus is conflict . Some of the positive outcomes of Conflict are :

(i) Conflict provide opportunities to individuals and groups to think again and take a more concrete view of the situation.

(ii) Conflict leads to innovation at times view direction.

(iii) Conflicts bring cohesiveness in group. This happens more in the case of intergroup conflicts.

(iv) Conflicts provide challenging work environment as these develop high degree of competition.

(v) As conflicts develop among various individuals and groups, these indicate the shortcomings in the existing system of organizational functioning and management attention can be drawn for overcoming such shortage.

(vi) Conflicts may be used as device to overcome many frustration and tensions It helps people in releasing their tension and Unburden themselves.

**Aspects of Conflict**

There are two aspects of conflicts :

**(A) Functional Conflicts**

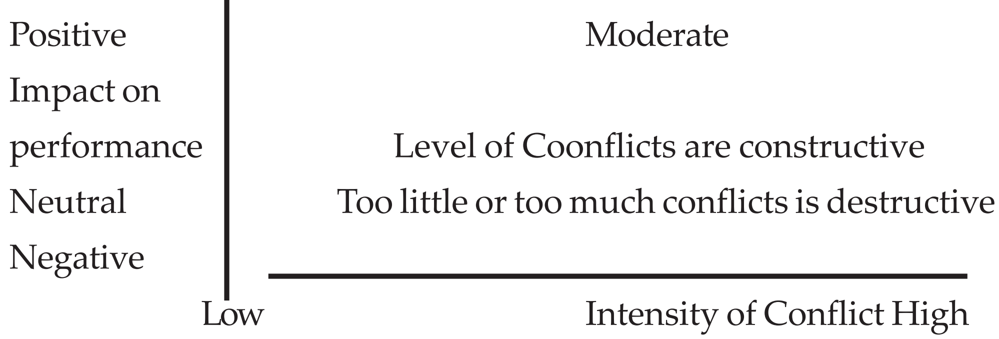
The conflict which support the goals of group and improve its performance are functional conflicts. If we look at conflicts from functional point of view, conflicts are suppoosed to serve following purpose -

* **Release of Tension** Conflict when expressed can clear the air and reduced the tension.
* **Analytical Thinking** - When a group is faced with conflict, the members of grouop display analytical thinking in identifying various alternatives.
* **Increase Group Cohesiveness** - Inter group conflict bring closeness and solidarity among the group members.
* **Promotes Competitions** - Conflicts promotes competition and hence results in increased efforts.
* **Helps to meet the Challenge of Threat** - Conflicts test the abilities and capacities of the individuals and groups to meet the challenge of threats.
* **Stimulation of change** - Sometimes conflict stimulates change among the people.
* **Identification of weaknesses** - When a conflict arrives it may help in identifying the weaknesses the system.
* **High Quality Decisions :** When conflicting persons express their opposing view and perceptives, high quality decisions results, because each one of conflicting persons will try to give better views.

**B Dysfuntional Conflict**

It works to the individual's group's or organisation's disadvantage. It diverts energies, hurts group or organisation's disadvantage. It diverts energies, hurt groups cohesion, promotes interersonal hostilities and overall creates a negative environment for workers. This occurs, for example, when two employers are Unable to work together because of interpersonal differences or when the members of a committee fails to act because they cannot agree on group goals. Destructive conflicts of these types can decrease work productivity and job satisfaction and contribution absenteeism and high labour turnover.

The two faces of conflict




## 17.6 Causes of Conflict / Sources of Conflict

Sources or courses of conflicts can be studied into three Categories.

**(i) Communicational Aspect -**

Lack of proper communication into the organization can be cause of conflict. The problem of communication process may be due to -

* Too much or too little communication.
* Filtering of Communication which means that information is passed through many levels or through many members . The amount of information is functional upto a point, after that it becomes a source of conflict.
* Semantic problems arise due to difference in background, training perception and inadequate information about others.
* Pronlrm of Noise.

All these problems may lead to stimulate misunderstanding among members, which if not resolved, will result in conflict.

**(ii) Behavioural Aspect**

The behavioural aspect of conflict arise out of human thoughts and feelings, emotions and attitudes, values perception and personality traits. Some of important causes of this aspect of conflict are :

* People's value and perception differ situation wise, may lead to conflict with other.
* The conflict may be based on personal basis regarding religion, race or sex.
* The conflict may also arise due to different view points about various issues.
* The widening gap between 'have's and have not's also causes conflict.

* From the organizational point of view, there is conflict in organization.goal and psychlogical needs of the individuals because both of these are inconsistent with each other.

**(iii) Structural Aspect**

These Conflict's arise due to structural design of the organization.

* Larger the size of organizations, more will be the chances of conflict.
* Destruction between line and staff Units within an organisation is a big source of Conflict.
* Role ambiguity - Where the role of an individual is not clearly defined it will cause conflict.
* Poorly designed work flow structure and poorly planned coordinations is also cause of intergroup conflict.
* Scarcity of resources may bring conflict among groups who are otherise peaceful at the time of abundance.

## 17.7 Methods of Managing Conflicts

Conflicts in organization can be managed by two methods - Approaches.

(A) Preventive approach.

(B) Curative approach

**(A) Preventive approach**

It is universally accepted truth that prevention is better than cure. Managementcan not a altogether stop conflict, as it is inevitable and to the some extent, desirable too, but it can take effective steps to prevent its occurrences in dysfunctional manner. The techniques that can be used for prevention of conflict are :

* **Focus on common goal** : The management should always talk in terms of overall organizational goals and their accomplishment.
* **Structural specifications** : Jobs, tasks roles, should clearly be defined, properly laid down and elaborately spelt out, to minimize the conflicts.
* **Sharing of information** : A number of conflicts develop due to lack of information or due to distortion of available information. Hence organization communication flow should be encouraged.

* **Creating Win-Win Situation** : Conflict within an organization should never be perceived as gaian to one party and loss to the other all conflicts' should ultimately prove to be beneficial to the organization.

**(B) Curative Approach :** Once it becomes known that a conflict has developed whether at the individual level or group level, it needs to be handled Carefully so that all conflicts should ultimately prove to be beneficial to the organization by taking these steps.

* **Diagnosing the issue** : The first step is to find nature of conflict meaning thereby that the conflict is about, why it has developed, how far it has progressed or evolve once the problem is identified the properly the conflict can be rsolved.
* Strategies for reduction of conflict once a conflict has developed , and has started showing sign of becoming dysfunctional, it needs to be resollved or atleast reduced in order to reduce conflict, two approaches are available - either change the behaviours of people or change their attitudes.

**Conflict Resolution Strategy**

| **Target of change** | **Strategy** |
| --- | --- |
| Behaviour | : Avoidance |
| | : Smoothing |
| | : Dominance |
| | : Compromise |
| | : Confrontation |
| Attitudes | |

* **Avoidance** - Non attention or creating a total separation f the combatants or partial separation that allows limited interaction.
* **Smoothing** - Technique which stress the achievement of harmony between disputants.
* **Dominance** - The imposition of a solution by higher management, other than the level at which the conflict exists.
* **Compromise** - Strategy that seeks a resolution which satisfies atleast part of the each party's position.
* **Confrontation** - Strategy featuring a through and frank discussion on the sources and types of conflict and achieing a resolution that is in the best interest of the group but that may be at the expense

of one or all of the conflicting parties.

## 17.8 Summary

In this unit we have considered various types of conflicts whether individual or Group conflicts, they are most important from the point of view of any organisation's effectiveness. In keeping with our emphasis on conflicts we have defined conflict as disagreement by individuals or Groups working within organization which can entre on factors ranging from resource allocation and division of responsibility to overall direction of the organization. Besides intergroup conflicts there are other types of conflict as well - Intra individual, inter individual, intra group, intergroup and inter organizations. As far as conflict process is concerened, it has five stages such as Latent conflict, Perceived conflict, felt Conflict Manifest Conflict and Conflict aftermath we have discussed in brief functional and Dysfunctional conflict as conflict has two faces positive and negative . In our view conflict is, that it is not only inevitable but it could be desirable as well, depending upon the nature, intensity, duration and the way it is handled.

There are two approaches to manage the conflicts in organization. Preventive and curative. Besides adopting methods of managing conflict manager should adopt the strategies for resolving . The conflict, which of the strategy would be more effective, it depends upon how critical the conflict is to task accomplishment and how quickly, the conflict must be resolved.

## 17.9 Self Assessment Test

1. What do you understand by organisational conflict? Are organizational conflicts always dysfunctiona?
2. How many types of conflicts can be in the organization? Discuss in brief.
3. Describe various stages of organisational conflict.
4. Is conflict inevitable? If so how should one deal with it?

## 17.10 Further Readings

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3. Feldmau. D.C. A Taxonomy of Intergroup Conflict - resolution strategy in 1985 Annual : Developing Human resources, Universities : San Diego.
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## UNIT 18 Creativity

**Objectives**

After reading this unit you will be able to

- Understand the concept of creativity
- Two ways of Building a creative organization
- How climate for creativity is required in the organization
- Characteristics of creative organizations.

**Structure**

18.1 Introduction

18.2 Definition and elemens of creativity

18.3 Creativity Component

18.4 Cretivity process in the organizations

1. Ready - Aim - Fire and
2. Ready - Fire - Aim

18.5 Creating Climate for creativity

18.6 Characteristis of creative organization

18.7 Creative Problem Solving Process

18.8 Summary

18.9 Self-assessment Test

18.10 Further Readings

## 18.1 INTRODUCTION

Social Scientists have long recognized the importance of creativity as is the capacity of persons to produce compositions, products or ideas of any sort which are esentially new or novel and previously unknown to the producer. It can be imaginative activity or thought synthesis, where the products is not a mere summation. It may involve the forming of new patterns and combinations of informataion derived from past experience and transplant of old relationships to new situations and may involve the generation of new correlates. Creativity has found inclusion in the Webestor's New Dictionary recently and has its root in the Indo European word base 'Kere' which means to grow or cause to grow' and in the English verb 'create or to cause to come to existence' to bring into being 'to make' or 'to originate, with the adjective creative focusing attention upon 'ability' 'power' impulse 'agent' and imagination.

## 18.2 Definition and Nature of Creativity

Creativit is defined as the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others, and entertaining ourselves and other.

According to Eysenck (1972) creativity is the ability to see new relation to reduce unusual ideas and to deviate from traditional patterns of thinking . Some psychologists think, that, in presence of creativity person can present a new series or arrangement in the environment.

On the basis of the definition WE can, that creativit is a cognitive empirical process from which an original roduct emerges or it is a bility of multidimensional human attributes differently distributed among people. It is spontaneous and inner directed. it includes the factors like ability to see view relationships producing unusual ideas, solving problems, fluency, flexibility originality, acquisitiveness and persistency.

Elements of creativity

Some important characteristic / elements may be as under -

* Creativity is a process
* Creativity process is goal directed
* Creativity is a way of thinking and it is not synonymous with intelligence
* Creativity comes from divergent thinking.
* Creativity is a form of Controlled imagination.
* The process of c reativty depends on the acquition of accepted knowledge.
* Creativty leads to production of something new.

## 18.3 Creativity Components

Significant creativity components are -

**Fluency :**

It refers to rapid flow of ideas and tendencies to change direction of the units of products.

**Flexibility :**

It is the readiness to change behavior to eed changing circustances. It represents number of classes of objects. It indicates in how many distinct different ways an individual can respond to a stimulus.

* **Originality** : It refers to the unusual ideas and suggestions for unusual applications of particular objects. It indicates uncommonness or newness in the product.

* **Creative Production** : it refers to possessing both literary and constructive creativities. The semantic contents through divergent thinking give Units and figural contents resulting in transformations.

## 18.4 Creative Process in the organization

Any organization which do not have some form of critical analysis process to screen and translate the ideas into practical benefit for themselves their customers will soon flounder. The real creed for organisation is creativ innovation - The process of applying creative ideas in a practical way to imrove the organization.

Geof Cox (1995) has identified two ways - (i) Ready - Aim - Fire and (ii) Ready - Fire - Aim for building a creative organization.

**(i) Ready - Aim - Fire - It is a military analogy** : we first need to know the target and have the appropriate information and resources, then we need to take aim before going unto action. If one of these steps wrong, or miss it out completely, often has castrophic consequences. Hence organisations should not be ru on military lines, as there are a number of parallels and lessions that can be applied.

We can use the Ready - Aim - Fire approach to understand our own natural tendencies and to correct them to something that has creativity and innovation built in; First we need ideas : The Ready stage. Identify what needs to be done and gather all information and ideas available. Then aim-choose the best solution or, strategy. Filter and analyse the ideas to come up with something that is practical and meets the organization's objectives. This is a process of screening and building ideas into something that is workable, then go into action - fire.

**2. Ready-Fire-Aim if Ready** - Aim Fire is balanced culture for organizations to aspire to, truly innovative organizations follow a different pattern - Ready - Fire - Aim come up with an idea (Ready) try it out immediately in low risk or pilot project (Fire) - and learn from this experiment (Aim). Then use the learning to redesign and refine the idea.

Management expert like peter. E. Drucker, Henery Mintzberg and Tom peters implore us to allow people in organizations to pilot their ideas.try something out and then corect the design or plan when they have learned from the initial mistakes. Allowing people to make mistakes without fear of retribution is seen to be the way to question the status quo and shake organization into the new economic reality. The Ready - Fire - Aim process is all about trying out new ideas in a small way in a controlled situation, and learning quickly from the experience to make an adjustment and go round the cycle again. This way losses are minimized by keeping pilot operations at small level, and organisation creates a culture where it is OK and test own ideas and make mistakes.

Thus a style of Ready - Aim - Fire well provide most organisations with a balanced approach to be able to cope with most problems. An organisation which encourages the more creative and innovative style of Ready - Fire - Aim which foster experimentation and controlled risk taking will be successful in staying ahead of its competitors.

The basic steps in a typical process of organisational creativity may be as under-

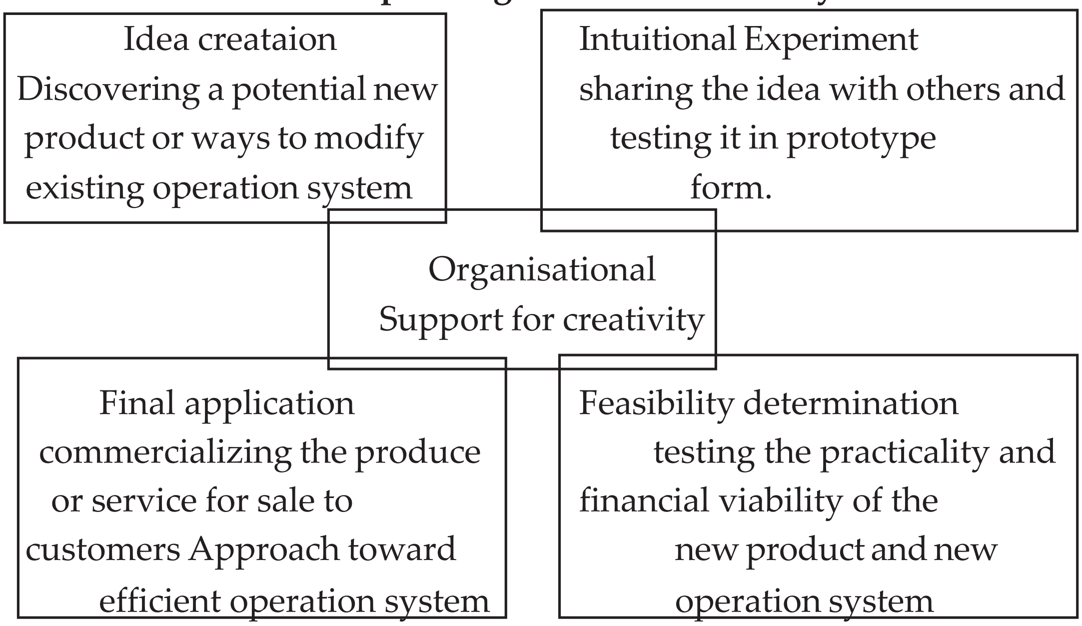
1. **Idea Creation** - To create an idea through spontaneous creativity, ingennity and information process.

2. **Initial experimentation** - To establish the idea's potential value and application.

3. **Feasibility determination** - To identify anticipated costs and benefits.

4. **Final apaplication** - To produce and market a new product or service or to implement a new approach to operations.

**Basic steps in organisational creativity**



## 18.5 Creating Climate for Creativity

Creativity does not happen in an intellectual Vacuum nor in emotional icebergs that many organizations fashion for themselves. Research around creative culture and general climate has led to the identification of key areas on which organizations can focus to develoop an effective climates in which people are not only creative, but where they are motivated to develop these ideas into value-adding contribution to the success of the whole organization.

Goran Ekval identified the following dimensions which affects organizational creativity:

* **Challenge** : People working in the organizations, who feel challenged emotionally engage in their work. It becomes a part of them, not just something they do. They feel the need to get out there and act, not just to sit back and dream. organizations can challenge people by linking a deep understanding of individual talents, potential and motivation with the strategic intent. .
* **Freedom :** People empowered to act in ways that are not tightly constrained by narrow job descriptions and management oversight. They have the personal freedom of choise and resource that gives them true authority to achieve the challenge they have been given.
* **Time** : When people have a certain amount of unallocated time in their timetable, then if they feel challenged and feel freedom to act, then they will use that time productively to develop new ideas, as discover and developing ideas take time..
* **Dynamism** ; The eventfullness of life in the organization is needed that drives forwards towards, towards success.
* **Support** ; In fact the more Valuable the ideas, the more support it is likely to need, as it may lead to entire changes in direction for the whole organization because situations in which the gravitas, the authority, the wider capability of more senior managers.
* **Trust** ; In the development of ideas, trust is needed on both sides of the house. The person with the idea must feel they can speak their minds without fear criticism or punishment. The persons on the other side also needs to trust that the person with the

idea has the organizations best interest at heart and will not abandon their other work in the sole pursuits of a very shaky idea.

* **Conflict** : Crating healthy conflicts requires both an openness to challenge and then a focus on the problem not the people. A respect for the individual is a fundamental element of creative culture. In the organizations in which conflict is allowed, it enables felt challenges to be voiced and for people to argue their cases. In a creatively supporting climate, the conflict is mostly about the problems of the organization and the viability of ideas, and it most certainly not about personalities and the value of different character.
* **Experimentation** : It is one thing to think up a idea, it is another to put it into practice. Ideas that are not explored and experimented with will either never see the light of day or may will fail on their first outing. An experimenting culture has a strong bias for action in trying things out. It does not expect things to work first time but it does expect to learn through careful trails and subsequent analysis.
* **Risk** : Offering ideas and trying out experiments requires the ability and motivation to take risks. Individuals and the entire organization need to be able to stick their needs out and 'give it a go'.

Thus creativity is not something that can be turned on' at will, but rather by the result of long term exposure to an encouraging climate .

## 18.6 Creative Organization

Creative organization is made of two words creativity + organization while creativity is the tendency to generate or recognize ideas, alternatives or possibilities that may be useful in solving problems, communicating with others and entertaining ourselves and others. And the organization is ehe process which deals with grouping of activities and establishing authority relationship among various people working withing the organisation.

Thus creative organization can be defined as organizations which are designed to administer, maintain and protect what allllready exists with creative thinking as designed to bring into existence that which has never been before.



Characteristics of creative organization ;

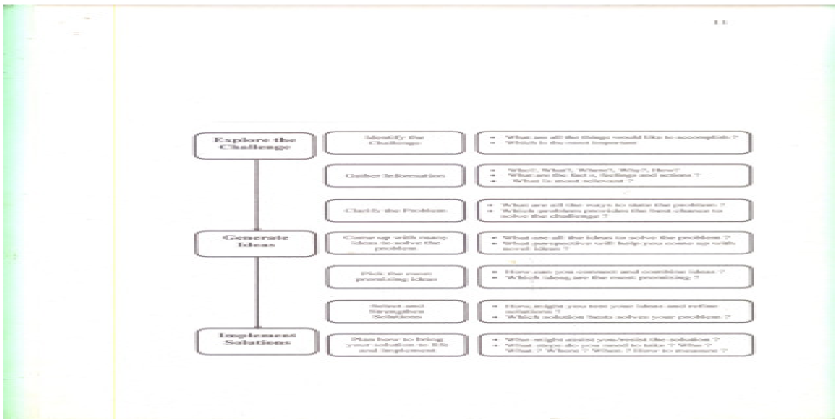
* Balance planning with improvising.
* Use the unknown as a resource.
* Creativity is a core value.
* Creativity is a organizational discipline; an ongoing process; a mind set.
* Time and attention are dedicated to practicing creative process until it becomes embedded in the system.
* Flexible, limited organizational system combined with intensive interaction.
* Room for exploration and discovery without judgment.
* Act upon intuition and 'Response as well as logic.
* Employ real time feedback loops and adopt accordingly.
* Mistakes and failures are seen as invitations to improve, grow or create.
* Hold organizational tension, cognitive dissonance and natural resistance.
* **Engage paadox** - engages opposing or differing 'Truths' and view point to without needing to boil them down to the lowest common denominator.
* **Using diversity productivity** - uses differences to contribute to the creation of something new.
* Creativity may come from anywhere in the system in any direction.
* Using both linear and non linear ways of thinking.
* **Believe in their people** : draws forth what is positive.
* Encourage the questioning of all assumptions.
* Informed by, but not limited to what worked in the past.
* Not reliant on business buzz word uses more authentic language.
* **Excitement is not squelched** - it is used to fuel creativity.
* Tolerate ambiguity and Uncertainty.
* Using both divergent and convergent thinking : Whole brain approaches.
* Balance structure and 'being organized' with flow and emergence.
* Value fun as part of the creative process.

On going through the various characteristics of the creative organization, we summarize that the creative organization require two dimensions to be successful.

Firstly : it needs to be able to attract and get the best out of creative people.

Secondly : it needs a process to harnes that creativity and translate it into products and services that customers want. The first dimension requires the organization to not just recruit and manage creative people, but also to realise the creativity of its existing workforce. In the latter, the organization is treading delicate path between fostering a climate of creativity and the reality of business survival.

## 18.7 Creative Problem solving process




## 18.8 Summary

In this unit we have discussed concept and nature of creativity as of all the qualities that man possesses, those that contribute to his creative thinking have been most important for his well being and his advancement. For creative thinking is essential for solving problems, and solving problems is necessary for survival growth and achieving abandon life of individual as well as of organizations. Besides the characteristics of creativity its components like Fluency. Flexibility originality and creative products are also discussed. .

There are two ways for building a creative organization - Ready - Aim - Fire i.e. First we need ideas : Ready stage, Identify what needs to be done and gather all the information and ideas available, then aim - choose the best solution or strategy. This style of Ready - Aim - Fire will provide most organizations with a balance approach to be able to cope with most organisations problems. On the other an organisation which encourages the more innovative style of Ready - Fire - Aim which fosters experimentation and controlled risk-taking will be more successful in staying ahead of its competitors. That is come with an ideas (Ready) - try it out immediately in a calculalted low risk 9Fire0 and learn from this experiment (Aim).

Climate represents the behavior attitudes and feelings of the organization which in tern affect its operational process in terms of communications, problem solving, decision maing and how it learns. The organizational climatic dimension which affects organizational creativity are also identified. Hence it should be very clear that creativity is not something that can be 'turned on' at will, but rather by the result of long term exposure to an encouraging climate.

New ideas, essential for an organization to service, are not necessary generated from within. Alliance with other organizations, freedom in work, thinking , decision making etc., Non rigidity in organization's hierarchies and traditional control structures are some motivating factors which generates the new ideas in the organisation.

## 18.9 Self Assessment Test

1. Define the creativity and give its elements.
2. What are dimensions of building.
3. How a creative organisation can be built?
4. What are the factors which affect the climate for creativity in the organization?
5. What are the characteristics of a creative organisation?

## 18.10 Further Readings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# UNIT 19 Power and Politics

**Objectives**

After reading this unit you will be able to

- Understand concept of Power and Authority
- Recognise the different sources of Power
- Understand the concept of influence and influence Tactics.
- Definition of organizational politics.

**Structure**



## 19.1 INTRODUCTION

Organizations are built by the aggregation of people for some common goals, and in order to achieve these goals, people should behave in a manner specied by organizational rules, regulations, policies and other methods, organizations try to achieve this through the process of influencing behaviour of their members. The process of influencing the behavior or people working in organization for getting desired result many be termed as power because influence is a behavioural response to the exercise of power.

## 19.2 Definition of Power

Thus power refers to a capacity that Mr. A has to influence the behavior of Mr. B. so that B acts in accordance with A's wishes. The definition implies (1) a potential that need not be actualized to be effective

(2) a dependence relationship and (3) That B has some discretion over his or her own behavior.

Hence it can be visualized that a person can have power over you only if he or she controls something you desire.

**Characteristics of power**

* Power is one of the means like use of authority, leadership, and communication influence others for getting results.
* Influence process occurs in a particular way when it is attempted by the use of power.
* Power is used not only in getting certain results achieved but it also includes negative decisions or the action of non decisions.
* Power is extra organizational in nature and anyone in the organization may have this types of influence through the use of power provided one is capable of doing so.

## 19.3 Authority

Authority is another means of invluencing behavior of people in the organisation. In fact authority is a right of a person to give orders and power to have obedience. It is the right to guide and direct the actions of others with the hope to get appropriate responses to the attainment of organizational goals. It is a right to utilizes organizational resources and to make decisions and get them carried out. Authority is like a thread by which different Units of the organization are integrated. It is the key to all managerial jobs, it means that aspect by which manager have some RIGHT by which be getthe things done, that right is technically known as AUTHORITY. It is a legal or rightful power to command or to act, Authority is a binding force in the organization forming the very basis of responsibility, and because of authority and responsibility relationship superior, subordinate relation exist in the organisation.

**Features of Authority**

From the above discussion we can identify the features of authority, which are as follows;

* It is the legitimate right to command direct guide and control the subordinates.
* It is granted as per one's position in the organization to achieve the pre-determined organisational goals.

* Authority is the key to the managerial jobs.
* Authority is the right to direct and make use of others to get the things done.
* Authority is a commanding force binding and establishing relationship between different individuals.

## 19.4 Distinction between Authority and power

Sometimes two terms authority and power are used interchangeably because of their common objective of influcing the behavior of people on whom these are exercised. However there is a difference between these two while authority is the right to command power is capacity to command. The traditional concept of hierarchy finds its essential rationale that someone has the right to command someone else and that the subordinate person has the duty to obey the command. This is implied in the notion of official legitimacy, legal in nature rather than social and informal. However, the right to command does not necessarily connote the capacity to command. For example, a person in the society may have capacity to influence the behavior of others by his money power but he may not have right to do so. Thus the major difference between the two ca be identified as follows:

* Authority is legitimate by certain rules, regulations, laws and practices. In the case of power there is no such legitimisation.
* Authority is institutional and originates because of structural relationships. power emerges because of personal factors and varies with the individuals.
* Authority exists in the context of organisational relationship, mostly in superior - subordinate relationship either direct or otherwise . Power relationship may exist between any two persons and organizational relationship may not be necessary.

## 19.5 Sources of Power

The understanding of sources or bases of power is important because a particular type of power is effective in a particular situation. The term sources or power denoted from where the power holder derives his power, that is, how a person happens to control his case of power e.g. personal, positional etc. Baes of power refer to the use of means in exercising power e.g. coercion reward etc. Based on this S.B. Bacharach and E.L.Lawler have suggested four sources of power, positional personal expert and opportunity. Thus there can be two main sources of Power;

(A) Formal (Organisational / Position)

(B) Personal

(A) Formal : Three sources of power are avaialble to a manager the power to force complicance by means of solely as a result of his or her position in the organization - coercieve, reward and legitimate power.

* **Coercive power :** The power to force compliance by in means oif psychological, emotional or physical threats. The Power which rests upon the placation or the threat of application of physical sanctions. The physical sanctions, out of the exercise of coercive power, may be in any form depending upon the situation such as the infliction of pain, the generation of frustration through restriction of movement, or the controlling by force of basic physiological or safety needs.
* **Reward Power** : Reward power is opposite of coercive influence. This power is based on one's control and allocation of material resources and rewards. In the organizational situation. this power is based on the control of salalries, wages promotions , compliments or enriches jobs. People comply with this power because they get benefits out of compliance. Therefore one who can distribute rewards that others view as valuable will have power over those others.
* **Legitimate power** ; power granted through organizational structure. It is the power accorded, people occupying particular positions as defined by the organisation. It represents the power a person receives as a result of his/her position in the formal hhierarchy. It include both coercive power and reward power. For example in the organization a superior may have the formal authorit over subordinate to approve or deny such requests as job transfer equipment purahcses, personal time off or overtime work. Legitimate off or overtime work. Legitimate power represents a special kind of power a manager has because subordinates believe it is legitimate for a person occupying the managerial position to have the right to command. If this legitimacy is lost, authority will not be accepted by subordinate.

**Information power ;**

One of the most important aspect of legitimacy is the access to and control of information. In most organization the 'Right to know' and use information is re stricted and confined by a series of rules and regulations. The nominal reason for controlling information is to protect the organization.

**B.Personal Power :**

Personal power resides in the individual and is independent of that individual's position. It is important in many well managed organizations. Three bases of personal power are; expertise rational persuation and reference.

* **Expert Power** : It is the ability to control another person's behavior through the possession of knowledge experience, or judgement that the other person does not have but needs. New expertise has become a powerful source of influence as the world has become more technological.
* **Rational persuasion** : It is the ability to control another's behaviour because through the individual's efforts, the person accepts the desirability of an offered goal and a reasonable way of achieving it. Rational persuasion involves both explaining the desirability of expected outcomes and showing how specific actions will achieve these outcomes.
* **Referent Power** : It is the ability to control another's behavior becaue the person wants to identify with the power sources. Referent power is based on identification with the person who may have some form of power. The target of the influence feel's attracted towards the person having power because of his personality characteristics and tries to behave accordingly. Then this become the basis of power exercise. Such identifying process may take place without organizational context as most of the people take somebody as ideal and behave accordingly upto a certain stage.

**Reationship Among Different Source Types of Power**

* With the increase in letigimate power degree of reward power and coercive power also increases because legitimacy affects the control of other factors.
* Frequent use of coercive power reduces referent power because targets start disliking such an agent who relies more on coercion

expert power can give rise to legitimate power . This happen becaue the organization acknowledges expertise by giving an expert higher position , with higher position The legitimate power increases.

* Referent power can probably increase all other power because attraction attached to the referent power generates hallow effect which increases command of the agent to use other powers.

## 19.6 Concept of influence And influence Tactics

The action or process of producing effects on the actions, behavior, opinions etc. of another or other may be farmed as influence, It is also the process of changing someone's behavior, opinions etc. of another or other may be termed as influence. It is also the process of changing someone's behavior without pushing, forcing or telling others what to do.

Researhers of organisational behavior have made attempt to identify the tactics that are used to influence or to gain more power while many others have suggested tractics only from practical power of view in which cause effect relationship can not be established easily. We have analysed tactics from analytical point of view, these tactics are :

* **Rational persuasion** ; using facts and data to support a logical argument for changing the behavior of others - expert Power.
* **Inspirational Appeal** : Creating enthusiasm among the subordinate by appealing to values, ideas and aspirations - Referent Power.
* **Consultation** : Need your support so will seek your assistance or modify your proposal- Reward coercive legitimate power.
* **Ingratiation** : Get you in good mood before asking you for something - Reward power.
* **Personal Appeal :** Appeals to your feelings of loyalty and friendship - Referent or Reward Power.
* **Coalition :** Get someone else to persuade you to comply, use someone else's support as reason for you to comply - coerave power.
* **Legitimating :** claims to have the authority to get you to do something .

* **Pressure** : using demands threats or persistent reminders.

## 19.7 Organisational politics

Politics is universal phenomenon in organized society. Political behavior is not limited to those who hold public positions. We can expect political behavior in every organization. In a very simple way politics can be referred as actions for seizing , holding, extracting and executing of power by individuals and groups for achieving personal goals.

There are two views in respect of organizational politics. According to one view which can be termed as self-interest concept in defining organizational politics.

"It is the process whereby individual or groups use whatever power they can amass to influence organizational decisions in the direction of own interest.'

On the other the second view treats politics as a necessary function resulting from differences in the self interest of individuals. In the way organizational politics is defined as-

"It is the art of creative compromise among completing interest.

Thus organizational politics can be viewed as the management of influence to obtain ends not sanctioned by the organisation or to obtain sanctioned ends through non sanctioned means and the art of creative compromise among competing interests.

**Main Features of Organizational Politics**

* It is an inescapable and intrinsic realty. As it is so intricately woven with management system that relationship norms, processes, performances and utcomes are hugely influenced and, affected.
* It involves behaviors of individuals group that is self serving and manipulating to promote their self interest at the expense of others and some time even organizational goals as well.
* It takes place when a individual recognzes that achievement of the goals is influenced by behavior of others.
* It is a company anifests itself through struggle for resources, personal conflict competiton for power and leadership.

## 19.8 Reasons for organisational politics

* **Availability of Resources** : Employees, if they believe that, they lack information about the job objectives, job opportunities and

the outcome of work performance, low trust level among organizational members, control over information is a result of legitimate power position within the organization, certainly employees will receive their work environment as politically motivated.

* **Jealousy** : This is largely common among peers and colleagues in same department or different departments of the same organization. At times, personal concerns may tend to displace substantive material in a decision making process here people become increasingly conscious of influence, proximity and other such factors which in their opinion may influence evaluation of similar output.
* **Discretionary Authority** : Organization provide positions with discretionary authority to use such powers in the case of special needs like emergency in organization, Such authority then becomes the basis for organisational politics if the discretion power is not equal among the member's of same hierarchy level.
* Struggle for power : political behavior emerges in the organization because people want to derive power, that is over and above the authority delegation to them formally. They want to gain power because it is satisfying to them since quantum of power like other resources it is satisfying to them since quantum of power like other resources is limited, often there is struggle for gaining power.
* **Limited Resources** : Like pay rise and promotion opportunities being not freely available, creates pressures and feeling of competition among the fellow members of the organization. A marked distinction occurs between those who have and those who don't have power which in turn spurs undercurrents in day to day affairs and dealings.
* **Ambiguity in organisation** : Particularly roles and authority, generates politics. The more ambigous formal roles and authority or organization members, the more developed will be the internal system of political competition. Ambiguity puts people to settle their roles through mutual interactions. In these interactions people may try to enact their roles most suited to them so that they can show better performance.

* **Subjectivity of Evaluation** : Another reason that sspurs power struggle and resultant politicing is the subjectivity that exists in the evaluation structure. A major port of performance evaluation that in turn determines compensation is subjectivity that leads to the same cycle of impression management in the eyes of ones superior.
* **Saturation in promotion** : people have a feeling that they have reached saturation level of promotion. When they reach the maximum level as per their talent and skills, they resort to political behavior. This is what is peter. F. Drucket describes, that is, in a hierarchy, every employee tends to rise to the level of incompetence and he will have no other business that to engage in politics.
* **Joint Decision Making** : large organization's emphasise on joint decision making to solve common problems faced by various units, joint decision making generates conflict and politics.

## 19.9 Managing Politics

It has been observed that politics is a feature of every organization because it arises for serving individual needs. Therefore any discussion of managing organisation politics should be in the light of :

(a) Healthy organisational politics

(b) Unhealthy organisational politics.

**Healthy organisational / Function politics**

As politics is about the exercise of power and influence, when this happen out in the open , based on honesty and trust, it is the healthy exercise of persuation and influence people change their minds, or vote one way or another based on their assessment of what is best overall for the team or organization. Teams and leaders need to be able to exert influence in this way. This type of politics should be encouraged in the organization for overall success.

**B. Unhealthy organizational politics**

The unhealthy side of politics comes into play when people don't trust each other. Sometimes people say one thing to your face but leave a meeting and do something quite different. They have hidden agendas. The highly dysfuctional forms of political behavior can flourish only when supported directly or indirectly by top management and it percolates thrughout the organisation because people at lower levels look to their superior for standards of acceptable behavior. When people working at top positions, abuse the system, exploit opportunities for their benefits , or reward non-performance criteria, other members of the organisation will follow soon.

Therefore, top management should not only indulge in dysfunctional politics but should also discourage it by clearly stating that such behavior is to be penalised . Management should take direct action to curbe political behavior, when politics deters the organization from pursuant of its objectives.

As for as possible, there should be objective criteria for setting objectives for individuals and departments, and the rewarding of individuals should be solely on attainment of those objectives. It has been observed that much of political behavior is caused because of lack of clarity in job definition roles, rules, procedure and authority. Therefore, by prescribing these thing clearly some dysfunctional behavior can be checked.

Sometimes peoples play the politics of being indifferent to the decision made by them, they should be held personally responsible for the decisions. Even a committee's decision can and should be changed against ever member of committee. As a result, decision makers cannot avoid the responsibility of bad decisions and cannot pass the buck.

Now it should be clear to you that responsibilit lies on top management to setup healthy organisational environment, Therefore it is the top management which can lead in curbing dysfunctional aspects of organisation politics.

## 19.10 Summary

In this unit we have considered power and authority as a factors responsible for influencing the behavior of people working in the organisation, while power is capacity of an individual to command the authority is right of an individual to command while authority is legitimate institutional originates because of structural relationship individual uses the authority because of his positiions in the organization. power emerges because of personal factors. It is extra organization in nature and anyone in the organization may have this type of influence through the use of power provided one is capable of doing so. There are two sources of power such as (1) Formal source and (2) Personal source. In formal source. Three types of power are available (Coercive, Reward, legitimate power) to individual as a result of his / her position in the organization. Personal power resides in the individual position. There are three sources of personal power viz. Expertise, Rational persuasion and Referent.

Influence is the process of changing someone's behavior with pushing, forcing or telling other what to do as per his/ her wishes. There are so many types of tactics are discussed in the unit which are generally used in the organisation to gain more power so that the behavior of individuals can be changed as per his/her wishes.

Organisational politics can be viewed as actions for seizing, holding extracting and executing power by individuals and groups for achieving personal goals. We have discussed in the Unit Various reasons for organizational politics and the ways by which dysfunctional organizational politics can be managed.

## 19.11 Self Assessment Test

a) Define power? distinguish the authority with power?

b) What are the various sources of power?

c) What types of influence tactics are used by individuals in the organization?

d) What do you mean by organizational politics? Why do organizational politics emerges?

e) Give suggestion is for managing the organizational politics.

## 19.12 Further Readings

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# UNIT 20 Managing Organisational Change

**Objectives**

After reading this unit you will be able to

- Understand the meaning and factors responsible for organisational change
- Identify tha tvariouis approaches in managing organizational change.
- Understand the reasons for resistance to change and method to overcome it.

**Structure**



## 20.1 INTRODUCTION

Change is the law of the world, Birth, childhood, yough old age, joy and sorrow, change of seasons are all the hard realities of life. In other word everything is subject to change in this world. To know that the world is subject to change is not so important as it is to compromise with these changes to mainain our existence. Similarly change is watch word of the day for many, if not most organizations. Organizations that do not adopt to change find it difficult or even impossible to survive.

## 20.2 Meaning of Change

Normally when there is a difference in our previous condition it is called change. The term change refers to an alternation in a system when her physical , biological or social. Thus organisational change is the alternation of work environment in organization. It implies a new equilibrium between different components of the organization technology, structural arrangement job design and people.

**Features of organisational change**

* It is the whole of the organisation which is affected by any type of change in the organisation.
* Generally changes takes place in all parts of organization but at varying rates of speed and degree of significance. Change, it is seen, affects people technology, approaches , policies, procedures on its own to increase their organisational effectiveness.
* Generally it is seen that change results from the pressure of forces which are both from inside and outside the organisation.

## 20.3 Factors responsible for organizational change

Organizational changes are required to maintain equilibrium between various internal and external forces to achieve organizatioal goals.

**(A) Internal Factors** There are some internal forces that cause change in the organisations. They relate to change in machinery, Equipment Methods and procedures, work standards. Changes in the structure, changes in authority status and responsibility etc.

The other forces may be like ;

* Employee's desire to share in decision making.
* Employee's demands for effective organizational mechanism.
* Employee's higher expectation for satisfying jobs and work environment.
* Change in the mission or objectives because as a result of mergers or acquisition.
* Retirements transfers or promotion of employees.
* Certain Deficiencies in the existing system.

**(B) External Factors :** The present day environment is dynamic and will contiue to be dynamic change in Social, Political, Economic Technological, and legal environment force organization to change themselves such changes may result in organizational changes.

* **Technological changes :** Technology is the major external pressure for change. Technological changes are responsible for changing

the nature of jobs performed at all levels in the organisation. Knowledge explosion, more particularly the computer internet technology and automation have made a remarkable impact on the function of organization in the recent times. Technology change has always been equated with the progress in the society. Each technological alternative results in setting into motion a chain of changes.

* **Changes in Marketing condition** : Since every organization exports its outputs to the environment, an organization has to face competition in the market as market is no more static now. They are in the process of rapid change as the needs, desires and expectations of the customer's changes frequently. New media of advertisement and publicity are being used for influencing the customers . All these factors in fact, are putting greater pressure on the organization to change their technologies and marketing strategies.
* **Social Changes** : it is found that because of fast spread of education knowledge explosion and Government's effort, social changes are being taking place at a fastest speed, social equality like equal opportunity to women, equal pay for equal work have posed new challenges. These social changes affect the behavior of people in organization.
* **Political and Legal Changes :** Political and legal factors broadly define the activities which an organization can undertake and the methods which will be followed by it in accomplishing those activities Actually organizational units have no control over the political and legal forces. but they have to adopt to meet the pressure of these forces.

## 20.4 Approaches to Managing change

The forces for change driving organizations of all types and sizes are ever present in around today's dynamic work settings. They are found in the organization environment relationship, with mergers, strategic alliaces and divestitures among the examples of organizational attempts to redefined their relationships with challenging social and political environments.

Hence it is obvious that ehere are many factors both external and internal which continue to influence the organization in some way or other. it is only because of this influence that changes have to be made in the organization. Researchers of organizational behavior has suggested three approaches to manage the organizational change. They are -

(A) Planned Approach (B) Emergent Approach and (C) Contingency approach.

(A) Planned Approach ; Basically planned approach to organizational change is drawn from the work of Lewin who developed te highly influential action research and three phase models of planned change.

The action research model (Participative approach) psychologist kurt Lewin first developed the action research models as planned and collective approch to solving social and organzation problems. The Theoretical foundations of action research lie in Gestal field and Group dynamic theory.

Lewin recommends that any change effort be viewed as process with three district phases - unfreezing changig and Refreezing all of which must be well handled for a change successful.

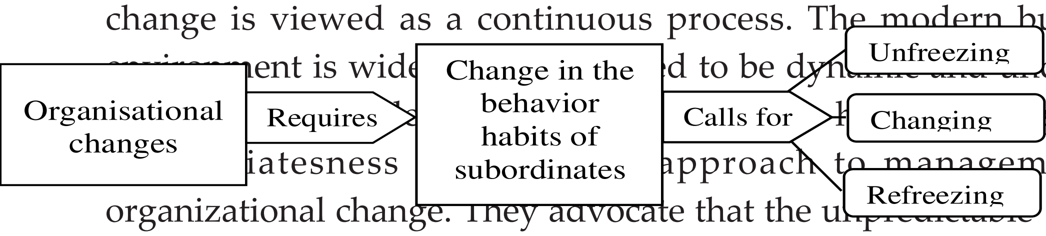
* **Unfreezing** - in ewin's model unfreezing is the managerial responsibility of reparing a situation for change. It involves disconfirming, existing attitudes and behaviors to create a felt need for something new. Unfreezing is facilitated by environmental pressures, declining performance is facilitated by environmental pressures , declining performance, recognition of a problem or awareness that someone else has found a better way, among other thing. It is seen that many changes are never tried or they fuel simply because situations are not properly unfrozen to begin with. Therefore people in the organization should be alert so that they can understand importance of unfreezing in the change process.

**(B) Changing** - The changing stage involves taking action to modify a situation by changing things, such as the people, tasks, structure or technology of the organization lewin believes that many change agents are prone to an activity trap. They bypass the unfreezing stage and start changing things prematurely or tooo quickly. Although their intentions may be correct, the situation has not been properly repared for change This often leads to failure.

**(C) Refreezing** - Refreezing is the stage in which changes are reinforced and stabilized. It is the final stage in the planned change process, designed to maintain the momentum of a change and eventually institutionalize it as part of normal routine. Refreezing involves positively reinforcing desired outcomes and providing extra support when difficulties are encountered . It involves evaluating progress and results, and assessing the costs and b enefits of the change. And it allows for modifications to be made in the change to increase its success overtime. When all of this is not done and refreezing is neglected, changes are often abandoned after a short time.

**The Emergent Approach -**

Within the social sciences, an approach described by Burnes (1996) as the emergent approach, is a popular contemporary alternative to the planned approach to the management of change. Emergent approach includes what other threorists have described as processional or contextyalist perspectives. However these perceptive share the common rationale that change cannot and should not be 'Frozen' nor should it be viewed linear sequence of events within a given period as it is with a planned approach. In contrast with an emergent approach change is viewed as a continuous process. The modern business [illegible]ment is wide[illegible]d to be dy[illegible]certain. [illegible]ged the [illegible]iatesness [illegible] approach to management of organizational change. They advocate that the u[illegible] nature of change is best viewed as a process which is affected by the interaction of certain variable and the organization.




* **Contingency Approach** ; Burns and stalker established a contingent relationship between an organization and its environment and the need to adopt to that environment The basic tenet of the contingency approach is that there is no one best way to change. it depend upto the other environmental factors pressing the need to change British theoriests acknowledge that contingency theory has contributed significantly to organizational design theory they do not acknowledge that it has had the same impact on change management theory.

## 20.5 Planned Change Strategies

Managers and other change agents use various means for mobilizing power e xerting influence over others and getting people to support planned change efforts such as Force coercion. Rational persuasion and Shared power -

* **Force-Coercion** : It uses legitimacy rewards or punishments as primary iducements to change. That is the change agent acts unilaterally to 'Command' change through the formaly authority of his/her position, to induce change Via an offer of special rewards, or to bring about change via threats of punishment. people respond to this strategy mainly out of the fear of being punished if they do not comply with a change directive or out of the desire to gain a reward if they do.
* **Rational persuation** : This strategy attempt to bring about change thrugh the use of special knowledge, empirical support, or rational arguments. This strategy assumes that rational people will be guided by reason and self-interest in deciding whether or not to support a change. Expert power is mobilized to convince others that the change will leave them better off than before.
* **Shared power :** This actively and sinerely involves the people who will be afffected by change in planning and making key decisions relating to this change. This strategy tries to develop directions and support for change. Through involvement and empowerment. it builds essential foundation, such as personal values, group norms, and shared goals, so that, support for proposed change emerges mutually.

**Power Bases, Change Strategies and predicted Change out Comes**

| Power Base | ChangeStrategy | Behavior | outcomes |
|---|---|---|---|
| Reward<br>Punishment →<br>Legitimacy | Force Coercion | unilatiral Action<br>command | Temporary<br>Compliance |
| Expertise | Rational<br>persuasion | Rational persuasion<br>expert Testimony<br>Demonstration<br>Projects | long-Term<br>Imtermatopma; |
| Reference | Shared power | Empowerment<br>Participative<br>decisions | long term<br>internationa-<br>lization |

## 20.6 Different types of organizational change

* **Reactive change** ; Reactive change is brought by the management under pressure since the survival of the organisation is in danger.

* **proactive change :** It is change which is taken place solely with the initiative of an organization, planned change is a proactive change.

* **Planned change** : When our organization aims to achieve some unattainable objectives or attainable objectives with difficulty, it looks for planed change. It represents a planned alteration in existing organisational system.

* **Individual Level change :** It is change which is at an employee's level, which may arise due to job enlargement, job enrichment etc. This change being first step will have impact on the group which in term will influence the whole organisation.

* **Group Level Change :** Group may be formal or informal. Organizational change may affect both of these types of changes.

* **Organizational Level Change** : Changes at organizational level are being made at senor management level e.g.

  **(a) Structural Change :** It refers to different types of organisational structure. The pattern of relation among position and among various position holders.

  **(b) Process oriented change** : It indicates changes relatled to latest international technological developments information processing and automation to achieve ISO standards.

  **(c) People oriented change :** it aims at group dynamics. group Cohesiveness self improvement, self actualisation high degree of moral and motivation among workers.

  **(d) Strategic Change :** It indicates the very basic change in the mission aims and objectives of the organisation.

## 20.7 Resistance to Organisational Change

In organisations resistance to change is any attitudes or behavior that indicates unwillingness to make or support a desired change, change agents often view any such resistance as something that must be 'overcome in order for change to be successful managers of the organisation facethe problem of resistance to change. Therefore one should be very carefull in identifying the change factor because. There are two sides of resistance:

(i) As a cost (ii) As a benefit

**(i) Resistance as a cost** : since all changes have some cost so is the resistance to change. If people resist to change , the organisation may not be able to introduce new project, in order to adopt environmental requirement and its basic survival may be jeopardized. Often many organisations have been forced to abandon change programmes because of such resistance to such programmes or they have been forced to adopt new alternative strategies like shifting of manufacturing plants at new location. All these are causing huge financial burden on organization.

**(ii) Resistance as benefit :** On the one hand , resistance to change is a costly affairs, on the other hand it provides maximum benefits to the organizations as the objectives of change are fulfilled . The essence of this constructive approach to resistamce is to recognize that when people resist change they are defending something important and that appears threatened by the change attempt.

hus resistance to change provides help in managing change in two ways:

(1) It may signal the need for more effective communication about the purpose of the change or need to rethink how a proposed change will affect the organization in totality;

(2) It also highlights real inadequacies in the proposed change and suggest better ways for developing and introducing changes.

## 20.8 Why People Resist Change

People tend to evaluate th eeffect of change individually but they express it through group in collective from. Therefore the reasons for resistance to change may be identified in two forms:

(A) Individual Resistance (B) Organisational Resistance

**(A) Individual Resistance** : There are many factors operating at the individual level which are responsible for resistance, these may be seen in the context of three types - Economic, Psychological and special.

**Economic Factors :**

In fact these factors relate to the basic economic needs of the workers like necessities of life, job security and safety.

* Workers may apprehend technological unemployment.
* Workers fear that they will be idle for much to their time due to increased efficiency of new technology.
* Workers may fear that they will be demoted if they do not acquire the skills required for the new jobs.
* Workers may resist the change leading to setting higher job standards which may reduce opportunity for bonus or incentive pay.

**Psychological Factors :**

Workers have got psychological needs like sense of pride of achievement and self fulfillment etc. The reasons for these resistance to changes area:

* Workers may apprehenced boredom and monotony in the new jobs as a result of specialization brought by the new technology.
* Workers may resist a change because they do not want to take trouble in learning the new things.
* Workers may not have knowledge for entire change.
* Workers may not capable of understanding the implications of new ideas and methods.
* Workers may fear that there may be less need for manual work which will lead to reduction of their personal pride.

groups at the work place for the satisfaction of their social needs. The social reasons for resistance to change are:

* Workers may have a feeling and fear that the new social set up arising out of the change will be less satisfying than the present set up.
* Workers may also object that the changes which are brought abruptly without consulting them.
* Workers may feel that changes being introduced will benefit the organization or the employer rather than themselves.
* Workers oppose the people who sonsor and implement the change if they are strangers to them.

**(B) Organizational Resistace** Factors not only individuals and groups within an organization resist change even the organization itself resist many changes because of certain reasons. These are:

* **Threat to power and influence :** If the top level managers feel that the change will hurt their power and influence they will certainly oppose the change.
* **Resource constraints** : Normally changes are resisted by an organisation if it lacks in some resources which are critical for implementing the change such as financial resources, personnel resources etc.

**Heavy Cost / Sunk Cost :** Sometimes there are some changes which may involve the change of old assets and the old staff, such a change involves huge cost, some organizations are unable to bear it.

## 20.9 Management of Resistance to Change

In order to implement the change successfully the expected opposition should be minimized. Efforts to minimize opposition should be both on the individual and collective level.

**(A) At Individual level** : A change is likely to affect some people in some way, if the resistance comes from the people at individual levels the problems can be solved at the same level, For this purpose, the following effects can be taken.

* **Involvement :** On the individual level, the employees complain that they were not consulted at the time of taking decision about the change. Therefore, they oppose the change, In order to solve this problem, the change agent should consult all those employees who are likely to be affected by the change.

* Education and Training : The employees oppose the change because they are not aware of its advantages. Therefore, they should be informed about the concept of change from time to time. By doing so they get ready psychologically.

* **Communication :** Sometimes the changes is opposed because the persons concerned are not given any information about the change. They should be enlightened about the necessity of change and its effects. In order to overcome this problem an effective system of communication should be adopted.

* **Leadership** ; The role of leadership in getting acceptance for a change is very important as a capable leader reinforces a climate of psychological support for change.

* **Pressure** : opposition to change should be handled in a human way, In case change is immediately needed and some particular employee opposes it unreasonably, pressure can be used in such a case

* **Economic Security** : Employees should be assured that the change will not harm them in any way economically. In case of any economic loss they should be assured of full compensation.

**A.** **At Group Level :** Although agreement to a change can be obtained individually, it is more meaningful if it is done through group.

* **Negotiation / Participation** : Participation helps to give people involved in the organisational change a feeling of importance. It makes people feel that the organization needs their opinions and

ideas and is unwilling to go ahead without taking them into account.

* **Group Contact** : In order to end the possibility of opposition to change, consultations can be had with a group. During the course of Discussion they can be made to understand the causes that made the change imperative and how the various of parties will be affected.

**Other Measures :** There are some other measures to reduce resistance to change such as :

* **Arrangement of Resources :** The shortage of resources compels the top-level managers to oppose the change the managers should think of the change only after making arrangements for sufficient resources.
* **Management of Cost of Change** : The top level management should ensure that the loss likely to be suffered because of the change in permanent assets is compensated by implementing th eprogramme of change or otherwise the idea of introducing the change should be abandoned.
* **Proper time of change :** The time of implementing the change deeply affects the resistance to change. If the organization is earning profits and the employees are not being given any bonus they will certainly resist to change. On the contrary, if the organization is earning good profits and employees are getting good bonus alongwith other facilities, they will cooperate to change.
* **Slow Induction :** The change should be gradually implemented in various stages, by doing so the employee get mentally prepared for the change and resistance to change is minimized.

## 20.10 Summary

Turbulence is a term often used to describe the current environment of business and management. Presently global economy is full of problems and opportunities, and is constantly springing new surprises on even most efficient organisations. As the environment changes. They are compelled to change themselves too not just in the quest of customers in highly competitive market, but also in the quest for the best in employee talent.

Now flexibility has become the rule of the day. Amidst the calls for greater productivity, willingness to learn from the success of others, total quality and continuous improvement, everyone is being called upon to achieve success while pursuing change.

In this unit we have discussed about the concept of change , as the stage in which specific actions are taken to create. alongwith the and and nature of change. At Individual and organizational and several forces influence changes in internal and external environment of organization. These changes in term influence the effectiveness of organizations and require a change. The process of organisational change involves. Three stages - unfreezing, moving and Refreezing.

Organization Resistance to change is a natural phenomenon in the organisations. There are several factors which are responsible for resistance like economic factor, psychological and social factor at Individual level, and Resource constraints, sunk cost and threat to power and influence like factors at organizational level. Understanding those factors some measures are also discussed to overcome with the resistance to change so that the organization can be made effective in a globalized competitive market.

## 20.11 Self Assessment Tests

1. What is organizational change ?
2. Discuss the causes / Factors response for organizational change.
3. What do you mean by Management of change? Give approach for managing the change?
4. Distinguish between :

   a) Individual Change vs. organization

   b) Proactive vs. Reactive change.

5. Why do people resists change? How will you overcome with these resistance?

## 20.12 Further Readings

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