Vardhaman Mahaveer Open University, Kota

Management & Organizational Behaviour

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Management & Organizational Behaviour

Introduction

Objectives of the present course is to acquaint the learner about functions and skills required for a manager. Accordingly the course has been designed in five Blocks focusing upon theoretical framework of management and organizational behaviour. **Block – I : Fundamentals of Management** consists of units focusing upon meaning, nature and scope of management and skills and functions of a manager. Evolution of management thought is also dwelt upon to develop an insight for historical perspective of management. **Block – II: Management Functions** describes the important functions of management such as planning, decision making, organizing and controlling. Separate units for organizational design and structure along with the delegation of authority and decentralization are also prepared. **Block - III: Organizational Behaviour** consists of units dealing with basics of organizational behaviour and individual behaviour. These units mainly focus upon personality, attitudes and values, perception and learning. **Block-IV : Group Dynamics** focuses upon motivation, leadership and management of conflicts. **Block-V : Miscellaneous Issues** deal with various aspects of organizational development, stress management and organizational culture.

UNIT - 1 : MANAGEMENT : AN INTRODUCTION

Unit Structure

1.0   Objectives

After reading the unit the learner will

- Understand management as a profession

- Functions skills and role of a manager

- Understand the nature of management

- Introduce the various aspects of nature

- Describe scope of management

- Develop in sights into the emerging areas of management

1.1   Introduction

A business develops in the course of time with complexities. With the increasing complexities, managing the business concern becomes a difficult one. The need of management has increased tremendously. Management is not only essential to business concerns but also essential to Banks, Schools, Colleges, Hospitals, Hotels, Religious Bodies, Charitable Trusts etc. Every business unitl has objectives of its own. These objectives can be achieved with the co-operative efforts of several personnel. The work of a number of persons are properly co-ordinated to acheive the objectives through the process of management. According to **E. Demock,** "The management is not a matter of pressing a button, pulling a lever, issuing orders, scanning profit and loss statements, promulgating rules and regulations. Rather it is the power to determine what shall happen to the personalities and happiness of entire people, the power to shape the destiny of a nation and of all the nations which make up the world." **Peter F. Drucker** has stated in his famous book "The Practice of management" that, the emergence of management as an essential, a distinct and leading social institution as a pivotal event in social history. Rarely has a new basic institution, a new leading group, emerged as fast as management since the turn of this century. Rarely in human history has a new institution proved indispensable so quickly and even less often has a new institution arrived with so little opposition, so little disturbance and so little controversy".

1.2 Nature of Management

The field of management has become vast and varied. Changing values about work and human beings have made management dynamic. Management is regarded as an 'activity' 'human and social process,' 'people' and 'skill'. It has been described as a 'system of authority,' 'career' and 'discipline'. But management has many other dimensions too. It has acquired several features of a profession and social science. Management is also regarded as a culture, 'trusteeship' and 'science'. It has multi-faces and multi-shapes. Therefore, the true and enriched nature of management can be know only after studying the following aspects of management.

- **Management as an Art and Science**

Whether management is a science or an art is an ongoing debate among management scholars. Some experts contend that management is really an art something that can only be learned by experience. **Terry writes,** "Management is one of the most creative of all arts. It is the art of arts because it is the organizer and utilizer of human talent."

Art involves the applications of knowledge and skills to gain a desired result. It is the "know-how" to accomplish a concrete result. Art teaches us "to do." The essential features of art are:

- Art requires learning of theory and know-how.

- It involves practical application of theoretical knowledge.

- It is result-oriented.

- It is a personal skill.

- It encompasses creativity and innovation.

The art of management refers especially to the practice of management. Drucker says, "Management is a practice rather than science." Seen in the light of the above facts, management is essentially an art because of the following reasons:

- A manager has to apply certain know-how and skills while dealing with people.

- Management is directed to accomplish certain practical results. **John F.Mee** says, "Management is the art of securing maximum results with a minimum efforts."

- As an art, management requires judgement and intuitive guidance when faced with a decision. It is said that "managing without common sense is often wrong."

- Just as the physician or engineer draws on the natural sciences, the manager draws on the social sciences to solve practical problems.

- Like any other art, management is heavily applications and practitioner oriented and is situation based.

- Management is a personalised skill. Every manager has his own approach and technique to perform a work.

- Management is creative and goal-oriented.

- Management art creates a 'whole'. **Drucker** says, "Managers are not only conductors but are also composers."

Some other scholar are of the opinion that management is more a science than an art. Science is a body of systematized knowledge to understand general truths pertaining to a particular field of inquiry. The hallmarks of a science are:

- Science has a systematized body of knowledge.

- It has universal principles and laws.

- It applies scientific method.

- It explains phenomena. It establishes the cause and effect relationship between two or more factors.

- Its results are cumulative.

Development of management as science is of recent origin, even though its practices ages old. **Taylor** and his followers made significant contributions in the development of management as a science. The emphasis of twentieth-century management thought has been on making management a science.

Management scholars accept management as a science on the following grounds:

- Management has a systematic body of knowledge constituting a core of "principles".

- Principels of management are evolved on the basis of systematic inquiry and test in many organizations.

- Management principels tend to be true in most of the managerial situations.

- Like a scientist, a manager also makes decisions by using scientific methodology. He uses facts and reasoning in decision-making.

- Modern managers use quantitative techniques in their various functions and study of work and environment.

- Management functions and principels are universally applied in all types of organizations.

- The objective of science of management is to replace guess-work, hunches and trial and error methods with exact results.

It can, however, be noted that the nature of science of management is quite different from natural or physical sciences like Physics, Chemistry and Biology. The subjects of management are human beings whose behaviour cannot be predicted with absolute accuracy. In fact, management science can be placed in the category of -

(a) Social and behavoural science, as management is the study of human behaviour at work.

(b) An "inexact" science, because it deals with human beings whose behaviour cannot be easily predicted.

(c) "Soft science" because the principles of managment are flexible rather than hard or absolute truths.

(d) Applied science as mangment lacks a coherent body of its own theortical concepts. Management has borrowed various concepts from other disciplines like psychology, sociology; anthropology, etc.

Management : A Combinaion of Both -Art and Scinence

Science and art are complementary fields of knowledge. Science discussess and documents; art creates. A balance between the two is needed. In fact a manager is both a scientist and an artist. **Terry** writes**.** "The art of managament begins where the science of managment stops. For a given situation; science can reduce the amount of managament art required but it never elominates it." "In the area of managment, science and art are two sides of the same coin."According to **Theo Haimann,** "Managment contains both elements, those of a science and those of an art "It is clear that a physician without the knowledge of medical science becomes a "witch-doctor" or "quack; with science an artful surgeon.

- **Management as a Universal Concept**

There has been and still is considerable controversy about the universality of management process and functions. The concept of universality of management has the following implications-

- **Management process is universal :** It means that the fundamental functions of planning, organizing, leading, and controlling are basic and are perfomed by every manager in all organizations and at any time.

- **Management knowledge is universal** : Management is also universal in a way that it uses the common laws, principles and concepts that tend to be true in all managerial problems.Management principles can be applied to all organized human endeavours.

- **Management is applicable to all levels of organization :** When acting in managerial capacity, not only the company president but also the plant super visor performs the basic functions of management.

- **Management knowleage is transferable :** Management knowledge and skills can be transferred from(a) one person to another (b) from one institution to another, and (c) from one country to another. **Appley** says, "He who can manage, can manage anything."

- **Managers can be developed :** Managers can be developed through education and training. **Fayol** says, "Managerial ability can and should be acquired in the same way as technical ability, first at school, later in the work shop."

- **Management principles and functions are applied differently :** Although management principles are assumed to be similar everywhere, they are applied differ ently by different managers depending on the type of organization, cultural background of people, manageril skills and business situations.

- **Managers can adapt and adjust to the new environment :** The universality concept also implies that a manager can adapt and adjust to the new situations and may be able to perform effectively if he has the basic knowledge of 'managing.'

It can be concluded that the basic principles and functions of management are universally applicable. But the art or practice of management always varies from situation to situation and it is culture-bound.

- **Management as a Proression**

It is seen that management is partly an art and partly a science. Now the question is : Is it a profession? The answer to this question largely depends on how we define the term 'perfession'. **Hodge and Johnson** have defined profession as "A vocation requiring some significant body of knowledge that

is applied with high degree of consistency in the service of some relevant segment of society."

- **Main Features of a Profession**

    - A body of specialized knowledge or techniques.

    - Formal training and experience.

    - An organization to espouse professionalization.

    - An ethical code for the guidancce of conduct.

    - The licensing of practioners.

    - Commitment to service rather than to monetary rewards.

    - Controlled entry, unsually by a formal examination.

    - Dedication and commitment to the profession and society.

If the above criteria are strictly applied, management cannot be described as a full-fledged profession though it has acquired some professional features. **McFarland** writes, "By these standards, management is only in part a profession." **Claude George** observes, "Management is not outright a profession- but it is making giant steps in that direction." **Harnold and Hutley** also wrote, "Although the field of management appears to be making progress in many of the areas, it seems clear that management it still not fully a profession."

Although management is not a recognized profession, it is moving fast towards professionalism. It is rapidly evolving as a true profession with definable principles. The following favourable trends indicate the progress of management towards professional character -

(a) Now management has body of knowledge that is transferable. It has evolved specific tools and techniques.

(b) It follows a scientific approach in solving the managerial problems.

(c) It adheres to some ethical principles. Managers are becoming socially responsible.

(d) Modern managers are not "self-made", instead they are products of the formal learning and training.

(e) Professional associations have been set up for management career.

(f) Modern management has separated from ownershi**p.**

- **Management as System**

A system is an organized or complex whole. It is a set of units with relationships among them. According to **J. A. Morton**, "A system is an integrated assembly of specialized parts acting together for a common purpose." As a system, management is an integrated view of ideas, things and people. It is a complex whole of, work authority and relationships. It is an organised whole of work processes, methods, techniques and environment. **John A. Beckett** writes that to see management as a system is -

    - to see the process in large perspective

    - to understand more comprehensively its nature, structure, and process.

- to be able to deal with the interrelationships.

- to be able to serve as the architect and the engineer of the system by means of which any whole is managed.

- **Management as a Social Responsibility**

In the past, business manager had only one responsibility:that is to make money for the owners. That era of 'economic man' is ended. Today, the concept of 'welfare state' and with it the idea of social responsibility has come to stay in many countries of the world. **Frank Abrahms** perphaps best expressed this new philosophy when he said that the job of management is to conduct the affairs of the enterprise in its charge in such a way as to maintain an enquitable and workable balance among the claims of various interested groups.

Today's manager is not a mere law observer but a solver of society's problems. It is argued that managers must consider the impact of their decisions and actions on society as a whole. They should take steps to protect and improve the welfare of society. They should manage the quality of life by helping develop solutions for society's ills. According to **Keith Davis**, the term 'social responsibility' refers to both socio-economic and socio-human obligations to others. It is the obligation of management to engage in activities that protect and contribute to the welfare of society. **H. R. Bowen** has defined social responsibility as obligations of the manager to pursue those policies, decisions , or to follow those lines of action which are desirable in term of objectives and values of our society. Management has very positive responsibilities to various group such as its stockholders, employees, customers, suppliers, competitiors, influence groups, the general public and the government.

- **Managemet as Trusteeship**

With growing emphasis on social responsibility, the trusteeship nature of management has emerged. Modern manager has to act as a trustee for society's wealth and resources. **Earl Chiles** has defined management in terms of trusteeship. A professional manager is a trustee because he has to work in the best interests of the owners of the business, the employess the customers and the general public. **Frederick and K. Davis** states, "Because businesses control vast resources, they are obliged to serve society's needs. In this way, managers and the businesses become the trustees of the society."

1.3   Scope of Management

Management is an all pervasive activity. It is carried out in every functional area of every organisation. In a modern business organisation, following are the main functional areas of management:

- **Production Management –**

Production management is concerned with the production or creation of goods or services. It is that area of management which is concerned with planning, organising, directing and controlling the activites relating to the production function in an organisation with a view to produce goods or services efficiently and effectively. Production management aims at transforming or assembling the resources(i.e. human, physical, financial and informational resources) into finished products or services efficiently and effectively with a view to satisfy the needs of the members of society.

The production of goods or services may take place primarily in two ways:

- By transformation of raw materials and other resources.

- By assembly of the parts and creating a product.

The production of goods and services takes place in factories, offices, schools, colleges, hospitals, malls, tours and travel organisations, news and entertainment organisations etc. Production management involves a wide variety of activities. The main activities are as follows:

- Determination of product design.

- Selection of **production system.** It may be noted that there are three basic types of production systems : (a) Process production ,(b) Job production, and (c) Intermittent production.

- Establishing production planning and control system.

- Selection of plant location.

- Preparation of plant layout.

- Selection of plant and equipment.

- Maintenance of plant and machinery.

- Maintenance of internal transport system.

- Maintenance research and development system.

• **Marketing Management -**

Marketing management is concerned with those activities which ensure the flow of goods and services from producer to consumens in order to satisfy the identified needs of members of the society. According to **Philip Kotler",** marketing is concerned with the activites of "creating, promoting and delivering goods and services to consumers and business." In fact, marketing people are involved in marketing of various types of entities: (i) goods, (ii) services, (iii) experiences, (iv) events, (v) persons, (vi) places, (vii) properties, (viii) organiations, (ix) information, and (x) ideas. In sum, marketing is concerned with identifying the needs of prospective buyers and consumers, creating goods and services according to the needs, promoting and delivering the same to the members of society.

Marketing management is that area of management which is concerned with planning, organising, directing and controlling the activities relating to creation, promotion and delivery of goods and services efficiently and effectively with a view to satisfy the identified needs of the members of the society. In order to perform marketing function in a proper way, marketing manager develops and uses an appropriate marketing mix. Marketing mix is the set of marketing decisions that a marketing manager has to make and implement for accomplishing the objectives. A set of marketing mix consists of the decisions regarding the following four areas :

- **Product –** It includes the decisions relating to product range of variety, quality, design, features, brand name, packaging etc.

- **Pricing -** It includes decisions regarding price, discounts, allowances, payment period, terms of credit etc.

- **Promotion -** It includes the decisions regarding sales promotion, advertising, sales force, public relations etc.

- **Physical distribution or place –** It includes the decisions regarding selection of wholesellers, retailers and their location or places. It also includes decisions regarding assortment of goods or services, inventory, transprot management etc.

- **Financial Management –**

  Financial management deals with the procurement and utilisation of finance for an enterprise. It covers all the aspects of financing such as assessing of capital needs, determination of capital structure, finding out sources of funds, raising necessary funds, budgeting, lending and borrowing policies, investment policies etc.

- **Financial management** -

  It is that part of the management which is concerned with planning, organising, directing and controlling the activities involved in procurement and utilisation of finance in an organisition. The main functions of financial management are as follows:

  - Estimation of financial requirement and preparation of financial plans.
  - Determination of capital structure.
  - Determination of sources of finance.
  - Procurement funds.
  - Making investment decisions and investing funds.
  - Disposing surplus funds.
  - Maintaining liquidity or cash.
  - Maintaining financial accounts and arranging for their audit.
  - Tax assessment.
  - Determining dividend policy.
  - Financial reporting.
  - Maintaining public relations.

- **Human Resource Management-**

  Human resource management (HRM) area is concerned with finding out suitable employees and maintaining them in the organisation. It also includes the activities relating, to training remuneration and motivation of the human resources in the organisation. According to **Edwin B. Flippo,** personnel management or HRM may be defined as "the planning, organising, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organisational,individual and societal goals."

The main activites of this management area are as follows:

- Manpower planning.

- Job analysis, job description and job specifications.

- Determining sources of recruitment

- Selection of employees.

- Training and development.

- Trasfer, promotion, demotion, lay- off, retirement etc.

- Wage and salary administration.

- Health and safety.

- Social welfare.

- Social security.

- Grievance handling.

- Labour and industrial relations.

- Dispute settlement.

- Discipline.

- Performance appraisal.

- **Purchasing Management-**

    Purchasing management is concerned with the activities for procurement of raw materials, stores and supplies, tools, equipments, implements, machinery, office appliances and services required to produce certain goods and services.Purchasing involves the following important activities:

- Establishing specifications and quality.

- Determining purchase policies.

- Determining sources of supplies.

- Placing order for supply of goods.

- Ensuring timely delivery of goods.

- Receiving goods and checking the invoice recieved.

- Inspection of goods to ensure quality and quantity of goods.

- Storing the goods.

- Record keeping of goods recevied.

- Research and development.

Purchase managers must follows the five basic principles (Five R's) of purchasing. These are: Right quality.

Right quantity., Right time, Right source of supply, and Right price.

• **Office Management-**

   According to Institute of Administrative Management, England, "Office management is that branch of managment which is concerned with the services of obtaining, recording and analysing information of planning and communication by means of which the management of business safeguards its assets, promotes its affairs, and achieves its objectives."

9

In sum, office management is that part of management which is concerned with the planning, organising, directing and controlling the activities relating to obtaining, recording, analysing and dissiminating the information received or collected which useful for the organisation. The **main functions** of office management are as follows:

- Collecting or receiving information.

- Recording information.

- Arranging information.

- Disseminating information.

In order to perform these functions, every office manager manages different activities in an office including the following :

- Receiving and dispatching letters and messaages.

- Filling and indexing.

- Supply and maintenance of office machinery and stationery.

- Establishing simplest and effective office procedures.

- Form designing and controlling.

- Selection and purchase of office appliances.

- Retaining the records maintained.

- Safeguarding office assets.

- Selection and training of office staff.

- Controlling office costs.

- Maintaining public relations.

- Reserch and development about office activites.

• **Research and Development Management –**

Research and development or R & D management area is concerned with planning, organising directing and controlling of activities necessary for research and development in an organisation. The aims of R & D management activities are as follows:

- Innovating new products and designs which may be produced by the organisation.

- Searching new uses of the existing products.

- Finding out substitute cost effective products.

- Innovating raw material, tools, equipment, machinery and production processes.

- Innovating and changing orgaisational structure, work procedures and organisational environment.

1.4　Functions of a Manager

1.4.1 Functions a Manager

Management is getting things done through other people. For this purpose a manager performs a series of functions. These series of functions can be broken down into five managerial functions- planning, organising, staffing, leading and controlling.The concepts, principles, theroy and techniques of management are grouped into these functions.

This framework has been used and tested for many years. Although there are different ways of organizing managerial knowledge, but still the old framework has been adopted. Henri Fayol, who was the first authority pointing out clearly the main functions. He classified managerial functions such as:

1) Planninng

2) Organizing

3) Commanding

4) Coordinating

5) Controlling

Many writers have argued that coordination is not a sperate function as it is the essence of management. Massie has given the following seven functions of management:

1) Decision making

2) Organizing

3) Staffing

4) Planning,

5) Controlling

6) Communicating

7) Directing

Maynard and Berger believed that there are only three basic functions which a manager must accomplish:

1) A manager must *Plan.*

2) A manager must *Execute.*

3) A manager must *Review.*

Luther Gulick coined the word POSDCORB to describe the following functions of management : Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting Earnest Dale, a leading authority on management, considers Innovation and Representation also as important managerial functions.

1) Planning

Planning involves selecting missions and objectives and the actions to achieve them. It requires decision making, which is choosing future courses of action from the alternatives. There are various types of plans, ranging from overall purposes and objectives to the most detailed actions to be taken, such as

ordering a special stainless steel bolt for an instrument or hiring and training workers for an assembly line. No real plan exists until a decision-a commitment of human or material resources has been made. Before a decision is made, all that exists is a planning study and an analysis of a proposal.

2) Organizing

Poeple working together in groups to achieve some goal must have roles to play, much like the parts actors fill in a drama, whether these roles are the ones they develop themselves, are accidental or haphazard, or are defined and structured by someone who wants to make sure that people contribute in a specific way to group efforts. The concept of a "role" implies that what people do has a definite purpose or objective; they know how their job objective fits into group efforts, and they have the necessary authority, tools and information to accomplish the task.

Organizing, is that part of managing which involves establishing an intentional structure of roles for people to fill in an organizational. It is intentional in the sense of making sure that all the tasks necessary to accomplish goals are assigned and, it is hoped, assigned to people who can execute them best.   The purpose of an organization structure is to help in creating an environment for human performance. It is, then, a management tool and not an end in and of itself. Although the structure must define the tasks to be carried out. The roles so established must also be designed in the light of the abilities and motivations of the people available.

3) Staffing

Staffing involves filling and keeping filled the positions in the organizational structure. This is done by identifying work-force requirements, inventorying the people available; and recruiting, selecting, placing, promoting, appraising, compensating, and training or otherwise developing both candidates and current jobholders so that tasks are accomplished effectively and efficiently.

4) Leading

Leading is influencing people so that they will contribute to the organization and group goals; it has to do predominantly with the interpersonal aspects of managing. All managers would agree that their most important problems arise from people due to desires and attitudes. Those managers also need to be effective leaders. Since leadership implies followership and people tend to follow those who offer a means of satisfying their own needs, wishes, and desires, it is understandable that leading involves motivation, leadership approaches and communication.

5) Controlling

Controlling is measuring and correcting individual and organizational performance to ensure that events conform to plans. It involves measuring performance against goals and plans, showing where deviations from standards exist, and helping to correct deviations from standards. Controlling facilitates the accomplishment of plans. Although planning must precede controlling, plans are not self-achieving. Plans guide managers in the use of resources to accomplish specific goals then activities are checked to determine whether they conform to the plans. Control activities generally relate to the measurement of achievement. Some means of controlling, like the budget for expenses, inspection records and the record of labour-hours lost are generally familiar. Each measures shows whether plans are working out. If deviations persist correction is indicated.

6) Coordination

Some authorities consider coordination to be a separate function of the manager. It seems more

accurate, however, to regard it as the essence of managership, for achieving harmony among individual efforts toward the accomplishment of group goals. Each of the managerial functions is an exercise contributting to coordination.

7) Decision Making

Terry says "Managers are paid to make decisions and act on them". Simon treats decision making as being the same as managing. When a manager plans, organize, disects or controls, he is making decision. Thus, it is the gist of all functions of management. Decision making is the process by which a course of action is consciously choosen from available alternatives.

1.4.2   Managerial Functions at Different Organizational Levels

It is assumed that there is no basic distinction made between managers, executives, administrators and supervisors but different situations may differ considerably among various levels in an orgaisation or various types of enterprises. Similarly, the scope of authority held may vary and the types of problems dealt with may be considerably different. Furthermore, the person in a managerial role may be directing people in the sales, engineering or finance department but the fact remains that, as managers, all obtain results by establishing an environment for effective group endeavors.
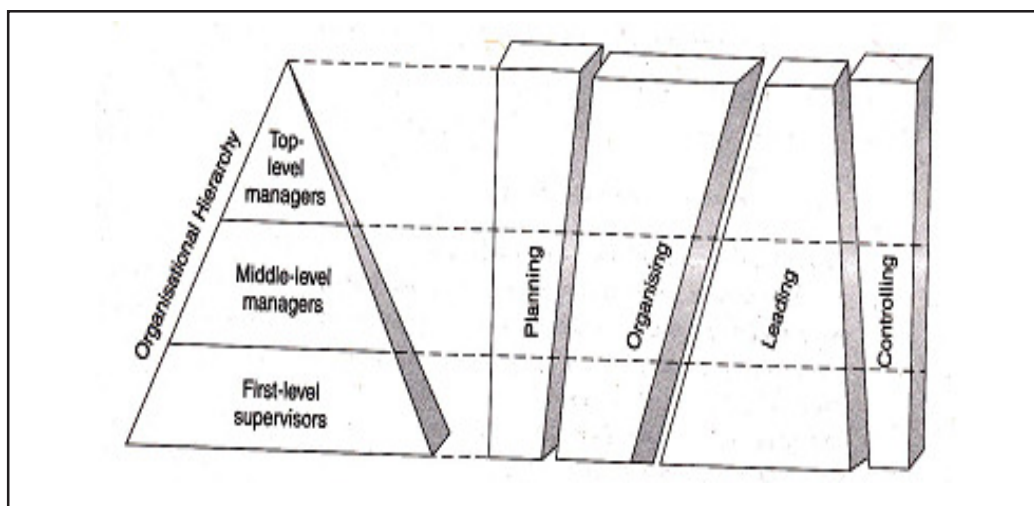
Figure 1.1 Time Spent in Carrying Out Managerial Functions

All managers carry out managerial functions. However, the time spent for each function may differ. Figure 1.1 shows an approximation of the relative time spent for each function. Thus, top-level managers spend more time on planning and organizing than do lower-level managers. Leading, on the other hand, takes a great deal of time for first-line supervisors. The difference in time spent on controlling varies only slightly for managers at various levels.

1.5 Managerial Skills

To execute the management functions, the manager should posses the combination of various skills, attributes and qualites.Skills are the primary determinants of how effective and efficient managers will be. According to Robert Kartz, managerial success depends primarily on performance rather then personality traits. Kartz also states that manager's ability to perform is a result of their managerial skills.

A skill is an ability or proficiency in performing a particular task. It is the ability to translate knowledge into action that results in desired performance. Managment skills are learned and developed.To

master the challenging nature of managerial work manager requires many skills. Dorothy Steward states that a manager needs three types of skills : (i) Managing oneself (ii) Managing other people and (iii) managing the business, where as Robert.Katz identified three kinds of skills for administrators - technical skills, human skills and conceptual skills. Koontz added a fourth one i.e. the ability to design solutions.

The skills that an effective manager should posses to perform his job well are as follows :

1) Technical Skills

Technical skills are the ability to use principles, procedures, tools, techniques, knowledge, resources etc. in a specialised manner in performing task or job. Engineers, doctors, accountants, musicians all have technical skills in their respective fields. Technical skills also includes analytical ability and the competent use of tools and work equipments to solve problems in that specific discipline.

2) Human Skills

Human skill is the ability to work with people and get work done from them. It is the ability to motivate, lead and communicate with people. These skills include interpersonal and behaviourial skills. These skills are needed to understand people's problem, needs and feelings; easily interact and effectively communicate with others; to manage people, their working, discipline and conflicts; counselling to subordinates; to inculcate team spirit among subordinates; to retain good workers in the firm and to improve overall organisational performance.

3) Conceptual Skills

The conceptual skills are required to understand the relationship between the organisation and its external environment and to coordinate the organisational activities. Conceptual skills are often referred as ability to see the "Big Picture" i.e. the ability to think strategically- to visualise the complexities of the organisation. More specificially conceptual skills are:

- Think and visualise total system of organisation.
- Identify and understand relationship among its sub-systems.
- To deal with these sub systems in coordinated way.
- To see organisation as a whole.
- To visualise how the organisation fits into its broader environment.

4) Diagnostic Skills

Diagnostic or analytical skills are the ability to solve problem by identifying and analysing its nature and key factors and their interrelationships. It is not only the ability to specify 'Why' something occured, but also the ability to develop certain speculations or alternatives in 'what if' situation. To diagnose the problems certain scientific techniques are used broken.. If any problem is there, that is down into various components and then diagnosis and analysis is done. Managers possess this type of skill can quickly get into the heart of the problem with great accuracy. The diagnostic skills are the blend of scientific attitude with commonsense and intelligence.

5) Design Skills

According to Koontz, managers at upper organisational levels must have the skill of a good design engineer in working out a practical solution to a problem. Design skill is the ability to solve problems in ways that benefit the enterprise. Managers must be able to do more than see a problem. They must be able to design a 'workable solutions' to the problem in the light of the realities they face.

6) Administrative Skills

This skill involves ability to get things done through others by implementing the plans in accordance with policies, procedures and rule of the organisation. In other words this skill involves deciding what tasks need to be done, how can they be done, allocating resources to enable them to be done, and then monitoring progress to ensure that they are done. Included in this competency are :

(i) Information gathering, analysis and problem solving.

(ii) Planning and organising projects;

(iii) Time management; and

(iv) Budgeting and financial managment.

1.5.1   Managerial Skills and the Organisational Hierarchy

The relative importance of the skills - conceptual skills, human skills, and technical skills identified by Robert Kartz, at various levels in the Organisation hierarchy may differ. as shown in Figure. 1.2
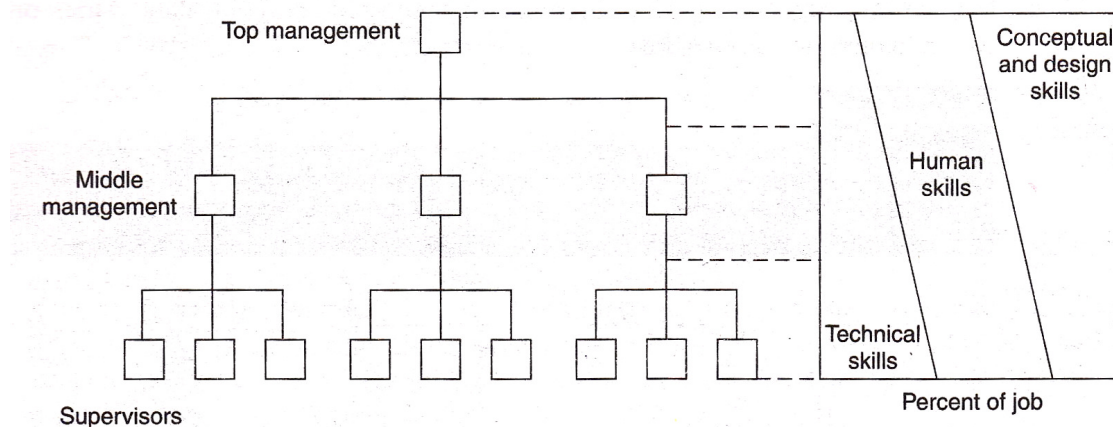
Figure 1.2 Skills and Management Levels

Technical skills are of greatest importance at the supervisory level. Human skills are also helpful in the frequent interactions with subordinates. Conceptual and design skills, on the other hand, are usually not critical for lower-level supervisors. At the middle-management level, the need for technical skills decreases; human skills are still essential; conceptual skills gain importance. At the top management level, conceptual and design abilities and human skills are especially valuable, but there is relatively little need for technical abilities. It is assumed, especially in large companies, that chief executives can utilise the technical abilities of their subordinates.

1.6   Managerial Roles

The role of a manager is becoming more challenging and tougher. It is broadening day-by-day. Managers today are expected to do more and have more skills than they did a generation ago. The concept of a role is drawn from the behavioral sciences and is defined as an organized set of observable behaviours that are attributed to a specific office or position. A role is a set of related activities or behaviour pattern that fulfils expectations in a given situation.Katz and Kahn present an organizational definition of roles as standardized pattern of behaviour required of all persons playing a part in a given functional relationship, regardless of personal wishes or interpersonal obligations.

According to Henry Mintzberg, "The manager's position , with the authority and status conferred upon it by the organisation , creates a kind of human information processing system that we call a manager." Mintzberg further writes ,"authority and status give rise to interpersonal relationships that lead to inputs (information), Thus, and these in turn lead to outputs (information and decisions). management is a role which includes a set of duties, responsibilities and relationhips involved in work organisations.

According to Mintzberg every manager plays roles which are classified into following three categories Figure 1.3 :

I . Interpersonal Roles

II . Informational Roles

III. Decisional Roles

I. Interpersonal Roles

According to Mintzberg the first set of roles is derived from the formal authority of the manager ; that is a certain amount of authority goes with a manager's position. This authority leads the manager into certain *interpesonal* roles in which he interacts with 'people'- both subordinates and superiors. All managers play the following interpersonal roles :
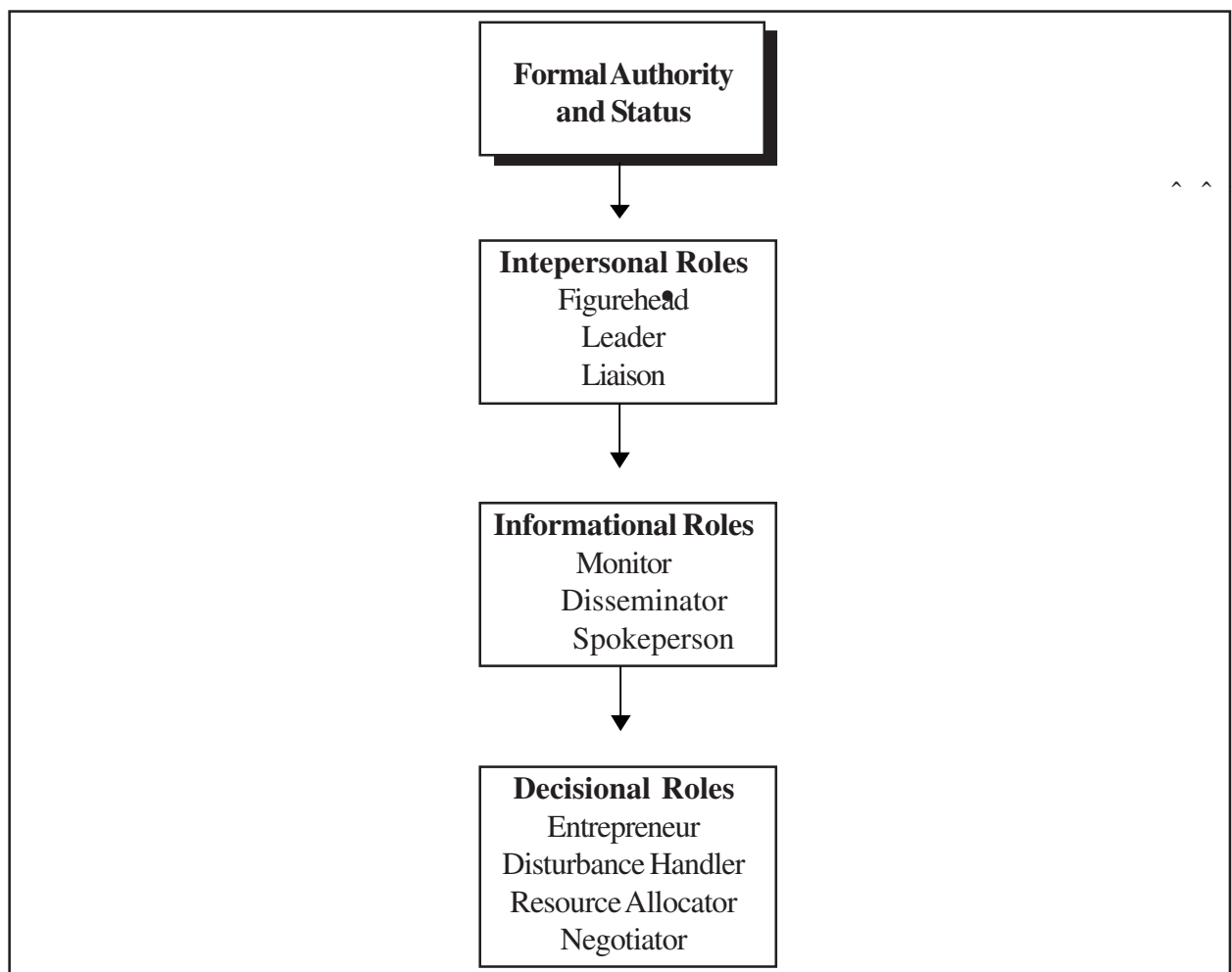

Figure 1.3 Mintzberg's Managerial Roles

1. Figurehead Role

It deals largely with ceremonial and symbolic activities, such as receiving visitors, presiding over meetings and ceremonies. As a representative of the organisation the manager must perform certain special duties. The manager may perform some hierarchical duties such as requesting a subordinate to follow up on a specific job.

2. Leader Role

It involves those leadership and motivational activities that are essential to the management of people. As a leader the manager must perform functions required in staffing and maintaining a productive work force. The objective of this role is to minimize conflict between the goals of individuals and the goals of a firm. As a leader, manager mainitans the work environment.

3. Liaison Role

In the liaison role managers interact with many people outside the immediate chain of command-those who are neither subordinates nor superiors. They also develop *network of contacts* outside the organisation. This role deals with the web of relationship with outside groups. It facilititates the completion of the job.

II. Informational Roles

Managers keep interpersonal contacts in order to gather infromation. According to Mintzberg, the manager is the *nerve center* of his unit. He has access to all internal informations. It is up to managers to move non-routine information. A manager's informational roles are as follows:

1. Monitor Role

Managers seek and are presented with information about the tasks and activities for which they are responsible. They also receive and collect data about environment. Information is acquired through meetings, documents and conversations with various sources. The manager shares it with subordinates. This role allows the manager to keep abreast of what is going on both internally and externally.

2. Disseminator Role

In this role managers distribute information to subordinates daily. This information might be facts, expression, priority, preference or view. The dissemination of information may be written or oral, formal or informal.

3. Spokeperson Role

As the informational nerve center, the manager acts as an official spokeperson for the organisation. This role is present in all managerial jobs. This deals with giving the information to those outside the company. Such information may be related to corporate plans, strategies, policies, actions, performance and other issues of company or community interest.

III. Decisional Roles

To get the work done managers have to make decisions. Decisional roles emerge as a part of the manager's day-to-day activities.These roles are particularly important because managers are responsible to take the advantages of opportunities that exist in the environment and adjusting to competitive pressures. Managers play the following decisional roles :

1. Entrepreneurial Role

It is the role by which the manager identifies new opportunities of profit and needed change. In this role, the manager brings change in strategy and makes efforts to improve the functioning and accomplishments of his firm.

2. Disturbance Handler Role

In this role the manager takes corrective action needed to resolve unexpected problems and issues. For example, the manager handles utilitiy service problems, strikes and natural disasters. A disturbance occurs when something is not working as planned. It may be an interdepartmental conflict or plant malfunction.

3. Resource Allocator Role

In this role the manager allocates scarce resources to multiple and competing claims. For this purpose a manager : (i) decides who gets what and who will do what tasks, (ii) develops and monitors budgets, (iii) predicts future resource needs, (iv) forecasts future resource problems, (v) prepares schedules, and (vi) gets requisition orders.

4. Negotiator Role

In this role managers negotiate with suppliers, customers, unions, individual employees, government, and other groups. Foremen negotiat about production schedules, costs, overtime, vacations, and even standards. Negotiating is on-the-spot bargaining and exchanging in which manager is present and agreements are made.

1.7 Summary

This unit deals with the various functions a manager has to perform in an organisation. A manager carryout the function of planning, organizing, staffing, leading, controlling and decision making. Manging is an essential activity at all the levels of organisation. However, the skills of manager vary with organizational levels. Technical, Human and Conceptual are the skills that a manager should posses. Mintzberg has identified various roles played by a manager under three categories - Interpersonal role, Informational Role and Decisional role.

1.8 Key Words

- **Interpersonal Role** : A role that manager assume to coordinate and interact with employee and provide direction to the organisation.

- **Entrepreneur :** An entrepeneur is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcomes.

- **Liaison :** An instance or a means of communicatiosn between different groups or unit of an organisation.

- **Management:** An art and Science of getting things done through people

- **Profession :** A vocation requiring some significate body of knowledge which is applied with high degree of insistency in the serice of society.

- **System** : An integrated assemfly of specialised parts togetter for a common purpose

- **Planning :** To formulate a scheme or program for the accomplishment, enactment or attainment of goals or objectives of organisation.

- **Organistional Heirarchy :** It is an organisational structure where every entity in the organization, except one, is subordinate to single other entity.

1.9 Self Assessment Test

1   Discuss the nature of management

2   Explain the scope of management

3   What are the managerial functions?

4   What is 'Diagnostic Skills' of a manager?

5   How do the required managerial skills differ in the organizational hierarchy?

6   Describe the various roles of a manager prescribed by Henry Mintzberg?

7   "The manager's tasks is to understand his managerial role and the other role requirements made for him." Explain and describe the informational roles of a manager.

1.10 Reference Books

-   Principles of Business Management by S.A. Sherlekar and V.S. Shertekar, Himalaya Mumbai.

-   Theory and Behaviour by N.S. Gupta, Himalaya, Mumbai.

-   Princilples of Management by B.S. Mathur, National, New Delhi

-   Management by Stonner and Freeman.

UNIT - 2 : EVOLUTION OF MANAGEMENT THOUGHT

Unit Structure

2.0   Objectives

After studying this unit you should be able to:

- Explore evolution and growth of management thought.

- Know the important contributors and their contribution to the growth of management thought.

- Explain features of scientific management and its contribution to modern management.

- Discuss various features of classical approach to management with its shortcomings.

- Understand human relations approach and growth of behavioral school of thought.

- Explain the relevance and criticism of each school of thought.

2.1   Introduction

Management as an activity is as old as the society itself but its importance as an academic discipline grew only with industrialization and mass production in the later part of 19th century and early part of 20th century. This rapid industrialization resulted into organization and its management which was far more complex than routine business activity hitherto practiced. This resulted into an indepth study and comprehensive research into various aspects of management.

The major focus of research in early part of development was on efficiency and economy and to develop management as a science. Hence, a number of theories emerged to achieve these objectives. In this unit we will be discussing major theories and development in evolution of management thought.

Major Theories of management can be enumerated as under:

- Scientific Management Theory
- Classical Theory
- Human Relations Theory
- Behavioral Theories
- Systems Theory
- Contingency Theory

2.2 Scientific Management Theory

Scientific Management propounded by Fredrick Winslow Taylor in the first decade of 20th century is the first coherent theory of administration. Though before Taylor many management thinkers like Charles Babbage, Henry Towne and Henry Metcalf developed and used scientific management methods and techniques, it was Taylor who used the term to give a complete and systematic explanation of scientific methods and techniques for promoting the organizational efficiency and economy. Hence, he is regarded as the Father of Scientific Management.

As discussed above the basic concerns of industrial society were to improve efficiency, to reduce the cost of production and to increase the profits. For achieving these objectives the focus was on improving the technology and the techniques of work along with efficient management of workers. Taylor observed that the existing management system had many drawbacks like it generally followed 'rule of thumb', there was no standardization of work and output, lack of planning for effective execution and also there was no cooperation between management and workers. Taylor sought to remove such drawbacks with the help of scientific management.

2.2.1 Principles of Scientific Management:

Taylor gave four principles of scientific management. According to Taylor these pricnicples together constitute what can be called as scientific management. They are:

1.   The Development of a True Science of Work

Taylor replaced the old rule of thumb method by one best way of doing a task. This one best way of doing a task was found by systematic study of the job and developing a scientific method for doing the job. This also enables to have a standard output to be done by workers and thereby reducing tension between workers and management on the level of output.

2.   Scientific Selection and Progressive Development of Workmen

For effective performance of the scientific management the workers are selected on scientific basis so that there is a match in their capabilities and the job being performed. Scientific selection involves selecting a right person for a right job. After the scientific selection the workers must be systematically trained. Also there should be enough opportunities for workers' advancement in the job to fullest realization their capabilities.

3.   Bringing together the Science of Work and Scientifically Selected Workers

The third principle of the scientific management is bringing of science of work and scientifically selected and trained workmen together. Taylor felt that it is the exclusive responsibility of the management.

4.   Division of Work and Responsibility between Worker and Management

Taylor emphasized on equal division of work and responsibility between worker and management as traditionally the worker had more responsibility than the management. Taylor said that the scientific management should be characterized by harmony between management and workers rather than discord.

Taylor developed some techniques and mechanisms to serve and facilitate scientific management. These are:

Mental Revolution:

The essence of scientific management, according to Taylor, is complete mental revolution on the part of workers towards their duties, work, fellow c- workers and their supervisors; and on the part of managers, towards their employees and problems. Taylor held the view that without this complete mental revolution on both the sides' scientific management is not possible. Taylor argued that instead of focusing

more on the division of surplus they should together turn their attention towards increasing the size of the surplus until the surplus become so large that it becomes unnecessary to quarrel over how it should be divided. Both the sides should work together in the same direction to increase the surplus. Taylor believed that there is no conflict in the interest of employees, workers and consumers. His major concern was that the results of higher productivity should equally benefit the employer, worker and consumer.

Functional Foremanship:

Taylor was not in favor of linear system of organisation in which each worker is guided by only one boss. Instead he advocated the concept of functional foremanship under which a worker is supervised and guided by eight functional foremen. Hence, in the functional foremanship the worker receives orders from eight different specialized supervisors. Out of the eight functional supervisors, four functional foreman, (route clerk, the instruction clerk, the time and cost clerk and the shop displinarian) will look after planning aspects and the remaining four (the gang boss, the repair boss, the speed boss and the inspector) will look after the execution of work. Thus, it will facilitate specialization as well as separation of planning from execution.

Motion Study :

Motion study helps in standardization of work methods. It observes all the motions which comprise a particular job and then determine the best set of motions. It helps to determine a preferable work method. In other words, it is meant for finding out the 'one best way' to do a work.

Time Study :

Once the motion study finds out one best way of doing a job, time study comes into picture to determine the standard time for completion of work with the help of a stop watch.

Differential Piece Rate Plan :

Taylor observed that under present management system worker gained nothing if he worked hard. To overcome this problem and improve the efficiency Taylor suggested a new wage payment system in which the wages are paid depending upon the number of pieces made by a worker on the basis of standards set by motion and time studies. This was known as the differential piece rate plan. Under this plan, workers are paid a low piece rate up to the standard fixed, a large bonus on achieving the standard and a higher piece rate above the standard output. Taylor said that the piece rate plan by virtue of being direct and quick is more effective than the profit sharing plan in motivating the workers which is normally at the end of the year. But he was also of the opinion that a worker who (after scientific selection, training and development) is unable or unwilling to produce the standard should be removed.

Some Other Techniques:

In addition to the above techniques Taylor also developed some more techniques which further helped towards scientific management. These are as follows:

(i)   The standardization of all tools according to the needs of specific jobs.

(ii)   Separation of planning from execution

(iii)   The setting up of a separate planning cell or department

(iv)   The mnemonic system for classifying products as implements used in manufacturing.

(v)   The use of time saving implements like slide rules.

(vi)   Modern cost system.

(vii)   A routing system.

(viii)   Instruction cards for the workers.

2.2.2 Critical Evaluation

Scientific Management became a great moment and offered effective and efficient methods for performing industrial jobs and solving industrial problems. Despite this success scientific management has been criticized by many people. Some of the important criticisms of Taylor are discussed below:

1. He has been criticized for his approach towards organisation as purely mechanical and from the analysis the aspect of human behavior is totally missing. Taylor thus, wholly neglected the human side of the enterprise.

2. Taylor assumed man to be classical economic man whose sole motivation was monetary rewards. He overlooked the fact that men are a social beings and there are social and psychological motivating factors also which motivate a worker.

3. Workers and trade unions criticized this approach for viewing employees as nothings but cogs (i.e. Nuts and Bolts) in the machine and if one of the cogs becomes dysfunctional due to some reasons, it should be replaced with another cog.

4. Workers did not appreciate scientific management as they did not like to receive the orders given to them with the minutest details which ultimately reduced them to the status of being merely nuts and bolts in the organizational machinery.

5. Trade Union leaders criticized the theory of Scientific Management as pro capitalist. They said these theories helped the owners more than the workers. They believed that scientific management was not only destroying trade unionism but also destroying the power of collective bargaining.

6. The managers were also against scientific management because their initiative and discretion was being substituted by science which divided the jobs into various steps after due analysis and hence turned it into a programmed work which anybody could do, as the work was over-simplified.

7. Taylor's functional foremanship was criticized as it created confusion when one worker was kept under the control of eight supervisors.

8. The System School of thought has criticized the Taylor's model as a closed one since it does not take into account the factors external to the organisation.

.   Many of the ideas of Taylor were misinterpreted and were therefore criticized for something which Taylor did not intend. For example, many of the business practioners adopted scientific management to increase the productivity without providing reward to the workers and managerial facilities to their employees. This was against the basic philosophy of Taylor. Similarly he gave the idea of economic motivation as the economic condition prevalent in the society was very poor and idea of an economic reward clicked with the workers immediately. Nevertheless his ideas greatly influence administrative thought and revolutionized management practices which were earlier based on intuitions and rule of thumb.

The principles propounded by Taylor in the early 20th century have become so important that they are dominating the organizational scene even today. For example, the policies dealing with recruitment, training, work measurement, time and motion study techniques are important even today in the organisation. Apart form this nearly all the important areas of study in Industrial Management and in the Engineering field have their foundations in Taylorism.

The importance of Taylorism lies in the fact that later on many new principles of management have been worked out either by contradicting his principles or by extending them further. But the starting point of research for them always has been Taylorism.

2.3   Classical Theory

The classical theory was developed during the first half of the 20th century somewhat parallel to the scientific management school of thought and is also known as the 'Administrative Management Theory' or Management Process School. It is called as classical theory because it is one of the earliest formulations based on systematic analysis of organization.

The scholars of this theory believed that a science of administration can be developed based on some principles and based on the experience of administrators. These princilpes according to them are universally valid. They also held the view that these principles are based on rigorous empirical observation and hence are scientifically valid. They were opined that the application of such principles would lead to greater economy and efficiency in the organization. Thus, the administration, which was considered hitherto an art developed partly into a science through the efforts of classical thinkers.

Classical thinkers also gave great importance to the structure of the organization. According to them structure is basic for any group effort. They consider that without structure, organization cannot function. Since they have emphasized on the structure they are also known as structuralist.

 The major proponents of this school are –

1.   Henry Fayol

2.   Luther Gullick and Lyndall Urwick

3.   James D. Mooney and Alan C. Reiley

4.   Mary Parker Follet.

Contribution of H. Fayol and Luther Gullick and L. Urwick is discussed here in detail.

Henri Fayol, who is considered as founder of Management Process School, was a contemporary of Taylor. He has contributed greatly to the management concepts and practices along with Taylor. While Taylor focused on shop floor management and had a bottom-up approach Fayol focused on the organization as a whole and had a top down approach. Fayol regarded management as universal process applicable to all kinds of organizations and at all levels.

The contribution made by Fayol can be understood under following three heads:

•   **Six Activities:**

Fayol classified the work of an industrial enterprise along the functional lines and divided all the activities into following six groups:

1.   Technical Activities : concerning production

2.   Commercial activities : of buying and selling and exchange.

3.   Financial activities : which imply the optimum use of available capital.

4.   Clerical activities: accounting activities pertaining to final accounts, preparing balance sheets etc.

5.   Security activities: relating to protection of property and persons.

6.   Managerial activities.

Five Functions of Management:

According to Fayol. management activity consists of five functions. These are:

1. Planning: examining the future and drawing up the plan of action accordingly.

2. Organizing: establishing the structure, building up and maintaining material and human resource of the organization.

3. Commanding: guiding and maintaining activity among the personnel.

4. Coordinating: binding together, unifying and harmonizing all activities and efforts so that they work towards the same goal.

5. Controlling: "seeing that everything occurs according to established rules".

These five functions are represented in acronym POCCC, which stands for Planning, Commanding, Coordinating and Controlling respectively.

• **Principles of Management:**

Fayol developed fourteen principles of management which he said are universal in nature i.e. can be applied to any type of organization .These principles are:

1. **Division of work:**The division of work leads to specialization and produces more and better work with the same human resources available.

2. **Authority and Responsibility:** According to Fayol, authority of a person is his "right to give orders and to exact obedience". Fayol said that authority flows from responsibility. Authority should be commensurate with the responsibility i.e. authority and responsibility should be co-equal and co terminus. Managers who exercise authority also must assume responsibility for the decisions made and results produced. Any imbalance between the two leads to a situation where the work cannot be done.

3. **Unity of Command:** According to this principle, an employee should receive orders from one superior only. If a person has more than one boss who issue orders authority is undermined and discipline is in jeopardy. It is contrary to Taylor's functional foremanship

4. **Unity of Direction:** This principle means that there should be one head and one plan for a distinct group of activities having the same objective. This is necessary for achieving unity of action, co-ordination and focusing of efforts.

5. **Scalar Chair of Command:** According to this principle there should be a clear and well defined chain of command running down the organizational hierarchy from superior to subordinates. Sometimes chain of command causes delays. To avoid this Fayol recommended use of Gangplank which means employees at the same level can communicate directly with the permission of their respective superiors.

6. **Discipline:** Discipline in an organization is essential in order to achieve proper functioning of an organization. Discipline ensures obedience and requires the members to perform their functions and follow the rules and regulations arrived at in the organization. Discipline in an organization is achieved by establishing open and clear communication system in the organization, a set of rules and regulation and judicious application of sanctions i.e. penalties in case of their violation.

7. **Subordination of Individual Interest to the General Interest of the Organization:**The organizational interest is always above and more important than the interests of one employee or a group of employees. If a conflict arises between the two the organizational objective always have precedence.

8. **Remuneration :** The remuneration of personnel should be adequate and fair. Difference in remuneration should be based on job differential and not on personal preferences of the management. While fixing the remuneration the prevalent economic conditions should also be taken into consideration.

9. **Centralization:** The extent to which authority is to be dispersed in the organization or retained at higher levels should be decided by the top management. Fayol was in favor of centralization of authority in an organization to ensure 'Unity of Command' and 'Unity of Direction'.

10. **Order:** According to Fayol order means right person on the right job and everything in its proper place. This principle should be distinguished from discipline.

11. **Equity:** Equity means all the employees in an organization should be treated fairly. Equity results from the combination of kindliness and justice.

12. **Stability of Tenure :** The personnel should have a sense of reasonable job security. The hiring and firing of personnel should be based on well established policies and not on personal whims and fancies of superiors. The long term association of the personnel will also result in use of the experience and expertise attained by the employees.

13. **Initiative:** Superiors must create such an environment which will encourage subordinates to take initiative and also in assuming responsibility. It leads to greater satisfaction of personnel and also increases their involvement in the functioning of the organization and achieving its objectives.

14. **Esprit de Corps :** This principle implies that team spirit should be inculcated and encouraged amongst the employees. Cohesiveness and team spirit will ensure close cooperation for achievement of common goals.

Apart from Henri Fayol the other major contributors to classical theory were Luther Gullick & Lyndall Urwick. Gullick and Urwick had an army background along with experience of working in the civil services. Similar to POCCC of Henri Fayol, Luther Gullick proposed the famous POSDCORB. The POSDCORB stands for seven functions of management namely Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting. These seven functions have been discussed in brief:

1. Planning

According to him planning is the most fundamental and pervasive of all management functions. He defined planning as identifying various activities required to reach the target and arranging them in terms of priorities and sequence. Planning estimates the human and material resources available to the organization and accordingly the steps to accomplish the objectives are identified which lead to effective and efficient goal attainment. Planning is concerned with what, how and when of performance.

2. Organizing

Gullick defined organizing as the establishment of the formal structure of authority through which various work subdivisions are defined and arranged. Organization results in integration of all the resources of organization and co-ordination between various sub parts for achieving the organizational objectives.

3. Staffing

Staffing, means 'Personnel Management. It is the process of attaining competent work force, training them and retaining them in an organization.

4. Directing

Directing is the principle according to which the executive should continuously guide the organization and its working. It involves decision making and issuing orders and instructions and leading the employees to perform efficiently and effectively.

5. Co-ordinating

Co-ordinating is establishing inter relationship between various parts of the organization and synchronizing their efforts towards the common objective and removing any duplicacy of efforts. It is one of the most important activities. It secures timely co-operation between various units and employees.

6. Reporting

According to this principle, the personnel should keep those, to whom they are responsible, informed as to what is going on in the organization so that timely control can be exercised accordingly. It is a feedback mechanism which helps in effective control of various activities.

7. Budgeting

It will not be an overstatement to say that is the most important functions without which rest of the six functions can achieve nothing. It is in the form of fiscal planning, accounting and financial control. Apart from the principles of organization, Gullick and Urwick advocated a few other principles, important of which have been discussed below:

1. Line and Staff

The concept of 'Line' and 'Staff' was borrowed from military administration. Line are the executive who are responsible for achievement of organizational goals and staff provides various types of assistance to the line executives. They emphasized that the line executives, in their every day work must be assisted by staff executives by carrying out activities which are of housekeeping nature. According to them the Staff experts in an organization have to devote their time exclusively to intelligence activities i.e. knowing, thinking and planning functions. They don't enjoy any administrative authority or responsibility but they sometimes by virtue of expertise enjoy functional authority. Thus, Staff helps and assists the Line so as to relieve them of the details of administration and various housekeeping activities so that they can concentrate upon the more important tasks in the organization.

2. Span of Control

They pointed out that no supervisor can supervise directly the work of more than five or at the most six subordinates whose work interlocks. This limit of control according to them is due to the limits of knowledge, time and different kinds of works and sizes of organizations.

3. Bases of Departmentalization

Gullick advocated four bases of departmentalization, namely.

These bases of division of work are also known as 4 P's of departmentalization representing Purpose (i.e. function), Process, Place and Person (or client) based division of work.

(a) Department by Purpose or Function: The departmentalization based on distinct function is one of the most common bases used. The departments thus created deals with functionally similar activity.

(b) Department by Process or Activity: This basis of departmentalization is used to divide the work

based on certain special procedure or activity. This type of departmentalization rests on the idea that particular procedure requires a certain minimum level of competence. Its services should be made available centrally to all the departments.

(c) Area based Departmentalization: This type of department is suitable for multifunctional field units of an organization. These units are generally multifunctional but specialize and confine themselves in the administration of a special territory only. Client or Person based departmentalization

(d) Client or Person based Departmentalization: According to this basis, the organizational work is divided to create departments to serve particular sets of clients. These departments are also multi functional in character with the chief aim of serving a particular set of customers.

2.3.1 Critical Evaluation

The classical theory has been criticized on various grounds. They are as follows:

1. It is criticized as an unscientific theory of organization. It is said that the theory was not verified under scientific conditions.

2. It is criticized on the ground that it neglected the human dimension of the organization, that is, sociological and psychological aspects of management.

3. The most important critic of the classical theory is Herbert A. Simon. He described the principles of organization as "proverbs, myths, slogans and pompous activities." He remarked that the principles are not scientifically valid and thus do not have universal relevance

4. The theory has also been criticized on the ground that it has over-simplified human motivation and assumed each worker to be an economic man who is interested in maximizing his income only. Accordingly, it has not taken any note of non-economic factors. It has not emphasized the social and psychological factors of human motivation.

5. The classical theory treats an organization as a "closed system", uninfluenced by the external environment. The system approach to organizational analysis highlighted this drawback of classical theory.

6. The classical theory was criticized on the ground that it deals only with the formal organization and neglects the informal organizational processes.

2.3.2 Significance

Classical theory, despite its limitations, made a significant contribution to the evolution of organizational theory and administrative thought. They are:

1. Classical thinkers developed administration into a science which was considered hitherto an art.

2. Classical writers were the first to propound the idea that administration itself is a separate activity which deserves intellectual investigation.

3. Classical theory offered practical suggestions with regard to the construction of logical, rational and efficient organizational structures.

4. Classical theory played an important role in rationalizing and stimulating production in the industrial organizations.

5. Classical approach to organizational analysis is considered as the foundation of the 20th century administrative management thought.

2.4 Human Relations Theory

The limitations of the classical theory instigated further enquiries and researches in organizational theory and behavior. The result of such subsequent researches was the human relations theory of organization. The Human Relations Theory of organization came into existence in 1930s as a reaction to the classical approach to organizational analysis. The classical thinkers neglected the human dimension and role of human element in the organization. They had a mechanistic view of the organization and did not give due importance to sociological and psychological aspects of individual's behavior in the organization. It is this critical failure on the part of the classical approach which gave rise to the human relations approach. Human relations theory is also known as Humanistic Theory and Socio-Economic Theory. But the human relations theory has not rejected the classical theory totally rather they found out critical gap in the theory and tried to fill those gaps. However, it has rejected the two concepts advocated by the classical theory, viz. the concept of economic man and formal institutionalization. The human relation theorists, like the classical thinkers have accepted efficiency and productivity as the main values of the organization as well as the role of management in production. Therefore, this theory is also known as Neo-classical Theory.

Elton Mayo is regarded as the 'father of human relations theory'. He concentrated on the study of workers' behavior and the production capacity, taking into consideration the physiological, physical, economic, social and psychological aspects.

2.4.1 Hawthorne Studies (1924-1932)

The Hawthorne studies formed the basis for the rise of human relations theory. These studies were conducted in the Western Electric Company at Hawthorne (Near Chicago-USA) by the Harvard Business School under the leadership of Elton Mayo. The studies were conducted in the following four phases. :

(i) The Great Illumination Experiment (1924-27) : This was conducted to check the effect of illumination of light on workers productivity. This experiment negated the assumption that better lighting leads to better work and output. It concluded that physical factors at work e.g. lighting does not result in better production beyond a certain limit.

(ii) Relay Assembly Test Room Experiment (1927): It was conducted to observe the effects of various changes in working conditions on the workers' output and morale.

(iii) Mass Interviewing Programme (1928-31): During the experiment more than 20,000 interviews were conducted to determine employees' attitude towards their company, their supervisor and company's policies. It was also called as ventilation therapy as human sentiments were explored by talking to them.

(iv) Bank Wiring Experiment (1931-32): It examined the informal groups and their influence on each member's output.

The salient features of the Hawthorne Studies are:

(i) The theory highlighted the importance of the social and psychological factors at the workplace in determining the employees' morale and output. This is the most important finding.

(ii) The theory showed that organization is a social system. The workers are not isolated or unrelated individuals. They are a social being.

(iii) Monetory rewards are not the only or most important motivators. Non-economic rewards and sanctions significantly affect the workers' behavior, morale and output.

(iv) The workers form small social groups (informal organizations) within the organization. The production norms and behavioral patterns are decided by such groups as workers react as members of such groups and not as individually.

(v) The informal leadership is stronger than formal leadership.

(vi) The role of manager in organization should be to integrate the informal organization with the formal organization.

(vii) Leadership, style of supervision, communication and participation play a very important role in worker's behavior, satisfaction and productivity.

Thus, human relations theory highlighted the effect of informal work group on workers' motivation, satisfaction and productivity. Mayo remarked that man's social situation in his work group ranked first and the work was incidental. The findings of Hawthorne Studies revolutionized the organizational thought and gave rise to the human relations theory.

2.5   Behavioral Theory

Behaviouralism in administrative studies is said to have started with the Human Relations Movement of the 1930. Many thinkers and experts of management believe that the human relations researches were the first behavioural researches in organizational analysis. In fact the behavioural approach is an improvised, more systematic and more sophisticated version of the human relations approach to organization. Behavioural Theory is also known as 'Socio-psychological approach' and new human relations approach'.

Behavioural approach is concerned with the scientific study of human behaviour in organizations with the application of techniques and theories of sociology, psychology, social psychology, and anthropology to understand organizational behaviour in a scientific manner. Thus, the main aim of behavioral approach is scientific study of organizational behaviour. The behavioural theorists believe that workers are more complex than the "economic man" description of the classical approach and the "social man" description of the human relations approach.

Behaviorlists have enriched management theory particularly in the field of motivation, communication, group dynamics and leadership. The major contributors to the behavioural approach are M.P.Follet, Chester Barnard, Herbert Simon and Douglas McGregor.

2.5.1 Features

The behavioural approach to the study of Management has the following features.

(i) It is concerned with the actual behaviour of people in the organization. Therefore, it is descriptive and analytical rather than prescriptive.

(ii) It studies and investigates the behaviour of people in the organization objectively for developing universal laws.

(iii) It emphasizes the informal relations and communications patterns among the people working in an organization.

(iv) It pays more attention to the dynamics of organizational behaviour that is motivation, leadership, decision-making, power, authority, and so on.

(v) It advocates scientific methods like fields study, laboratory study, and so on.

(vi) It is interdisciplinary in nature. Hence, it draws concepts, techniques, data and perspectives from other social sciences like sociology, psychology, anthropology and so on.

2.6 Systems Theory

The earlier theories could not claim to be complete as they lacked certain propositions so they were complimentary to each other. A need emerged for convergence of all the theories and hence during the last few decades, "The Systems Approach" emerged. This approach can serve as a basis for the convergence of all the earlier theories.

Webster defined a system as, "A set or arrangement of things so related or connected as to form a unity or organic whole." According to the General Systems Theory a system is defined as an "Organized unitary whole composed of two or more interdependent parts or components or substances and delineated by identifiable boundaries from its environment".

Thus, a system is a complex whole having a number of parts, resembling a biological cell. These parts called as sub systems are interrelated and interdependent for their functioning. They, in turn, contribute to the functioning of the system as a whole. The system has a defined boundary through which it interacts with its environment. This external environment of a system is called a supra-system.

A system consists of five basic parts, viz. input, process, output, feedback and environment as shown in Figure.
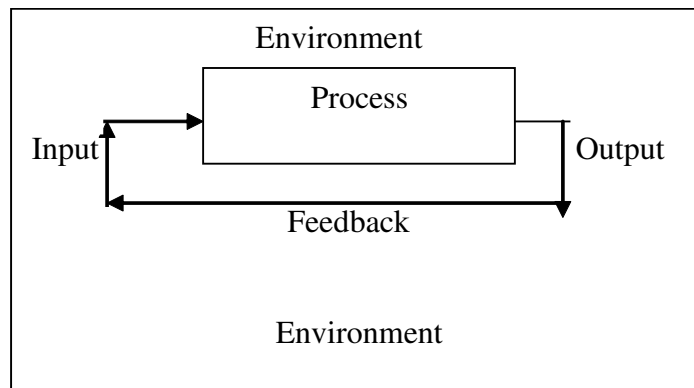
Figure : 1 A System

A system receives inputs from the environment and sends outputs into the environment after the transformation. Further, a system also adjusts itself continuously to the requirements or changes in the environment. This is facilitated by the feed back mechanism. Thus, there is a balance between the system and its environment.

Systems are of two types – open systems and closed systems. Open systems are those who have permeable boundaries i.e. they interact with their environment constantly. And also not only they affect their environment but also get affected by it. Close system on the other hand has impermeable boundary therefore, there is no interaction between the environment and the system. Closed systems are non responsive to the changes in the environment.

Social and biological systems are open systems, while mechanical and physical systems are closed systems. A business organisation or any human organisation is a social system. The business organizations are also a system having specialized subsystems that perform certain specialized functions. These subsystems are interdependent and interrelated in such a manner that the output of one of the subsystems forms the input of the other subsystems. This system, hence accepts inputs from its environment, which mostly is an output of another system in the environment. The sub-systems of the system then transform this input into a desirable shape and quantity, and this entire process of transformation is called as "Throughput".

The transformed content are then transported back to the environment and is known as the 'output' of the system. The various systems within the supra-system are interconnected through a set of backward-forward linkages. The control and maintenance sub-systems of the organisation provide a constant feedback to the system and hence the system keeps on correcting its course of functioning.

Therefore, modern theorists view an organisation as an adaptive system which must, if it is to survive, adjust to changes in its environment. The organisation and its environment are hence seen as interdependent, where each is dependent on the other for its resources.

The systems school of thought had some unique features which earlier model had not given importance. For example, the environmental factors were not given importance by the earlier models. Systems school highlighted that it is the environment that plays a decisive role in deciding between the winner and the loser, when both the persons are of equal competence. It was hence, for the first time that the internal organisation of an organization was effectively linked with the external environment. The system model also threw a new light on the control system of the organisation by assigning it the role of providing automatic feedback to the organisation and hence constantly correcting the course of the organization.

2.7 Contingency Theory

The contingency theory originated in the 1960s as an improvement over systems theory. It covered those aspects where system school lacked. Systems school has certain lacuna like it did not adequately spell out the precise relationship between the organization and its environment. The contingency school tries to fill this lacuna. The contingency school focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager and characteristics of the subordinates. It has been applied primarily to management issues such as organizational design, job design, motivation, and leadership style.

Contingency approach focuses on the determinants of the organizational structure and behaviour. It provides a more detail understanding of relationship among various organizational variables. This approach strongly asserts that there is no universal prescribed action or organizational design which is appropriate for all the situations. Instead, the design, managerial action and decisions depend on the situation. The approach hence suggested that as the organisation interacts with the environment; neither the organisation nor any of its constituents is forces to take absolute actions. Rather, it has to take action subject to various social, legal, political, technical and economic factors.

The contingency approach is thus an extension of the systems view of the organisation as it is action-oriented and directed towards the application and implementation of the systems approach. The biggest advantage of this theory therefore, is that it offers flexibility and provides a link between theory and practice.

2.8 Key Words

- **Industrial Revolution:** A very general term that refers to a society's change from an agrarian to an industrial economy. The Industrial Revolution of the Western world is considered to have begun in England in the eighteenth century.

- **Functional Foremanship:** Taylor suggested eight different specialist supervisors at the work place as against the earlier practice of one supervisor looking after all the activities of the workers under him.

- **Mental Revolution:** It means the change of attitudes of both the workers and the management. They should work with mutual cooperation and mutual interest focusing on increase in the production rather than asking for their sharing.

- **Coordination**: Bringing together of the work done by different units and individuals in order to achieve the harmonious functioning of the organization.

- **Unity of Command:** According to this principle, for the effective functioning of organizations, subordinates should receive command or orders from one supervisor only.

- **Unity of Direction:** It means one head and one plan for a unit. It means that a single top executive should head organizations. If more than one person it will lead to confusion in heads the organization it's functioning.

- **Clinical Method**: A variety of research and diagnostic techniques such as interviews, life histories, testing projective techniques and case observation.

2.9   Self Assessment Test

1   Scientific management approach has widened the horizons of the discipline of public administration? Comment.

2   Do you think that the principles of organisations are still relevant in the modern day organisations? Discuss.

3   Do you think that the principles of administrative management approach can be scientifically verified or they are mere proverbs as criticized by Simon?

4   Identify the measures taken by your organisation towards the human relations.

5   Explain the concept of Theory X and Theory Y propounded by McGregor.

6   System school is a synthesis of all the previous theories. Comment.

2.10   Reference Books

_   Principles of Business Management by S.A. Sherlekar and V.S. Shertekar, Himalaya Mumbai.

-    Theory and Behariour by N.S. Gupta, Himalaya, Mumbai.

-    Princilples of Management by B.S. Mathur, National, New Delhi.

-    Management by Stonner and Freeman.

UNIT - 3 : PLANNING

Unit Structure

3.0   Objectives

After studying this unit you should be able to understand:

- The concept of Planning.

- Purpose of Planning Process.

- Management by Objectives.

- Planning through MBO.

3.1   Introduction

Planning is one those things that we all know is good for us, but that no one wants. While it may seem that planning only takes time away from running your business, operating a business without a plan is like going to a grocery store without a list and trying to remember all the items that are needed. One comes out of the store having forgotten something critical and having purchased a number of items that are totally frivolous and may never be used. It is the same for a business operating without a plan. Critical issues do not get addressed and some tasks get done that have no relationship to the direction the business needs to go. For a business, however, the consequences of these unaddressed issues can range from inconvenience to bankruptcy.

3.2   Meaning

Here are some examples of planning :

Business Plan

A business plan is used when one is starting a new business or a new process or product within a business. It includes not only a description of the new business, process or product, but also a discussion of how one plans on managing the marketing production and financing of this new venture.

Organizational Plan

Organizational planning, when it does occur, too often is spurred by crisis, focused on the short term, and not well thought out. To create healthy futures, organizations must construct processes for creating their futures that are not fueled by crisis and turmoil.One of the most confusing aspects for those

who want to plan is the variety of terms that are used in conjunction with planning. How do you differentiate between a business plan, a financial plan, a marketing plan, a human resources plan, an operations plan, a strategic plan, a long-range plan and just plain general planning? The simple answer is that each area of your business needs planning so each area should have its own grocery list of what it wishes to accomplish in the future.

Strategic Plan

A strategic plan usually refers to the overall direction you wish your business to take over the longer term. Consequently, a long-range plan and a strategic plan are often used synonymously. Within that overall strategy of a business will have shorter term financial goals, marketing goals, production goals and human resource goals that will each need some type of plan if they are to be achieved.

Just because a strategic plan is a longer term does not mean that it is never changed. One of the most serious mistakes businesses make is not revising their strategic plan regularly. The environment the business is operating in is changing constantly. The plan must be revisited at regular intervals to reflect the impact on the business of these external factors.

3.2.1 Planning Features

Any plan should include who, what, when, where, how, and why as discussed below:

· Who is needed to accomplish this task?

· What needs to be done?

· When does it start and end?

· Where will it take place?

· How will it happen?

· Why must we do it?

Along with the answers to these questions there needs to be some operational scheme to organize the tasks needed to achieve the goal. A helpful approach is to work backward from the goal to decide what must be done to reach it. The backward approach is a way of looking at the big picture first, and then planning all tasks, conditions, and details in a logical sequence to make the big picture happen. From this a to-do list can easily be made. This list will become a checklist to ensure everything is progressing as planned. Adjustments can be made based on changing circumstances. The plan (list) should be referenced often as a set of signposts on the journey towards the goals.

3.3 Planning Process

The planning process combines the planning steps suggested by several writers. These steps are as the follow:

1. **Stating organizational objectives**
2. **Listing alternative ways of reaching objectives**
3. **Developing premises upon which alternatives are based**
4. **Choosing the best alternative for reaching objectives**
5. **Developing plans to pursue the chosen alternative**
6. **Putting the plans into action**

The outcome of the planning function is a **plan**, a written document that specifies the courses of action the organization will take.

Kast and Rosenzweig have indicated that a plan has four major dimensions:

* **Repetitiveness**.: The repetitiveness dimension describes the extent to which plan is used time after time.

* **Time**: The time dimension of plan is the length of the time period the plan covers.

* **Scope**: It describes the portion of the total management system at which the plan is aimed. Some plans are designed to cover only a portion of the management system; other plans are developed to cover the entire open the management system: the organizational environment, input, process and outputs.

* **Level**: The level dimension of a plan indicates the level of the organization at which the plan is aimed.

In developing plans for attaining objectives, managers have several types at their disposal. The most popular way to describe plans is by their breadth. There are two types of plans: **Strategic Plans** and O**perational Plans** : Plans can also classified in terms of their specificity. **Specific Plans** have clearly defined objectives. But sometimes managers prefer to use **directional plans** to facilitate flexibility. The difference between strategic and operational plans relates to their time frame, scope, and whether or not they include a know set of organizational objectives.

Strategic Plan provides direction for an organization's mission, objectives and strategies. It defines the action steps by which a company intends to attain strategic goals. It also includes decisions that can greatly change the character or direction of the organization.

Tactical Plan deals support of strategic plans and implementation a specific part of the company's strategy. Tactical plans usually are developed for organizations in the areas of finance, production, plant facilities, production, and marketing.

Operational Plans provide the details of how the strategic plans will be accomplished. They are developed to specify action steps toward achieving operational goals and to support tactical plans.

The difference between strategic and operational plans relates to their time frame, scope, and whether or not they include a known set of objectives. Operational plans tend to cover shorter periods of time. They also cover narrow area and deal more with specific. Operational plans offer ways for attaining these objectives. They assume these objectives are already known. There are two categories of operational plans: **single-uses plans** and **standing plans**.

Single-Use versus Standing Plans. With the repetitiveness dimensions as guide, organizational plans usually divided into two types: single-use plans and standing plans. Single-use plans are detailed courses of action that probably will not be repeated in the same time in the future. Single-use plans typically include organizational *programs, projects, budgets*. A **program** is a single-use plan designed to attain an important, one-time organizational goals. **Projects** are the smaller and separate portions of programs. **Budgets** are statements of financial resources set aside for specific activities in a given period of time. Standing plans are ongoing plans because they focus on organizational situations that occur repeatedly. Examples of standing plans include policies, standard procedures, and rules. **Policy** is a general guide to action. **Standard procedures** are plans that outlines a series of steps for the accomplishment of some specific objectives. A **rule** is a detailed guide to action. It describes how a specific action is to be performed.

The time horizons are long term, intermediate term, and short term. **Long-term Planning** includes strategic goals and plans and may extend as far as five years into the future. **Intermediate-term Planning** includes tactical objectives and has a time horizon of from one to two years. **Short term planning** includes operational objectives for specific departments and individuals and has a time horizon of one year or less.

The problem with these definitions is that they fail to recognize important differences among organizations. We should notice the close relationship between the short-term-long-term categories and previous discussion of the strategic, tactical, and operational plans. Because strategic plans include both long-term and short-term plans.

Contingency Plans

Contingency planning is the development of alternative plans to be placed in effect if certain unexpected events occur. There are four reasons for contingency planning:

1)   It helps the firm to get into a better position to cope with unexpected developments;

2)   Indecision, uncertainty and delays are reduced when something unusual happens;

3)   The firms's responses are likely to be better thought out and more rational; and

4)   Managers are forced to think in terms of *possible* outcomes, rather than just the most likely outcome.

3.4   Management by Objectives

Management by Objectives (MBO) is a process of agreeing upon objectives within an organization so that management and employees agree to the objectives and understand what they are in the organization. The term "management by objectives" was first popularized by Peter Drucker in his 1954 book 'The Practice of Management'.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

The principle behind Management by Objectives (MBO) is basically for employees to have clarity of the roles and responsibilities expected of them. They then understand the objectives they must do and the over all achievement of the organization. They also help with the personal goals of each employee.

Some of the important features and advantages of MBO are:

1. Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment increases employee job satisfaction and commitment.

2. Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the enterprise and also solve many problems faced during the period.

3. Clarity of goals.

4. Subordinates have a higher commitment to objectives that they set themselves than those imposed on them by their managers.

5. Managers can ensure that objectives of the subordinates are linked to the organisation 's objectives.

3.4.1 Planning Through Management By Objectives

There are two barriers to effective planning: (**1**) **reluctance to establish goals** (**2**) **resistance to change**.

Management by objectives is one approach to planning that helps to overcome some of these barriers. It is based on an idea that organizational objectives are such an important and fundamental part of management that managers should use a management approach based exclusively on them. This concept emphasizes the establishment of common objectives by managers and their subordinates acting together and the use of these objectives as the primary basis of motivation, evaluation and control efforts. The management by objectives has been widely adopted in American and Canadian corporations.

Drucker argued that the first requirement of managing any enterprise is "***management by objectives and self control***." He contrasted management by *objectives* with management by *drivers*. Management by **drivers** responses to new market pressures with an "*economy drive*" and "*production drive*." In management by objectives effective planning depends on every manager's having clearly defined objectives that apply specifically to his individual functions within the company. Each person has an identified specific contribution to make his units's performance. If all the individuals achieve their objectives, then the organization's overall objectives will attained.

According to *Drucker* an MBO system has the following basic characteristics:

* MBO is a planning system requiring each manager to be involved in the total planning process by participating in establishing the objectives for his own department and for higher levels in the organization.

* MBO improves communications within the firm by requiring that managers and employees discuss and reach agreement on performance objectives.

* By participating in the process of setting objectives, managers and employees develop a better understanding of the broader objectives of the organization and how their goals relate to those of the total organization.

* Performance reviews are conducted periodically to determine how close individuals are to attaining their objectives.

* Rewards are given to individuals on the basis of how close they come to reaching their objectives.

MBO offered a comprehensive program for converting overall organizational objectives into specific objectives for organizational units and individual members. Many similar programs have been developed, including "*management by results,*" "*goals management,*" "*goals and controls*," and others. Despite differences in name, these programs are similar.

3.4.2 The MBO Process

The MBO process has four essential elements common to MBO programs:

* Goal specificity

Objective setting involves employees at all levels. Objectives should be jointly derived. Appropriate goals must be set by top managers of the organization. However, managers and subordinates must develop and agree on each individual's objectives.

* Action planning

Action plans are made for both individuals and for departments. The individuals have a wide range of discretion on choosing the means of achieving objectives.

* Self-control

Self-control means systematic monitoring and measuring of performance by the individuals themselves.

* Periodic review

This final step evaluates performance and initiates corrective action when behavior deviates from the established objectives. Managers and subordinates periodically meet to review progressed toward the objectives. Moreover, management must follow through on the employees performance evaluations and reward employees accordingly. Each of these elements can be converted into specific steps.

Management by objectives is one useful method of seeking individual manager commitment to the objectives of the organization and providing managers with clearly stated expectations. MBO has many benefits when used properly and is associated with management problems when used improperly.

Bill Reddin has identified several reasons why organizations can fail in they MBO efforts. Some of these are:

- Lack of involvement and commitment of top level managers,

- Overemphasizing performance appraisal aspects,

- Taking too mechanical an approach, and

- Stifling creative goals and objectives.

Assessing the overall effectiveness of MBO is a complex task. In review of 1985 studies, *Jack N. Kondrasuk* found that there are numerous arguments, pro and con, regarding the effectiveness of MBO. However, most managers find MBO beneficial, because MBO-type programs appear to result in improved performance and higher morale.

3.5   Strategic Planning Process

Strategic planning deals with the future, but only as it relates to present decisions. Strategic planning is the process of selecting an organization's goals, determining the policies and programs necessary to achieve specific objectives, and establishing the methods necessary to assure that the policies and strategic programs are implemented.

The strategic planning process is made up of two basic activities: (**1**) **Strategy Formulation** (developing the strategy), and (**2**) **Strategy Implementation** (putting the strategy into action).

The description of the strategic planning process combines the planning steps suggested by several writers. This model consists of the following nine steps:

1.   **Define the organization's mission**.

A mission defines organization's purpose and that essentially seeks to answer the question: *What business are we in?*

2. **Establish objectives**

   Objectives translate the mission into concrete terms. Setting the objectives of the organization is the most essential step in the strategic planning process.

3. **Analyzing the organization's resources**.

   This analysis is necessary to identify the organization's competitive advantages and disadvantages.

4. **Scan the environment**.

   Management will want to scan its environment to identify various political, social, economic, and market factors that could impact on the organization.

5. **Make forecasts**.

   The fifth step is a more detailed effort to forecast the possible occurrence of future events.

6. **Asses Opportunities and threats**

   Opportunities and threats may arise from many factors. Thus, the same environment that posed a threat to some organizations offered opportunities to others.

7. **Identify and evaluate alternative strategies**

   In a given instance, a variety of alternatives exist. Management should seek a set of alternatives that can exploit the situation.

8. **Select strategy**

   Once the alternative strategies have been enumerated and appraised, one will be selected.

9. **Implement strategy**

   Once the strategy has been determined, its must be incorporated into the daily operations of the organization. The best of strategies can go awry if management fails to translate the strategy chosen into programs, policies, budgets, and other long-term and short-term plans necessary to carry it out.

   Strategic planning is not all of planning process, but it can be a major component. *George Steiner* developed the conceptual model of the structure and process of systematic corporate planning. The model consists of the following elements:

* **A plan to plan**.

   This plan is contained in a detailed manual. It sets forth a statement of top management commitment to planing, a set of term definitions to head off communication problems, a statement of required information and documentation, a detailed time schedule, and so on.

* **The four components of the situation audit**.

   At the top of the stacked are "expectations of major outside interests" and "*expectations of major inside interests*". They are fundamental premises in any strategic planning system.

* **A corporate plan: master strategies and programs strategies**

   It consists mission, purpose, objectives, policies.

*   Medium-range plans

These focus primarily on major functions or programs - marketing, production, employee levels, research and development, facilities and the like.

*   Short-range plans

Short-range plans can vary a wide spectrum. Their grade gradually into implementation.

*   Implementation.

*   Review and evaluation.

Ringbakk and *Steiner* have documented several reasons why formal strategic planning might fail. The following list focuses on major pitfalls of the strategic planning process as a whole:

1. Failure to develop throughout the company an understanding of what strategic planning really is, how it is to be done in the company and the degree of commitment of top management to doing it well.

2. Failure to accept and balance interrelationships among intuition, judgment, managerial values, and the formality of the planning system.

3. Failure to encourage managers to do effective strategic planning by basing performance appraisal and rewards solely on short-range performance measures.

4. Failure to tailor and design the strategic planning system to the unique characteristics of the company and its management.

5. Failure of top management to spend sufficient time on the strategic planning process so that the process becomes discredited among other managers and staff.

6. Failure to modify the strategic planning system as conditions within the company changes.

7. Failure to mesh properly the process of management and strategic planning from the highest levels of management and planning through tactical planning and its complete implementation.

8. Failure to keep the planning system simple and to weight constantly the cost-benefit balance.

9. Failure to secure within the company a climate for strategic planning that is necessary for its success.

10. Failure to balance and link appropriately the major elements of the strategic planning and implementation process.

Many firms also have two problems in planning: (**1**) they have difficulty in producing reasonably accurate forecasts, (**2**) they tend to misuse the strategic plan as an operating document. scholar have proposed fallowing specific ways to overcome planning problems:

1. Emphasize the **process** of planning, not the financial details of the plan.

2. Differentiate between the more serious risks to the balance sheet and risks to the profit-and loss statement.

3. Measure the total market and competitive market shares as accurately as possible.

4. Gear the plan, especially spending, to the occurrence of major **events**, rather than to time periods.

5. Plan to expend money step by step as events warrant.

6. Build a second plan based on time periods.

7. Decide in **advance** the criteria for abandoning a project.

8.   Set up a monitoring system.

9.   Make a new five-year plan every year.

10. Avoid excessive publicity about long-term financial goals.

3.6 Summary

In general sense planning is a scheme of action design or method. Planning involve in understanding of the environment assessment of business unssion and objectives and a planning doesemst mecessary mean tryring to project the future. Management by Objectives (MBO) is a process of agseeigng, upon objectives witin are organization. The essence of MBO is to participate in goal setting chossing cosrse of action and decision making.

3.7 Self Assessment Test

1.   Define planning?

2.   Define Process of Planning ?

3.   Explain strategic planning?

5.   Explain various dimensions of planning ?

6.   Give merits and demerits of MBO ?

7.   How Planning is useful for manager if they do it trough MBO?

3.8   Reference Books

_   Principles of Business Management by S.A. Sherlekar and V.S. Shertekar, Himalaya Mumbai.

-     Theory and Behariour by N.S. Gupta, Himalaya, Mumbai.

-     Princilples of Management by B.S. Mathur, National, New Delhi.

-     Management by Stonner and Freeman.

UNIT - 4 : DECISION MAKING

Unit Structure

4.0   Objectives

After studying this unit you should be able to understand:

* Significance and Process of Making Dicision.

* The Types of Decisions.

* Decisions. Making

* Essentials of effective Decision Making.

4.1   Introduction

Decision making is the core of executive activities in a business. It is an intellectual activity which involves selection of best alternatives and options available for performing the task and achieving goals. Decision Making is an integral part of every manager's working life. Every manager has to make decisions while planning, organizing, directing and controlling. Webster dictionary states decision making as the art of determining in one's own mind upon an opinion or course of action. It is also a process of rationally selecting a course of action from among available alternatives to produce a desired result.

The managerial decisions give sense at direction to the organization and determine its functions and future course of action. It is essential for the managers to develop decision making skills. Managers' crucial task is decision making and they need to learn effective decision making. Managers are evaluated on the basis of the quality of decisions they make. Therefore, these skills gain even greater importance for them.

According to Encyclopedia of Social Science, "Decision Making is social process that selects a problem for decision and produces a limited number of alternatives from which a particular alternative is selected for implementation." According to D.E. McFarland- "A decision is an act of choice wherein an executive forms a conclusion about what must be done in a given situation. It represents a course of behaviour chosen from a number of possible alternatives. In the opinion of Allen, "Decision Making is the work a manager performs to arrive at a conclusion or judgement." According to Glueck- "Decision Making is the process of thought and deliberation that leads to a decision."

Thus, Decision Making is the process of selecting a course of action from among the available alternatives in order to achieve a desired goal in a given situation. All the managers make decisions regardless of their levels in the organization.

4.2 Nature of Decision Making

1. **A decision is a Judgement –** It involves rationality and it is at the best a choice between almost right and probably wrong. Executives acting or deciding rationally are attempting to reach some common goal that cannot be attained without action. They must have clear understanding of alternative courses by which a goal can be reached under existing circumstances and limitations.

2. It is a human process involving a great extent the application of intellectual abilities.

3. It involves a time dimension.

4. Decision Making is the core of planning. It is central job because managers constantly choose what is to be done, who is to do, and when, where and how it is to be done.

5. **An Intellectual Activity -**The process of decision making is basically a human and intellectual activity. It is a mental exercise which considers and evaluates all the alternatives for realizing certain objectives. It is a logical process which require creativity, imagination and deep understanding of human behaviour.

6. **An Element of Commitment-**A decision is a resolution or commitment of mind to act in a certain manner in the given circumstances.

7. **It is Pervasive and Result Oriented-** It is needed at every level in the organization. Decisions are vehicles for carrying managerial work load. No decision can be taken without any purpose.

8. **Evaluation of Alternatives Highly Influenced by Environment-** Before taking any final decision, the decision maker evaluates various pros and cons of the different alternatives, implies uncertainty about the final result of each possible action.

9. **Essence of Management-** It is the focal creative psychic event where knowledge, thought, feeling and imagination are fused into action.

10. **Decisions are the Means Rather Than Ends-**It is purposive. It aims at bringing about a resolution of conflicts, attainment of goals and achievement of the desired outcomes.

4.3 Significance of Decision Making

1- **Basis of Managerial Function-** It is the basic thread of the entire managerial process. To plan, organize, direct and control every manager performs a critical role decision making. "Whatever a manger does, he does through making decisions." The managers have also to decide upon various issues related to functional areas like production, distribution, finance and personnel. Thus, it run through entire process of management and all sub-system of an organization.

2- **Heart of Administration-** Management makes decisions just to get the wheels started and to keep them turning on. All goals, strategies, policies and programmes are determined through decisions. Management essentially is a decision making process and top authority is responsible for making decisions and for ascertainings that the decisions are carried out. The central role of management is to make decisions which determine the future of an organization. In organization resources can be mobilized and utilized in the direction of achieving desired goals only by making

decisions and getting them implemented. In the light of pervasiveness of decision making activity in the organizational functioning and its management it seems to be life blood of any organisational system enabling its proper functioning.

3- **Optimum Utilisation of Resources-** Sound and effective decisions contribute to the optimum use of human, physical, financial and informational resources. Such decisions help in proper allocation of resources.

4- **Provides Direction-** First managerial skill is the making of effective decisions. Through the decision making skill a manager gives direction to the efforts and activities of his subordinates. Through creative decisions he focuses on people's skills, time and energy. They motivate and direct their employees and build a team.

5- **Face Challenges and Coping Up with Uncertainty-** Sound decisions are necessary to face challenges posed to the organization. Through effective decisions manager scope up with the changes. With sound decisions, managers can 'thrive on chaos.'

6- **Building Sound Organisation Structure-** H.Simon states that "organisation is a complex network of decisional process." Managers identify the work to be undertaken, assign duties, collect resources, establish departments and coordinate efforts only through making effective and sound decisions.

4.4 Decision Making of Process

Desions making is a logical step by step perocss as illusraated below :
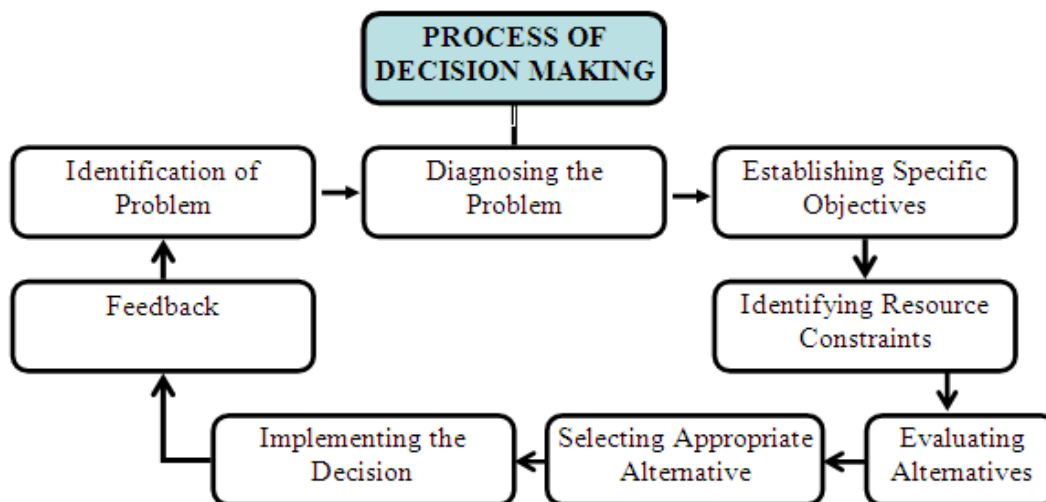
1- **Identification of Problem-** It begins with a problem. Manager must scan the environment for potential change. Any signal, such as declining sales or absentism of employee or any other problem, may alert the decision maker that decision is needed. He should use his skills, knowledge and experience in discovering and identifying problems and opportunities.

2- **Diagnosing the Problem-** It is essential to know the exact nature and cause of the problem. The success of decision maker depends upon his diagnostic skills. It indicates the real cause of the problem. Relevant Information should be collected and thoroughly analysed.

3- **Establishing Specific Objectives-** Manager should clearly state the objectives of making a particular decision. Both qualitative and quantitative objectives should be set. They should be clear, unambiguous, flexible and realistic.

4- **Identifying Constraints –** Managers must determine constraints fore decision and then develop decision criteria. Some of the constraints are resource deficit, skills, information, strong competition coflicts of interests,

5- **Evaluating Alternatives-** Evaluation of each identified alternative is done on the basis of social economic and human resources Here manager compares the pros and cons of each alternative and weighs the possible consequence of each..There is never a best possible decision.

6- **Selecting Appropriate Alternatives-** Good judgement and experience play most important role in selecting an appropriate alternative. Managers also test the different alternative by putting them into practice for a limited period.

There are four approaches to select an alternative:

a) **Satisficing-** In this approach a course of action is good enough to meet the minimum constraint which is selected.

b) **Maximizing-** Managers make a decision that meets the maximum number of criteria.

c) **Optimizing:** Through scientific observation and quantitative measurement optimized solution is worked out and best one is selected.

d) **Idealizing:**. In this approach, the situation in which the problem occurs is changed so that the problem no longer exists. Here the decision maker changes the nature of the system in which a problem resides.

Thus decision making process can change substantially, depending on the approach which a manager chooses. The ability to select the best course of action from several possible alternatives separates the successful managers from the unsuccessful ones.

7- **Implementation and Follow Up-** Once a decision is made it needs to be implemented. Firstly the decision should be communicated to those responsible for its implementation. Secondly, acceptance of the decision should be obtained. Thirdly, procedures and time sequence should be established for implementation. Necessary resources should be allocated and responsibility for specific task should be assigned to individuals. The implementation should be constantly monitored and effects should be judged through periodic progress reports. Significantly, if feedback indicates that the decision is not yielding the expected results, necessary changes should be incorporated. Subordinates should be given proper participation in making decisions.

4.5 Types of Decisions

Decisions are broadly of three types:

A. Programmed and Non-Programmed Decisions

B. Strategic and Tactical Decisions

C. Individual and Group Decisions

A. 1- **Programmed Decisions-** Programmed decisions are the decisions made by managers for solving routine and repetitive problems. The process of decision making in respect of programmed decisions is simplified by decisions rules as no judgement or discretion is needed to find out solution of such problems. They have short-term impact. Here already information is available and on the basis this pre-determined decisions rules can be applied.

2- **Non-Programmed Decisions-** Those problems which are unique in nature especially novel and

non-repetitive. Here information is not available and readymade decisions are not available so there is acute need of high degree of managerial judgement. Solution has to be created for problems and they are generally made at the top level of management.

B.   **1-Strategic Decisions –** These involve long term commitments and exercise an enduring influence on the future of the organisation. They are made by the top level managers on problems areas which are critical for the survival, success and profitability of the organization. Strategic Decisions are formulated after carefully examining the relationship of the organization with its external environment. Full and competent knowledge about resources is required. High judgement and managerial skill is needed to take decisions.

2-   **Tactical Decisions-** These decisions are those that are made to implement the strategic decisions. They translate policies into specific actions. Such decisions are usually made by the lower level managers. These have short term implications and are concerned with routine and repetitive matters arising out of the functioning of an organisation.

C.   **1-Individual Decision Making-** A decision taken by any individual manager is known as the individual decision. There are many non-programmed decisions that are made by an individual in his competent authority. Usually in small and autocratic organisations only one individual takes all the decision.

2-   **Group Decision Making-** Group Decisions are made jointly by managers. Executives working at the same or different levels come together, make decisions on the problem, express their view points on several aspects of the problem. Group decisions are a need of the day. The increasing emphasis on the concept of workers participation in the management, calls for the group decision making process.

4.6 Techniques of Decision Making

Some of the techniques employed to make group decision making process more effective and decision making more efficient, in which creativity is encouraged, are as follows:

1.   **Brainstorming-** Brainstorming technique involves a group of people, usually between five and ten, sitting around a table, in a class-room setting, generating ideas in the form of free association. This generates a variety of ideas and solutions. All these ideas are written on a blackboard with a piece of chalk, so that everybody can see every idea and try to improve upon them. These ideas are now analyzed and unpractical solutions are discarded.

The idea behind the brainstorming session is to have as many ideas generated as possible and no idea is criticized no matter how absurd it sounds and no evaluation of any ideas is made until the end of the discussion. This encourages free-wheeling and one idea sometimes generates another. This free association and unrestricted thinking may generate some novel idea and a unique solution which may not have been thought of before.

Brainstorming technique is very effective when the problem is comparatively specific and can be simply defined. A complex problem can be broken up into many parts and each part taken separately at a time. The process is very time-consuming and it is quite possible that none of the ideas generated would be optimum. But the process itself, being democratic in nature, creates a lot of interest among employees and stimulates their thinking.

2.   **Delphi Technique-** The technique is a modification of brainstorming technique except that it involves obtaining the opinions of experts physically separated from each other and unknown to each other. Generally, the type of problems handled by this technique are not specific in nature or

related to a particular situation at the present. The process is more involved in predicting and assessing the impact on our society of future events in a given area. For example, the Delphi technique may be used to understand the problems that could be created in the event of a nuclear war and after.

Typically, a group of experts is assembled whose specialty lies in a given field and they are asked to give their opinions about a problem or situation that might develop. All these opinions are handled by a central coordinator, who consolidates the opinions and this information is sent back to the experts again for further analysis and opinion refinement.

3. **Nominal Technique-** The nominal technique is very similar to brainstorming, but is considered to be more effective. This may be due to highly structured procedures employed for generating and analyzing the alternatives. It may be more effective than the Delphi technique, because the group members are all physically present. The process is similar to a traditional committee meeting, except that the members operate independently, generating ideas for solving the problem in silence and writing. The group leader or the coordinator either collects these written ideas and writes them on a large blackboard for everyone to see or he asks each member to speak out his solution and then writes it on the blackboard as he receives it. No discussion takes place until all these ideas or recorded. These ideas are then discussed one by one, in turn and each participant is encouraged to comment for the purpose of clarification. After all ideas are discussed and clarified, they are evaluated for their merits and drawbacks and each participating member is required to vote on each idea and assign it a rank on the basis of priority of each alternative solution. The idea with the highest aggregate ranking is selected as a solution to the problem.

Few of the operations research techniques commonly used in decision making are discussed below:

- **Linear Programming-** It is a resource allocation technique. Whenever we have a problem of limited resources, which we want to use optimally, a linear programming model helps in evaluating the alternative resource combinations giving different outputs. However, for the application of this model, there must be a linear relationship between variables. This means that a change in one variable is accompanied by a proportional change in the other variable. For example, if a company has to decide the shipping route of its ship which entails the minimum costs, the distance and cost of shipping are linear variables- any change in distance will directly affect the costs.

- **Queuing Theory-** Whenever a decision involves balancing the cost of a waiting line against the cost of service to maintain that line, it can be made easier with queuing theory. This includes such common situations are determining how many petrol pumps are needed at petrol stations, tellers at bank windows, or check in lines at airlines ticket counters. In each situation management wants to minimize cost by having as few stations as possible, yet not so few as to test the patience of the customers.

- **Game Theory-** Game theory is a mathematical theory that deals with the general features of competitive situations in a formal abstract way. It places particular emphasis on the decision-making process of the adversaries. It leads to assume how a competitor would react to your own strategy. It is like placing strategies and counter strategies on behalf of one's own organization and its adversary so that an ultimately winning strategy can be decided.

- **Probability Theory-** With the help of probability theory, managers can use statistics to reduce the amount of risk in plans. By analyzing the past patterns, a manger can improve current and future decisions.

- **Simulation-** Simulation is the model of a real life situation. Suppose, Raman wants to open a hospital, he would simulate everything he perceives to be in that- number of rooms, number of

doctors, facilities, charging pattern, and so on. No he wants to see whether he should go for a physiotherapy center along with the hospital or not. He would include the variable of physiotherapy center in his model, and see its impact. Now he can compare future scenario of a hospital with a physiotherapy center and without a physiotherapy center. The technique has given him a solid ground for taking this decision. Likewise simulation is used to see the effect of change in different variables in a given set of circumstances.

- **Network Techniques-** There are two popular network techniques- CPM- critical path methods, and PERT program evaluation review technique. These techniques are used to manage projects. The idea is to sequence the activities to be performed in such a way so that the overall time taken in the completion of the project is minimum. Since time is money, completing the project in the minimum possible time increase the returns on the project by manifolds.

4.7 Effective Decision Making

An effective decision can be described as one which is action-oriented, goal directed and provides clear guidlines for implementation. Action oriented decision refers to a decision which specifies various actions to be taken to achieve bjective for which decisions being made.

The value of a decision is dependent on the attainment of a given goal or set of goals, such attainment is a function of both the accuracy of the decision and its implementation. An effective decision is one which indicates the way in which it can be implemented. To ensure the successful implementation, decision making should take into account, all possible external and internal factors affecting it. A very good decision is of no use if it is not possible for the organisation to implement it.

For effective decision making following factors effecting the decision and its implementation should be considered:

1. **Proper Definition of the Problem or Decision Making Situation-** A logical decision can be made only if the problem is properly defined and interpreted. Identifying the real problem and defining it clearly is essential for correct decisions. Therefore, managers should analyse the problem carefully and make a clear understanding of it. This will guide the entire decision making in correct direction and logical sequence.

2. **Identification and Application of Limiting Factors-** Limiting factors means those factors which are critical to the attainment of desired objectives. While choosing from alternatives the limiting factors must be recognized and solved so that the most desirable alternatives can be selected. The limiting factors should be determined after complete analysis of external environment and strengths and weakness of the organisation. This analysis will clarify what the organisation can do and what it cannot do.

3. **Proper Communication System-** For decision making reliable information is needed. Communication in crictical in the pre dicision making as well as the decision making process.

4. **Organisational Structure-** It should be well defined and significant for the conducive decision making. The structure should be flexible and have scope for proper delegation of authority.

5. **Timeliness-** It is essential that the decision is made at proper time if it has to be effective. Delays in decision making can make the decision irrelevant and also result in lost opportunities. The slow growth and failures in organisations are mainly caused by delayed decisions. Also it is to be noted that when decisions are made on time, there is a scope for recovering from mistakes. The managers should set deadlines for decisions and should make decisions within the deadlines.

6. **Standardization of Policies, Procedures and Rules-** To simply decision making it is very important that organizations have standard policies, rules and methods of working.

7. **Training of Executives-** Training and coaching will develop decision making skills and capabilities of managers.

8. **Encouragement to Creativity-** The management should inculcate the culture of respecting and motivating the creativity of individuals so that creative output can be used.

9. **Participative Decision Making-** It should be encouraged as to get maximum contribution, cooperation and commitment of subordinates for implementing decisions.

4.8 Environment of Decision Making

A clear understanding of the conditions under which the decisions are to be made and implemented is essential for making accurate decisions. Conditions under which decisions are made and implemented vary along a continuum from complete certainty to complete uncertainty. There are broadly three types of decision situations based on the amount of information available and the degree of confidence in it. These are:

1- **Certainty-** In conditions where complete and reliable information related to the problem and its solution is available, the environment is of certainty. In such situations the decision maker has full knowledge about the alternatives and their outcomes. Therefore, he is in a position to choose the best alternative. In certainty future events and circumstances can be predicted easily. In this environment decisions made can be programmed or deterministic. Conditions of certainty exist in routine and repetitive decisions where managers rely on established policies and procedures.

2- **Risk-** In conditions where incomplete and less reliable information is there, the environment is said to be of risk. Future events and circumstances cannot be predicted accurately. The decision maker can generate alternative courses of action but he is not assured about their outcomes. Decision making in such an environment is highly subjective as no decision criteria are fully reliable.

3- **Uncertainty-** In environment of uncertainty future circumstances are unpredictable. The information related to decision area is neither available nor reliable. The decision maker does not know the outcomes of the alternative courses of action or their probabilities. In such situations decisions are made on the basis of judgement or experience.

In practice, actually the managers have to make decisions in heterogeneous environment as the decision environment may have all the above mentioned elements. He may have complete and reliable information on some factors, yet for some other factors he can have partial information and for some aspects of the decision absolutely no information may be available.

4.9 Summary

Decision Making is the process of choosing the most appropriate course of action out of all the available alternatives. It is a goal oriented, continuous and intellectual process. Decision Making is the primary and most important function and responsibility of managers. The main types of decisions are strategic and routine; organisational and personal; individual and group; and programmed and non-programmed decisions. The main steps in the process of decision making are define the problem, analyze the problem; identify the alternative courses of action; evaluate and compare the alternatives; choose the best alternative; implement and review the decision. The environment of decision making may be

characterized by certainty, risk and uncertainty. The various techniques of decision making are adopted by managers as per the problem in question and decision making environment and circumstances.

Effective decisions should be action oriented, goal directed and efficient in implementation. Proper timing, flexibility, proper definition of problem communication and participation are guidelines to effective decision making.

4.10 Key Words

- **Decision Making-** The process of choosing a course of action from among alternatives to achieve a desired goal.

- **Programmed Decision-** A routine and repetitive decision.

- **Brainstorming-** A group process, where the members are presented with a problem and are asked to develop as many solutions as possible in free environment.

- **Certainty-** Environment characterized by availability of complete and reasonable reliable information.

- **Uncertainty-** When future environment is unpredictable and information is neither available nor reliable.

- **Risk-** Environment characterized by incomplete and unreliable information.

- **Linear Programming-** A mathematical technique for allocating scarce resources amid internal and external constraints so as to achieve the optimal goal.

4.11 Self Assessement Test

1   Describe fully the steps in decision-making process.

2   Define decision-making. State the characteristics of decision-making.

3   What are various types of decisions?

4   How can you improve the process of decision-making?

5   Describe in brief the important tools used by management while taking decision.

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UNIT - 5 : ORGANISING

Unit Structure

5.0   Objectives

After studying this unit you should be able :

•   To understand the concept of organisation.

•   To understand the nature or organisation.

•   To understand princles and importance of organisation.

•   To understand the types of organisation.

5.1 Introduction

Organisations are a part and parcel of human civilization. Right from the birth an individual begins his journey of being a member of one organisation or the other. Beginning from family, community, society to his occupational and professional groups, he continues to perform his duties and responsibilities as a member of one or more organisations. In common terms, an organisation is group of persons contributing their efforts towards certain goals. An organisation is formed when people combine their efforts for some common purpose. The organisations fulfill a great variety of our societal and personal needs and highly influence our life and activities. The present world is full of various organisations catering to variety of personal, professional, business, economic, social, cultural, political, financial and regulatory needs of individuals and societies. In fact organisations are the key organs through which goals of any nation, business or society are attained.

5.2 Concept of an Organisation

Organisation as a structure means thec network of relationships among jobs and positions in an organisation. It is the structural framework within which the efforts of different people coordinated and related to each other. It is a blue print of how the management will plan various activities and functions to be performed different levels.Process refers to determining, arrangi.In this reference, the term organising is used for relating to organisation as a process. According to Haimann, "Organising is the process of defining and grouping the activities of enterprise and establishing the authority relationships among them. Organising means defining, departmentalizing and assigning activities so that they can be efficiently executed.

Its main task is determining the work to be done, dividing the work and coordinating efforts to accomplish goals.

According to W.R. Scott, "Organisations are defined as collectives that have been established for the pursuit of relatively specific objectives on a more or less continuous basis." Barnard defined organisations as "a system of consciously coordinated activities or forces of two or more persons."

Organisation is also viewed as resources framework within which the responsibilities of management of an enterprise are discharged. An organisation is a dynamic entity consisting of individuals, regarnce, objectives and relationships among the individuals. Through organisation management directs, coordinates and controls the activities of an enterprise.

Characteristics of Organization

The main characteristics of an organisation are:

1- **People-** An organisation is first and foremost a group of people. Therefore the human element is the most important force in the organisation. Before making any policies or decisions, it is vital to consider this human element. It is necessary to understand organisational members' needs, motives and limitations for successful functioning of the organisation.

2- **Common Objectives-** Organisation come into existence to achie common objectives. The common objectives are also responsible for making the organisational members stay together for long time.

3- **Division of Labour-** To attaim objectives trgetes are divided and into divided amang members responsible for their tasks.

4- **Authority Structure-** Through the chain of command the superior-subordinate relationships are defined and accordingly the authority is distributed throughout the organisation.

5- **Communication-** Every organisation has its own channels of communication. Such channels are necessary for mutual understanding and cooperation among the members of an organisation.

6- **Coordination-** A wide variety of activities are carried out in an organisation. All these varied activities are directed towards organisational objectives through coordination mechanisms. Actually organisation basically means coordinated and cooperative efforts.

7- **Optimum Utilisation of Resources-** Sound and effective decisions contribute to the optimum use of human, physical, financial and informational resources. Such decisions help in proper allocation of resources.

8- **Environment-** An organisation functions in an environment comprising economic, social, political and legal factors. Every organisation has to develop mechanisms to adopt to this dynamic environment in order to exist.

9- **Rules and Regulations-** Every organisation has rules and regulations for orderly functioning. These rules and regulations may be in writing or implied from customary behaviour.

5.3 Process of Organising

1- **Determining Objectives-** Objectives decide as to why the proposed organization has been set up and what will be nature of work to be accomplished through the organisation.

2- **Deciding Various Activities-** To achieve the objectives the process of organization is divided into functions, sub-functions and further sub-functions to be performed by an individual. The principles of division of work, specialization etc. are followed.

3- **Grouping of Activities-** Activities of similar nature (or closely related ones) are grouped under departments, sections or division. These may be grouped on the basis of use, coordination, policy and control.

4- **Assignment of Responsibilities of Definite Persons–** Specific job assignments are made to different persons (subordinates) for ensuring a certainty of work performance. Right man is put on the right job.

5- **Delegation of Authority-** Corresponding to the responsibilities given to a subordinate, authority is delegated to him, to enable work performance.

6- **Providing Physical Facilities and Proper Environment-** Provision of right type of physical facilities and environment is essential for the smooth running and prosperity of the organisation.

7- **Monitoring the Effectiveness of an Organisation-** Ensuring that the organisation is working effectively towards goals and making adjustment to maintain or increase effectiveness monitoring is a must.

5.4 Principles of an Organisation

How do organizations goven themselves. certain principles guide this. For our undertanding of organizations some are principles are given under:

1- **Principle of Specialization-** As far as possible, the work of each person should be confined to a single function. In other words, "he should not be a jack of all trades" Since this is not always possible to achieve, it is generally held that related functions should be grouped together under a common superior.

2- **Scalar Principle -** The Organization must have a supreme authority and a clear line of authority should run from that person (or group) down through the hierarchy, e.g. from the Chairman-the Managing Director- Plant Manager- Production Manager- foreman-rank and file employees. The more clear the line of authority (from the ultimate authority for management to every subordinate position) the more effective will be the responsible decision-making and organization communication. This is usually called the scalar principle because the hierarchy is like a scale. The resulting hierarchy is known as the "Chain of Command".

3- **Principle of Efficiency-** The organisation should be planned so that objective can be attained with the lowest possible cost, which may be either money cost or human costs or both.

4- **Principle of Unity of Direction-** There should be one head (or chief person) and one plan of action for each group of activities having a common objective and everyone must work in accordance with the plan towards the objective in one common direction.

5- **Principles of Unity of Command-** Each person should receive orders from only one superior and be accountable only to him, i.e. he should have only one boss. If a person receives orders from more than one boss, the orders may conflict thereby confusing him and often leading to conflicts arising from divided loyalties.

6. **Unity of objective-** An enterprise must have elearly defined objectives for which coordinated efforts must be ensured by people.

5.5 Importance of Organisation

Organization is the foundation upon which the whole structure is built. It is the backbone of sound management. Its importance can be seen as under:

1- **It Supports Administration and Management-** An organization is an important and the only tool to achieve enterprise goals set by administration and explained by management. A sound

organisation helps the management in a number of ways. It increases their efficiency, avoids delay and duplication of work, increases managerial efficiency, increases promptness and motivates employees to perform their responsibility.

2- **It Helps in the Growth and Development of an Enterprise-** Without an organization, an enterprise is just like a man without a body, leaving head and mind (Management and Administration) only. Good organization contributes greatly to the continuity and success of the enterprise. It contributes to the growth, expansion and diversification of the enterprise.

3- **It Ensures Optimum Utilization of Human Resources-** It establishes persons with different interests skills, knowledge and viewpoint: A sound organization brings harmony in their efforts, places right persons in the right positions, improves the communication network and motivates the employee to contribute their best to the goals of the enterprise.

4- **It Stimulates Creativity-** A sound and well conceived organization structure is the source of creative thinking and initiation of new ideas. Delegation of authority provides sufficient freedom to the supervisors at different levels. It develops a sense of responsibility in them and provides recognition of their competence and expertise.

5- **Co-ordination in the Enterprise-** In a good organization different departments perform their function in a closely related manner. Different jobs and positions are welded together by structural relationship of the organization. The organizational pressures exert balanced emphasis on the co-ordination of various activities.

5.6 Organisational Typology

Organisational typology relates to various categories into which organisations can be classified. It indicates a scheme of categorization of organisations based on certain general characteristics. For instance, organisations may be classified on the basis of size, constituents, functions etc. Typology is a valuable tool of organisational analysis. It provides an insight into the working of actual organisations. Because modern organisations are complex entities having diverse characteristics, organisational typology provides a multidimensional classification of organisations.

Organisations can be classified in many other ways. However one must remember that the organization fullfills peopleas need and hence they are social in nature. They tocihtate sociolization. Almost all types of organization are formal to large extent an also informal in nature.

1. **Formal Organisation-**

Formal organisation srefers to a formally created structure of jobs and positions with clearly defined function and relationship. For example, a college is a formal organisation created to disseminate education to degree level students. It has a formal structure of administrative staff and faculty with different roles and a defined set of activities to be performed by them. Its features are:

• Formal organisation is consciously designed.

• It provides for specialization.

• It is based on delegated authority.

• Responsibility and accountability of each level is clearly defined.

• The principle of unity of command is usually observed.

• It is deliberately impersonal.

• It is supported by organisational charts.

Advantages of Formal Organisation:

- Minimizes the conflict as it has definite boundaries of task.

- Clarity in the channels of communication.

- Overlapping of activities are avoided.

- Effective vehicles for accomplishment of goals.

Disadvantages of Formal Organisation:
- Authority is sometime over exercised. Also, it becomes an end in itself.

- There is no consideration for values and sentiments of the persons.

- It may impede informal communication.

- It emphasize structure rather than people.

2. Informal Organisation-

Informal organisation is a network of informal groups which emerge because of human need for interaction within an organization. When people work at one place, there tend to emerge personal relationships among them which take form of various groups. Such groups may have social ties, more interactions and informal friendly associations. Such informal organization also contribute to organizations functioning.

Features of Informal Organisation:

- It is based an personal attitudes, emotions, likes and dislikes.

- It provides social satisfaction to its members.

- is an integral part of a total organization and the management cannot eliminate it.

- It has no place in the formal chart.

- It is a network of personal and social relations.

- It has its own rules and traditions.

- It has no structure.

Advantages of Informal Organisation:

- It creates sense of belongingness and reinforcing each members individual personality and self image.

- There is a high consideration for emotions and values.

- It increases group efficiency by changing work assignment and by increasing the specialization of task.

- It creates necessary environment for individual innovation and originality.

- It provides rapid channel of communication.

Disadvantages of Informal Organisation:

- It creates high resistance to change.

- An informal organisation sometimes functions as carrier of rumour.

- Informal organisation is often riddled with factionalism and power politics.

- As informal groups try to meet the social needs of their members, there is a natural tendency to produce role-conflict.

Comparison between Formal and Informal Organisation.

Basis	Formal Organisation	Informal Organisation
Formation	It is well planned & created deliberately.	It is unplanned & originates naturally.
Focus	It is built around jobs.	Built around people & their roles.
Goals	Profits & services to society.	Satisfaction of members.
Emphasis	It emphasizes official positions in terms of authority & responsibility.	The emphasis is on the people & their relationship.
Power	It has positional power.	It has personal power.
Control	Rigid rules & regulations control the organization.	Group norms & values control the organization.
Communication	Official & well defined paths. One way & slow flow of information.	Unspecified channels. Two way and fast of information.

3-   Line Organisation-

This is the simplest type of organisation where the authority is embedded in the hierarchical structure and it flows in a direct line from the top of the managerial hierarchy down to different level of managers and subordinates and down to operative levels of workers. It clearly identifies authority, responsibility, and accountability at each level. These relationships in the hierarchy connect the position and tasks of each with those above and below it. There is clear unity of command so that a person at each level is independent of any other man at the same level but only is responsible to the person above him. The line personnel are directly involved in achieving the objectives of the company.

This type of organisational structure is especially useful when the company is small in size and the employees have a sense of belonging and they become involved. Also, the decision making process is easier and quicker. A simple line structure is given below.
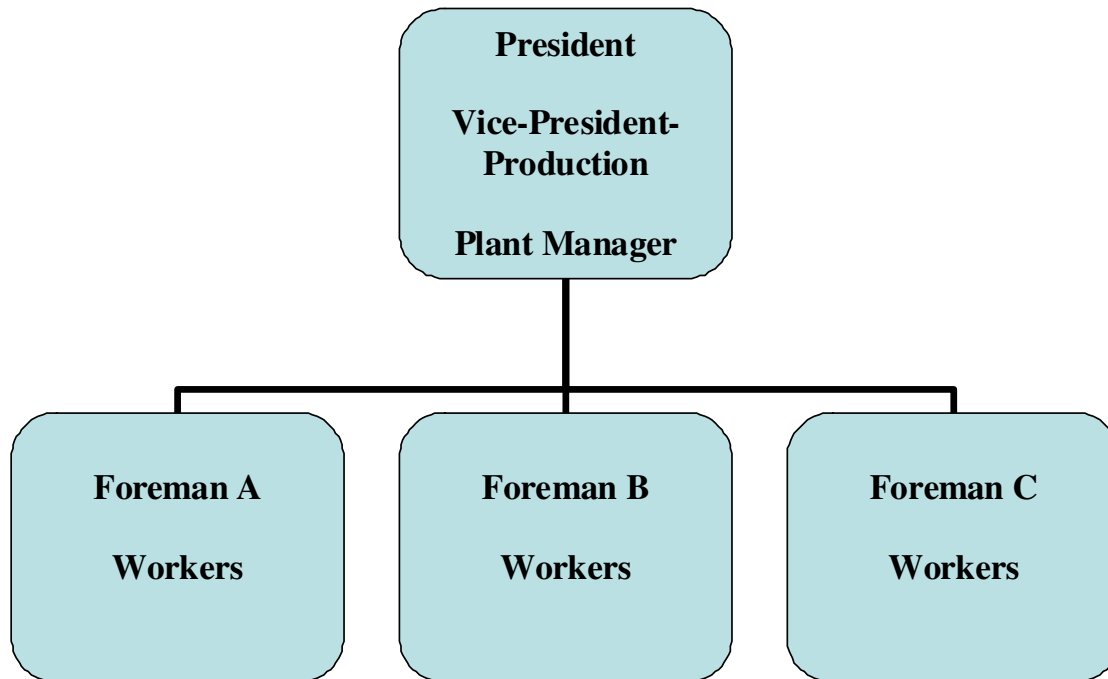
The line organisation can be a pure line or departmental line type. In the pure line type set-up- all similar activities are performed at any one level, Each group of activities is self-contained and is independent of other units and is able to perform the assigned duties without assistance of others. In a departmental line organisation- the respective workers and supervisors are grouped on a functional basis such as finance engineering, personnel, sales, etc.

The merits of the line organisation are as follows:

- **Simplicity-** It is the simplest of all types of organisations. It can be easily established and easily understood by the workers.

- **Clear Cut Division of Authority and Responsibility-** The authority and responsibility of every person is clearly defined. Everyone knows as to whom he can issue orders and to whom he is accountable. Further it is easier to fix up the responsibility if there is any lapse anywhere in the performance of activities.

- **Strong Discipline-** Because of direct authority responsibility relationships, discipline can be maintained more effectively. Direct supervision and control also help in maintaining strong discipline among the workers.

- **Unified Control-** Since the orders are given by one superior, there is no confusion among the subordinates. This ensures better understanding and quick action.

- **Prompt Decisions-** As the superiors enjoy full authority quick decisions are taken by them. Such decisions are executed promptly also.

- **Flexibility-** Since each departmental head has sole responsibility for his department he can easily adjust the organisation according to the changes in business situation.

The demerits of the line organisation are as follows:

- **Heavy Burden of Work-** Since the departmental head has to look after all the activities of his department he is over burdened with work. He may neglect some of the duties and there may be some inefficiency in management.

- **Concentration of Authority-** It is dictatorial in nature as all important power is concentrated in the hands of a few top executives. If they are not able the enterprise will not be successful.

4. **Line and Staff Organisation-**

   The line and staff organisation refers to a pattern in which the staff specialists advise the line managers to perform their duties. Thus, in a firm engaged in the manufacture of dyes and chemicals, the works manager, marketing manager and the finance manager are line officials while functions like personnel management, quality control, public relations and accounting are staff functions. Thus, the line and the staff are two types of organisational relationships.

The characteristics of the line and staff organisations are:

- Managers are of two types- Line Managers and Staff Managers.

- The line managers perform the functions of- decision making, issuing orders and controlling while the staff managers perform the functions of advising, assisting and providing expert and specialized services.

- There is a unity of command.

- There is a scalar chain.

Merits of the line and staff organisation are:

- **Specialization:** It is based on planned specialization. The line managers get the benefit of specialized knowledge of the staff specialists at various levels.

- **Encouragement to Research and Development Programmes:** The growth of an enterprise depends largely upon various research and development programmes. The staff provides this service to the line departments.

- **Balanced Decisions:** The line managers may not have specialized knowledge in all areas and due to this line managers may sometimes give wrong orders or pass wrong judgement. The suggestions and advice given by staff manager help them in making rational judgment and balanced decisions.

- **Less Burden on the Line Managers:** The staff managers relieve the line managers from the botheration of concentrating on the specialized functions like accounting, selection and training of employees, public relations, etc. Thus, there is less burden on line managers. Many problems that are ignored or poorly handled in the line organisation can be properly covered. It is more flexible.

   Demerits of the line and staff organisation are:

- **Confusion:** It is very difficult to clearly establish the authority and responsibility relationship between the line and staff executives. This creates confusion.

- **Ineffectiveness of the Staff:** The role of the staff is purely advisory. Since they do not have the power to get their recommendation implemented the staff services may prove to be ineffective.

- **Conflict Between the Line and Staff:** There is generally a conflict between the line and staff executives. The line authorities feel that staff executives do not always give right type of advice and therefore reject even some very good schemes. Line authorities do not want to give and impression to management that they are in any way inferior to the staff. Thus, there is always a conflict between the line and staff organisations.

5. **Functional Organisation-**

   In the functional organisation, all activities in the enterprise are grouped together according to certain functions like production, marketing, finance and personnel and are put under the charge of

different persons. The person-incharge of a function follows it throughout the organisation and also controls the individuals working in that functional area. This means that if a person performs several functions, he will be under the direct charge of several persons-in charge of these functions. The functional incharge is an expert in his own field. It is rare to find a pure functional organisation. However, many business enterprises follow functional plan to some extent to carry out the primary functions. The characteristics of functional organisations are:

- The work is divided into specialized functions.

- The superior specialist commands an authority and therefore gives orders relating to his specific functions throughout the line.

- The specialist must be consulted before any decision is taken on matters relating to his specialized area.

- The responsibilities of functional authority are mainly discharged by other executives.

- It is flat topped organisation in comparison to the line organisation. A specialist can supervise a large number of employees while in the line organisation, a specialist supervises a limited number of subordinates.

Merits of the functional organisation are as follows:

- **Specialization:** It ensures a greater division of labour and enables the concern to take advantage for specializations of functions.

- **More Efficiency:** Efficiency of workers is increased as the workers and other have to performs a limited number of operations and they get suggestions and instructions from specialists.

- **Separation of Mental and Physical Functions:** It ensures the separation of mental and physical functions. This ensures better control of the working of the different sections.

- **Economy:** Standardization and specialization in various field facilitates production on a large scale resulting in economy in production.

- **Expansion:** It offers a greater scope for expansion as compared to the line organisation. It offers a greater scope for expansion as compared to the line organisation. It does not face the problem of limited capabilities of a few line managers. Their expert knowledge of the functional managers facilitates better control and super vision in the organisation.

Demerits of the functional organisation are:

- **Confusion:** The operation of functional organisation is too complicated. Workers are supervised by a number of bosses. This results in overlapping of authority and thus creates confusion in the organisation.

- **Lack of Co-ordination:** Under this, the work is divided into parts and sub parts. It poses difficulties in coordinating the functioning of different parts. Thus, it is difficult to take quick decisions.

- **Difficulty in Fixing Responsibility:** Because of multiple authority responsibility for poor performance cannot be fixed easily on a particular person.

- **Conflict:** Supervisory staff of equal rank may not always agree on certain issues. Therefore, there may be frequent conflicts which may lead to non performance.

This type of organisation is suitable for all kinds of enterprises irrespective of their nature or size. But it can be practiced more successfully at the higher levels of the organisation than at the lower levels.

6- Matrix Organisation-

Matrix organisation is the concept of project structure but much more complex and comparatively more permanent. It is used primarily for unique custom tasks to achieve new and sophisticated products or services. It requires that diverse technical expertise be co-ordinated quickly and closely. These organisations cope with dynamic and rapidly changing conditions much more efficiently and are used highly successfully in advanced weaponry systems development and space projects. Greiner sees matrix organisation in which cross-functional teams are used. As a response to growing complexity associated with the organisational growth Line authority flows down from superior to subordinate. The project authority flows across because the authority is really assigned for coordinating efforts which is a horizontal function rather than giving orders.

This structure violates the unity of command and the scalar chain principle of a classical organisation, since each person working on the project has two bosses the project manager and the functional manager and there is an inherent conflict under such circumstances.
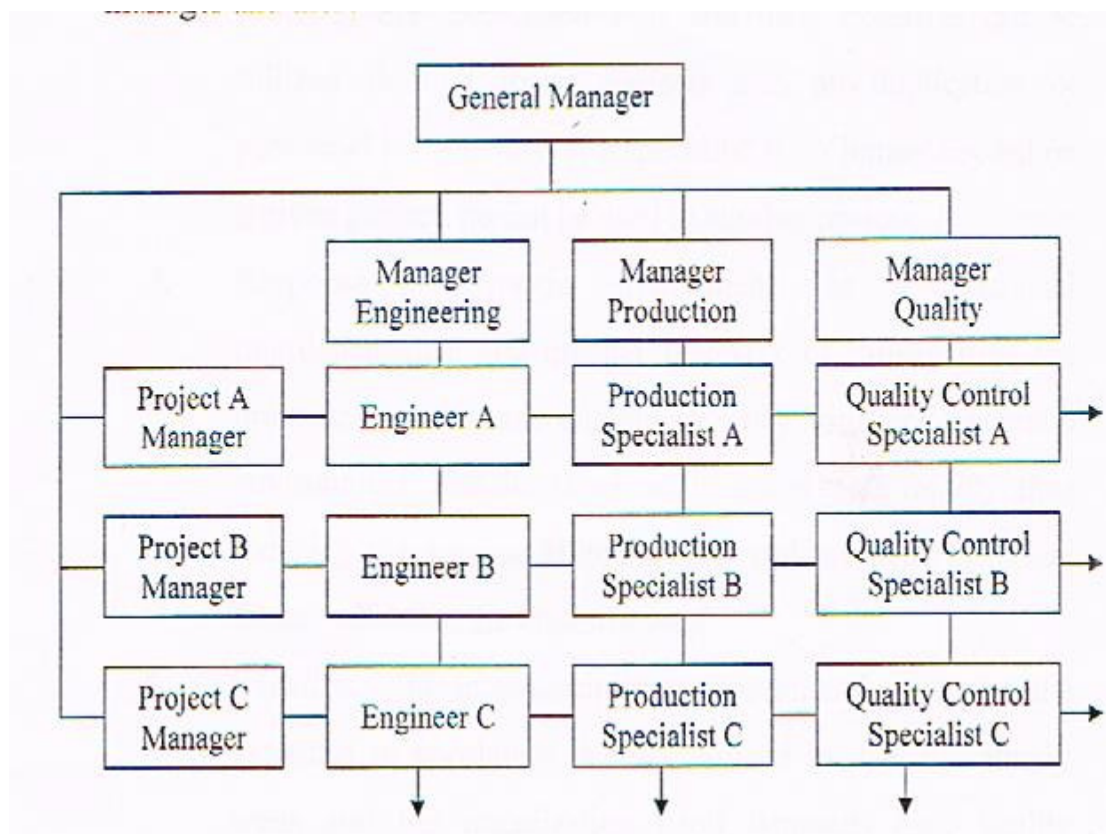
Figure : Vertical Flow of Functional Authority

By its very nature matrix type of organisation is more democratic, human and participative with emphasis on interdependence of departments and increased collaboration and cooperation between a wider range of people. It has a number of advantages. Some of these are:

- Increased co-ordination and control. The project manager is in a position to coordinate the many inter-related aspects of particular project since there is both vertical as well as horizontal communication this coordination leads to greater and more effective control over operations.

- Full use of all available resources: Since the matrix organisation, at any given time, is handling a number of projects, the specialized staff and their expertise can be utilized though many projects and no duplication of personnel is necessary. If a specialist is no longer needed on a given project, he can be used in another project.

- Response to dynamic environment due to functional interdependence and quicker feedback of information. The organization responds quickly to a changing and uncertain environment. The decisions can be made more rapidly, thus reducing the adverse effects of any sudden changes in any factors affecting the organisations.

- Excellence in inter-disciplinary specialization: Since the expertise of specialists is fully utilized in interdisciplinary areas and the organisation itself demands high quality solutions of complex problems, these opportunities provide a sound basis for expanding the technical excellence into many interdisciplinary activities.

- Top management has more time for strategic planning and policy formulation. Since most of the authority is delegated to project managers, it leaves the central management comparatively free to get involved in long range planning rather than operational activities

- Improving motivation and personal development. It is well known that people working together on a project, with a team spirit, operate in a more participative manner. This improves coordination and harmony, which in turn increases commitment to the organisational goals due to high motivations. Also due to participative nature of decision making process, the team members are constantly accepting challenges and thus it broadness their outlook and provides grounds for personal as well as professional development.

The matrix structure of organisation suffers from some of the following weakness:

- **Violation of Unity of Command Principle:** Since there is more than one supervisor for each worker it causes confusion and conflict and reduces effective control. To avoid this problem frequent meetings of managers is necessary.

- **Administrative Costs:** There is continuous communication both vertically as well as horizontally which increases paperwork and costs. Unlike the simpler authority structure, there are more meetings and more discussions at the cost of the actual productive paper work, thus further increasing the administrative costs.

- **Pressure of Jobs:** The individuals have too many demands placed on them, for in addition to their regular responsibilities, they are involved in additional meeting and paperwork and there is a role conflict as well as role ambiguity. Role conflict is difficult to be avoided since they are all specialists and they have to report to more than one supervisor and this different supervisor may have conflicting demands and expectations. Role ambiguity exists because the exceptions are unclear. The decisions made by junior personnel can be overruled by superiors so that the authority and accountability remains unclear. These difficulties can have an adverse effect on motivation.

- **Balance:** It is difficult to achieve a balance between the projects technical and administrative aspect. It is difficult to get highly technical engineers and scientists to accept the administrative cost restraints. Also a balance has to be achieved between the authority of project heads and functional managers and their respective responsibilities, which may be difficult.

Some of these difficulties can be avoided in a matrix organisation and the structure fully utilized by

carefully defining the individual roles between functional and project heads and setting up of training programmers in building team spirit and adoption of appropriate conflict resolution practices.

7- Committee Organisation-

Committee is usually considered as a separate type of organization structure. According to Terry and Franklin- A committee is a body of persons elected or appointed to meet on an organized basis for the discussion and dealing of matters brought before it.

Main principles of the Committee Organisation are as under:

- **Principle of Minimum Number of Members:** The number of members of the committee should not be very large. There must be maximum 5 or 6 members in the committee so that it may be managed properly.

- **Principle of Inclusion of Concerned Experts:** Only those persons must be included in the committee organisations who are concerned with the particular works.

- **Principle of Regular Meeting of Committee:** The meetings of the committee must be called in proper manner and every member of the committee must be duly informed of the meetings of committee.

- **Principle of Agenda of the Committee:** The meetings must be conducted in accordance with the programme which must be pre-determined.

Merits of the Committee Organisation are as under:

- **Pooling of Knowledge and Experience:** In committee organisation, knowledge and experience are pooled together and decisions are arrived at through group deliberation and judgement. Normally the organisational problems do not fall into any single specialized area but require the use of expertise of individuals with different backgrounds, therefore committees become very useful.

- **Facilitate Coordination-** Committees are very useful for coordinating activities among various organisational units. A committee is especially useful for coordinating, planning and execution of programmes. In modern large organisations, it is too difficult to coordinate every activity, every subordinate plan and every expenditure. A committee can bring all these together. It permits the individuals not only to obtain first hand a picture of overall plans and of their place in them but also to contribute suggestions on the spot for improvement of plans. Thus committee provides the opportunity for reaching agreement on the steps of coordination.

- **Representation of Interest Groups-** In institutions where people from diversified groups should have their say in the functioning of organisation, committees are quite useful. The representation of various interest groups ensures that these groups will feel a sense of loyalty and commitment to the decisions reached.

- **Consolidation of Authority-** Committees are useful to consolidate splintered authority. In situations demanding authority of various managers on different positions and divisions in organisation. Therefore the manager cannot solve a problem without simultaneous exercise of authority by other managers related to the problem.

Demerits of the Committee Organisation are as under:

- **High Cost:** Committees involve a high cost both in terms of time and money. Committee meetings consume time of a number of managers, which would otherwise be utilized in other tasks. Sometimes the lengthy meetings and discussions turn out to be useless and also short meetings tend to be a mere formality. Direct costs (travelling and others) and indirect costs (regular salary paid for their routine jobs from which they give a lot of time to meetings), both are considerable.

- **Slow Decisions:** Because of the group decision making and other formalities and arrangements involved, committees lead to slow decisions. In meetings each person is to be heard, which takes a long time. Matters requiring urgent action cannot be efficiently dealt with meetings.

- **Splitting of Responsibility:** In committees, and group decisions, the level of responsibility felt by members is low as compared to individual decision making. No member really feels himself responsible for group decision which leads to split responsibility.

- **Indecision:** Meetings may be adjourned because of lack of time, and result into dead lock on the matter or no action.

  Also because of the compromise and leveling effect (the tendency of bringing individual thinking in line with the average quality of group thinking) the committee decision may not be the best decision.

5.7   Factors Affecting Organisation Structure

Following factors affect the structure and design or an organization:

Division of Labour: Adam Smith emphasized on the division of labour in his celebrated work, Wealth of Nation. In the early twentieth century, Henry Ford used assembly line operations for manufacturing automobiles. He assigned a specific repetitive task to each worker. The whole tasks were broken into number of smaller steps or activities. Each step was required to be completed by separate individual. Thus, the individual attained specialisation in performing that particular activity. The manufacturing sector has been using the work specialisation extensively all over the world.

The positive features of division of labour overshow the negative features. Hence, the work specialization has been widely used as an important means for enhancing productivity in the organisation.

Delegation of Authority: Delegation is the process that a manager follows in dividing the work assigned to him so that he performs that part, which because of his position he can perform effectively. Delegation is legitimate authorisation to a manager or employee to act in specified ways. It enables him to function independently without reference to the supervisor but within the limits set by the supervisor and the normal framework of organizational objectives, policies, rules and procedures. Thus, delegation involves: a) entrustment of work to another for performance, b) grant of power, right or authority to be exercised to perform the work, c) creation of an obligation on the part of the person accepting delegation.

Delegation of authority is one of the most important elements in the process of organisation. Organisations are characterised by a network of activities and roles. Delegation is the process through which the interrelationships are created among individuals in their different roles in the organisation. Delegation is necessary because it is physically impossible for a single man to look after the affairs of a large organisation. The success of a manager lies in his ability to multiply himself through other people. The organisations of today are not only large but also complex in character. No manager can claim to have all the skills and expertise to perform all the diverse kinds of jobs. Again, large scale business activities are not confined to one place. It may have several branches and units at several places. Delegation becomes a necessity for running these branches.

An organization is a continuous process. Managers may go and come but the organisation continues. Delegation provides continuity of operations in the organisation. The process of delegation helps managerial development in an organisation. Thus, a delegation is important for any organisation because it reduces the burden of the managers and leaves him free to look after important matters of the organisation. It is a method by which subordinates can be developed and trained to take up higher responsibilities. It provides continuity to the organisation and creates a healthy organisational climate by creating better understanding among the employees.

Departmentation: The division of labour divides the jobs into smaller activities. In order to

coordinate these activities, they are grouped together. The basis by which these activities are grouped together are known as **departmentalisation**. It may be defined as the process of forming departments or grouping activities of an organisation into a number of separate units for the purpose of efficient functioning. This term vary a great deal between different organisations. For example, in business undertaking, terms are division, department and section; in Government these are called branch, department and section; in military, regiment, batallion groups and company.The impact of departmentation is a delineation of executive responsibilities and a grouping of operating activities. Every level in the hierarchy below the apex is departmentalised and each succeeding lower level involves further departmental differentiation.

Span of Control: The departmentation reflects the types of jobs which are grouped together. Different persons are involved in performing these jobs. They are required to be supervised closely. **Span of control** refers to the number of individuals a manager can effectively supervise. Thus, it is expected that the span of control, that is, the number of subordinates directly reporting to a superior should be limited so as to make supervision and control effective. This is because executives have limited time and ability.

It is sometimes suggested that the span of control should neither be too wide nor too narrow. In other words, the number of subordinates should not be too large or too small. The number of subordinates cannot be easily determined because the nature of jobs and capacity of individuals vary from one organisation to another. Moreover, the actual span of supervision affects the organisation in different ways. A wide span results in fewer levels of supervision and facilitates communication. It permits only general supervision due to the limited availability of time. Narrow span, on the other hand, requires multiple levels of supervision and hence longer time for communication. It is more expensive and complicates the process of communication. A narrow span, however enables managers to exercise close supervision and control. Although there are certain limits to the span of control, the tendency in recent years has been to avoid specifying absolute number because it has been recognised that the ideal span depends on a number of factors.

the project team members are coming from different organizations of part of the organization. They will all have a temporary assignment to the project. So, they have not only a project boss (the project manager, that might be you), but also their 'normal' boss, who orders him around when the employee is not in the project. These 'normal bosses' are an important group of stakeholders.

The project organization should be a result from the project strategy; it should be constructed in such a way that the strategy can be implemented within the environment of the project ("look what the dog brought in, a presumptuous sentence"). A very obvious example: if the strategy contains an aspect of having independent reviews, the organization should support its independence, by creating a separate working group with no ties to the other team members, e.g. But, I'm a little too far now mentioning working groups and the like.

The project team that does the work should be as small as possible. Small is beautiful, and effective. Don't start inviting everyone to the organization. Only people who have an added value and will spend a significant amount of time to the project can be in the core organization.

5.8 Trends in Organisational Structuring

Organizational circle: moving back to flat

The flat structure is common in entrepreneurial start-ups, university spin offs or small companies in general. As the company grows, however, it becomes more complex and hierarchical, which leads to an expanded structure, with more levels and departments.

Often, it would result in bureaucracy, the most prevalent structure in the past. It is still, however, relevant in former Soviet Republics and China, as well as in most governmental organizations all over the world. Shell Group used to represent the typical bureaucracy: top-heavy and hierarchical. It featured multiple levels of command and duplicate service companies existing in different regions. All this made Shell apprehensive to market changes, leading to its incapacity to grow and develop further. The failure of this structure became the main reason for the company restructuring into a matrix.

Starbucks is one of the numerous large organizations that successfully developed the matrix structure supporting their focused strategy. Its design combines functional and product based divisions, with employees reporting to two heads . Creating a team spirit, the company empowers employees to make their own decisions and train them to develop both hard and soft skills. That makes Starbucks one of the best at customer service. Some experts also mention the multinational design, common in global companies, such as Procter & Gamble, Toyota and Unilever. This structure can be seen as a complex form of the matrix, as it maintains coordination among products, functions and geographic areas. In general, over the last decade, it has become increasingly clear that through the forces of globalization, competition and more demanding customers, the structure of many companies has become flatter, less hierarchical, more fluid and even virtual.

Team

One of the newest organizational structures developed in the 20th century is *team*. In small businesses, the team structure can define the entire organization. Teams can be both horizontal and vertical. While an organization is constituted as a set of people who synergize individual competencies to achieve newer dimensions, the quality of organizational structure revolves around the competencies of teams in totality. For example, every one of the Whole Foods Market stores, the largest natural-foods grocer in the US developing a focused strategy, is an autonomous profit centre composed of an average of 10 self-managed teams, while team leaders in each store and each region are also a team. Larger bureaucratic organizations can benefit from the flexibility of teams as well. Xerox, Motorola, and Daimler Chrysler are all among the companies that actively use teams to perform tasks.

Network

Another modern structure is network. While business giants risk becoming *too clumsy to be proactive (such as), act and react efficiently*, the new network organizations contract out any business function that can be done better or more cheaply. In essence, managers in network structures spend most of their time coordinating and controlling external relations, usually by electronic means. **H & M Hennes & Mauritz AB** (operating as **H&M**), is a Swedish clothing company, known for its fast fashion clothing offerings for women, men, teenagers and children. H&M has around 2,000 stores in 37 countries and employs around 76,000 people. H&M is outsourcing its clothing to a network of 700 suppliers, more than two-thirds of which are based in low-cost Asian countries. Not owning any factories, H&M can be more flexible than many other retailers in lowering its costs, which aligns with its low-cost strategy. The potential management opportunities offered by recent advances in complex networks theory have been demonstrated including applications to product design and development, and innovation problem in markets and industries.

Virtual

A special form of boundaryless organization is *virtual*. It works in a network of external alliances, using the Internet. This means while the core of the organization can be small but still the company can

operate globally be a market leader in its niche. According to Anderson, because of the unlimited shelf space of the Web, the cost of reaching niche goods is falling dramatically. Although none sell in huge numbers, there are so many niche products that collectively they make a significant profit, and that is what made highly innovative Amazon.com so successful.

5.9 Case Study

Nokia reshuffles organisational structure (11 May 2010)

Nokia is reshuffling its organisational structure for the second time in less than a year, with an aim to accelerate product innovation and software execution in line with its goal of integrating content, applications and services into its mobile computer, smart phone and mobile phone portfolio.Under the new simplified structure, Nokia's devices and services business will comprise of three units, Mobile Solutions, Mobile Phones and Markets.

According to Nokia, the new Mobile Solutions unit will concentrate on the company's high-end mobile computer and smart phone portfolio. Based on both the MeeGo and Symbian software platforms respectively, these devices will be tightly integrated with Nokia's internet services. The renewed Mobile Phones unit will focus on Nokia's mobile phone market and drive the direction of Series 40 mobile operating system. Both the Mobile Solutions and Mobile Phones units will have portfolio management, including product planning, R&D and dedicated software assets. Markets will be responsible for Nokia's 'go-to-market' activities, including sales and marketing, management of Nokia's global supply chains and sourcing operations, the company said.

In addition, Nokia also announced changes among its senior executives. The Mobile Solutions unit will be headed by Anssi Vanjoki and be comprised of MeeGo Computers, led by Alberto Torres, and Symbian Smartphones, led by Jo Harlow. Rich Green has been appointed as the chief technology officer, assuming responsibility for driving common technology architecture across Nokia.

The Mobile Phones unit will headed by Mary McDowell, who will work closely with Services to add value to lower-end devices through offerings such as Ovi Life Tools, Ovi Mail, Ovi Store and Nokia Money. Markets will be headed by Niklas Savander. Rick Simonson, who currently heads Mobile Phones, will retire from full-time duties at Nokia and will continue as a senior advisor to Nokia, focusing on Nokia Siemens Networks, until the end of the year. Olli Kallasvuo, CEO of Nokia, said: "In addition to extending our leadership in mobile phones, we are decisively moving to respond faster to growth opportunities we expect in smartphones and mobile computers. "Nokia's new organisational structure is designed to speed up execution and accelerate innovation, both short-term and longer-term. We believe that this will allow us to build stronger mobile solutions, a portfolio of products and integrated services that connect people and enable new ways of communicating, sharing and experiencing mobility."

5.10 Summary

This unit discusses the organisation, its nature, process, principles and types. Simply an organisation is a group of people working together to achieve common goals. It is a process of coordination, framework of internal relationships, communications and it defines authority and responsibility in a formal manner. The process of organising involves-determining objectives, deciding various activities, grouping of activities, assignment of responsibility delegation of authority, providing physical facilities and proper environment. Principles of unity of objective, specialization, scalar chain, efficiency, unity of direction and unity of command are the main principles of organisation. There are a variety of organisations and a number of

types of organisations. The main types of organisations are formal and informal organisations; line, line and staff, functional, matrix and committee organisations.

5.11 Key Words

- **Organisation-** A system where its different components make collective efforts towards achievement of its common goal.

- **Structure-** Formal and established pattern of relationships in an organisation.

- **Environment-** The business environment of a firm comprising economic, social, political, cultural, legal and geographic factors which critically affect the working of organisation.

- **Delegation-** The sharing or handling over of authority and responsibility to a subordinate.

- **Line Functions-** Those functions in an organisation which are perceived to be directly contributing to the organisation's objectives.

- **Staff Functions-** Functions which are advisory or auxiliary in nature but do not directly contribute towards organisational objectives.

- **Functional Structure-** The organisational structure where in activities and tasks are grouped divided into smaller groups on the basis of their belonging or contributing to a particular function such as manufacturing, marketing, finance etc.

- **Product Structure-** An organisation in which activities and tasks are grouped on the basis of individual products or product lines.

- **Matrix Structure-** Used generally for project execution which requires the services of skilled functional people and the specialized knowledge of product specialists. Matrix Structure is a combination of the functional and product structures and its distinguishing characteristic is dual authority.

- **Hierarchy:** Arrangement of positions in the organisations from higher to lower levels.

- **Bureaucracy:** A structure with highly routine operating tasks achieved through specialisation, formal rules and regulations.

- Delegation is the process through which the interrelationships are created among individuals in their different roles in the organisation.

- **Chain of Command:** The unbroken line of authority that flows from the top of the organisation to the lowest level and clarifies as to who reports to whom?

- **Departmentalisation** may be defined as the process of forming departments or grouping activities of an organisation into a number of separate units for the purpose of efficient functioning.

- **Span of control** refers to the number of individuals a manager can effectively supervise.

- **Tall organization structure** is a "long chain of command" running from the top of the organisation eg Chief Executive down to the bottom of the organisation eg shop floor worker.

- **Flat organisation structure** will have relatively few layers or just one layer of management. This means that the "Chain of Command" from top to bottom is short and the "span of control is wide".

- In a **centralised organisation** head office (or a few senior managers) will retain the major responsibilities and powers.

- · **Decentralised organisations** will spread responsibility for specific decisions across various outlets and lower level managers, including branches or units located away from head office/head quarters.

- · **Project Organization** is a structure that is specifically designed for executing projects. It is specifically tailored to meet the demands of complex projects by isolating unique work and maintaining a strong focus on completing the project.

- · **Span of Management:** The number of subordinates a manager can efficiently and effectively direct.

5.12 Self Assessment Test

1   Define the term organisation. Discuss its characteristics.

2   Explain in detail the concept of organisation and differentiate between organisation and organising.

3   Explain the main principles of organisation.

4   Discuss in detail the various stages involved in organising process.

5   What are formal and informal organisations? Discuss their merits and demerits.

6   Describe the types of organisation on the basis of organisation structure.

7   Discuss the significance of organisations.

8   What is the difference between line organisation and line and staff organisation?

9   What are the factors that lead to adoption of matrix structure of organisations?

10   What is committee organisation? What are its merits and demerits?

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UNIT – 6 : DELEGATION OF AUTHORITY AND DECENTRALIZATION

Unit Structure

6.0   Objectives

After completing this unit you will be able to:

- Describe the meaning of authority.

- Point out various theories of authority.

- Explain the limitation on authority.

- Understand the meaning and benefits of delegation

- Point out the process of delegation and problems in delegating authority.

- Describe the basic guidelines to secure better delegation.

- Describe the meaning and advantages of decentralization.

- Determine the degree of decentralization in your organizations.

- Know how to decentralize effectively.

6.1   Introduction

An organizational structure cannot be conceived without authority. Authority is the key to managerial jobs. The basic purpose of authority is to maintain order. The term authority is usually identified with power. It is power that directs others what to do and to see that how they do it.

Authority is said to be the 'glue that holds organizations together'. Authority avoids the Problem of uncertainty and disorder in the organization. It ensures cooperative action and satisfactory progress toward group goals. Every organization faces a challenging task of reducing the variability, instability and unpredictability of individual human acts. Without formal authority relationships people may not be able to combine their efforts to achieve organizational goals. "Authority, by assigning well-defined roles to organizational participants, avoids behaviour that is entirely 'spontaneous and unrehearsed' and ensures identical behaviour patterns that are necessary to the work of organization." Thus, authority is 'an essential and critically important dimension to life in organizations'.

6.2   Authority

The term authority has been defined by many academics. Some of such definitions are given below:

According to Louise A. Allen, "Authority is the sum of power and rights entrusted to make possible the performance of the work delegated".

According to Henry Fayol, "Authority is the right to give order and the power to exact obedience."

According to Frankin G. Moore, "Authority is the right to decide the power to act to carry out decisions."

According to Chester Bernard, "Authority is the character of an order in a formal organisation by virtue of which it is accepted by the members of that organisation as governing the action, they contribute that is governing or determining what they are to do or not to do so far as the organisation is concerned."

In the words of R.C. Davis, "Authority is the right to exercise executive leadership. It is the rights to plan, organize and control the organizational activities for which the executive is responsible. It consists principally of the rights of decision and command."

According to Theo Haimann, "Authority is that legal power, the possessor of which may order his subordinates to do or not to do a particular act and if they do not follow his directions, he is in the position to take the disciplinary action against them, if the need arises to do so."

According to J. D. Mooney, "Co-ordination is the all inclusive principle of organisation and finds its foundation in authority, the supreme co-ordination is power."

According to Koontz and O'Donnell, "Authority is the power to command, to act or not to act in a manner deemed by the possessor of the authority to further enterprise or departmental performance."

To be precise, authority is the right to decide, to direct others to take action or to perform certain duties in achieving organizational goals. The essential features of authority are enumerated below.

· Authority is the relationship between two individuals - one superior and the other subordinate.

· Authority is the right to act.

· Authority is the power to make decisions and seeing that they are carried out.

· Authority is used to achieve organizational goals.

Characteristics of Authority

The above stated definitions reveal the following characteristics of authority:

· Authority is the right to guide or direct the actions of subordinates in attainment of organizational goal.

· Executing authority means making decisions and taking actions.

· It is the right of giving the orders in legitimate way.

· The use of authority is determined by making decisions and seeing that they are carried out.

· Authority is the key to a formal organizational structure.

· Authority is one type of power.

71

- Authority exhibits a person's potential to influence other.

- The use of authority may control the negative aspects of behaviour.

6.2.1 Theories of Authority

1. Formal Authority Theory

Managers receive the right to issue orders from top management of Board of Directors. Their orders are legitimate because they arise from a legitimate source; and because they are legitimate, subordinates have to accept them. In other words, management has a right to give lawful commands and subordinates have an obligation (self-imposed) to obey.

According to this theory, the rights of every individual originate from his immediate boss directly and from the constitution of his country. This theory is also known as immediate source theory. The important features of this theory may be summarized as under:

- Authority is institutionalized power.

- A kind of right of managers.

- Authority 'comes with the territory' (whosoever occupies the position acquires the authority that was given with the position).

- Authority flows from top to bottom. It flows down from social institutions to top management, from top management to subordinates.

- Authority implies the capacity to exact obedience, Willing and unconditional compliance of subordinates is expected.

- It is a normative theory. It shows the way individuals should behave and implies that 'disobedience of lawful and legitimate orders of managers is wrong and indefensible.'

2. Acceptance Theory

This theory of authority has been propounded by Chester Bernard and Herbert Simon. According to this theory, the source and authority is vested in the acceptance. An authority is considered important only when it has been accepted by the concerned subordinates. Subordinates accept an authority only when they feel that the acceptance of it will be beneficial to them. If they feel that the acceptance of a particular authority will not be beneficial to them, they will not accept it and if they do not accept a particular authority, it is of no use to the enterprise. For example, the rights of a manager of a business and industrial enterprise can be regarded as the rights only when they are accepted by the employees of the enterprise. If they refuse these rights or disobey them, such rights will be of no use. Thus, the acceptance theory of authority is based on the assumption that the authority is an authority only when it is accepted by the concerned subordinates.Subordinates accept an authority only when they feel that such acceptance will be beneficial to them in any of the following manners:

- Increase in the respect and dignity of subordinates;

- Increase in their remuneration.

- It will help them in contributing their efforts towards the accomplishment of predetermined objectives of the enterprise;

- It involves some prize or incentives to them for their performance.

- It involves the appreciation of their efforts by their officers.

If the subordinates do not accept the authority of their higher officers they may have to face disciplinary action or they may have to restrain from some certain advantages. Therefore, in practical life, the authority takes it for granted that it will be accepted by the subordinates.

The only difference between formal authority theory and acceptance theory is that according to the formal authority theory, the authority of every individual originates from his immediate boss directly and from the constitution of the country and that of enterprise indirectly while according to the acceptance theory, the authority depends upon the acceptance of authority by the concerned subordinates.

3. Competence Theory of Authority

According to this theory, the decision to respect the orders by the subordinates depends on the 'technical competence' of the manager, who exercises authority. If employees perceive the competence of the manager they accept the authority conferred on them. Seniority, education, skill intelligence and other such factors bring this kind of competence to the manager. This, in fact, can be identical with the referent or charismatic power in individuals. The essence of this theory is that source of authority lies in the competence or the ability of the manager.

Of all the theories, the formal authority theory is considered as an important source of managerial authority as revealed by research.

6.2.2 Limitatios of Authority

It should be noted that authority has many limitations. These limitation may be expressed or implied, or may arise on account of social, economic, internal, biological, technical and natural factors. A manager cannot exercise authority more than what is delegated to him. A manager's authority is also limited to the subordinates who are managed by him. Let us explain each of these limitations in detail:

Internal Limitation:

Limitation of authority may arise on account of bylaws, articles of association, organizational chart, budgets, policies, rules and procedures, position descriptions, and corporate bylaws regarding business institutions.

Economic Limitation:

Authority is sometimes limited on account of government rules and regulations, collective bargaining and agreements, dealer supplier and customer agreements. No officer can issue the orders which cannot be implemented because of economic considerations. Economic reasons relate to the competition, value determination, price determination, market conditions etc.For example, a manager cannot order his subordinates to purchase a article for Rs. 25, the market price of which is Rs. 30.

Social Limitation:

Authority is sometimes limited on account of traditional customs, social beliefs, codes and habits of people over whom it is exercised. Even religious beliefs might come in the way of exercise of authority.

Biological Limitations:

Limits of authority may arise on account of biological constraints such as physical or mental capacity. A person cannot be ordered to do something physically impossible. Every person has limited efficiency to work beyond which he cannot work. Officers should not give any order which in practice may not be implemented. For example, an officer cannot order his subordinates to work for 20 hours nonstop because it will not be possible and practical for his subordinates to do so.

Technical & Natural Limitations:

Some limitations relate to the technical developments. No officer can order his subordinates to do something which cannot be done in the absence of technology. There are also some natural limitations such as geographical situations, climate and the laws of nature. These limitations should not be violated by an authority because the subordinates cannot go beyond nature.

6.3 Delegation of Authority

Delegation is the process of pushing down of authority from superior to subordinates, who posses specialized skills to perform such job. It is the essence of a good organisation. It is an important process to manage the affairs of an enterprise satisfactorily and it is prerequisite for the existence and efficient functioning of the organization. Delegation of authority means conferring authority to another to accomplish a particular assignment. That means a manager can get things done through others by sharing authority with them. Delegation stands for calling others to render help in accomplishing a job. Delegation is a two-sided affair by which the superior must be willing to sacrifice a portion of his authority and subordinate must be willing to shoulder the additional responsibility. Delegation is an act of trust and confidence by which the subordinate to whom duties are delegated will discharge them in a justified manner.

A manager has to resort to delegation whether he is willing or not because in a big enterprise it is not possible for one person to exercise all the authority for making decisions. Moreover, there is a limit to the number of persons which a manager can effectively supervise and for whom he can make decisions. Once this limit is passed, authority must be delegated to subordinates who will make decisions within the area of their assigned duties.

According to Stoner and Wankel, "Delegation is the assignment to another person with formal authority and responsibility for carrying out specific activities".

According to F. G. Moore, "Delegation means assigning work to others and gives them authority to do it".

According to Hodge and Johnson, "Delegation is a process where a superior divides his total work assignment between himself and subordinate managers or operative personnel, in order to achieve both operative and management specialization".

According to E.F.L. Brech, "Delegation is a process of sharing a few or all of the four elements of the management process i.e., command, planning, co-ordination and control."

According to Douglas C. Basi, "Delegation consists of granting authority of the right to decision making in certain defined areas and charging the subordinates with responsibility for carrying through an assigned task."

The Best definition is provided by **Louis A. Allen According to him,** "Delegation is the dynamics of management. It is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organisational placement, can perform effectively and so that he can get others to help him with what remains."

Delegation opens up opportunities for subordinates to develop and utilize skills relevant for their tasks and responsibilities. Delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance. Responsibility is the work assigned to a position and authority is the sum of

the power and rights entrusted to perform the delegated work. Accountability is the obligation to carry out responsibility and exercising authority in terms of performance standards.

Features of Delegation of Authority:

- Delegation is a term used when higher authority transfers some of his authority to subordinates.

- Delegation is an action sufficient to get the task accomplished.

- It creates a relationship of dependency between superior and subordinate.

- Delegation is the most forward thinking principle which looks at the superior subordinate relationship from a new angle.

6.3.1   Importance of Delegation

Delegation of authority is necessary because of the following advantages:

·   It provides a good opportunity to the subordinates to grow because responsibility brings out the best in people.

·   By clearly defining the authority and responsibility of the subordinates, delegation helps to maintain healthy relationship between the executive and his subordinates. It increases interaction and understanding among managers and subordinates.

·   It enables effective managerial supervision.

·   It spurs initiative and keeps enthusiasm alive.

·   An individual cannot manage and control everything in the organisation due to various limitations. Therefore, he has to divide the workload and share the responsibility with his subordinates.

·   It enables a subordinate to be his own boss and enables him to control his work environment.

·   Delegation of authority is a process by which the organization's formal right to command is vested in the top management, is partially passed on down the chain of command in a graded manner by creation of a hierarchy of positions. All managerial positions in the organisation are thus, tied together through authority - responsibility relationship. These relationships are created by the process of delegation of authority.

·   It will satisfy the egoistic and self-actualization needs of the individuals.

·   Delegation of authority has been widely recognized an art of getting things done in the best possible manner. By delegating, the superior shares his workload with others and concentrates himself on more important policy matters like, planning and organizing.

·   Granting of authority to subordinates motivates them to perform their duties and assignment well. If subordinates are given assignments without any authority they will be reluctant to accept the obligation as they will be required to approach the boss every time they take a decision.

·   Delegation provides an aid to executive development. Managers at lower levels get valuable experience in decision making. They develop their abilities and can fill the higher position in case of need. It facilitates the diversification and expansion of business through a team of competent and contented workers. An organisation cannot expand itself without delegation.

6.4 Process of Delegation

1. Determination of Expected Results

First of all the delegator should define the result expected from his subordinates for the achievement of organisational objectives because the authority to be delegated must be adequate to ensure that the results expected shall be accomplished. Therefore, the first requirement is the determination of contribution of each position. This is a step undertaken at the stage of creating various positions in the organisation.

2. Assigning the Duties

Duties should be assigned according to the qualifications, experience and aptitude of the subordinates. Duties must be defined very clearly. They may be described into two ways. First, these may be described in terms of activity or set of activities to be performed by a subordinate. Second, these may be described in terms of results that are expected from the performance of activities. For example, how much sale is to be achieved by a salesman. It is better to assign duties in terms of results expected because the subordinate knows in advance the terms in which his performance will be judged while assigning duties and responsibilities. The delegator must ensure that subordinates understand and accept the assignment otherwise delegation would be meaningless or ineffective.

3. Providing Authority

Assignment of duties will be meaningless unless adequate authority is given to subordinates, because without adequate authority they cannot commit, make use of resources and take decision and other necessary action. The scope of authority to be delegated to each particular subordinate should be determined. The delegator confers upon the subordinate the right to act in a specified way within limited boundaries. It decides what actions he may take or what he may not. However, authority granted to the subordinate should be commensurate with the duties assigned to him. With less authority any subordinate cannot produce expected results. For example, a sales manager charged with the responsibility of increasing sales of company's product should be given authority to hire competent salesmen, pay wages and incentives, allow concessions, within specified limits.

4. Obligation Creation

The delegation process should create obligation on the part of the subordinate for the satisfactory performance of the tasks assigned to him. Obligation means responsibility or accountability. The authority is delegated to a subordinate to carry out the assigned duties; he becomes answerable for the proper performance of the assigned duties and for the exercise of delegated authority. Authority without accountability is likely to be misused. Accountability without authority may be frustrating to the subordinates. The extent of accountability depends upon the extent of delegated authority and responsibility.

5. Performance Evaluation and Appreciation

Finally, an information and control system should be established to check and evaluate the performance of the subordinates to whom authority is delegated. Duties, authority and responsibility are three interdependent and inseparable essential steps in the process of delegation. In the words of H.W. Newman, "These three inevitable attributes of delegation are like a three legged stool, each depends on the others to support the whole and no two can stand alone". After evaluation there is a need to appraise and motivate the subordinate.

6.5 Problems of Delegaton

Delegation problems may arise in three the following ways:

1. Reluctance to Delegate on the part of Superior

Reluctance to delegate originates from the part of manager or superiors or executives, who do not want to delegate their authority. William Newman has pointed out five important reasons for reluctance to delegate, namely:

(a) **'I can do it better my self':** Many managers feel that nobody else can do the job better than themselves. This may also be due to the fact that they do not want to give the credit of the work to any other person. Sometimes, authority is not delegated by a manager due to the fear that his subordinate will excel him and get more recognition and attention.

(b) **Lack of ability to direct:** Sometimes managers do not delegate because they do not possess the art of delegation. They may not have the capabilities to guide, review or cross-examine that are bound to arise, if they delegate work subordinates.

(c) **Lack of confidence in subordinates:** Managers often do not trust subordinates. Such managers doubt the competence of subordinates. Delegation implies a trustful attitude between the superior and the subordinate. Lack of confidence in the capacity, ability and dependability of the subordinates obstruct the superior to delegate authority. The superior may distrust the subordinates because of inability of the subordinates or because he does not wish to let go, does not delegate wisely or does not know how to set - up controls to assure proper use of authority. Since a manager lacks confidence in the subordinates, he will not delegate authority to give them any chance to make mistakes and learn how to take correct decisions.

(d) **Lack of establishment of control:** Absence of selective and sensitive control that gives a warning of possible troubles may be another reasons for reluctance to delegate. Where the manager does not set up adequate controls nor he knows the proper use of authority, he may hesitate to delegate the authority.

(e) **Unwillingness to let go:** The manager who wishes to delegate effectively must be willing to release the right to make decisions to subordinates. The desire of dominance over the work of subordinates at each step hampers the process of delegation. Moreover, a manager may be afraid that if he lets the subordinate make decisions, he may outshine him. Managers are accountable for the action of subordinates and this may make them reluctance to take chance. Some managers are reluctant to delegate authority under the impression of loosing their own importance.

2. Reluctance to Accept Delegation on the part of Subordinate

Delegation of authority may fail because the subordinates want to avoid shouldering responsibilities even though there is no fault on the part of the superior. The subordinates may be reluctant to accept authority because of the following reasons:

(a) **Fear of criticism:** Due to the fear of committing mistakes and being criticized by the boss for a small genuine mistake, he will avoid accepting the authority and responsibility.

(b) **Lack of self confidence:** A subordinate lacking confidence on his own capability and competence, will try to avoid authority.

(c) **Lack of resources to do the job efficiently:** This is another reason for avoiding responsibility.

(d) **Inadequate incentives:** A subordinate may also avoid responsibility if he is not suitably rewarded in the form of recognition to his work.

(e) **Overburdened duties:** If the subordinates have not been rewarded suitably for satisfactory performance that may lead to emotional pressures. In such a situation a safe and suitable reply from the subordinate can be " I am already overburdened with the present work and hence no more additional burden possible."

(f) **Dependence on boss for decisions:** If the subordinate knows that he can better solve the problem by taking it to his superior, he may avoid accepting authority. Sharing problem with the superior is a safe alternative to the subordinate.

(g) **Inadequacy of authority, information and working facilities for performing the duties.**

3. On the part of Organization

Even if the superior is willing to delegate and the subordinate is willing to accept the delegation is hampered due to the weakness in the organizational structure. These organizational weaknesses hampering the delegation authority are the following:

(a) **Inadequate Planning**

(b) **Splintered authority**

(c) **Infringement of the principle of unity of command.**

(d) **Absence of adequate control techniques & effective control mechanism**

(e) **Non-availability of competent managers.**

(f) **Defective organisation structure and unclear authority relationship.**

6.6 Principles of Delegation

F.G. Moore once remarked. "One person constitutes only one manpower, delegation therefore, is necessary for enlarging his capacity by asking trusted subordinates to share his burden". Taking this nature of delegation into consideration following four major principles of delegation may be developed:

- **Expected Results:** Duties may be assigned in the terms of expected results. For this the personnel must know what activities they are to undertake and what results they are to show. When goals are decided and they are in know of the criteria on the basis of which their performance is going to be evaluated, and then personnel try to channelize their efforts to realize to goal.

- **Parity of Authority and Responsibility:** If any one is assigned any duty he must be vested with requisite authority to carry out his responsibilities. This principle indicates the parity of authority and responsibility.

- **Delegation of Authority:** Only delegation of authority is possible. Responsibility can never be delegated. It may be shared. An executive delegates his authority but even after such delegation he still remains responsible for his assigned job.

- **Unity of Command:** In order to avoid shirking of responsibilities, abusing authority and evading accountability it is necessary that the command, direction and guidance should come from one supervisor. This encourages cooperation. Discipline is maintained and unity of purpose is strengthened due to this principle of delegation.

6.6.1 Guidelines for Securing Better Delegation

We have discussed above the problems in delegating authority in practice. If these causes are remedied, the delegation will become effective. However, in order to achieve better delegation consideration should be given to the following guidelines:

1. Assignments should be clearly defined in terms of goals or the results expected. The limits of authority should also be well defined and all delegations should be in writing.

2. Proper controls should be established to provide means of information regarding use of authority. The delegator must set up standards to measure the performance of the subordinate in the light of authority granted to the latter. Broad based controls and frequent reviewing of the use of authority by the subordinate to perform the duty assigned make delegation of authority more fruitful.

3. Selection of persons should be done in the light of jobs to be done. The manager must have known of the abilities and risk taking capacity of the subordinates and the subordinates should be selected keeping in view of the task to be performed. Proper selection is not sufficient for better delegation. The persons selected must also be given necessary training to accept assignments and authority. The superior must (a) coach the subordinate; (b) appraise his performance on the basis of predetermined standard; and (c) counsel him for improvement.

4. Motivation of subordinates through incentives of various kinds for their excellent or very good performance is also essential for better delegation. Good incentive plan should be introduced so that the subordinate may accept the additional responsibility and authority. Do not criticize the subordinate for small errors but use constructive criticism to help the subordinates to improve.

5. The manager must have clear knowledge about his responsibility and authority to be delegated. The subordinate should be given the adequate authority to do the work assigned. Delegation of authority and responsibility should be equally matched. Too much responsibility and little authority may frustrate the subordinates.

6. Lines of communication must be kept open from superior to subordinate and vice versa for delegation to be meaningful. Adequate and continuous communication should be necessary for effective delegation. Create an atmosphere of trust and confidence among subordinates.

7. Strict adherence to the principles of the delegation like parity of authority and responsibility, unity of command and absoluteness of accountability is most essential for achieving better delegation.

6.7 Decentralization

Decentralization is the systematic effort to delegate to the lowest levels all authority except that which can be exercised at central points. It is the pushing down of authority and power of decision making to the lower levels of organization. The centers of decision making are dispersed throughout the organization. However, the essence of decentralization is the transference of authority from a higher level to a lower level. Decentralization, in recent years, has come to be accepted as a golden calf of management philosophy. It has come to be associated as a fundamental principle of democratic management where each individual is respected for his inherent worth and constitution.Generally speaking decentralization is said to be greater.

-   When more decisions are made at lower levels.

-   When important decisions are made at lower levels.

- When more functions are affected by decisions made at lower levels.

- When the checking on the decisions made at lower levels is minimal.

According to Allen, "Decentralization is the systematic and consistent delegation of authority to the levels where the work is performed".

The U.S. Civil Service Commission defines decentralization of authority as, "The term decentralization is used to describe the distribution of administrative authority through delegation to subordinates."

According to Leonard D. White, "The process of decentralization denotes the transference of authority from a higher level to a lower level."

According to Davis, "Decentralization takes place when some higher central source of responsibilities and authority assigns certain functions and duties to subordinate individuals and groups for performance".

According to McFarland, "The term decentralization refers both to the physical location of facilities and to the degree to which decision-making authority and responsibility is dispersed throughout an organization".

We can say that "Decentralization of authority has been defined as a situation in which ultimate authority to command and ultimate responsibility of results is localized as far down in the organization as efficient management of the organization permits."

6.7.1 Degree of Decentralization

Some degree of decentralization is usually found in every big enterprise. Allen has given three criteria to judge the degree of decentralization. They are:

 (i) What kind of authority is delegated?

 (ii) How far down in the organisation it is delegated?

 (iii) How consistently it is delegated?

 These three criteria may be applied to know the degree of decentralization in different areas. Earnest Dale has pointed out the following four tests to determine the degree of decentralization.

- **Number of Decisions:** The greater the number of decisions made at lower levels of, the greater is the degree of decentralization.

- **Effect of Decisions:** If decisions affecting more functions are allowed at lower levels then decentralization will be more. When decisions involving finances are taken at lower levels then degree of decentralization will be more. On the other hand if only operational decisions are made at lower levels then decentralization will be less.

- **Importance of Decisions:** If important decisions are taken at lower levels then degree of decentralization will be more. On the other hand, if insignificant decisions are allowed at lower levels then decentralization will be much less.

- **Checking of Decisions:** When decisions are subject to the approval of superiors then decentralization will be less. If subordinates are free to take decisions of their own then decentralization will be more.

6.7.2 advantages of Decentralization

The advantages of decentralization are discussed hereunder:

1. **Reduction in the Burden of Top Level Officials:**

   When there is centralization of authority in an enterprise, the chief executive alone has to bear entire burden of decision-making. This diminishes the time at his disposal to concentrate on important managerial functions. Decentralisation of authority reduces his burden as he delegates a part of his authority to the subordinates and this will enable to devote more time on important functions.

2. **Quick and Accurate Decisions:**

   Decentralisation avoids delay in making decisions as it places responsibility for decision-making as near as possible to the place where action takes place. Those closest to the work situation can make responsibly quick and accurate decisions because they are well aware of the realities of the situation. Decentralisation also minimizes the delay in transmitting information from and to the workplace.

3. **Diversification of Business:**

   With the addition of new product lines, an organisation may grow complex and pose a challenge to the top executives. The challenge can be met effectively by decentralizing the authority under the overall coordinating purview of the top management. Thus, decentralisation makes delegation effective.

4. **Training & Development of Managerial Personnel:**

   When authority is decentralized, the subordinates get the opportunity for taking initiatives, to enable themselves to develop qualities for overall managerial positions. They learn how to decide and depend on their own judgement and how to manage. This will lay down the foundation for the growth of prospective managerial personnel.

5. **Effective Control and Supervision:**

   The greater the degree of decentralisation, the more effective becomes the span of control. It leads to effective supervision as the managers at the lower levels have complete authority to make changes in work assignment.

6. **Effective Coordination:**

   Under decentralisation coordination efforts are required only at the segments created by decentralisation. This makes coordination more effective.

7. **Improvement of Motivation and Morale:**

   Decentralisation of authority fulfils the human needs of power, independence and status. It gives low level executives the opportunity to take initiative and to try new ideas. This improves their motivation and heightens their morale.

8. **Miscellaneous Economics:**

   In addition to the above advantages, decentralisation also achieves several internal and external economics. Internal economics include speedier communication, better utilization of lower level and middle level executives, greater incentive to work and greater opportunities for training. These

make possible for the management to reduce the cost of production and meet the competition effectively.

6.7.3 Disadvantages of Decentralization

- Too much decentralization may prevent the cost-saving efficiencies of specialization. For example, a centralized production planning and control department, staffed by qualified specialists, can plan and schedule production much more efficiently.

- It may increase administrative expense as many of the staff functions at headquarters may have to be duplicated in case of divisionalization.

- It might lead to lack of uniformity and lowering of standards in decision making.

- A decentralized structure may not permit full and maximum utilization of more highly qualified personnel.

- It may hamper the adoption of uniform policies and the coordination of policies.

- Emergency decisions may not be possible in a decentralized structure.

- It may lead to overlapping or duplication of effort especially when there is no clear definition of the activities and responsibilities of a unit or individual.

- In such a set up adjustment to changing economic conditions may become difficult.

- Each unit of a company may attempt to optimize its performance at the expense of the other unit.

The gains and cost of decentralization have to be viewed carefully before any decision in this regard is taken. If decentralization is carried beyond limits, it might cause confusion in directives, orders and accountability. Some times in decentralization it happens that, "right orders go to the wrong subordinates, and right subordinates report to the wrong superiors."

According to Ernest Dale, "Basically the economics issue between centralization and decentralization is between total administrative cost and more effective performance." Decentralizations should not be considered as a magic key for organization ills. According to Anderson, "Decentralization is merely a device of management, not a symbol of untarnished virtue".

One of the most troublesome problems of decentralization is the question of balance. Balancing the degree of looseness and closeness of control is an extremely difficult task. A balance between centralization and decentralization of control should be established only after a careful analysis of the total operating environment.

6.8 Principles of Decentralization

Prof. Ralph, J. Cardinar has described the following principles of decentralisation of Authority:

- Responsibility must also be assigned along with authorities to the subordinates.

- The power to take the decisions about decentralization must be vested with the top management.

- The decisions must be taken at the right time with the right intention and after careful thought otherwise the arrangement of decentralisation will not be successful.

- Subordinates must be capable enough to take the decisions.

- Authorities must be delegated in order to execute the arrangement of decentralization.

- Decentralisation depends on the assumptions that the collective decisions are better than the decisions taken by one person.

- Top officers must delegate their authority to their subordinates in the real sense.

- Personnel policies must be decided on standard basis and must be changed from time to time according to the need. There must be a provision of reward to the efficient workers.

- Mutual understanding is necessary for decentralization. The main function of staff must be to advice and counseling with the line staff so that the line staff may take independent decisions and may improve themselves, if required.

- The arrangement of decentralisation depends on the need of organisation objectives, organisational structure and the policies of enterprise.

Thus if all the above principles of decentralisation are followed the enterprise may get success in achieving its predetermined objectives.

6.8.1 How to Make Decentralization More Effective?

When an organisation decides to go for decentralisation, it has to take some concrete steps to make it more effective. Effective decentralisation requires a balance of the necessary centralization of planning, organization, motivation, coordination, and control. How to decentralize effectively is discussed below:

1. Need of Appropriate Centralization:

If decentralized management is to flourish, it is necessary to provide for a centralized authority which will act as a nerve centre of the enterprise. In this centralized authority plans would be formulated, appropriate organization structure would be decided and coordination and control mechanisms would be provided. Within such a broad administrative framework individual operating components of the organization would be established as profit centers. The central authority ensures close coordination between various operating units and secures maximum total performance. So a strong cement of centralized planning, organization, coordination and control is needed in Decentralization.

2. Development of Skilled Managers:

Effective decentralization demands a large number of highly skilled and competent managers who are capable of exploiting their mental abilities fully and independently in the service of the organization. They must be able to look ahead, to plan for themselves and to run a business. In order to develop managers, the organization should take certain steps: (i) Development can not be done overnight, Instead, they develop through the process of trial and error. Every manager should be allowed to take decisions independently and commit mistakes initially. (ii) Senior executives must enthusiastically accept the principle of delegation and know the technique of doing it.

3. Proper Communication and Coordination:

There is an inherent danger in decentralized management. Decentralization tends to create rivalry and conflict among operating divisions. Departmental managers constantly jockey for power and prestige, they compete for scarce resources and in order to show performance they may be working at breakneck speed at the cost of other departments. The remote control from headquarters may prove to be ineffective

as the enterprise grows in size and complexity. So it is necessary to provide proper communication and coordination among operating divisions at regular intervals. Coordinating executives and committees may be appointed to meet this end. The dangers of too much fragmentation can be avoided by laying special emphasis on interdepartmental coordination, mutual help and cooperation.

4. Establish Adequate Control Mechanism:

Profit centre wise decentralization demands an appropriate control system that will distribute the resources, assign costs fairly and indisputably to the operations unit that utilizes or incurs them. Budgets can be prepared and standards devised to see whether various units are going in the desired direction. To ensure accountability managers at all levels should be allowed to participate in budget formulation. This would not only make managers feel responsibility but also ensure an objective standard to measure performance and reward the same suitably.

Decentralization is not a panacea. It cannot be plugged into any situation and be expected to work well. It is quite possible that interdepartmental (or divisional) tensions and rivalries can trouble the top management with an unmanageable number of problems. Decentralization, no doubt is highly beneficial but at the same time it is complex and challenging. Effective decentralization requires a contingency perspective which examines particular functions and departments, in a dispassionate manner. Much depends on how the philosophy of decentralization is being translated into practice. As a matter of fact, a programme of decentralization should not be initiated until the following points have been properly settled:

- Top management is willing to share authority for decision-making with others.

- Middle management is capable and is willing to accept new responsibility.

- Policies are adequate to guide decision-making but not unduly restrictive.

- Control system exists to evaluate effectiveness of middle management decisions.

- Existing Structure can be modified to facilitate decentralized operations.

6.9 Summary

Authority, by assigning well-defined roles to organizational participants, avoids behaviour that is entirely spontaneous and unrehearsed and ensures identical behaviour patterns that are necessary to the work of organization. Thus, authority is 'an essential and critically important dimension to life in organizations'. Organization members are able to influence others in the organization to the extent that they have the power and authority to do so. Authority provides individuals (and groups) the right to influence others.

Organization members continually try to influence one another as they pursue organizational goals. There are three theories of authority which define the type and sources of authority. The Formal Authority Theory describes that the people at the top of an organization's hierarchy have the right to influence members at lower levels, resulting in a downward flow of authority. The acceptance Theory has an assumption that the authority is an authority only when it is accepted by the concerned subordinates. The Competence Theory of Authority proposes that the source of authority lies in the competence or the ability of the manager. Authority has many limitations. These limits may be expressed or implied, or may arise on account of social, economic, internal, biological, technical, natural factors. A manager cannot exercise authority more than what is delegated to him. A manager's authority is also limited to the subordinates who are managed by him.

Delegation is the dynamics of management, it is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organisational placement, can perform effectively and so that he can get others to help him with what remains. Managers receive some of their authority because someone has transferred that authority to them through delegation. Although delegators may transfer authority and responsibility for certain tasks to others, the delegators remain ultimately responsible for the delegated activities. The process of delegation can be done effectively through Determination of Expected Results, Assigning the Duties, Providing Authority, Creating Obligations, Performance Evaluation and Appreciation. Delegating is a way to cope with large and complex workloads, but there are both managers/superiors and subordinates who resist delegation and some times delegation is resisted at organizational level. Organizations must overcomes this resistance by encouraging managers to develop, by training employees, and by providing the resources employees need to meet new challenges.

Decentralization is the systematic and consistent delegation of authority to the levels where the work is performed. The amount of delegation that occurs in an organization determines its degree of decentralization. A highly decentralized authority system delegates authority to the points in an organization's hierarchy where decisions are implemented. An organization should determine the level of decentralization appropriate for its specific needs by examining the external environment; the history, size, and complexity of the organization; the work performed in the organization; and the people who do the work. To make the decentralization effective firstly, a balance of necessary centralization of important managerial functions and creation of certain facilities is required. Second, managers capable of undertaking the operation of the autonomous business units must be developed. Third, provision must be made for coordination and communication between various units. And finally there should be an adequate control mechanism. Essentially, authority, delegation, and decentralization are the means by which managers try to control the powerful effects of influence in organization. Whether this influence is exercised in the direction intended depends, in apart, on how well the authority system has been designed to match the characteristics of an organization.

6.10 Self Assessment Test

1. Define authority and show the limitation of the use of authority.

2. Elaborately explain various theories of authority?

3. "Delegation of authority is the key to organization". Discuss the nature, meaning, importance and basic principles of delegation.

4. Define 'Delegation of Authority'. Why it is essential for smooth functioning of an enterprise?

5. What are the various steps in the process of delegation? What are the problems that are frequently encountered by managers when they are indulging in delegating authority?

6. Point out the basic guidelines which the managers should follow while delegating the authority to subordinates.

7. What do you mean by Decentralization of Authority? How is it measured? Describe in brief its Advantages and Disadvantages. How does it differ from delegation?

8. Describe in brief the principles of decentralization. What steps should be taken to make decentralization more effective.

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UNIT - 7 : CONTROLLING

Unit Structure

7.0 Objectives

After studying this unit you should be able to understand :

- Meaning of control

- Definition of control

- Various types of control

- Behavioural implications of control

- Methods to overcome the of control problems

7.1 Introduction

All organizations, business or non – business, face the necessary of coping with problems of control. Like other managerial functions, the need for control arises to maximize the use of scarce resources and to achieve purposeful behaviour of organizational members. In the planning stage, managers decide how the resources would be utilized to achieve organjsational objectives. At the controlling stage managers try to visualizes whether resources are utilized in the same way as planned. Thus, control completes the whole sequence of management process

7.2 Meaning and Definition

Control is one of the managerial functions . It is an important function because it helps to check the errors and to take the corrective action so that deviation from standards are minimized and stated goals of the organization. According to modern concepts control is a foreseeing action whereas earlier concept of control was used only when errors were detected. Control in management means setting standards, measuring actual performance and taking corrective action. Through controlling the manager keeps watch on the situation, monitors it regularly to make sure that the work is done in a planned way and takes suitable actions to that effect.

According to Henri Fayol,

Control of an undertaking consists of seeing that everything is being carried out in accordance with the plan which has been adopted, the orders which have been given, and the principles which have been laid down. Its object is to point out mistakes in order that they may be rectified and prevented from recurring.

According to [EFL Breach](#), *Control is checking current performance against pre-determined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance.*

According to [Harold Koontz](#), *Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished.*

According to [Stafford Beer](#),

"Management is the profession of control".

[Robert J. Mockler](#) presented a more comprehensive definition of managerial control:

"Management control can be defined as a systematic effort by business management to compare performance to predetermined standards, plans, or objectives in order to determine whether performance is in line with these standards and presumably in order to take any remedial action required to see that human and other corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives."

In the words of Reeves & Woodword: "Control refers to the task of ensuring that activities are producing tha desired results. Control in this sense is limited to monitoring the outcome of activities, reviewing feedback information about this outcome, and if necessary, taking corrective action."

Terry and Franklin have used the term controlling and has defined it as follows: "Controlling is determinig what is being accomplished – that is, evaluating performance and, if necessary, applying corrective measures so that the performance takes place according to plans."

Thus, control as an element of management process involves analyzing whether actions are being taken as planned and taking corrective actions to make these to conform to planning. Baesd on this concept, control has the **following features:**

1. Control is forward looking because one can control future happenings and not the past. However, in control process, always the past performance is measured because no one can measure the outcome of a happening which has not occurred. In the light of these measurements, managers suggest corrective actions for future period.

2. Control is both an executive process and, from the point of view of the organization as a system, a result. As an executive process, each manager has to perform control function in the organization. It is true that according to the level of a manager in the organization, the nature, scope, and limit of his control function may be different as compared to a manager at other level.

3. Control is a continuous process. Though managerial control enables the manager to exercise control at the point of action, it follows a definite pattern and time table, month after month and yaer after year on a continuous basis.

4. A control system is a coordinated-integrated system. This emphasizes that, although data collected for one purpose may differ from those with another purpose, these data should be reconciled with one another. In a sense, control system is a single system, but it is more accurate to think of it as a set of interlocking subsystem.

7.3 Types of control

Control may be of different types and these can be classified on the basis of elements to be controlled and stage at which control can be exercised in controlling the work outcome. Based on elements to be controlled, control can be divided into two forms: strategic and operational control. Based on the stages, control can be in three forms: feedback control, feed forward control' and concurrent control.

7.2.1 Strategic and operational control

Strategic control is the process of taking into accounts the changing planning premises, both external and internal to the organization, on which the strategy is based; continuously evaluating the strategy as it is being implemented; and taking corrective actions to adjust the strategy to the new requirements. This process is necessary because strategy formulation is based on certain assumptions. Since there is a time lag between strategy formulation and its implementation, some of these assumptions may not hold good, either fully or partially. To that extent, the strategy may not work as effectively as the strategists might have thought.

Operational control is concerned with action or performance and is aimed at evaluating the performance of the organization as a whole or its different components – strategic business units, divisions, and departments. Operational control is used by almost every organization in some form or the other. This control can be exercised at different stages of work performance. Thus, strategic control and operational control differ from each other in terms of their aim, focus, time horizon and techniques used. Table 1 presents the difference between the two

Table:1 Difference between strategic control and operational control

Factors	Strategic Control	Operational Control
Basic question	Are we moving in the right direction?	How we are performing?
Aim	Proactive, continous questioning of the basic direction of the strategy	Allocation and use of organizational resources
Main Concern	Steering the future direction of the organization	Action Control
Focus	External Environment	Internal Organisation
Time Horizon	Long Term	Short Term
Exercise of control	Exclusive by Top Management, may be through lower level support	Mainly by executive or middle management on the direction of top management
Main Techniques	Environmental scanning, information gathering, questioning, and review	Budgets, schedules, and MBO

7.3.2 Stages of Control

Depending on the stages at which control is exercised it may be of three types:

(a)   Feedforward Control

It involves evaluation of inputs and takinyg corrective action before a particular sequence of operation is completed. Preventive maintenance programme is an important example of feedforward control. It monitors inputs into a process to determine whether the inputs are as planned. If not, corrective action is taken to adjust the inputs according to the plan so that the desired results are achieved within the planned inputs. Effective feed forward control should meet the following requirements:

1. Thorough and careful analysis of the planning and contol system must be made and the more important input variables identified.

2. A model of the system should be developed.

3. The model should be reviewed regularly to see whether the input variables identified and their relationship still represent realities.

4. Data on input variables must be regularly collected and put into the system.

5. The variations of actual input data from planned inputs must be regularly assessed and their impact on expected results is evaluated.

6. Action must be taken to show people problems and the measures required to solve them.

(b)   Concurrent Control

It is known as 'real time' or 'steering' control. It is concerned with the adjustment of performance before any major damage is done. For instance, the navigator of a ship adjusts its movements continuously or the driver of a car adjusts its steering continuously depending upon the direction of destination, obstacles and other factors. In a factory, control chart is an example of concurrent control. Concurrent control occurs while an activity is still taking place.
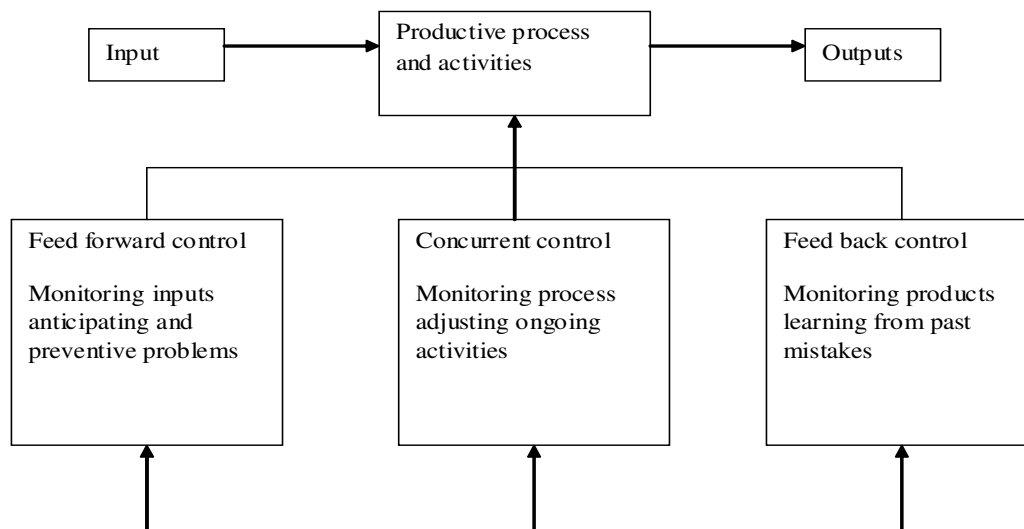
Three types of Control

Feedback Control

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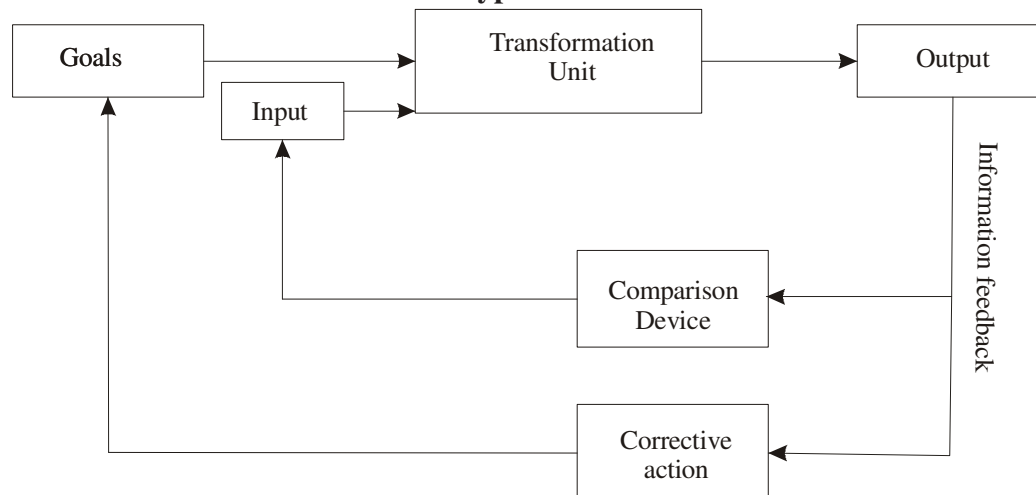
(c) Feedbak Control

This is also known as 'Post Control' which refers to gather information about completed activity, to evaluate information and to take corrective actions to improve similar activity in future. In other words, it permits the manage to use information on past performance to bring future performance in line with planned objectives and standards. Post Control helps in testing validity and appropriateness of standards. To make post-control more meaningful and effective, analysis of post-performance is required to be made as quickly as possible and control reports should have been submitted to the manger without loss of time.

7.4 Methods of Control

The following discussion points out the methods of control in each major area :

1. Control over Policies :

    Policies are formulated to govern the behaviour and action of personnel in the organisation. These may be written or otherwise. Policies are generally controlled through policy manuals which are generally prepared by top management .each individual in the organisation is expected to function according to policy manuals.

2. Control over organisation structure :

    Organisation charts and manuals are used to keep control over organisation structure. Organisation manuals attempt at solving organisaional problems and conflicts, making long-range organisationa planning possible. Enabling rationalization of the organisation structure, helping in proper designing and clarification of each part of the organisation, and conducting periodic check of facts about organisation practice.

3. Control over Personnel :

    Generally, personnel manager or head of the personne department, whatever his designation may be, keeps control over personnein the organisation. Someties, a personnel committee is consititued to act as an instrument of control over key personnel.

4. Control over Wages and salaries :

    Contro over wages and salaries is done by having programme of job evaluation and wage and salary analysis. The functions are carried on by personnel and industrial engineering departments. Often wage and salary committee is constituted to provide help to these departments.

5. Control over costs :

    Control over costs is exercised through making comparision between standard costs and actual costs. Standards costs are set in respect of different elements of costs. Cost control is also supplemented by budgetary control system which includes different types of budgets. Controller's department provides information for setting standards costs, calculating actual costs, and pointing out differences between these two.

6. Control over Methods and Manpower :

    Control over methods and Manpower is exercised to ensure that each individual is working properly and timely. For this purpose, periodic analysis of activities of each department is conducted. The functions performed, methods adopted, and time consumed by every individual are studies to eliminate non-essential functions, methods, and time. Many organizations create separate department or section known as 'organisation and methods to keep control over methods and manpower.

7. Control Over Capital Expenditure :

    Control over Capita Expenditure is exercised through the system of evaluation of projects, ranking of projects on the basis of their importance, generally on the basis of their earning capacity. A capital budget is prepared for the business as a whole. The budget is reviewed by the budget committee or appropriation committee. For effective control over capital expenditure, there should be a plan to identify the realization of benefits from capital expenditure and to make comparison with anticipated results. Such comparison is important in the sense that it serves as an important guide for future capital budgeting activities.

8. Control Over Service Departments:

    Control over service departments is effected either (i) through budgetary control within operating department, (ii) through putting the limits upon the amount of service an individual department can ask, (iii) through authorizing the head of service department to evaluate the request for service made by other departments and to use hid discretion about the quantum of service to be rendered to a particular department. Sometimes, a combination of these methods may be used.

9. Control Over Line of Products :

    Control over line of products is exercised by a committee whose members are drawn from production, sales, and research departments. The committee controls through studies about market needs. Efforts are made to simplify and rationalize the line of products.

10. Control Over Research and Development :

    Control over research and development is exercised in two ways : by providing a budget for research and development and by evaluating each project keeping in view savings, sales or profit potentialities. Research and development being a highly technical activity is also controlled indirectly. This is done by improving the ability and judgement of the research staff through programmes and other devices.

11. Control Over Foreign Operations :

    Foreign operations are controlled in the same way as domestic ones. The tools and techniques applied are the same. The only difference is that the chief executive of foreign operations has relatively greater amount of authority.

12. Control Over External Relations :

    External relations are regulated by the public relations department. This department may prescribe certain measures to be followed by other department while dealing with external parties.

13. Overall Control :

    Control over each segment of the organisation contributes to overall organisationa control. However, some special measures are devised to exercise overall control. This is done through budgetary control, projected profit and loss account and balance sheet. A master budget is prepared by integrating and coordinating budgets prepared by each segment. The budget committee reviews such budget. This budget acts as an instrument for overall control. Profit and loss account and balance sheet are also used to measure the overall results.

7.5   Summary

The word control suggests activities of checking, testing, regulating, verifying and making necessary adjustment. It is a managerial function which involves taking preventive and corrective actions to ensure that organizational objectives are achieved as efficiently as possible.

7.6   Key Words

- **Strategic Control :-** it is the process of taking into accounts the changing planning premises, both external and internal to the organization, on which the strategy is based; continuously evaluating the strategy as it is being implemented; and taking corrective actions to adjust the strategy to the new requirements.

- **Operational Control:** it is concerned with action or performance and is aimed at evaluating the performance of the organization as a whole or its different components

- **Feedback Control :** It refers to gather information about completed activity, to evaluate information and to take corrective actions to improve similar activity in future

- **Concurrent Control :** Concurrent control is exercised during the operation of a programme. It provides major for taking corrective action or making adjustments while the programme is still in operation.

7.7   Self Assessment Test

1.   Define control and describe te meaning of control.

2.   Describe different types of control.

3.   Discuss methods of control.

4.   Explain the significance of control.

UNIT - 8 : ORGANIZATIONAL BEHAVIOUR

Unit Structure

8.0   Objectives

After studying this chapter you should be able to:

- Define organizational behavior (OB).

- Describe what managers do.

- Explain the value of the systematic study of OB.

- List the major challenges and opportunities for managers to use OB concepts.

- Identify the contributions made by major behavioral science disciplines to OB.

- Describe why managers require knowledge of OB.

- Explain various OB models

8.1   Introduction

The success of any organization depends upon the people who manage it. Managers are individuals who have to achieve the organizational goals effectively and efficiently. An organization comprises of diverse people performing various tasks. A manager's job is to get the work done through others in such a way that the organizational goals are accomplished. The people who perform these functions in organizations are called 'managers' and together are called 'management'. Management is the process of taking decisions and putting them into action.

According to Henry Fayol managers have to perform the following management functions :

Planning - A process that includes defining goals, establishing strategy, and developing plans to coordinate activities.

Organizing - Determining what tasks are to be done, who will do them, how will be grouped, who reports to whom, and where decisions are to be made.

Leading - A function that includes motivating employees, directing others, selecting the most effective communication channels, and resolving conflicts.

Controlling - Monitoring activities to ensure they are being accomplished as planned and correcting any significant deviations.

Henry Mintzberg, a graduate student at MIT observed five executives at their workplace and classified management roles depending on the extent of interpersonal relationships, the exchange of information and decision-making entailed in their job. Mintzberg then identified ten separate roles in managerial work, and separated these roles into three subcategories: interpersonal contact, information processing and decision making. Exhibit 1 shows the model.

MINTZBERG'S MANAGERIAL ROLE MODEL

Interpersonal	
Figurehead	Symbolic head; required to perform a number of routine duties of a legal or social nature
Leader	Responsible for the motivation and direction of employees
Liaison	Maintains a network of outside contacts who provide favors and information

Informational	
Monitor	Receives wide variety of information; serves as nerve center of internal and external information of the organization
Disseminator	Transmits information received from outsiders or from other employees to members of the organization
Spokesperson	Transmits information to outsiders on organization's plans, policies, actions, and results; serves as expert on organization's industry

Decisional	
Entrepreneur	Searches organization and its environment for opportunities and initiates projects to bring about change
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances
Resource allocator	Makes or approves significant organizational decisions
Negotiator	Responsible for representing the organization at major negotiations

EXHIBIT 1

Source: Adapted from *The Nature of Managerial Work* by H. Mintzberg. Copyright © 1973 by H. Mintzberg

From the above discussion and the review of the work presented by Fayol, Katz, Mintzberg and Luthans and many other thinkers we can say that managers main task is to mange people and so if managers want to be effective and successful they need to develop their people's skills. Hence the need arises to study a systematic body of knowledge : Organizational Behaviour (OB).

"Organizational Behaviour is a branch of the social sciences that seeks to build theories that can be applied to predicting, understanding and controlling behaviour in work organizations." Callahan, et al have defined OB as: "Organizational behaviour is a subset of management activities concerned with understanding, predicting and influencing individual behaviour in organizational settings" Fred Luthans defines OB as "Organizational Behaviour is concerned with the study of the behaviour of people within an organizational setting. It involves the understanding, prediction and control of human behaviour and the factors, which influence the performance of people as members of an organization."

From the above definitions we can say that OB interprets people and organization relationships in terms of the person as a whole, the entire group, organization and social system. Its purpose is to build better relationships by achieving individual, human, organizational objectives and the social objectives. It is the study of human and group behavior within organizational settings. The study of organization behavior involves looking at attitudes, interpersonal relationships, performance, productivity, job satisfaction, commitment of employees, levels of organizational commitment and industrial relations

OB provides us with a system of knowledge that enables us to understand and predict human behaviour at work place. It also provides us with tools to control undesirable behaviour in organization and inculcate healthy corporate culture. Since OB is a study of human behaviour, nothing can be compartmentalized. It is a behavioural science and so reactions of individuals and groups differ.

The Hawthorne studies conducted way back from 1927 to 1932 by Elton Mayo and his associates have major contributions towards OB. Mayo a professor at Harvard Business School studied the effect of work conditions on employee productivity. The experiments were conducted at the Western Electric Company, Illinois. The major conclusions were that :-

- The organization is a social system.

- The management alone does not have influence on people's behaviour, the social environment influences them as well.

- The informal organization co-exists with formal

- Workers are not only motivated by money. At times non-monetary incentives play a more critical role in influencing his attitude towards his work.

- Situation of conflict may often arise between individual and organizational goals.

- Social and psychological factors help to predict human behaviour

- Communication at various levels is extremely important

- Team work is essential for smooth functioning of the organization and efforts have to be made to achieve it.

8.2   Nature and Scope of OB

1. **As a field of study** – OB is a field of study and not a discipline. A discipline is a recognized body of knowledge with a theoretical base that further provides a platform for research and analysis. OB however, is a recently emerged field of study where we have just started creating principles, concepts and processes. Therefore, it is logical to call it a field than a discipline.

2. **Analysis at three levels** - OB engages in analyzing human behaviour in an organization at three different levels – individual behaviour, group behaviour and behaviour of organization. It studies people in work environment and aims to correct any undesirable behaviour.

3. **Multidisciplinary** – The study of Organizational Behaviour draws it basic principles, methods, models and theories from various disciplines such as Psychology, Sociology, Social psychology, Anthropology etc. the integration of the knowledge of these fields make OB an interesting and enriching field of study.

4. **Science as well as an art** - OB is a science as it uses various theories and models from diverse disciplines to predict human behaviour. It is a systematic body of knowledge. It an art in the sense that these applications would differ from individual to individual as each human being is different from the other. A broad assessment of relations can be done but for individual analysis the skills would lean towards being an art.

5. **Integration of interests** – Organizations are made up of people and each employee has his own set of personal and professional goals that he seeks to achieve while working in the organization. The organization also has its own sets of goal, objectives and purpose. OB aims to provide collective achievement of goals of individuals and that of the organization. It seeks to attain integration of interests by providing super-ordinate goals strike a harmony between the needs of various levels of the organization.

6. **Performance oriented** – OB studies the why and how of performance of employees. It aims to find out the performance level of workers, what measures need to be taken to improve their efficiency levels for maximum output and best utilisation of their efforts.

7. **Humanistic Orientation** – OB is a tool for human benefit. It helps predict and analyse human behaviour and improve their individual performance. If a worker has problems to cope up in the organization setup then OB can help him understand himself and his environment better.

The above understanding of the nature of OB help forms the scope of OB. It is a representation of human behaviour in work place; to study analyse and understand work related issues like learning, motivation, leadership, attitude, decision making, group dynamics, values, stress, conflict, culture etc.

Importance of OB

An integration of the learning of the diverse disciplines of sciences that contribute to making OB holistic, help an individual understand himself and his peer better. This results in improving interpersonal relations to quite an extent. It helps managers understand how to extract the best possible from their employees at the same time keeping the motivated as well. OB can serve as an important tool to maintain cordial relations at various levels of the organization. It can serve to improve poor industrial relations and take measures to enhance it. The importance of OB can be summarized as below:

·   It helps individuals understand himself and others better.

·   It helps understand the basics of what motivates individuals and groups.

·   It helps to improve communication between various elements of an organization.

·   It helps to maintain cordial relations in the organization

·   It seeks to fulfil both the employee's needs and the objectives of the organization.

·   It helps to develop a healthy organizational culture.

8.3   Contributing Disciplines
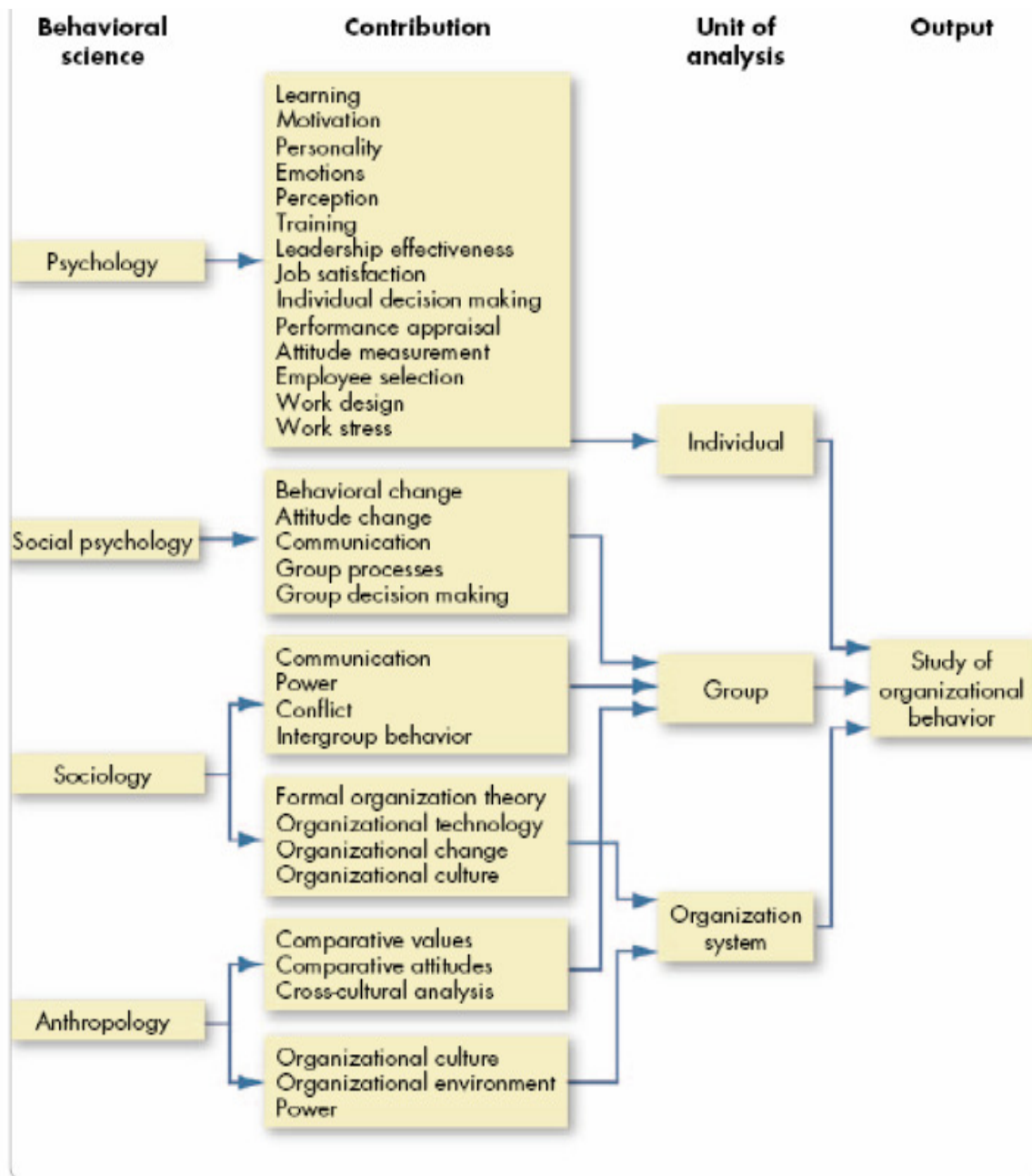
SOURCE : Organizational Behaviour,Stephen P. Robbins

Organizational Behavior is a unique combination of different disciplines. The predominant areas are psychology, sociology, social psychology, and anthropology.

· PSYCHOLOGY- Psychology is the science that seeks of measure, explain and sometimes change the behaviour and other animals, Psychologists concern themselves with studying and attempting to understand individual behavior. The field of psychology gives important inputs towards understanding individuals personality, attitude, emotions, earning, motivation, decision making skills, performance and stress. It also helps to understand work-related phenomena such as job satisfaction, commitment, absenteeism, turnover, and worker well-being.

· SOCIOLOGY – Sociology studies people in relation to their social environment or culture. Where psychology studies individual behaviour, sociology aims to study particularly formal and complex organizations, the group behaviour in relation to the social environment. Sociologists study interpersonal aspects like leadership, group dynamic, communications, power, conflict, and intergroup behavior.

SOCIAL PSYCHOLOGY - Social psychology is an area within psychology, but takes in concepts from both psychology and sociology. It concentrates on studying the influence of people over0 one another. One of the foremost areas receiving substantial analysis from social psychologists has been *change* — how to execute it in organizations and how to decrease the hurdle for its acceptance.

ANTHROPOLOGY - . Anthropology is the study of societies to learn about human beings and their activities. The knowledge of the diversity in the primary values, attitudes, and behavior of people in different cultures, countries and within different organizations has been possible by the study of anthropology.

8.4   Chanllenges and Opportunities for OB

· CREATION OF a-GLOBAL VILLAGE - Organizations are no longer confined to geographical boundaries of their own countries. Coca-cola and Pepsi are selling beverages across the world. Car manufacturers like Ford and Hyundai are building their cars outside their borders. KFC and McDonalds now operate in India. In this era of globalization companies are becoming more competitive and the role of managers is changing accordingly. Mangers need to be trained to manage in such stressful environment and learn to cope with the same. The understanding of OB is becoming more imperative.

· ADAPTING TO DIFFERENT PEOPLE - Managers are often going on foreign assignments where they are interacting with a workforce that has different culture, attitude and aspirations. Even in one's own country we are working with people from diverse background, religion and beliefs. Employees carry their value system, cultural values, and lifestyle preferences to work place thus forming a diverse group. Managers have to walk the tight rope of balancing their organization's interests with responsibilities to the community they operate in.

· IMPROVING QUALITY AND PRODUCTIVITY – In today's scenario of increased competition companies are emphasizing on gaining the competitive edge in the market through enhanced quality and productivity. Stiff competition is putting pressure on the bottom line, costs are to be reduced but productivity and quality of the products and services offered have to be improved. Management guru Tom Peters says, "Almost all quality improvement comes via simplification of

design, manufacturing, layout, processes and procedures." Hence we see that quality management and process reengineering programs are gaining importance.

· IMPROVING PEOPLE'S SKILLS – The employees of an organization are its biggest asset. Money, machine and material are of no use without man. An organization's workforce can either be the force behind major innovation and change or be stumbling blocks. Since today employees are spending more and more of their time at work as compared to the traditional eight hour regime. This can cause more stress and conflict. This can affect their personal as well as professional status quo. OB should aim to create a positive and healthy work environment so that employees are able to deliver their best.

· DEALING WITH TEMPORARY NATURE OF ENVIRONMENT- With the rapid influx of globalization, advancement in technology, and increased capacity have made it compulsory for organizations to be on their toes if they need to survive in this fast changing scenario. This is making the work environment temporary in nature. Jobs are being redesigned constantly and flexibility is being incorporated. Workers need to be continually updating their knowledge and skills otherwise they may fear losing their jobs. Mangers and employees have to learn to deal with the unpredictability of the environment and be spontaneous and flexible to changes. OB helps them to understand the rapidly changing work environment and cope with change.

8.5   Models of OB

Keith Davis recognizes four different models of OB. These models illustratethe evolution of the thinking and behaviour on the part of management andmanagers alike. The four major models or frame-works that organizationsoperate out of:

AUTOCRATIC - The autocratic model is based on power. The basis of this model is power with a managerial orientation of authority. If an employee does not follow orders he may be punished. Management thinks that they know what is best for their employees and that without the prompting from the management the employees will not perform as desired. The employees in turn are oriented towards obedience and dependence on the boss but not respect for their manager. The employee need that is met is of survival because they need to work for themselves and their families. The performance result is minimal. Though the model may appear extreme on the face but it does exist in shades of grey. It works well especially in times of an organizational crisis.

CUSTODIAL – As time progressed employers realized that the autocratic framework was filling employees with insecurity and frustration. They wanted to develop a better model where employees' satisfaction and security would be kept in mind. Hence the Custodial Model took shape. It takes into consideration the security needs of employees. A custodial environment provides a psychological comfort of economic rewards and benefits. The employees in turn are oriented towards security and benefits and dependence on the organization. The employee need which is achieved is security. The performance result is passive cooperation.

SUPPORTIVE - The underlying principle of this model is leadership and not power or money. Management provides an environment for the growth of employees. They are helped to become more capable and productive. The employees in turn are motivated to perform well on their job. Their status and recognition needs are properly met. This results in awakened drives of the employees. The supportive model of OB seeks to create supportive work environment

COLLEGIAL – This model is an extension of the Supportive model. The word "collegial" means a group of people working together cooperatively. The basis of this model is developing a feeling of partnership with employees. The result is that employees feel useful and display responsible behavior and practice self-discipline. The employee need that is met is self-actualization. The performance result is moderate enthusiasm. The employees feel as an asset to the organization.

Although the above four are separate models, almost no organization operates exclusively on any one. There is mostly a dominant one, with one or more areas over-lapping in the other models.

8.6 Summary

Organizations are social systems comprising of different individuals. To be effective at their jobs managers need to improve their interpersonal skills. Organizational Behaviour is 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 toward improving an organization's effectiveness. The manager's roles in organizations have to be studied and forming that as a base we study the concepts of OB. The field of OB draws its principles from diverse disciplines like psychology, sociology, social psychology, and anthropology.OB offers a challenging environment for managers with ample opportunities. It helps to improve manger's people skills, helps them manage workforce diversity, improve productivity and quality. It also helps managers manage work-life conflict. OB helps form a healthy and competitive work environment.

8.7 Key Words

Organizational Behaviour

Psychology

Sociology

Social Psychology

Anthropology

Autocratic Model

Custodial Model

Supportive Model

Collegial Model

8.8 Self Assessment Test

1.   Why are organizations called as "social system"? Discuss the role of managers in an organization.

2.   What is Organizational Behaviour and why is the study of this field important for managers?

3.   What are the major behavorial science disciplines that contribute to OB?

4.   What are the challenges and opportunities faced by mangers using OB concepts?

        Discuss the models of OB. List their similarities and dissimilarities.

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Unit - 9 : Personality

Unit Structure

9.0   Objectives

After completing this unit you will be able to:

- Understand what we mean by human behaviour.

- Define the personality as a reflection of individual characteristics.

- Analyze causes of human behaviour in terms of inherited and learned characteristics.

- Learn various determinants of personality.

- Understand various dimensions of personality.

- Recognize and evaluate various theories of personality.

9.1   Introduction

Individuals are very important to each organization. Their attitudes, ideas, values and lifestyles influence their work and the results achieved in their organization. In the last few years, individual behaviour, attitudes, etc. have changed considerably and therefore these changes brought new challenges to the management. Organizations that mainly depend on individual performance must take into account such individual characteristics in structuring their policies.

Figure indicates that performance is a function of an employee's behaviour and that behaviour is jointly determined by an employee's level of effort and his or her abilities.
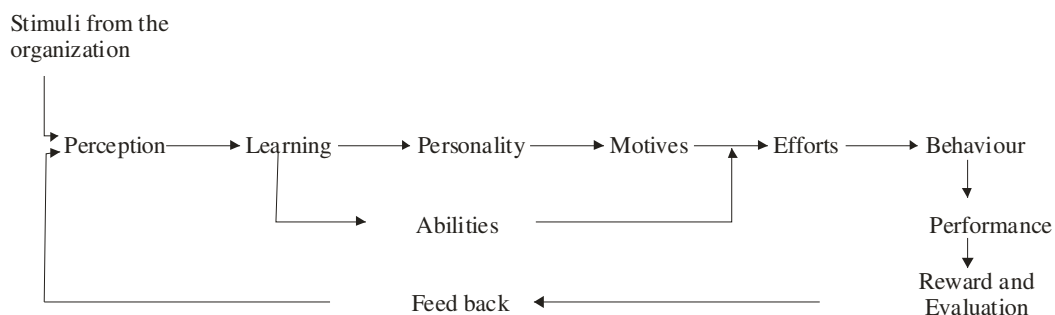

Figure 1 : Model of individual behaviour's influence on performance

9.2   Human Behaviour

Human behaviour it is most difficult to define in absolute terms. It is primarily a combination of responses to external and internal stimuli. These responses would reflect psychological structure of the person and may be a result of a combination of biological and psychological processes. It is a system by which a human being senses external events and influences, interprets them, responds to them in an appropriate manner and learns from the result of these responses.

Any discussion of human behaviour should logically begin with the concept of 'Personality'. Personality of an individual is unique. Behaviour is influenced by personal and environmental factors.

$$B = f \ (Personality, \ Environmental \ factors)$$

Behaviour (B) is a function (F) of the personality (P) and environment (E) around him. It is important to recognize the effect of the "personality" and that of environment individually as well as their interaction and dependence upon each other in order to understand the pattern of behaviour. These two factors are highly associated with each other. The environment can change the individual in his or her behaviour. Similarly, the individuals can also change the environment by setting goals and standards and by determination and motivation. It is therefore essential to study the individual and his personality concepts before proceeding to see how he behaves and work in organizations.

Basic understanding of human personality is vital to the study and analysis of organizational behaviour. Because of differences in personality, individuals differ in their manner of responding to organizational environments. In the words of D.E. James "It is better to consider the individual aspects of a person's make-up as bricks and personality as the whole house built of bricks, but held together with cement."

9.2.1 Causes of Human Behaviour

We can classify the causes of human behaviour into two categories. These are:

(1) Inherited Behaivour :

Some of the inherited characteristics which may or may not be changed by external forces and may or may not be important determinants of performance are:

(i)   **Physical ability Behaivour** : ome Physical characteristics are height, slim body, vision, dexterity and stamina, and these have some bearing on performance. Manual dexterity, for example, results in quality performance in such jobs that require artistic maneuvering. Similarly, tall people are expected to dress well and behave in a sophisticated manner, and fat people are assumed to have a jovial nature.

(ii) **Age :** Since age is also a kind of inherited characteristic. The age may affect the behaviour in physiological as well as psychological ways. Psychologically, young people are expected to be more energetic, innovative, risk taking and adventurous, while old people are supposed to be conservative and set in their ways. Physiologically, with age, older people experience waning of some their faculties such as memory, stamina, coordination, etc., and hence the related behaviors change as well. According to Lehman, the peak of creative ability is among people between the ages 30 and 40.

(iii) **Sex :** Being a male or female is genetic in nature and can be considered as an inherited characteristic. However, it is highly debatable whether being a male or a female in itself is indicative of any behavioural patterns. Man is expected to be tough while a woman is expected to be gentle.

Even though some work roles are assumed to be the exclusive domain of woman, such as nurses or airline stewardesses, these roles are being modified to accommodate men in these positions. As far as the administration of the management process is concerned, women in general do not differ from men in their operative bhaviours.

(iv) Intelligence : Intelligence is primarily an inherited trait, even though children of some very intelligent parents have turned out to be less intelligent and vice- versa. It is also known that intelligence can be enhanced by proper environment or by proper motivation. In any case, intelligence as a trait is related to certain behaviours. Intelligent people are easy to convince if the point is right and they can be expected to be much more stable and predicatable.

(v) Religion : Religion and religiously based cultures play an important role in determining some aspects of individual behaviour, specially those that concern morals, ethics and a code of conduct. Highly. Religious people have high moral standards and usually do not tell lies or talk ill of others. They are highly contented and thus strive for the goal of achievement and fulfillment. Additionally, the religion and culture also determine attitudes towards work, and towards financial incentives.

(2) Learned Behaviour:

Some of the behavioural characteristics that account for enormous diversity in human behaviour are a product of our exposure to various situations and stimuli, both within the family and the out side environment. These characteristics are acquired by learning where learning is defined as a "relatively permanent change in behaviour resulting from interactions with the environment."These characteristics involve an individual's attitudes, values and perceptions about the environment around him. They are the result of the parental values and expectations and the values and norms of our cultures and sub-cultures. Since inherited behavioural characteristics are more difficult to change or modify, it is the learned characteristics that managers want to study, predict and control. Some of these learned characteristics are:

Perception- Perception is the process by which information enters in our minds and is interpreted in order to give some sensible meaning to the world around us. It is the result of a complex interaction of various senses such as feeling, seeing, hearing etc. Sayings and proverbs like "things are not what they seem" or "all that glitters is not gold" reflect a sense of perception. Perception plays an important part in human as well as organizational behaviour. For example, if a manager perceives a subordinate's ability as limited, he will give him limited responsibility, even if the subordinate, in fact, is an able person. Similarly, we lose a lot of good friends due to our changed perceptions about them.

Attitude- Attitude is more or less a stable tendency to feel, think, perceive and act in a certain manner towards an object or a situation. It is a tendency to act in a certain way, either favourably or unfavourably concerning objects, people or events.Attitude has three elements in it that leads to measurable outcomes**.** There are feelings, thoughts and behaviours. Feelings and thoughts can be measured by simply asking individuals about their feelings and opinions. Behaviours can be measured either by actual overt actions or simply by asking the person how he would act in a certain situation. By measuring and integrating these three elements, a person's attitude towards a given situation can be established.In general, a person may have a positive attitude which is good outlook of life, or negative attitude which means continuous complaining about problems in life. Organizationally speaking an employee's negative attitude about work may be reflected by sub-standard work performance, excessive absenteeism, excessive complaining about work environment or disobedience to rules or authority. These attitudes can be changed either by simple persuasion or by training and coaching.

Kelman has identified three processes that act as instruments of change. The first is *compliance*, which is application of subtle pressure either through reward or punishment in order to change the behaviour, and expecting this change to be lasting. The second process is that of *identification* with the person who is affecting the change and is acting as a change agent. This change agent could be a close friend who wants you to change and you respect and love him enough to do so to lease him. In marriage, for example, both the husband and the wife make a lot of sacrifices and change their behaviours to please each other. The third process is the process of *internalization*, which is more permanent in nature. This means that the new attitude is integrated with the other attitude and becomes apart of the person's total personality. This change may occur through internal soul searching and the desire to change that comes from within.

Values- Value system, according to Prof. A. Dasgupta[14] "is a framework of personal philosophy which governs and influences the individual's reactions and responses to any situations." Values are emotionally charged priorities and are passionately defended. Values and behaviour are highly correlated. The values indicate behaviour pattern and while they do not necessarily and accurately predict behaviour, when behaviour occurs, it is likely to be in line with the values one holds.

Value system develops from the cultural environment in which the individual is brought up, the concept of nuclear family, religious influences or his code of conduct, respect for traditional concepts of ethics and morality, and degree of faith in the socially inherited religious elements and beliefs. These value are highly stable and enduring and once a value is internalized, it becomes, consciously or subconsciously a standard or criterion for defining action, for developing and maintaining attitudes towards relevant objects and situations, for justifying one's own and other's actions and attitudes, for morally defining self and others and for comparing self with others.

Values are important in relations to the study of organizations behaviour because an organization is a composite of attitudes, perceptions, personalities and individual behaviours of managers as well as workers. Values determine what is right and what is wrong where right or wrong is interpreted in terms of perceived values of the decision maker. Values sometimes overpower even objectivity and rationality. For example, in order to open a profitable manufacturing plant in a developing country, it may be necessary to bribe a government official for granting of the license. This bribe may be customary and routinely accepted and rationally, it could be justified. However, the value system of the management may be such as to consider bribery unethical and hence the value system would overpower rationality.The study of value system of managerial class becomes significant when one appreciates the areas over which the value system can significantly influence the manager's outlook and behavior. It is now generally accepted that:

- A manager's value system influences his perception of problems and his understanding of the various situations which he faces from day-to-day.

- Value system effectively influences a manager's decision making process as well as his inter-personal behavior.

Each manager largely functions within certain ethical and moral parameters and the value systems play important role in determining the boundaries of such parameters.

9.3 Personality

Personality is a term very frequently used by everyone while dealing with people. We usually perceive people as having a good personality or a bad personality. Sometime we disagree with people due to personality conflicts. Personality is a key factor influencing individual behaviour in organizations. It

should be noted that while perception, learning and motivation deal with some specific aspects of human behaviour, personality takes the whole person concept because it affects the various psychological processes.

When we talk of personality, we do not mean that a person has charm, a positive attitude toward life, a smiling face, or is a finalist for "Happiest and Friendliest" in this year's Miss India contest. When psychologists talk of personality they mean a dynamic concept describing the growth and development of a person's whole psychological system. Rather than looking at parts of the person, personality looks at some aggregate whole, that is greater than the sum of the parts.

Personality helps to explain why specific behaviour occurs. It deals with the content of behaviour and affords a rather static view of the individual. Behavioral scientists use the term personality when they examine types of people. The hope is that once has defined an individual's personality he will better be able o predict that person's behaviour. Unfortunately, the term personality is very vague, and interpretation of the concept varies widely from person to person. In popular usage, the term personality often implies social or interpersonal skills.

Personality thus traditionally referred to how people influence others through their external appearances (actions). But for an academician personality included (*i*) external appearance and behaviour, (*ii*) The inner awareness of self as a permanent organizing force and (*iii*) the particular organization of measurable traits, both inner and outer.

Though the term personality is used frequently there seems to be various views about its meaning. Some people refer to personality as a general sum of traits or characteristics of the person, while others refer to it as a unitary way of responding to particular situations. This means that some theorists like to view personality as a unified whole while others focus on some particular traits. Let us consider some of them:

According to Salvatore Maddi "Personality is a stable set of characteristics and tendencies that determine those commonalities and differences in the psychological behaviour (thoughts, feelings and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment."

In the words of Kolasa "Personality is a broad, amorphous designation relating to fundament approaches of persons to others and themselves. To most psychologists and students of behavior, this term refers to the study of the characteristics traits of an individual, relationships between these traits, and the way in which a person adjust to other people and situations"

According to Gluck "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement. Each person has unique ways of protecting these states.

For using individual personality traits to enrich our understanding of personality we may find difficulties. It is because there are so many traits and it is almost an impossible task to use them all. Gordon Allport and Odbert have found that there are there thousand to five thousand words that describe personal qualities. The most frequently used definition of personality was produced by **Gordon Allport** more than fifty years ago. He said personality is "the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment." For our purposes you should think of personality is thus the sum total of ways in which an individual reacts and interacts with others.

According to them Personality may be defined as " The Characteristic and distinctive trait of an individual, the stable and shifting pattern of relationship between these traits and the way the traits interact to help or hinder the adjustment of a person to other people and situations."

From are above definitions, we can see that the emphasis is on certain characteristic features likes.

· There are certain distinctive and characteristic traits.

· There is a sort of integration and organization between the physiological and psychological facets of a person.

· Each person has a unique nature.

· Personality is something which gets habitually associated to a particular individual.

· Personality relates to certain behavior, which distinguishes one person from another.

9.4 Determinats of Personality

People are enormously complex; their abilities and interests and attitudes are diverse. But the question arises "What are the determinants of individual personality?" We often notice personality characteristics such as extroversion, assertiveness and warmth etc. greatly contribute to success of an individual in his job. Most failures on job, however, are not attributable to person's amount of intelligence alone but also to certain personality characteristics. We frequently hear such comments as, "He is very intelligent but lazy", "He is mediocre but hard working" etc. The most pertinent and relevant question then is how personality originates and develop? The major determinates of personality of an individual are illustrated in Figure .2:
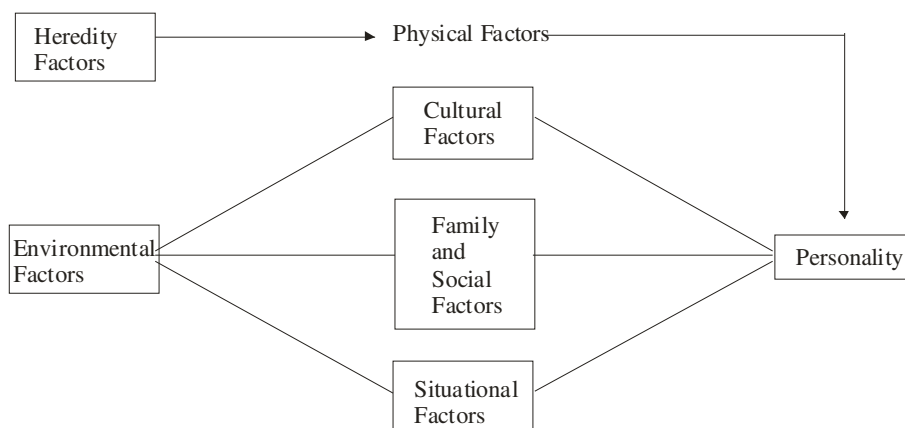
Figure - 2 : Factors Affecting Personality

There are two broad categories of factors which influence the formation and development of personality. These are heredity factors and environmental factors. It is debatable as to which of these factors have a grater influence on the structure of personality. Some behaviour scientists argue that personality characteristics are derived from heredity factors and the right type of environment only brings them out. Others feel that the effect of environment is quite strong. The probable consensus is that heredity and environment jointly affect personality development. The full potential of a person may or may not be achieved due to environmental constraints and requirements, but the potential for development both physically and psychologically is determined the complex set of genes. According to Maier, "Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. Learned modifications in behaviour are not passed on to children, they must be acquired by them through their own personal experience."

The impact of these factors in more detail is described below:

1. Heredity Factors

Heredity refers to those factors that were determined at conception. Physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are generally considered to be either completely or substantially influenced by who your parents are; that is, by their biological, physiological and inherent psychological make up. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes. "In fact, much of the early work in personality could be subsumed under the series: Heredity is transmitted through the genes; the genes determine the hormone balance; hormone balance determines physique; and physique shapes personality."

The heredity argument can be used to explain why varun's nose looks like her father's or why his chin resembles her mother's. It may explain why Diane is a gifted athlete when both her parents were similarly gifted. If all personality characteristics were completely dictated by heredity, they would be fixed at birth and no amount of experience could alter them. If you were relaxed and easygoing as a child, for example, that would be the result of your genes, and it would not be possible for you to change these characteristics. While this approach may be appealing to the bigots of the world, it is an inadequate explanation of personality.

2. Environmental Factors

While studying environmental factors we will focus on the following:

(i) Cultural Factors : Among the factors that exert pressures on our personality formation are the culture in which we are raised, our early conditioning, the norms among our family, friends, and social groups, and other influences that we experience. The environment we are exposed to plays a critical role in shaping our personalities. The person and his culture are so interwoven with each other that it is difficult to distinguish the individual from his cultural context. On the basis of cultural upbringing, the attitudes will differ concerning such subjects as work habits, risk taking capacity, introducing and accepting change, material gains, and attitudes towards women and so on.

While the impact of culture on personality and similarity in behaviour patterns are well recognized, there is no linear relationship between personality and culture so that individuals within the same culture can differ in their behaviour and personality formats. This is partly due to the existence of sub-cultures within the culture. For example, the Protestant work ethic is usually associated with Western culture. However, there are extreme differences among individual behaviours within this culture and these differences are based upon socio-economic classes, ages, education, professions and geographic regions. Hence, management must recognize these differences when dealing with people in organizational context.

(ii) Family and Social Factors : Family and social factors are also important in shaping personality of an individual. In order to understand the effect of a family on individual's personality, we have to understand the socialization process and identification process.

- **Socialization process**. The contribution of family and social groups in combination with the culture is known as socialization. In the words of Mussen, "Socialization is the process by which an individual infant acquires, from the enormously wide range of behavioural potentials that are open to him at birth, those behaviour Patterns that are customary and acceptable according to the standards of his family and social group". It initially starts with the contact with mother and later on the other members of the family (Father, sister, close-relatives) and the social group plays influential role in shaping an individual's personality.

- **Identification process.** Identification is fundamental in under standing personality. Identification starts when a person begins to identify himself with some other members of the family. Normally a child tries to behave as his father or mother. He tries to emulate certain action of his parents. According to Mischel identification process can be examined from three angles: (a) it can be viewed as the similarity of behaviour between child and the model, and (b) it can be looked as the child's motives or desire to be like the model and (c) it can be viewed as the process through which the child actually takes on the attributes of the model.

Apart from the socialization and identification processes, the personality of an individual is influenced by the home environment. There is a substantial empirical evidence to indicate that the overall environment at home is created by parents is critical to personality development.

(iii) Situational Factors : Human personality is also influenced by situational factors. The effect of environment is quite strong. It is often said that "Life is noting but a collection of experiences." Each individual's life is unique in terms of events and experiences that he goes through. There events and experiences can serve as important determinants of personality. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. Some traumatic experiences can sometimes change the structure of the entire personality. Sometimes, certain incidents reveal the personality of persons that was so far hidden. For example, shy and timid persons may spontaneously perform heroic actions in saving other people's lives without regard to own safety. Similarly, some of the most religious and law abiding citizens have indulged in unethical or illegal behaviour due to situational pressures and constraints.

In one research by Milgram it was found that situation plays a vital role in human personality. According to Milgram, "Situation exerts an important press on the individual. It exercises constraints and may provide push. In certain circumstances, it is not so much the kind of person a man is, as the kind of situation in which he is placed, that determines his action". Milgram certainly does not completely rule out the importance of the developmental aspects of personality. He rather demonstrated that the situation may potentially have a very big impact on the behavioural expression of personality.

9.5 Personality Dimensions

As it has been discussed before, personality is a set of relatively stable characteristics or dimensions of people that account for consistency in their behaviour in various situations. Some of the more important dimensions of personality that are closely linked with interpersonal and organizational behaviour are discussed as follows:

1. Authoritarianism

It refers to a belief that there should be status and power differences among people in organizations. The extremely high authoritarian personality is intellectually rigid, judgmental of others, deferential to those above and exploitative to those below, distrustful and resistant to change. Researchers suggest that people with high measures of authoritarian attitude are more inclined to conform rules and tend to emerge as leaders in situation needing an autocratic style.

2. Bureaucratic personality

A bureaucratic person values subordination, rules conformity, orderly processes in the organization, and impersonal and formal relationships. They are generally not innovative, do not take risks and are at ease in following established directives. Bureaucratic managers are better supervisors in types of work that are routine, repetitive and procedural.

3. Machiavellianism

Closely related to authoritarianism is the characteristic of Machiavellianism (Mach), named after Niccolo Machiavelli who wrote in the sixteenth century on how to gain and manipulate power. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. This personality emerges in manipulating others for purely personal gains and gaining and keeping control of others. People with Machiavellianism have high self confidence and high self esteem. They are cool and calculating and have no hesitation in using others in order to serve their own goals. They believe that ends justify means and do not fell guilty in using unethical means to serve their own interests. They are skilled in influencing others and they approach the situations thoughtfully and logically.

4. Locus of Control

According to J.B. Rotter[19] Locus of control is a personality dimension. According to Rotter, people who have high external control perceptions believe that things that happen to them are mostly a product of factors beyond their control. On the other hand, people who have high internal control perceptions believe that they can personally influence much of what happens. Researches reveal that internal control is more satisfied, when working under a participative management system. External controls, on the other hand, prefer a more directive style of management. Locus of control affects such employee characteristics as motivation, performance, satisfaction, etc. of the job, compliance with authority and supervisory style. The description of internal and external locus of control is given in Figure 3:
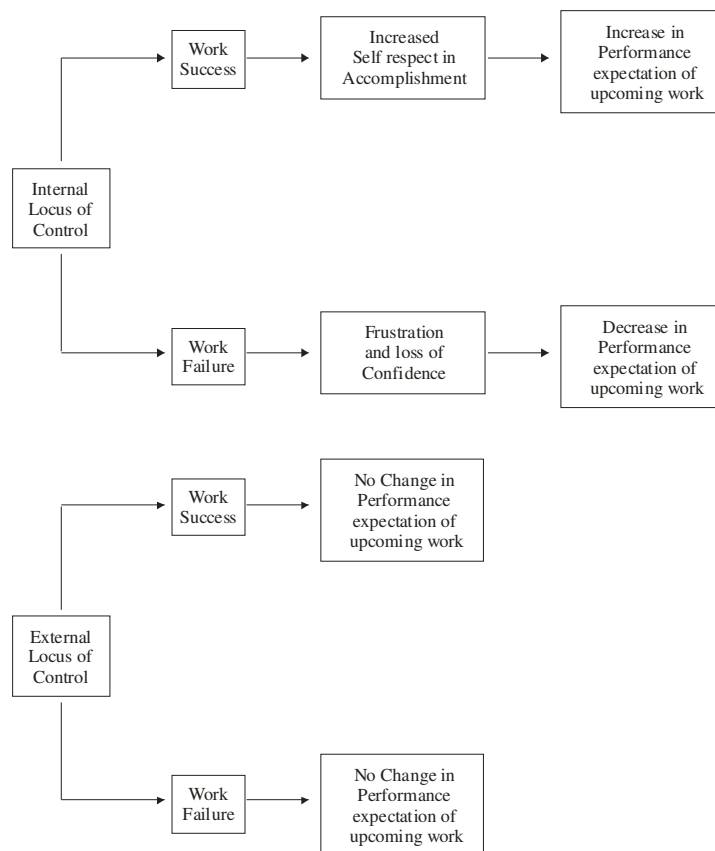

Figure -3 : Impact of Internal & External Locus of Control

111

5. Self-esteem

Self-esteem is the degree of respect a person has for himself. Self-esteem is a measure of self-confidence and respect for one's abilities. High self esteem people are high performers, while low self esteem contributes to poor performance, which in turn reinforces low self-esteem. According to Abraham K. Korman, "People of high self perceived competence and self- image should be more likely to achieve on task performance than those who have low self-image concerning the task or job at hand, since such differential task achievement would be consistent with their self-cognitions. This assumes that task performance is seen as valued."

The research on self-esteem (SE) offers some interesting insights; self-esteem is directly related to expectations for success. High –SEs believe that they possess more of the ability they need in order to succeed at work. Individuals with high SEs will take more risks in job selection and are more likely to choose unconventional jobs, while low SEs are more susceptible to external influence than are high –SEs. Low SEs is dependent on the receipt of positive evaluations from others. As a result, they are more likely to seek approval from others and more prone to conform to the beliefs and behaviors of those they respect than are high-SEs. In managerial positions, Low-SEs will tend to be concerned with pleasing others and, therefore are less likely to take unpopular stands than are high-SEs.

6. Introvert and Extrovert Personalities

Introvert persons are basically shy in nature, prefer to be alone and have difficulty in communicating people. Extroverts are outgoing, multidimensional, objective, aggressive and keep good relation with people. According to L.W. Morris[21], the introvert is behaviourally described as "quiet, introspective, intellectual, well-ordered, emotionally unexpressive and value oriented; prefers small groups of intimate friends and plans well ahead." On the other hand, an extrovert is best described as, "Sociable, lively, impulsive, seeking novelty and change, carefree and emotionally expressive".

In organizational perspective it can be assumed that managers should be extroverts since a manager's role involves working with and through other people. On the other hand, an extreme introvert works best alone in a quiet office without external interruption or influences.

9.6 Theories of Personality

Let us now make a historical trip through different theories of personality. Over the time researchers have developed a number of personality theories and no theory, at the outset, it must be pointed out, is complete in itself.

These theories differ markedly in the constructs they propose as forming the structure of the personality, and also the way they relate these constructs to behavior. They also differ in the methods they use to assess or measure an individual's personality. Let us understand these theories.

9.6.1 Psychoanlytic Theory

Psychoanalytic Theory goes beyond studying of groups of people. This theory is based on in-depth study of individual personalities. Psychoanalytic theory developed by Sigmund Freud at the beginning of the twentieth century has been a major contribution to psychological thought especially on the term 'Personality'. This theory has been developed on the premise that unconscious (biological) needs or drives all are root forces determining human motivation and personality.

The psychoanalytic theory or Freud emphasizes on the fact that human personality is made up of three main interdependent forces- the Id, the Ego and the Superego. And human behaviour is dependent on the interaction of these three systems.

Id: The Id is referred to as the source of all its driving psychic energy. All the instinctive cravings, needs, desires which demands immediate gratification – all have their origin in Id. The human being will seek immediate satisfaction without much concern for the specific means of satisfaction. However, it is not possible for man to express his basic impulses or animalistic nature in society because then it would mean going against rules, mores and values. Thus this makes it necessary to have a second system of personality.

Super ego: It is the internal representative of the traditional values and ideals of society. The function of the super ego is to restrict those impulses (which are condemned by the society) of the id. The super ego can be conceptualized as the moral arm of personality. The super ego's role is to ensure that the individual satisfies his needs in a manner which is acceptable to the society.

Ego: There could be conflict between 'id' and 'Super ego'. Ego is the individual's conscious control. It will act as an internal force to control re-direct the id-impulses and the socio-cultural restraints exercised by the super ego.

9.6.2 Type Theories

The type theories attempts to describe personalities by classifying individuals into convenient categories. Carl Jung's extravert and introvert theories are examples of "type theries."

Extroverts are optimistic, outgoing gregarious and sociable. Extrovert is basically objective, a reality- oriented individual who is much more doer than a thinker. Introverts, by contras, are more inward-directed people. They are less sociable, withdrawn and absorbed in inner life. They will be guided by their own ideas and philosophy. They are rigid and less flexible and subjective- oriented. Normally, a person who has few friends avoids social contacts, and rarely speaks to others unless they speak first might be characterized as being introverted or withdrawn. Extroverts, in the other hand, are friendly, enjoy interaction with others, crave excitement and dislike solitude. Introverts, however, are being quite, retiring, enjoying solitude etc. These two cases thus, represent extreme situations. Few people are completely introverts or extroverts. But the mixture of these two ingredients determines the kind of overall personality on an individual.

Jung explains that the personality has four dimensions, such as thinking, feeling, sensation and intuition, Thinking includes logical reasoning (rational, analytic); feeling refers to the interpretation of a thing or event on a subjective scale (emotional); sensation deals with perception of thing in general sense (factual and concrete); Intuition is based on unconscious inner perception of the potentialities or events or things (associative or gestalt).

R. Stagner has suggested one more category called 'ambivert' that comes in-between extrovert and introvert categories.

9.6.3 Trait Theories

One of the most exciting trait theory is presented by Gordon Allport In his theory, he specified common traits that are used to compare one personality with other. For the purpose of comparison, he identified six categories of values, such as social, political, religious, theoretical, economic and aesthetic. The trait theory makes the following fundamental assumptions :

(a) Traits distinguish one personality from other

(b) Individual can be described in terms of construction of traits such as affiliation, achievement, anxiety, aggression and dependency

(c) Traits can be quantifiable and do not defy measurement

(d) Traits and the amount of each trait that a person has is assumed to be stable

(e) The differences in personality and behaviour between two person is assumed to be the result of differences in amount of each that each person has.

Trait theory visualizes personality as a reflection of certain traits of the individual. Even though there are many traits that are common to most people, there are many other traits that are unique to a person and are not shared by other individuals. On the basis of the trait theory, people can be described as aggressive, loyal, pleasant, flexible, humorous, sentimental, impulsive, cool and so on. Traits are the basic elements of personality and can be used to summarize behaviour. For example, if we saw people behaving in an extrovert and forceful manner in most situations, we could label their personality as aggressive. Similarly, if a person is observed in different situations as letting someone else take the initiative in deciding what to do; we could describe his personality trait as "submissive."

9.6.4 Social Learning Theory

Social learning theory has made a significant contribution to personality theory. It enables us to look more clearly at human actions as reactions to specific conditions or circumstances rather than merely symbolic manifestations of internal and unconscious forces. The main focus of social learning approach is on the patterns of behaviour the individuals learn in coping with environment. Some behaviour patterns are learned or acquired through direct experience. Responses can also be acquired or learned without direct reinforcement. For instance, people make use of complex symbolic processes to code and store these observations in memory, and learn by observing the actions of others and by noting the consequences of these actions. Thus, social learning theorists believe that reinforcement is not necessary for learning but they accept the view that reinforcement facilitates learning by focusing attention.

Reinforcement, though not necessary for learning, is very crucial for the performance of learned behaviour. The notable assumption of social learning theory in this connection is that people behave in ways likely to produce reinforcement. An individual's repertoire of learned behaviours is extensive; the particular action chosen for specific situation depends on the expected outcome. The reinforcement that controls the expression of learned behaviour may be (i) Direct, (ii) Vicarious, or (iii) Self-administered.

Direct: It refers to the social approval or disapproval or alleviation of aversive conditions, and other tangible rewards.

Vicarious: It refers to observation of someone else receiving reward or punishment for similar behaviour.

Self-administered: It refers to evaluation of one's own performance with self-praise or reproach.

Of all these self administered reinforcement theory plays a vital role in social learning theory. However, this theory has been criticized on the grounds that (i) it over emphasizes the importance of situational factors in behaviour; and (ii) the experimental methods used by social learning theorists are particularly sensitive to the impact of situational variables and are apt to emphasize change in behaviour.

9.6.5 Self -Concept Theroy

This theory is organized around the concept that personality and behaviour are largely determined by the individual himself. We tend to act in ways that are consistent with our image of who we are. Carl Rogers is most closely associated with this approach of self-theory. Rogers and his associates have developed this personality theory that places emphasis on the individual as an initiating, creating, influential determinate of behaviour within the environment. According to Rogers there are three basic ingredients of personality- the organism, the phenomenal field, and the self.

To understand the Roger's theory we have to see (i) The Self Concept, (ii) The Organism and, (iii) The development of self Presonality.

(i) Self-concept

The most important concept in Rogers's theory is the self. The self consists of all the perceptions, ideas, values, and characteristics that characterize 'I' or 'Me'. It includes "what I am" and "what I can do". Rogers defines the self concept as "an organized, consistent, conceptual gestalt composed of perceptions of the characteristics of the 'I' or 'Me' and the perception of the relationship. Here 'I' refers to the personal self and 'Me' refers to the social self. Personal self consists of a person's psychological processes such as perception, motivation and attitudes etc. that result in a composed whole. On the other hand the social self is the way an individual appears to other.

An individual with a strong, positive self-concept is quite likely to view world quite differently from one whose self-concept is weak. One important thing to remember here is that self-concept does not necessarily mean or reflects reality; an individual may be highly successful or respected yet, view himself as failure. As Rogers said, "the basic nature of the human being when functioning fully is constructive and trust worthy. The self generally takes the initiative in improving the condition in its environment so that the values of the self can be achieved. The essence of this theory is that individuals normally are active creators and initiators, experience rather than passive reactors to the pressures of the environment. There is yet another self in Rogers self theory. That is the ideal self. It represents the types of person an individual likes to be. This concept is similar to Freud's ego-ideal. If the ideal self is closer to the real self, then the individual will be more fulfilled and happy. On the other hand, if large discrepancy exists between these two then it results in an unhappy, dissatisfied individual.

(ii) The Organism

The organism is essentially the locus of all experience. The totality of experience is the phenomenal field. This field is known to the person himself and is frequently referred to as frame of reference. Behaviour of an individual is largely determined by the phenomenal field not by the stimulating conditions of events in the external field or environment.

The individual evaluates every experience in relation to his self-concept. The experiences may be symbolized or unsymbolized. When they are symbolized they become part of individual's consciousness. Conversely, when they are unsymbolized they remain outside the confines of the awareness or consciousness of an individual. The important thing here is that distorted symbolization gives rise to inappropriate behaviour.

(iii) The Development of Self Personality

Rogers feels that the fundamental force motivating the human organism is self-actualization. i.e., "a tendency towards fulfillment, toward actualization,, toward the maintenance and enhancement of the organism". The tendency of self-actualization of both the organism and the self is subject to the profound influence of the social environment, right from childhood. Actually in the childhood itself, when the child's behaviour is evaluated continuously by their parents, he will be in a position to discriminate between thoughts and actions that are considered 'worthy' and 'unworthy'. He will be able to exclude the unworthy experience from his self-concept.

Rogers maintains that the innate tendency toward self-actualization often runs into conflict with two needs-the need for self regard, and the need for positive reward. It is true that the latter need is universal whereas the former one is the internalization of those actions and values that others approve. The regard

115

may be conditional or unconditional. Ideally, the more completely the individual is given positive regard-acceptance that is not conditional to specific behaviour – the more congruence there will be between his self-concept and his actual experiences, as well as between his self-concept and ideal self.

9.7 Summary

Human behaviour, a complex phenomenon, as it is most difficult to define in absolute terms. It is primarily a combination of responses to external and internal stimuli. These responses would reflect psychological structure of the person and may be a result of a combination of biological and psychological processes. It is a system by which a human being senses external events and influences, interprets them, responds to them in an appropriate manner and learns from the result of these responses. Personality is considered to be a set of characteristics that are stable and do not change either over a period of time or from situation to situation. These characteristics account for consistent patterns of behaviour. It is the stability of these characteristics that sometimes assist us in prediction behaviour of a given person. We can classify the causes of human behaviour into two categories - inherited and learned. Inherited behavioural characteristics include physiological characteristics, intelligence, sex, age and religion. Learned characteristics include a person's perception regarding his surrounding environment, his attitude towards life and towards other people, his personality and his ethical values. Both the together have an important bearing on the behaviour of the individual. There are two broad categories of factors which influence the formation and development of personality. These are heredity factors and environmental factors. It is debatable as to which of these factors have a grater influence on the structure of personality. The heredity factors are transferred through genes and chromosomes and may reflect physiological built and the nature of nervous systems. The environmental factors include the influence of culture, family, social interaction and situational characteristics. Some behaviour scientists argue that personality characteristics are derived from heredity factors and the right type of environment only brings them out. Others feel that the effect of environment is quite strong. The probable consensus is that heredity and environment jointly affect personality development.

There are various dimensions of personality. The personality may be authoritarian in nature where a person believes in obedience and respect for authority and adheres rigidly to conventional values. A bureaucratic personality differs from an authoritarian person in that a bureaucratic person values subordination, rules conformity, orderly processes in the organization, and impersonal and formal relationships. Then there is Machiavellian personality which emerges in manipulating other for purely personal gains and gaining and keeping control over others. Another personality Dimension is Locus of control, which affects employee characteristics as motivation, performance, satisfaction, etc. of the job, compliance with authority and supervisory style. Two more Personality Dimensions are Self Esteem and Introvert and Extrovert Personalities. People of high self perceived competence and self- image should be more likely to achieve on task performance than those who have low self-image concerning the task or job at hand. Introvert persons are basically shy in nature, prefer to be alone and have difficulty in communicating people. Extroverts are outgoing, multidimensional, objective, and aggressive and keep good relation with people.

Many personality theories have been developed to identify attributes which helps in predictability of behaviours. These theories are: Psychoanalytical theory based upon Freudian concept of personality

being founded on unconscious framework of Id, Ego and Super Ego, where Id is the unconscious animalistic urge to seek pleasure at any cost, while Ego and Super-ego keep Id in check through social and moral values. The second theory of personality in this unit is known as type theory. In this theory Jung explains that the personality has four dimensions, such as thinking, feeling, sensation and intuition, Thinking includes logical reasoning (rational, analytic); feeling refers to the interpretation of a thing or event on a subjective scale (emotional); sensation deals with perception of thing in general sense (factual and concrete); Intuition is based on unconscious inner perception of the potentialities or events or things (associative or gestalt). The third theory of personality is known as trait theory. Gordon Allport, developed this theory, he specified common traits that are used to compare one personality with other. For the purpose of comparison, he identified six categories of values, such as social, political, religious, theoretical, economic and aesthetic. On the basis of the trait theory, people can be described as aggressive, loyal, pleasant, flexible, humorous, sentimental, impulsive, cool and so on. The Fourth theory of personality is known as social learning theory which is based upon the premise that personality development is more a result of social variables than biological drives or unconscious desires. Personality is a sum total of all that a person has learned. Finally, there is a self-concept theory, which promotes the idea that a person's behaviour reflects his own image about himself. Rogers and his associates have developed this personality theory that places emphasis on the individual as an initiating, creating, influential determinate of behaviour within the environment. According to Rogers there are three basic ingredients of personality- the organism, the phenomenal field, and the self.

9.8   Self Assessment Test

1. What do you mean by Human Behaviour? Describe the concept of Personality and put focus some specific traits which constitute this.

2. Describe the inherited characteristics of behaviour. Do you believe that these characteristics can be changed or modified? Give reasons.

3. Describe the learned characteristics of behaviour. Do these characteristics change with the change in the environmental situation?

4. What are the various hereditary factors that contribute towards formation of personality? How can we be sure that all such factors are hereditary in nature?

5. Explain in detail the environmental factors that form a part of the personality. Can a change in these factors change the personality as well?

6. Differentiate between authoritarian and bureaucratic personality. Is Machiavellian style of personality still predominant in an organizational environment? Is it necessary in the present participative style of management to exhibit Machiavellian to be successful? Give reasons.

7. Differentiate between introvert and extrovert personalities. Is one form of personality necessarily better than the other? Discuss the pros and cons of both types.

8. How does trait theory of personality differ from social learning theory? Can some of the traits be socially learned?

9. Describe in Detail the self concept theory of personality.

10. Write an Essay on "Psychoanalytical theory or personality".

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UNIT – 10 : ATTITUDES AND VALUES

Unit Structure

10.0 Objectives

After studying this unit you should be able to understand:

- The concepts of attitude and values and explain how they affect the individual behaviour.

- Relationship between attitudes and behaviour

- The main causes of job satisfaction

- The terminal and instrumental values

- The dominant values in today's workforce

- Specific applications in organizations

10.1 Introduction

Attitude of an individual reflects his/her persistent tendency to think, feel and behave towards an object in a particular way, involving favour or disfavour. Attitude towards something or someone is thought to be persistent, because for changing it requires efforts and willingness. The term tendency suggests readiness of a particular kind of response to a given trigger. A tendency is likely to cause a behaviour pattern that is consistent through a series of similar situations. Attitudes, among other factors, help a person to adjust to a new situation or a context and to decide how to behave in future so as to benefit from it. When the environment seems hostile, attitude plays an "ego-defensive" role for protection of the self-image of the individual. Our values, which by nature are beliefs and convictions, are expressed through attitudes. Thus, attitude plays a "value-expressive function", too. Our belief and information about an object also shapes our attitude and can be inferred from our behaviour. Such belief or information may be invalid, incorrect, or even unreal and yet, it is the basis for the attitude that is shaped. Thus, when the information component of attitude forms the basis of a behaviour, the attitude serves the knowledge function.

Values represent basic convictions that "a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.

They contain a judgmental element in that they carry an individual's ideas as to what is right, good, or desirable. Values have both content and intensity attributes. The content attribute says that a mode of conduct or end-state of existence is important. The intensity attribute specifies how important it is. When we rank an individual's values in terms of their intensity, we obtain that person's value system. All of us have a hierarchy of values that forms our value system. This system is identified by the relative importance we assign to such values as freedom, pleasure, self respect, honesty, obedience and equality.

Are values fluid and flexible? Generally speaking, No! Values tend to be relatively stable and enduring. A significant portion of the values we hold is established in our early years – from parents, teachers, friends and others. As children, we are told that certain behaviours or outcomes are always desirable or always undesirable. There were few gray areas. You were told, for example, that you should be honest and responsible. It is this absolute or "black-or-white" learning of values that more or less assures their stability and endurance. The process of questioning our values, of course, may result in a change. We may decide that our underlying convictions are no longer acceptable. More often, our questioning merely acts to reinforce those values we hold.

10.2 Attitudes

Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something. When I say: I like my job, I am expressing my attitude about work. Attitudes are not the same as values, but the two are interrelated. The belief that "discrimination is wrong" is a value statement. Such an opinion is the cognitive component of an attitude. It sets the stage for the more critical part of an attitude – its affective component. Affect is the emotional or feeling segment of an attitude and is reflected in the statement "I don't like Ramesh, because he discriminates against minorities." Finally, affect can lead to behavioural outcomes. The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. So, I might choose to avoid Ramesh because of my feeling about him.

Viewing attitudes as made up of three components – cognition, affect and behaviour – is helpful toward understanding their complexity and the potential relationship between attitudes and behaviour. However, it needs to be clarified that the term attitude essentially refers to the affective part of the three components. Also, in contrast to values, to alter one's attitude toward a certain product or service: if the people at Maruti can get you to hold a favourable feeling toward their cars, that attitude may lead to a desirable behaviour (for them) – purchase of a Maruti product. Attitudes are important in the organizations, because they affect job behaviour. If workers believe, for example, that supervisors, auditors, and time and motion engineers are all in conspiracy to make employees work harder for the same or less money; and then it makes sense to try to understand how these attitudes were formed, their relationship to actual job behaviour, and how they might be changed.

10.3 Types of Attitudes

The job related attitudes tap positive or negative evaluations that employees hold about various aspects of their work environment. Most of the research in OB has been concerned with three attitudes: job satisfaction, job involvement and organizational commitment.

Job Satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job, while a person who is dissatisfied with his or her job holds negative attitudes about the job. Jobs require interaction with coworkers and superiors, following organizational rules and policies, meeting performance standards, living with working conditions that are often less than ideal and the like. This means that an employee's assessment of how satisfied or

dissatisfied he or she is with the job is a complex summation of a number of discrete job elements like the nature of job itself, the compensation a person gets by working on the job, growth opportunities, opportunities for career advancement, the organizational climate, the behaviour of the supervisor and coworkers, and so on.

There are consequences when employees like their jobs, and there are consequences when employees dislike their jobs. Job satisfaction and productivity data when gathered for the organization as a whole, it was found that organizations with more satisfied employees tend to be more effective than organizations with fewer satisfied employees. Satisfied employees are likely to talk positively about the organization, help others and go beyond the normal expectations in their job. Moreover, satisfied employees might be more prone to go beyond the call of duty because they want to reciprocate their positive experiences. However, when the organizational processes are perceived by the employees as fair, trust is developed. And when employer enjoys the trust, the employees are willing to voluntarily engage in behaviours that go beyond formal job requirements.

Satisfied employees increase customer satisfaction and loyalty. In service organizations, customer retention and defection are highly dependent on how frontline employees deal with customers. Satisfied employees are more likely to be friendly, upbeat and responsive which customers appreciate. And because satisfied employees are less prone to turnover, customers are more likely to encounter familiar faces and receive experienced service. These qualities build customer satisfaction and loyalty. In addition, the relationship seems to apply in reverse: dissatisfied customers can increase an employee's job dissatisfaction.

There is a negative correlation between satisfaction and absenteeism. Dissatisfied employees are more likely to miss work. But at the same time even satisfied employees are prone to take off if organization is providing liberal sick leave benefits. Satisfaction is also negatively related to turnover, but the correlation is stronger than absenteeism. Yet factors like labour market conditions, expectations about alternative job opportunities, and length of tenure with the organization are important constraints on the actual decision to leave one's current job. Job dissatisfaction predicts a lot of specific behaviours, including unionization attempts, substance abuse, stealing at work, undue socialization and tardiness. These behaviours are indicators of a broader syndrome which is termed as deviant behaviour at workplace or employee withdrawal. The key is that if employees do not like their work environment, they will respond somehow.

It is not always easy to forecast exactly how they'll respond. One worker's response might be to quit. But another may respond by taking work time to surf the Internet, taking work supplies home for personal use, and so on. If employers want to control the undesirable consequences of job dissatisfaction, they should try to seek solution for the problem that is causing dissatisfaction rather trying to control the different responses. Managers can obtain useful attitudinal information by undertaking Job Satisfaction Survey. It can:

- Identify broad employee problems

- Indicate levels of satisfaction

- Pinpoint problem areas in jobs or groups

- Improve the flow of communication

- Serve as an emotional release

- Identify training needs

- Help managers plan and monitor new programs

Job Involvement refers to the degree to which a person identifies psychologically with his or her job and considers his or her perceived performance level important to self worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. Holding meaningful jobs and performing them well are important inputs to their self images, which helps explain the traumatic effects of job loss on their esteem needs. Job-involved employees are likely to believe in the work ethic, to exhibit high growth needs, and to enjoy participation in decision making. As a result, they seldom will be tardy or absent, they are willing to work long hours, and they will attempt to be high performers. High levels of job involvement have been found to be related to fewer absences and lower resignation rates. However, it seems to more consistently predict turnover than absenteeism, accounting for as much as 16 percent of the variance in the former.

Organizational Commitment is defined as a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So, high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization. As with job involvement, the research evidence demonstrates negative relationships between organizational commitment and both absenteeism and turnover. In fact, studies demonstrate that an individual's level of organizational commitment is a better indicator of turnover than the far more frequently used job satisfaction predictor, explaining as much as 34 percent of the variance. While job satisfaction is primarily concerned with the job or the work a person undertakes in an organization, commitment shows the relationship between an individual and the organization. The stronger such a relationship is , the higher the organizational commitment will be.

Organizational commitment indicates a person's feelings with regard to continuing his or her association with the organization, acceptance of the values and goals of the organization, and willingness to help the organization achieve such goals and values. There are three dimensions of organizational commitment—*affective commitment* i.e., a person's emotional attachment to and identification with the organization; *continuous commitment*, based on the benefits the person sees in continuing with the organization; and *normative commitment* i.e., the willingness of a person to continue with the organization, because it is commonly considered a good practice to stay on. Organizational commitment can be enhanced by clarifying the mission and values of the organization, involving people in the development of organizational goals, ensuring equitable treatment without discrimination, developing a collective sense of the organization, and investing in people's growth and advancement.

A study examining the relationship of psychological climate dimensions (autonomy, cohesion, trust, pressure, support, recognition, fairness, innovation) with job satisfaction and organizational commitment clearly demonstrates that psychological climate as a perceptual multi-dimensional phenomenon can render toward better understanding of persons' evaluating reaction and functioning in an organization.

Other Job Attitudes

Perceived Organizational Support (POS) is the degree to which the employees believe that the organization values their contribution and cares about their well-being. Research shows that people perceive their organization as supportive when rewards are deemed fair, when employees have a voice in decisions, and when their superiors are seen as supportive.

Employee Engagement can be defined as individuals' involvement with, satisfaction with and enthusiasm for the work they do. For example, one might ask employees about the availability of the resources and the opportunities to learn new skills, whether they feel their work is important and meaningful, and whether their interactions with their coworkers and superiors were rewarding. A recent study of 8000

business units in 36 companies found that business units whose employees had high average levels of engagement had higher levels of customer satisfaction, were more productive, had higher profits and had lower levels of turnover and accidents.

10.4 Attitude Change

Attitudes have three components—cognitive (knowledge and understanding), affective (feelings), and conative (action). Attitude change covers all three aspects. Several theories have been proposed for attitude change.

Reinforcement Theory

According to this theory, changes in opinions can result in attitude change, depending on the presence or absence of rewards. The learning of new attitudes is not different in nature than any other verbal or motor skill except that opinions relate to a single proposition, whereas other skills involve a series of propositions. The acceptance of a new opinion and hence attitude formation is dependent upon the incentives that are offered in the communication.

Balance Theory

Heider developed a balance theory of attitude change that was influenced by Gestalt principles. According to Heider Theory, when beliefs are unbalanced and stress is created, then there is pressure to change attitudes. The two main factors affecting balance are the sentiment (e.g., liking, approving, admiring) and unity (e.g., similarity, proximity, membership) qualities of beliefs. Balance exists if the sentiment or unity between beliefs about events or people are equally positive or negative; imbalance occurs when they are dissimilar in nature.

Cognitive Consistency Theory

Abelson and others developed theories of cognitive consistency. Cognitive consistency suggests that people will try and maintain consistency among their beliefs and make changes i.e., accept or reject ideas when this does not occur. For example, if an employee wants to stay in a small place and also wants to have better career opportunities is presented with the fact that the employees who live in a small place do not have fast career opportunities, the employee will either reject this preposition or change his attitude about small place or better career opportunities.

10.5 Cognitive Dissonance Theory

Leon Festinger, in the late 1950s, proposed the Theory of Cognitive Dissonance. This theory sought to explain the linkage between attitude and behaviour. Dissonance means an inconsistency. Cognitive dissonance refers to any incompatibility that an individual might perceive between two or more of his or her attitudes, or between his or her behaviour and attitudes. Festinger argued that any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance and, hence, the discomfort. Therefore, individuals will seek a stable state in which there is a minimum of dissonance.

No individual can completely avoid dissonance. Everyone knows that cheating on income tax is wrong, but people "fudge" the numbers a bit every year, and hope they are not audited. Every one tells his children to brush after every meal, but one does not do so himself. So how do people cope? Festinger proposed that the desire to reduce dissonance would be determined by the importance of the elements creating the dissonance, the degree of influence the individual believes he or she has over the elements, and the rewards that may be involved in dissonance. If the elements creating the dissonance are relatively unimportant, the pressure to correct this imbalance will be low. For instance a manager believes that no company should pollute air. Unfortunately, because of the requirement of his job, is placed in the position of having to make decisions that would trade off his company's profitability against attitude on pollution.

Clearly, the manager would experience a high degree of cognitive dissonance. Because of the importance of the elements, the manager cannot ignore the inconsistency. There are several paths the manager can follow to deal with his dilemma. He can change his behaviour (stop polluting), or he/she can reduce dissonance by concluding that the dissonant behaviour is not so important after all(I've got to make a living, and in my role as a corporate decision maker, I often have to place the good of my company above that of my environment or society. A third alternative would be for the manager to change his/her attitude (there is nothing wrong with polluting the air). Still, another choice would be to seek out more consonant elements to outweigh the dissonant ones (the benefits to society from manufacturing our products more than offset the cost to society of the resulting air pollution).

The degree of influence that individuals believe they have over the elements will have an impact on how they will react to the dissonance. If they perceive the dissonance to be due to something over which they have no choice, they are less likely to be receptive to attitude change. If, for example, the dissonance producing behaviour is required as a result of the superior's directive, the pressure to reduce dissonance would be less than if the behaviour was performed voluntarily. Though dissonance exists, it can be rationalized and justified.

Rewards also influence the degree to which individuals are motivated to reduce dissonance. High rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance. The rewards act to reduce dissonance by increasing the consistency side of the individual's balance sheet. These moderating factors suggest that just because individuals experience dissonance, they will not necessarily move directly toward reducing it. If the issues underlying the dissonance are of minimal importance, if individuals perceive that the dissonance is externally imposed and is substantially uncontrollable by them, or if rewards are significant enough to offset the dissonance, the individuals will not be under great tension to reduce the dissonance.

Organizational Implications

It can help to predict the propensity to engage in attitude and behavioural change. For example, if individuals are required by the demands of their job to say or do things that contradict their personal attitude, they will tend to modify their attitude in order to make it compatible with the cognition of what they have said or done. In addition, the greater the dissonance after it has been moderated by importance, choice and reward factors, greater the pressure to reduce it. So try to:

- Link rewards to performance

- Set challenging goals

- Define clear expectations

- Use active listening skills

- Provide frequent feedback regarding performance

- Show concern for employee feelings

- Allow employees' attitudes to participate in decision making

- Show appreciation for effort and citizenship

- Provide new data

- Have co-workers share their experiences

10.6   Work Attitudes in India – Karmyoga and Work Dedication

Cultural values have been known to shape people's attitude at work. In India, some companies have found the general cultural values can be linked to work attitudes, such that people feel that work culture and their general social context are not two separate and unrelated words. At the same time, companies who can integrate these effectively can also enhance their effectiveness.

Karmyoga

Karmyoga means a tendency to discharge one's duties without lusting after the outcomes. The first part of the word is a noun meaning action, activity or a deed – derived from a verb meaning "to do" and the second half is a noun meaning the process and proficiency in achieving harmonious, appropriate balance between two distinct phenomena. Karmyoga can be understood as one's competence at balancing inaction, passivity and procrastination on one hand and on the other, the desperate chase for achieving results at any cost, whatever be the means and the process used for achieving those ends or results. As an approach, this is one of several ways to achieve a state of existence where one achieves such excellence or mastery that all performance approximates perfection, yet the performance appears effortless and aimed not at making something out of it. A study of Karmyoga identified the following dimensions:

1) A sense of duty or obligation towards other arising out of one's feeling of being connected to one's surroundings, coupled with striving to live a life for the benefit of society.

2) Spontaneous action leading to absence of craving for material gratification.

3) Equanimity (between contrasting factors that represent appropriate balance without disregarding what is necessary and without overemphasis on anything).

(Source: Mulla, Z.R. and Venkat R. Krishnan (2007). Karmayoga. *South Asian Journal of Management 14*(4), 116-136).

Work Dedication

It appeared that in India, superiors and organizations rate employee dedication as a more valued and more frequently mentioned attitude towards work and organization. While the term dedication is used frequently in ordinary language, as a work attitude, it is defined as the disposition of the employee to voluntarily engage in affectively unpleasant, non-rewarding organizationally relevant behaviour. The notion derives from another concept of duty: doing those tasks about which one has positive beliefs (good to do, should do) but negative affect (disliked).

Many instances were identified during a research conducted by Kumar. A design engineer stayed back in the after–hours for many days after his resignation teaching his replacement all the required things. This was in spite of his dislike for his company who had short changed him. In another instance, some employees reported to work during a strike against unfair practices of their organization, knowing that they faced negative consequences. A customs officer did not allow machinery to be imported by vested interests against rules in spite of pressure from Members of Parliament.

(Source: Kumar, N. (1986). Identification and Measurement of Work-Dedication, Fellowship Programme in Management Thesis, Indian Institute of Management, Ahmedabad.

10.7   Values

Values are important to the study of organizational behaviour, because they lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions. Individuals enter

an organization with preconceived notions of what "ought" and what "ought not" to be. Of course, these notions are not value free. On the contrary, they contain interpretations of right and wrong. Furthermore, they imply that certain behaviours or outcomes are preferred over others. As a result, values cloud objectivity and rationality.

Values generally influence attitudes and behaviour. Suppose that you enter an organization with the view that allocating pay on the basis of performance is right, while allocating pay on the basis of seniority is wrong or inferior. How are you going to react if you find that the organization you have just joined rewards seniority and not performance? You are likely to be disappointed – and this can lead to job dissatisfaction and the decision not to exert a high level of effort since "it is probably not going to lead to more money, anyway." Would your attitudes and behaviour be different if your values aligned with the organization's pay policies? Most likely.

10.8 Types of Values

Can we classify values? The answer is yes! Below are given value typologies.

Allport and Associates. One of the earliest efforts to categorize value was made by Allport and his associates. They developed a questionnaire that described a number of situations and asked respondents to preference – rank a fixed set of answers. Based on their replies, the researchers were able to rank respondents in terms of the importance they gave to each of the six types of values and to identify a value system for each respondent. Using this approach, it has been found that people in different occupations place different importance on the six value types. As per Allport-Vernon Lindzey Study of Values, they were:

Scale	Description of value	Typical Occupation
Social	Helping people	Social Work
Theoretical	Search for truth	Professor
Economic	Pragmatic, applied	Business
Aesthetic	Artistic values	Artist
Political	Power and influence	Politics
Religious	Religion, harmony	Clergy

1. *Social* : Assigns the highest value to the love of people. For example a nurse may have a strong love for people.

2. *Theoretical* : Places high importance on the discovery of truth through a critical and rational approach. A scientist, for example, values truth.

3. *Economic*: Emphasizes the useful and practical. For example, a businessman may value usefulness.

4. *Aesthetic*: Places the highest value on form and harmony. For example, an artist naturally values beauty.

5. *Political*: Places emphasis on acquisition of power and influence. For example, a politician.

6. *Religious*: Is concerned with the unity of experience and understanding of the cosmos as a whole. For example, a genuine preacher probably values unity.

.Most of us, of course, have several of these values at more moderate levels, plus we may value one or two of these quite negatively. There are modern tests used for helping kids find their careers that have very similar dimensions.

10.9 Rokeach Value Survey

Milton Rokeach created the Rokeach Value Survey (RVS). The RVS consists of two sets of values, with each set containing 18 individual value items. One set, called terminal values, refers to desirable end-states of existence. For example, peace, beauty, equality, freedom, happiness, pleasure, self-respect, social recognition, friendship and wisdom. These are the goals that a person would like to achieve during his or her lifetime. The other set, called instrumental values, refers to preferable modes of behaviour, or means of achieving the terminal values. For example, hardwork, cheerfulness, cleanliness, courageous, forgiving, helpful, honesty, obedience, politeness and self discipline.

Terminal Values

- A comfortable life (a prosperous life)

- A sense of accomplishment (lasting contribution)

- A world of peace (free of war and conflict)

- A world of beauty (beauty of nature and the arts)

- Equality (brotherhood and equal opportunity for all)

- Family security (taking care of loved ones)

- Freedom (independence, free choice)

- Happiness (contentedness)

- Inner harmony (freedom from inner conflict)

- Pleasure (an enjoyable, leisurely life)

- Salvation (saved, eternal life)

- Self-respect (self-esteem)

- Social recognition(respect, admiration)

- True friendship (close companionship)

- Wisdom (a mature understanding of life)

Instrumental Values

· Ambitious (hardworking, aspiring)

· Broad-minded (open-minded)

· Capable (competent, effective)

· Cheerful (lighthearted, joyful)

· Clean (neat, tidy)

· Courageous (standing up for your beliefs)

- Forgiving (willing to pardon others)

- Helpful (working for the welfare of others)

- Honest (sincere, truthful)

- Imaginative (daring, creative)

- Independent (self-reliant, self sufficient)

- Intellectual (intelligent, reflective)

- Logical (consistent, rational)

- Loving (affectionate, tender)

- Obedient (dutiful, respectful)

- Polite (courteous, well-mannered)

- Responsible (dependable, reliable)

- Self-controlled (restrained, self-disciplined)

Several studies confirm that the RVS values vary among groups. People in the same occupations or categories (e.g., corporate managers, union members, parents, students) tend to hold similar values. An understanding that individuals' values differ but tend to reflect the societal values of the period in which they grew up can be a valuable aid in explaining and predicting behaviour.

10.10 Contemporary Work Cohorts

*Veterans (*1950s-1960s*).* They tend to be loyal to their employer and are likely to place the greatest importance on a comfortable life and family security.

*Boomers (*1965-1985*).* They place a great deal of emphasis on achievement and material success and believe that ends can justify means. They rank sense of accomplishment and social recognition very high.

*Xers (*1985-2000*).* These have been shaped by globalization, two-career parents, MTV, AIDS, and computers and value flexibility, life options, and the achievement of job satisfaction. They enjoy team-oriented work and are less willing to make personal sacrifices for the sake of their employer

*Nexters (*2000….*).* They have grown up during prosperous times and seek financial success. They enjoy teamwork but are also self-reliant. Emphasize freedom and comfortable life.

10.11 Values Across Cultures

Managers have to become capable of working with people from different cultures. Because values differ across cultures, an understanding of these differences should be helpful in explaining and predicting bahaviour of employees from different countries. One of the most widely referenced approaches for analyzing variations among cultures has been done by Geert Hofstede. He surveyed more than 1,16,000 IBM employees in 40 countries about their work related values. He found that managers and employees vary on five value dimensions of national culture, as follows:

Power distance. The degree to which people in a country accept that power in institutions and organizations is distributed unequally. It ranges from relatively equal (low power distance) to extremely unequal (high power distance). In high power distance countries, people blindly obey the orders of their superiors, prefer centralized and tall organization structures, whereas low power distance countries prefer flatter and decentralized organization structures and smaller ratio of supervisors.

Individualism versus Collectivism. Individualism is the tendency of people to look after themselves and their immediate family only. Countries high in individualism tend to be wealthier, support rigid work ethic, greater individual initiative, promotions based on market value. Collectivism is the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty. Countries high in collectivism tend to be poorer, less support for rigid work ethic, less individual initiative, promotions based on seniority.

Masculinity versus Femininity. Masculinity is a culture in which the dominant social values are success, money and things. Countries high in masculinity give great importance on earnings, recognition, advancement, challenge and wealth, and have high job stress. Femininity is a culture in which the dominant social values are caring for others and the quality of life. Countries high in femininity give great importance to cooperation, friendly atmosphere, employment security, group decision making, and living environment. There is low stress and more employee freedom.

Uncertainty avoidance. The degree to which people in a country prefer structured over unstructured situations. In countries that score high on uncertainty avoidance, people have an increased level of anxiety, which manifests itself in greater nervousness, stress and aggressiveness. In high uncertainty avoidance countries, people have high need for security, strong belief in experts and their knowledge, structured organizational activities, more written rules and there is less risk taking by managers. In low uncertainty avoidance countries, people are more willing to accept risks associated with the unknown, believe in less structured organizational activities, and fewer written rules. There is higher employee turnover and employees are more ambitious.

Long-term versus Short-term Orientation. People in cultures with long-term orientation look to the future and value thrift, tradition and persistence. In a short-term orientation, people value here and now; change is accepted more readily and commitments do not represent impediments to change.

Cultural values change slowly, but they do change. It is therefore, important to treat the ratings of value dimensions as general guidelines that need to be modified over time to reflect major political, social and economic shifts within a country. Even though cultural values are generally stable and enduring, their ratings need to be modified to include transformational changes within countries.

10.12 The GLOBE Framework for Assessing Culture

Begun in 1993, the Global Leadership and Organizational Effectiveness (GLOBE) research program is an ongoing cross-cultural investigation of leadership and national culture. Using data from 825 organizations in 62 countries, the GLOBE team identified nine dimensions on which national cultures differ. They are Assertiveness, Future orientation, Gender differentiation, Uncertainty avoidance, Power distance, Collectivism/Societal, In-group collectivism, Performance orientation, and Humane orientation.

GLOBE Cultural Variable Results

Dimension	Highest Ranking	Medium Ranking	Lowest Ranking
Assertiveness	Spain, U.S.	Egypt, Ireland	Sweden,New Zealand
Future orientation	Denmark, Canada	Slovenia, Egypt	Russia, Argentina
Gender differentiation	South Korea, Egypt	Italy, Brazil	Sweden, Denmark
Uncertainty avoidance	Austria, Denmark	Israel, U.S.	Russia, Hungary
Power distance	Russia, Spain	England, France	Denmark, Netherlands
Collectivism/Societal	Denmark, Singapore	Hong Kong, U.S	Greece, Hungary
In-group collectivism	Egypt, China	England, France	Denmark, Netherlands
Performance orientation	U.S., Taiwan	Sweden, Israel	Russia, Argentina
Humane orientation	Indonesia, Egypt	Hong Kong, Sweden	Germany, Spain

10.13 Summary

Why is it important to know an individual's values? Although they don't have a direct impact on behaviour, values strongly influence a person's attitudes, behaviour and perceptions. So knowledge of an individual's value system can provide insight into what makes the person click. Given that people's values differ, managers can use the Rokeach Value Survey to assess potential employees and determine if their values align with the dominant values of the organization. Employees' performance and satisfaction are likely to be higher if their values fit well with the organization. For instance, the person who places high importance on imagination, independence and freedom is likely to be poorly matched with an organization that seeks conformity from its employees.

Managers are more likely to appreciate, evaluate positively and allocate rewards to employees who fit in and employees are more likely to be satisfied if they perceive that they do fit in. This implies that management should strive during the selection of new employees to find job candidates who not only have the ability, experience and motivation to perform but also a value system that is compatible with that of the organization. Managers should be interested in their employees' attitudes, because attitudes give warnings of potential problems as they influence behaviour. Satisfied and committed employees, for instance, have lower rates of turnover, absenteeism and withdrawal behaviours. They also perform better on the job. Given that managers want to keep resignations and absences down—especially among their more productive employees – they will want to do the things that will generate positive job attitudes.

It is most important for the managers to raise employee satisfaction and focus on the intrinsic parts of the job, such as making the work challenging and interesting. Although paying employees poorly is not likely to attract high quality employees to the organization, or keep high performers, managers should realize that high pay alone is unlikely to create a satisfying work environment. Managers should also be aware that employees will try to reduce cognitive dissonance. More important is that dissonance can be

managed. If employees are required to be engaged in the activities that appear inconsistent to them or that are at odds with their attitudes, the pressures to reduce the resulting dissonance are lessened when employees perceive that the dissonance is externally imposed and is beyond their control or if the rewards are significant enough to offset the dissonance.

10.14 Key Words

Job Satisfaction, Organizational Commitment, Job Involvement, Cognitive Dissonance, Employee Engagement, Cognitive Consistency, Perceived Organizational Support, Terminal Values, Instrumental Values

10.15 Self Assessment Test

1.   Contrast the cognitive and affective components of an attitude.

2.   What is cognitive dissonance and how is it related to attitudes?

3.   A happy worker is a productive worker. Agree/disagree

4.   Contrast the Veteran, Boomers , Xers, and Nexters classifications with terminal values identified in the Rokeach Value Survey

UNIT – 11 : PERCEPTION

Unit Structure

11.0   Objectives

After studying this unit you should be able to understand:

* The concept of Perception and explain how it affects the individual behaviour.

* Attribution Theory.

* Errors and Biases in Attribution

* Specific Applications in Organizations

11.1 Introduction

Perception is the source of one's knowledge of the world. One wants to know the world and the surrounding environment. Knowledge is the power, and without knowledge one cannot act effectively. Perception is the main source of knowledge. It is the process by which individuals receive, organize and interpret their sensory impressions in order to give meaning to their environment. However, what one perceives can be substantially different from objective reality. It need not be, but there is often disagreement. For instance, it is possible that all employees in an organization may view the organisation as a great place to work – favorable working conditions, interesting job assignments, good pay, an understanding and responsible management – but, as most of us know, it is very unusual to find such agreement. Similarly, an incident on the shop floor may be interpreted by the supervisor as an indication of worker's carelessness, whereas workers may see it as being caused by the supervisor's authoritarian approach. When people exchange their roles, they begin to see things differently. When a worker is promoted to the post of supervisor, his or her perception of the shop floor often changes.

11.2 Factors Influencing Perception

How do we explain that individuals may look at the same thing, yet perceive it differently? Every one selectively pays attention to some aspects of the environment and selectively ignores other aspects. A person's selection process involves both internal and external factors. In other words, a complex set of factors, some internal to the person and some external environment, combine to determine what the person perceives. Selective screening is the process by which people filter out most information so that they could deal with the important matters. A number of factors operate to shape and sometimes distort perception. These factors can reside in the perceiver, in the object or target being perceived, or in the context of the situation in which the perception is made (Exhibit 6-1. *Source: Robbins, Stephen P. Organizational Behaviour. Ninth Edition: Prentice -Hall of India, New Delhi, 2000*).

The Perceiver: When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver. Have you ever bought a new motor cycle and then suddenly noticed a large number of motor cycles of the same colour like yours on the road. It is unlikely that the number of such motor cycles suddenly expanded. Rather, your own purchase has influenced your perception so that you are now more likely to notice them. Another example: if one expects police officers to be authoritative, young people lazy or Government officials unscrupulous, you will perceive them as such regardless of their actual traits.

Among the more relevant personal characteristics affecting perception are attitudes, motives, interests, past experiences and expectations. People with certain attitude towards female colleagues or those speaking a particular language are likely to perceive various minor things about members of these groups which may otherwise go unnoticed. Generally things which conform to our individual beliefs and attitudes attract attention. One's background also influences one's selection of objects. People with a particular background look for people with the same background. For example, a person educated in a particular institution may pay more attention to a person who is from the same institution. Similarly, a person having a bad experience while working with the people from a particular region may perceive these people as bad people and would avoid the people of that region, irrespective of the situation. These are the examples as how factors related to the perceiver influence what he or she perceives.

The unsatisfied needs or motives stimulate individuals and may exert a strong impact on their perceptions. This fact was dramatically demonstrated in a research study on hunger as cited by Stephen P. Robbins in one of the editions of his textbook on Organizational Behaviour. Individuals in the study had not eaten for varying numbers of hours. Some had eaten an hour earlier; other had gone as long as 16 hours without food. These subjects were shown blurred pictures, and the results indicated that the extent of hunger influenced the interpretation of the blurred pictures. Those who had not eaten for 16 hours perceived the blurred images as pictures of food far more frequently than did those subjects who had eaten only a short time earlier.

The supervisor who has just been reprimanded by his or her supervisor for the high level of lateness among his or her staff is more likely to notice lateness by his employee tomorrow that he or she was last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in the class. These examples signify that the focus of our attention appears to be influenced by our interests, because our individual interests differ considerably; what one person notices in a situation can differ from what others perceive. Just as interests narrow one's focus, so do one's past experiences. You perceive those things to which you can relate. However, in many instances, your past experiences act to nullify an object's interest.

The Target: Characteristics of the target that is being observed can affect what is perceived. Loud people are more likely to be noticed in a group than are quiet ones. So are the extremely attractive or unattractive individuals. Motion, sound, size and other attributes of a target shape the way we see it. For example, a moving object is more likely to be perceived than a stationary object. A repeated factor is more likely to be noticed than a single factor. Marketing managers use this principle in trying to get the attention of prospective customers. Either a familiar or a novel factor in the environment can attract attention, depending on the circumstances. People would quickly notice an elephant walking along a city street (both novelty and size increases the probability of perception). A person is likely to notice the face of a close friend first among a group of approaching people. Because targets are not looked at in isolation, the relationship of a target to its background also influences perception, as does our tendency

to group close things and similar things together. What we see depends on how we separate a figure from its general background.

Objects that are close to each other tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated. Persons, objects, or events that are similar to each other also tend to be grouped together. The greater the similarity, the greater the probability that we may perceive them as a common group. Women, blacks, or members of any other group that has clearly distinguishable characteristics in terms of features or colour are likely to be perceived as similar in other and unrelated characteristics as well. This tendency to see things in a complete form may even make a person perceive those characteristics that do not exist or prevent the perception of several contradictory characteristics.

The Situation. The context in which we see objects or events is also important. Elements in the surrounding environment influence our perception. We may not notice an operator working on a machine in company uniform during general shift. Yet that same person so attired in a marriage party would certainly catch our attention. Neither the perceiver nor the target changed between general shift and marriage party, but the situation is different. Similarly, at swimming pool on Sunday afternoon you see a Lady dressed in a swimming suit. Next day you see the same Lady in the same attire in a morning Management class. She will catch your attention. Neither the perceiver nor the target changed between swimming pool and class room, but the situation is different. The time at which an object or event is seen can influence attention, as can location, light, heat or any number of situational factors.

Factors That Influence Perception

Factors in the perceiver
- Attitudes
- Motives
- Interests
- Experience
- Expectations

Factors in the situation
- Time
- Work setting
- Social setting

Perception

Factors in the target
- Novelty
- Motion
- Sounds
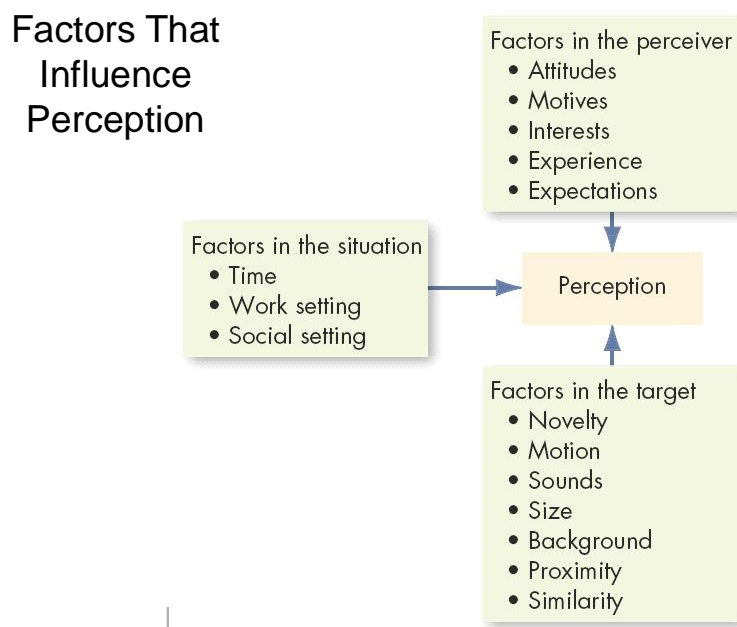- Size
- Background
- Proximity
- Similarity

Figure - 1

134

11.3 Impression Management

It is the process through which people try to control the impressions other people form of them. It is a goal-directed conscious or unconscious attempt to influence the perceptions of other people about a person, object or event by regulating and controlling information in social interaction. It is usually used synonymously with self-presentation, if a person tries to influence the perception of his/her image. The notion of impression management also refers to practices in professional communication and public relations, where the term is used to describe the process of formation of a company's or organization's public image. There are two main motives that govern self-presentation. One is instrumental: we want to influence others and gain rewards .There are three instrumental goals. The first is *Ingratiation*, when we try to be happy and display our good qualities so that others like us. The second is *Intimidation*, which is aggressively showing anger to get others to hear and obey us. The third is *Supplication*, when we try to be vulnerable and sad so that people help us and feel bad for us.

The second motive of self-presentation is expressive. We construct an image of ourselves to claim personal identity, and present ourselves in a manner that is consistent with that image. If we feel like this is restricted, we exhibit reactance. We try to assert our freedom against those who would seek to curtail our self-presentation expressiveness. A classic example is the idea of the "preacher's daughter;" the notion that her suppressed personal identity and emotions cause an eventual backlash at her family and community.

Concerning the strategies followed to establish a certain impression, the main distinction is between defensive and assertive strategies. Whereas, defensive strategies include behaviours like avoidance of threatening situations or means of self-handicapping, assertive strategies refer to more active behaviour like the verbal idealization of the self, the use of status symbols or similar practices.

11.4 Attribution Theory

People make attributions in an attempt to understand why people behave as they do and to make better sense of their situations. Individuals don't consciously make attributions all the time. However, under certain circumstances, people are likely to make causal attributions consciously. For example, causal attributions are common in the following situations:

· The perceiver has been asked an explicit question about another's behaviour. (why did she do like that?).

· An unexpected event occurs. (I've never seen him behave that way. I wonder what's going on?).

· The perceiver depends on another person for a desired outcome.(I wonder why my boss made that comment about my expense account?)

· The perceiver experiences the feelings of failure or loss of control (I can't believe I failed my mid-term exam!).

The Attribution Process
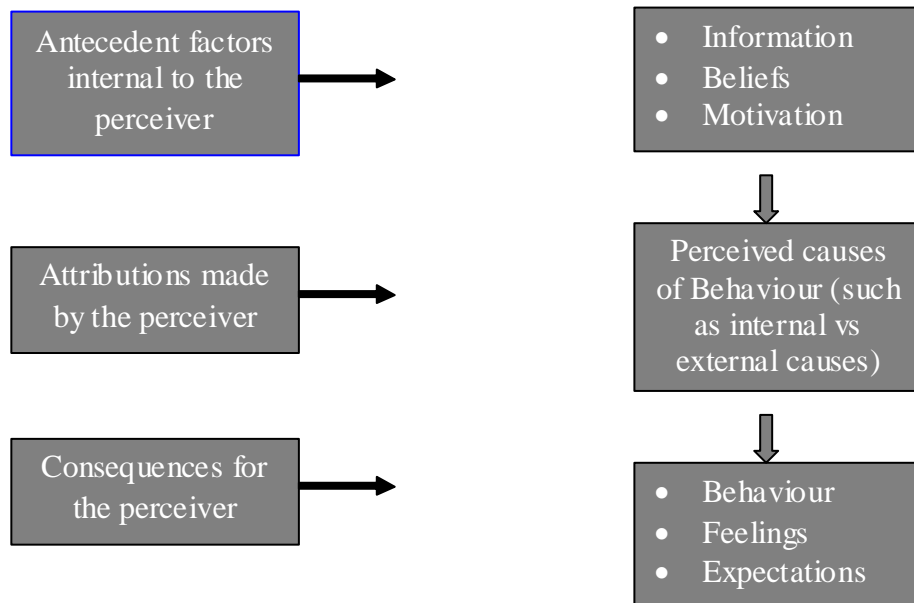
People infer causes to behaviours that they observe in others, and these interpretations often largely determine their reactions to those behaviours. The perceived causes of behaviour reflect several antecedents:

1) The amount of information the perceiver has about the people and the situation and how that information is organized by the perceiver.

2) The perceiver's beliefs.

3) The motivation of the perceiver (e.g., the importance to the perceiver of making an accurate assessment.

The perceiver's information and beliefs depend on previous experience and are influenced by the perceiver's personality.

When individuals observe behaviour, they attempt to determine whether it is internally or externally caused. The internally caused behaviours are those that are believed to be under the personal control of the individual. Externally caused behaviours are those that are believed not to be under the personal control of the individual rather they are forced into the behaviour by the situation. For example, one of your colleagues is often late for the work. You can attribute it to his over sleeping or to the delay in the chartered bus that drops him at the workplace. In first case, it is internally caused so internal attribution. In the latter case, it is externally caused hence, external attribution. The determination whether it is internally caused or externally caused depends upon three factors (Exhibit 6-2. *Source: Robbins, Stephen P. Organizational Behaviour. Ninth Edition. Prentice - Hall of India, New Delhi, 2000*).

·   *Distinctiveness* refers to whether an individual displays different behaviours in different situations. Is the employee who arrives late today is also source of complaints by coworkers for being indisciplined. We want to know whether the behaviour is unusual. If it is likely, the observer will give the behaviour an external attribution. If this action is not unusual, it will probably be judged as internal.

- *Consensus* refers to the response that is the same as that of others' to the same situation. If all other employees who took the same route reach the work place late, it means the observer will give an external attribution to the employee's tardiness. If all other employees made it on time to the workplace while following the same route the conclusion as to causation would be internal. Similarly, if all the employees in your website designer's team perform poorly, you would tend to make an external attribution. If other members of his/her team are performing well, you would tend to make an internal attribution

- *Consistency* refers to the response in the same way over time. The observer looks for consistency in the person's actions. Does the employee come late every day or it is once a while in a month ? If there is consistency in his/her behaviour, the observer is inclined to attribute to internal causes. Similarly, if your website designer's behaviour has been poor for several months, you would tend to attribute it to an internal cause. If his/her performance is an isolated incident, you would tend to attribute to an external cause.

EXHIBIT 5–2
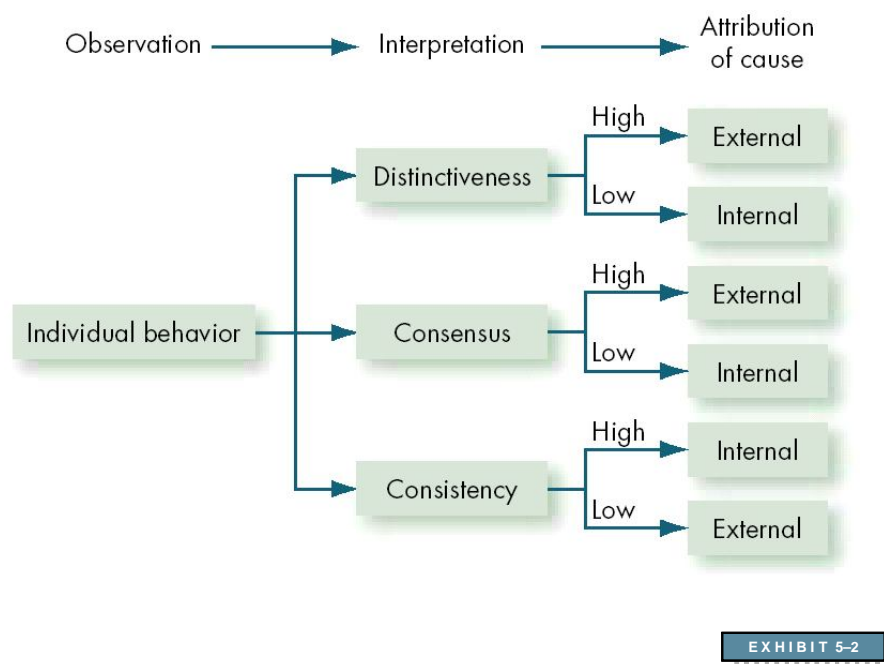
Attribution Theory

11.5 Errors and Biases in Attributions

Fundamental Attribution Error

People are far from perfect when making attributions. One bias, called fundamental attribution error, refers to our tendency to see the person rather than the situation as the main cause of that person's behavior. If an employee is late for work, observers are more likely to attribute the behaviour of other people more to conclude that the person is lazy than to realize that external factors might have caused this

behaviour. Fundamental attribution error occurs because observers can't easily see the external factors that constrain the person's behaviour. We also tend to believe in the power of the person; we assume that individuals can overcome situational constraints more than they really can. Research suggests that fundamental attribution error is more common in Western countries than in Asian cultures; most Asians are taught from an early age to pay attention to the context in interpersonal relations and to see everything connected in a holistic way.

Self-serving Bias

Another attribution error, known as self-serving bias, is the tendency to attribute our favourable outcomes to internal factors and our failures to external factors. Simply put, we take credit for our successes and blame others or the situation for our mistakes. Self-serving is found in corporate annual reports; often in these reports, executives point to their favourable outcomes to personal qualities as reasons for the company's success and to external factors as reasons for the company's failures.

Self-fulfilling Prophecy

Self-fulfilling prophecy occurs when our expectations from another person cause that person to act in a way that is consistent with those expectations. In other words, our perceptions can influence reality.

1. ***Expectations formed.*** The supervisor forms expectations about the employees' future behaviour and performance. These expectations are sometimes inaccurate, because first impressions are formed from limited information.

2. ***Behaviour toward the employee.*** The supervisor's expectations influence his or her treatment of employees. Specifically, high-expectancy employees (those expected to do well) receive more emotional support through non-verbal cues (e.g., more smiling and eye contact), more frequent and valuable feedback and reinforcement, more challenging goals, better training, and more opportunities to demonstrate their performance. Similarly, low-expectancy employees (those expected not to do well) receive less emotional support through non-verbal cues (e.g., frowning and less eye contact), infrequent feedback and no reinforcement, less challenging goals, poor training and less opportunities to demonstrate their performance.

3. ***Effects on the employee.*** The supervisor's behaviours have two effects on the employee. First, through better training and more practice opportunities, a high-expectancy employee learns more skills and knowledge than a low-expectancy employee. Second, the employee becomes more self-confident, which results in his/her motivation and willingness to set more challenging goals, which may not happen in the case of low-expectancy employee.

4. ***Employee behaviour and performance.*** With higher motivation and better skills, high-expectancy employees are more likely to demonstrate desired behaviours and better performance. The supervisor notices this, which supports his or her original perception. There are plenty of examples of self-fulfilling prophecies in work and school settings. Research has found that women who receive subtle cues that they might not perform as well as men on a math test actually perform worse on the test compared with women who are told the test is gender neutral. Similarly, Israeli Defense Force trainees performed better when their instructors received (fictitious) information that they had high potential to the boot camp program.

Contingencies of Self-fulfilling Prophecy

The self-fulfilling prophecy effect is stronger at the beginning of the relationship, such as when employees are first hired. It is also stronger when several people, rather than just one person hold the same expectations from an individual. In other words, we might be able to ignore one person's doubts about our potential, but not the collective doubts of several people. The self-fulfilling prophecy effect is also stronger among people with a history of low achievement. High achievers can draw upon their past successes to offset low expectations, whereas low achievers do not have these past successes to support their self-confidence. Fortunately, the opposite is also true: low achievers respond more favourably than high achievers to positive self-fulfilling prophecy. Low achievers don't receive this positive encouragement very often, so it probably has a strong effect on their motivation to excel.

The main lesson from the self-fulfilling prophecy literature is that leaders need to develop and maintain a positive, yet realistic, expectation toward all employees. This recommendation is consistent with the emerging philosophy of positive organizational behaviour which suggests that focusing on the positive rather than negative aspects of life will improve organizational success and individual well-being.

Frequently Used Shortcuts in Judging Others

We use a number of shortcuts when we judge others. Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are frequently variable – they allow us to make accurate perceptions rapidly and provide valid data for making predictions. However, they are not foolproof. They can and do get us into trouble. An understanding of these shortcuts can be helpful toward recognizing when they can result in significant distortions.

(i)   Selective Perception : Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived. Why? Because it is impossible for us to assimilate all that we see – only certain stimuli can be taken in. but such stimuli or bits and pieces are not chosen randomly; rather, they are selectively chosen according to our interests, background, experience, and attitudes. Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous situation. If there is a rumour going around the office that your company is going to be closed down, a routine visit by a senior executive from headquarter might be interpreted as the first step in this direction, when in reality it may not be so.

(ii)   Halo Effect: When we draw a general impression about an individual on the basis of a single characteristic, such as intelligence, sociability, or appearance, a halo effect is operating. This phenomenon may occur when junior and middle level executives appraise their chief executive officer. The junior and middle level executives may give prominence to a single trait, such as enthusiasm and allow their entire evaluation to be tainted by how they judge the chief executive officer on that one trait. Thus, the chief executive officer may be quiet, assured, knowledgeable, and highly qualified, but if his style lacks zeal, the junior and middle level executives would probably give him a low rating.

(iii) Contrast Effects: These are operative when evaluation of a person's characteristics that are affected by comparisons with other recently encountered people who rank higher or lower on the same characteristics. An illustration of how contrast effects operate in an interview situation in

139

which one sees a pool of job applicants. Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule. The candidate is likely to receive a more favourable evaluation if preceded by mediocre applicants and a less favourable evaluation if preceded by competent applicants.

(iv) Projection:. The tendency to attribute one's own characteristics to other people – which is called projection – can distort perceptions made about others. People who engage in projection tend to perceive others according to what they themselves are like rather than according to what the person being observed is in reality. When managers engage in projection, they compromise their ability to respond to individual differences. They tend to see people as more homogenous than they really are.

(v) Stereotyping. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping. In organizations, we frequently hear comments that represent stereotypes based on gender, age, race, ethnicity, and even weight: "men are not interested in child care", "older workers can't learn new skills", and "overweight people lack discipline." From a perceptual standpoint, if people expect to see these stereotypes, that are what they will perceive, whether they are accurate or not. Obviously, one of the problems of stereotypes is that they are wide spread, despite the fact that they may not contain a shred of truth or that they may be irrelevant. Their being wide spread may mean only that many people are making the same inaccurate perception on the basis of a false premise about a group.

(iv) Primacy Effect. First impressions are lasting impressions. The primacy effect refers to our tendency to quickly form an opinion of people based on the first information we receive about them. This rapid perceptual organization and interpretation occurs because we need to make sense of the world around us. The problem is that first impressions- particularly negative first impressions are difficult to change. After catergorizing someone, we tend to select subsequent information that supports our first impression and screen out information that opposes that impression. Negative impressions tend to stick more than positive impressions because negative characteristics are more easily attributed to the person, whereas positive characteristics are often attributed to the situation.

(vii) Recency Effect. The recency effect occurs when the most recent information dominates our perceptions. This effect is most common when people especially with limited experience make an evaluation involving complex information. For example, when supervisors evaluate the performance of employees over the previous year, the most recent performance information dominates the evaluation because it is the most easily recalled. Some employees aware of the recency effect use it to their advantage by getting their best work on the manager's desk just before the performance appraisal is conducted.

11.6 Organizational Applications

- *Employment Interviews.* Evidence indicates that interviewers make perceptual judgments that are often inaccurate. In addition, agreement among interviewers is often poor; that is, different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant. Interviewers generally draw early impressions that become very quickly entrenched. Studies indicate that most interviewers' decisions change very little after the first four

or five minutes of the interview. As a result, information elicited early in the interview carries greater weight than does information elicited later.

- *Performance Expectations.* Evidence demonstrates that people attempt to validate their perceptions of reality, even when those perceptions are faulty. The terms self-fulfilling prophecy or Pygmalion effect have evolved to characterize the fact that people's expectations determine their behaviour. In other words, if a manager expects big things from his people, they are not likely to let him down. Similarly, if a manager expects people to perform minimally, they tend to behave so as to meet those low expectations. The result then is that the expectations become reality.

- *Performance Evaluation.* Although the appraisal can be objective, many jobs are evaluated in subjective terms. Subjective measures are easier to implement, they provide managers with greater discretion, and many jobs do not readily lend themselves to objective measures. But subjective measures are, by definition, judgmental. The evaluator forms a general impression of an employee's work. To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviours will significantly influence the outcome of the appraisal.

- *Employee Effort.* An individual's future in an organization is usually not dependent on performance alone. In many organizations, the level of an employee's effort is given high importance. An assessment of an individual's effort is a subjective judgment susceptible to perceptual distortions and bias. If it is true, as some claim, that "more workers are fired for poor attitudes and lack of discipline than for lack of ability," then appraisal of an employee's efforts may be a primary influence on his or her future in the organization.

- *Employee Loyalty*. Another important judgment that managers make about employees is whether or not they are loyal to the organization. In some organizations, if the word gets around that an employee is looking at other employment opportunities outside the firm, that employee may be labeled as disloyal and so may be cut off from all future advancement opportunities. The issue is not whether organizations are right in demanding loyalty. The issue is that many do, and that assessment of an employee's loyalty or commitment is highly judgmental. What is perceived as loyalty by one decision maker may be seen as excessive conformity by another. An employee who questions a top management decision may be seen as disloyal by some, yet caring and concerned by others. Similarly, whistle blowers – individuals who report unethical practices by their immediate superiors to the top management – typically act out of loyalty to their organization but are perceived by their immediate superiors as troublemakers.

11.7 Summary

Individuals behave in a given manner based not on the way their external environment actually is but, rather on what they see or believe it to be. It's the employee's perception of the situation that becomes the basis for behaviour. Whether or not a manager successfully plans and organizes the work of employees and actually helps them to structure their work more effectively and efficiently is far less important than how employees perceive the manager's efforts. Similarly, issues such as fair pay for the work performed, the validity of performance appraisals and the adequacy of working conditions are not judged by employees in a way that ensures common perceptions, nor can we be assured that individuals will interpret conditions about their jobs favourably. Therefore, to be able to influence productivity, it's necessary to assess how workers perceive their jobs.

The employee's conclusion that a job is good or bad is an interpretation. Managers must spend time understanding how each individual interprets reality and when there is significant difference between what is seen and what exists, try to eliminate the distortions. Failure to deal with the differences when individuals perceive the job in negative terms will result in increased absenteeism and employee turnover and lower job satisfaction. Impression management provides another example of individual differences. Some people seem preoccupied with impression management; others are less concerned about how they might be perceived. However, most people care about the impressions they make on others, at least part of the time. Certainly, in organizations the impressions made on others may have significant implications for employees' careers.

11.8 Key Words

Attribution error, Impression Management, Halo Effect, Stereotyping, Projections, Selective Perception, Contrast Effects, Self-fulfiling Prophecy, Self- serving Bias, Distinctiveness, Consistency, Consensus, Primacy Effect, Recency effect, Selective Screening

11.9 Self Assessment Test

1. What is perception ? Discuss the factors influencing perception in an organizational setting.

2. What is attribution theory? What are its implications for explaining organizational behaviour?

3. How does selectivity affect perceptions? Give an example of how selectivity can create perceptual distortion.

4. How can self-serving bias and the fundamental attribution error be avoided?

UNIT - 12 : LEARNING

Unit Structure

12.0 Objectives

After studying this unit, you should be able to understand:

- The concept of learning and how it affects the individual behaviour.

- Various Learning Theories

- The Cycle of Learning

- An Individual's Learning Style

12.1 Introduction

Learning can be defined as any process through which experience at one time can alter an individual's behavior at a future time. Experience in this definition refers to the effects of environment that are mediated by the individual's sensory system (vision, hearing, touch and so on). Behaviour at a future time refers to any subsequent behaviour that is not part of the individual's immediate response to the sensuous stimulation during the learning experience. For example, clicking sound just before flashing a bright light into one's eyes, the immediate response to the click or to the light (such as blinking) does not exemplify learning, but one's increased tendency to blink to the click alone, the next time the sound is presented exemplify learning. Most of the psychology is in one way or another concerned with learning – that is with effects of experience on subsequent behaviour. Social psychologists try to explain people's belief and social behaviours in terms of their past experiences. Clinical psychologists try to explain people's emotional problems in terms of their past experiences. Cognitive psychologists try to understand the basis of perceptual memory and thought procedures that are involved in people's ability to learn. Learning is a vast field and a large number of theories have been proposed. Here, the learning theories that have relevance to theories of management have been discussed. Learning may be defined as the process of acquiring, assimilating and internalizing cognitive, motor, or behavioural inputs for their effective and varied use when required, leading to an enhanced capability for further self-monitored learning. This definition has many implications for making learning more effective:

- The first step in learning is to acquire new inputs in terms of knowledge and understanding (cognition), some physical or motor activity, or a new behaviour (including attitudes and values). When this process is quick, learning is effective.

- The next step is the assimilation of the new input. It should not only be acquired quickly, but should also be retained for a length of time. If the input that is acquired is short lived in the memory, learning has not been effective.

- Effective learning is characterized by the internalization of new inputs. New inputs are acquired

from the outside environment. But after these are assimilated, they should become a part of the individual's personality, life style and psychological world. Internalization also means that inputs get transformed according to the individual's own psychological and cognitive system and thus get integrated.

- Once the acquired inputs are internalized, they should be available to the individual for their effective use when the need arises. If what is learnt is only ornamental and not effectively used, learning cannot be said to be effective. For instance, the learning of management technique and skills should result in better management of the various activities and fields with which an individual works.

- Effective use of learning also involves creativity. Learning should have transfer value. One should be able to use one's knowledge and skills in the new situation. This would mean being creative, making one's own contribution to what one has learnt. Thus, there is continuous enrichment of knowledge and practice. Learning should, in addition, increase a person's capability for learning more on his or her own. This does happen in effective learning. For example, a child learns to walk and balance itself on its own. Similarly, initial learning in a particular field enables a person to organize further learning on his or her own. Without such self learning, individual's growth would remain limited and dependent on external sources.

All complex behaviour is learned. Learning is any relatively permanent change in behaviour that occurs as a result of experience. Learning takes place when there is a change in actions. A change in an individual's thought processes or attitudes, if accompanied by no change in behaviour, would not be learning. Some form of experience is necessary for learning. Experience may be acquired directly through observation or practice. But what is crucial is, does this experience result in a relatively permanent change in behaviour?

12.2 Learning Theories

Different approaches have been proposed to explain the phenomena of learning. These have emerged as models or theories and explain the process by which we acquire patterns of behaviour.

12.2.1 Stimulus – Response Theories

12.2.1.1 *Classical Conditioning* : Classical conditioning grew out of experiments to teach dogs to salivate in response to the ringing of a bell, conducted at the turn of the twentieth century by a Russian Physiologist, Ivan Pavlov. When Pavlov presented the dog with piece of meat, the dog exhibited a noticeable increase in salivation. When Pavlov withheld the presentation of meat and merely rang bell, the dog did not salivate. Then Pavlov proceeded to link the meat and the ringing of the bell. After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no food was offered. In effect, the dog had learned to salivate to the bell. Here, the meat was an unconditioned stimulus; it invariably caused the dog to react in a specific way. The reaction that took place whenever the unconditioned stimulus occurred was called the unconditioned response. The bell was an artificial stimulus or what we call the conditioned stimulus. Although it was originally neutral, after the bell was paired with the meat (an unconditioned stimulus), it eventually produced a response when presented alone. The last key concept is the conditioned response. This describes the behaviour of the dog; it salivated in reaction to the bell alone.

Learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus. When the stimuli, one compelling and the other one neutral, are paired, the neutral one becomes a conditioned stimulus and hence, takes on the properties of the unconditioned

stimulus. Classical conditioning can be used to explain why many songs associated with the festivals evoke fond memories and feelings of euphoria, a particular song is played and we immediately think of a particular romantic partner and a particular cologne is smelled and we immediately think of a romantic partner. Classical conditioning is passive. Something happens and we react in a specific way. It is elicited in response to a specific and identifiable event. Wherever stimuli are paired together over time, we come to react to one of them as if the other were present.

Classical conditioning starts with a reflex (R): an innate, involuntary behaviour. This involuntary behaviour is elicited or caused by an antecedent environmental event. For example, if air is blown into your eye, you blink. You have no voluntary or conscious control over whether the blink occurs or not.

The specific model for classical conditioning is:

- A stimulus will naturally (without learning) elicit or bring about a reflexive response

- Unconditioned Stimulus (US) elicits Unconditioned Response (UR)

15.2.1.2 *Operant Conditioning*: It argues that behaviour is a function of its consequences. People learn to behave to get something they want or to avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement, therefore, strengthens a behaviour and increases the likelihood that it will be repeated. This theory was given by Harvard Psychologist, B. F.Skinner who built on the concept of Pavlov and E. I. Thorndike. Behaviour is assumed to be determined or learned rather than reflexive or unlearned. Skinner argued that creating pleasing consequences to follow specific forms of behaviour would increase the frequency of that behaviour. People will most likely engage in desired behaviours if they are positively reinforced for doing so. Rewards are most effective if they immediately follow the desired response. In addition, behaviour that is not rewarded or is punished, is less likely to be repeated. In operant conditioning, the stimulus is a cue, it does not elicit the response. Operant responses are voluntary and in operant conditioning, the response elicits a reinforcing stimulus, whereas in classical conditioning, the UCS elicits the reflexive response.

The Operant Conditioning paradigm:

- SD ———> Response ——> Consequence

- where "SD" is the "discriminative stimulus", "Response" is the subject's behaviour, and "Consequence" is what happens to the subject after emitting the response.

- What consequences can follow a subject's response?

Consequences to the behaviour can be:

- nothing happens: extinction

- something happens

- the "something" can be pleasant

- the "something" can be aversive

Consequences include positive and negative reinforcement, time out, and punishment.

- **Positive Reinforcement**

- What is a reinforcer?

- a reinforcer is any stimulus which, when delivered to a subject, increases the probability that a subject will emit a response. Primary reinforcers e.g., food; Secondary reinforcers e.g., praise. One can only know if a stimulus is a reinforcer based on the increased probability of occurrence of a subject's behaviour.

- What is positive reinforcement?

- A procedure where a pleasant stimulus is delivered to a subject contingent upon the subject's emitting a desired behaviour.

- Schedules of reinforcement

- Reinforcement schedules may be continuous or intermittent. A Continuous reinforcement schedule reinforces the desired behaviour each and every time it is demonstrated, whereas an intermittent reinforcement schedule reinforces the desired behaviour often enough to make the behaviour worth repeating but not every time it is demonstrated.

- Reinforcement schedules may be used to decrease the probability that a response pattern in a subject will extinguish.

There are four types of intermittent reinforcement schedules:

Fixed Ratio Schedule of Reinforcement – Rewards are initiated after a fixed or constant number of responses.

Fixed Internal Schedule of Reinforcement – Rewards are spaced at Uniform time intervals.

Variable Ratio Schedule of Reinforcement – Reward varies relative to the behaviour of the individual.

Variable Interview Schedule of Reinforcement – Rewards are distributed in time so t hat reinforcements are unpredictable.

Each of these schedules produces different response pattern in the subjects; the variable ratio schedule is the best and most resistant to extinction.

Shaping behaviours

The use of positive reinforcement in the differential reinforcement of successive approximations is called "shaping". Shaping can be used to create a new response pattern in a subject. Shaping must be done carefully and one must rely on the differential reinforcement of successive approximations to the target behaviour.

- *Negative reinforcement*

A procedure where an aversive stimulus is removed from a subject contingent upon the subject's emitting a desired behaviour, the reinforcing consequence is the removal or avoidance of an aversive stimulus.

- *Escape conditioning*: the behaviour is reinforced, because it stops an aversive stimulus.

- *Avoidance conditioning*: the behaviour is reinforced, because aversive stimulus is prevented. Examples of negative reinforcement in the real world include:

- taking out the trash to avoid your mother yelling at you

- taking an aspirin to get rid of headache

- paying your car insurance on time to prevent cancellation of your policy

- *Punishment*

  - A procedure where an aversive stimulus is presented to a subject

  - Contingent upon the subject emitting an undesired behaviour.

  – Punishment should be used as a last resort in behaviour engineering; positive reinforcement should be used first. Examples of punishment include spanking, verbal abuse, electric shock, etc.

Dangers in the use of punishment

– Punishment is often reinforcing to a punisher (resulting in the making of an abuser)

– Punishment often has a generalized inhibiting effect on the punished individual (they stop doing any behaviour at all)

– We learn to dislike the punisher (a result of classical conditioning)

– What the punisher thinks is punishment may, in fact, be a reinforcer to the "punished" individual

– Punishment does not teach more appropriate behaviour; it merely stops a behaviour from occurring

– Punishment can cause emotional damage in the punished individual (antisocial behaviour)

– Punishment only stops the behaviour from occurring in the presence of the punisher; when the punisher is not present, then the behaviour will often reappear and with a vengeance

– The best tool for engineering behaviour is positive reinforcement

Guidelines

– Make it clear to the individual which behaviour you are punishing and remove all threat of punishment immediately as soon as the undesired behaviour stops.

– Do not give punishment consistently.

– Once you have begun to administer punishment, do not back out but use punishment mixed with rewards for a given behaviour wisely.

Contrasting Classical and Operant Conditioning

- Classical conditioning usually involves reflexive behaviour (eliciting a response), whereas operant conditioning involves instrumental behaviour (emitting a response).

- Classical conditioning elicits a response, whereas operant conditioning manipulates the probability that a given response will be emitted by the subject.

Extinction: The process of unlearning

- Extinction is the process of unlearning a learned response because of a change on the part of the environment (reinforcement or punishment or stimulus pairing contingencies)

- Removing the source of learning

- in classical conditioning, not pairing the natural stimulus with the UCS will result in extinction.

- in operant conditioning , not providing consequences causes extinction.

147

12.2.1.3 *Social Learning* : Individuals can also learn by observing what happens to other people and just being told about something as well as by direct experiences. So, for example, much of what we have learned comes from watching models - parents, teachers, peers, motion pictures and television performers, superiors and so forth. This view that we can learn through both observation and direct experience has been called social learning theory. Although social learning theory is an extension of operant conditioning, that is, it assumes that behaviour is a function of consequences - it also acknowledges the existence of observational learning and the importance of perception in learning. People respond to how they perceive and define consequences, not to the objective consequences themselves. The influence of models is central to the social learning viewpoint. Four processes have been found to determine the influence that a model will have on an individual.

(a) *Attention Processes* : People learn from a model only when they recognize and pay attention to its critical features. We tend to be most influenced by models that are attractive, repeatedly available, important to us, or similar to us in our estimation.

(b) *Retention Processes* : A model's influence will depend on how well the individual remembers the model's action after the model is no longer readily available.

(c) *Motor Reproduction Processes* : After a person has seen a new behaviour by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modeled activities.

(d) *Reinforcement Processes* : Individuals will be motivated to exhibit the modeled behaviour if positive incentives or rewards are provided. Behaviours that are positively reinforced will be given more attention, learned better and performed more often.

Self-reinforcement: It occurs whenever we have control over the reinforcer but does not take it until completing a self set goal. For instance, I want to have the snacks after I have completed the job of reading the chapter. While I am reading the chapter, I can take break in between but I do not take the privilege until I have finished the chapter. Self reinforcement is important because employees are given more control over their working lives and are less dependent on superiors to dole out positive reinforcement and punishment.

12.2.2 Experiential Learning Theories

12.2.2.1 Action Learning Theory: It involves structured projects in organization rather than traditional classroom instructions. The key elements of action learning are commitment to learning, social interaction, action plans and assessing the results of actions.

12.2.2.2 Humanistic Theory: Carl Rogers Theory of Learning distinguished between two types of learning: Cognitive (meaningless) and Experiential (significant). The former corresponds to academic knowledge, such as learning vocabulary or multiplication tables and the latter refers to applied knowledge, such as learning about engines in order to repair cars. The key to the distinction is that experiential learning addresses the needs and wants of the learner. Thus, personal involvement, self-initiation, evaluation by the learner and pervasive effects on the learner are the characteristics of experiential learning.

According to Rogers, experimental learning is equivalent to personal change and growth. Rogers feels that all human beings have a natural propensity to learning, and role of the teacher is to facilitate such learning. The following are the Principles of Rogers' Theory:

(i)   Significant learning takes place when the subject matter is relevant to the personal interests of the student.

(ii) Learning that is threatening to the self (e.g., new attitudes or perspectives) is more easily assimilated when external threats are at a minimum.

(iii) Learning proceeds faster when the threat to self is low.

(iv) Self-initiated learning is the most lasting and pervasive.

12.2.2.3 Double-loop Theory: Argyris has proposed double loop learning theory, which pertains to learning to change underlying values and assumptions. The focus of the theory is on solving problems that are complex and ill structured and that change as problem solving advances.

The double-loop theory is based on a 'theory of action' perspective outlined by Argyris and Schon. This perspective examines reality from the point of view of human beings as actors. Changes in values, behaviour, leadership, and helping others are all part of, and informed by, the actors' theory of action. An important aspect of the theory is the distinction between individuals' espoused theory and their 'theory in use' (what they actually do); bringing these two into congruence is the primary concern of double loop learning. Interaction with others is necessary in this regard.

There are four basic steps in the 'Action Theory' learning process:

1. Discovery of the espoused and the theory-in-use

2. Invention of new meanings

3. Production of new actions

4. Generalisation of results

In double loop learning, assumptions underlying current views are questioned and hypotheses about behaviour tested publicly. The end result of double-loop learning should be increased effectiveness in decision making and better acceptance of failures and mistakes. According to it, effective problem solving about interpersonal or technical issues requires frequent public testing of theories in use, and double-loop learning requires learning situations in which participants can examine and experiment with their theories of action.

For example: A teacher who believes that she has a class of 'stupid' students will communicate expectations such that the children behave stupidly. She confirms her theory by asking them questions and eliciting stupid answers or puts them in situations where they behave stupidly. The theory-in-use is self fulfilling. Similarly, a manager who believes his subordinates are passive, dependent, and require authoritarian guidance rewards dependent and submissive behaviour. He tests his theory by posing challenges for employees and eliciting dependent outcomes. In order to break this congruency, the teacher or manager would need to engage in open loop learning in which they deliberately disconfirm their theory-in-use.

Most of the OD practitioners believe that people learn how to do things by doing them. And they learn about organizational dynamics by experiencing them and reflecting on the experience. These beliefs are based on tenets of the laboratory training movement. People learn about the need to manage conflict when they experience the dysfunctional effects of conflict; people learn to make decisions and then evaluate them. When people are engaged in real experiences they are engaged with their minds, emotions, strivings and their whole beings. There are no artificial separations engendered, say, by memorizing something so that at some future time one may act in a certain way. Instead of treating hypothetical problems and abstract organizational issues, interventions tend to focus on the real behaviour of individuals and groups, tend to solve real problems and derive generalizations about organizational dynamics inductively from

experience. Then more general theory input, knowledge building and skill building are overlaid on the experience base as needed.

Experience based learning calls not just for exposure to an experience, but also for reflection about the experience. Organizational members experience something through an activity, then reflect on that experience to derive learning and generalizations about the phenomenon. Many OD interventions call for scheduling reflection time after an activity during which the participants examine the issues as follows:

· What were the causal relationships we found in this activity ?

· What were the things that appeared to do the things right?

· What things hindered out reaching our goals?

· What can we learn from this experience that may apply to future experiences and tasks?

This constant questioning and reflecting in itself related to the goal of increasing people's ability to learn how to learn. Essentially, the concept of learning how to learn refers to having an experimental inquiry attitude set that the individuals take into all their experiences; they continually examine their own experiences to learn to change and grow. Experiential learning methods appear to be particularly efficacious for learning about human and social relations, that is, increasing interpersonal skills, learning about small group dynamics and so forth. When experiential methods were applied to other task areas, such as planning, goal setting and decision making, they were found to be equally potent for learning. Various kinds of experiential learning exercises are used in organization development and this experience - based component is another cornerstone in the foundation.

'Experiential learning' can apply to *any* kind of learning through experience. 'Experiential learning' is often used by providers of training or education to refer to a structured learning sequence which is guided by a cyclical model of experiential learning. Less contrived forms of experiential learning (including accidental or unintentional learning) are usually described more in everyday language, such as 'learning from experience' or 'learning through experience'.

Tell me, and I will forget. Show me, and I may remember. Involve me, and I will understand

Why Experiential Learning?

Equality : It provides a common and yet novel experience where all participants are equal in their knowledge about the tasks and projects that will confront them. A unique set of projects and situations requires people to draw upon genuine team process skills as opposed to just functional ones.

Developing relationships quickly :: Participants are interacting in close proximity whilst working on new and unfamiliar challenges. The communication, collaboration and effort that are required to meet these challenges develop relationships quickly. People may get to know each other better in a single day within this environment than over an entire year of normal working conditions.

Disequilibrium : The unfamiliarity of the challenges and problems places people in a state of disequilibrium or disorder. They cannot easily stand behind their normal status, roles and defences. Prior experience isn't as relevant in this environment. This can allow emphasis to be placed upon both task and process related themes as the group has to organise itself around the challenge.

Projective technique : In organising the instability or disequilibrium, the group projects its problem-solving skills, project management ability, and leadership style onto the experience. The experience

provides a unique opportunity to catch participants doing what they typically do, in spite of knowing otherwise. The learning arising from this is profound and revealing. The window or mirror into the process provides unlimited information or data to shape the team based learning.

Decreased time cycle : The space between the project or challenge and the outcomes are compressed, so the consequences of organisational decisions can be easily examined and improved. Typically in an organisation , there is more of a time lag and more variables to consider, so any review or learning risks being diluted or delayed.

Meta learning : In the experiential 'learning laboratory'', as the projections and simulations shed light on the team process, the group is asked to step back and evaluate its performance. The review is about the participants' leadership, problem solving skills, teamwork, communication and change management. The intensity with which these issues can arise, and then be discussed in this environment, is superior to that which normally occurs within the organization.

Chaos and crisis in a safe environment : Teams are able to experience chaos, disorder, crisis and changing requirements for success in a safe environment where the consequences for failure are limited. The team can develop strategies and best practices for managing these issues both in this environment and back at work.

Kinesthetic imprint : Experiential learning is an anchor for cognitive material. Participants have a kinesthetic imprint or whole body learning of cognitive principles, because learning is graphic as it involves physical, mental and behavioural dimensions.

Common language / Company mythology :   The experience provides a common language, experience and story, which can be related to the work environment. The experience can provide a short-cut in communicating a shared vision very quickly. The experience is stored in a way that is able to permit participants to see themselves and their colleagues in a new light. The experience (and stories attached thereto) can serve as a catalyst for continuing the theme in the organisation.

Encourage risk taking : The experience allows participants to take new risks, try on new roles and make mistakes with no danger or cost. Risks are naturally perceived rather than actual. Each person taking a risk pushes others to take on something outside of their comfort zone. There are always individuals who shine in this environment - whose leadership ability hasn't been noticed at work.

Diversity of strengths :The team challenges and activities are designed to include a variety of elements that will challenge a range of team role skills. In other words, input from all team members will be required to produce outcomes from projects specifically designed not to suit just one team role style or behaviour. One person cannot possibly succeed alone and so the interdependence of the team is highlighted along with the importance of diversity within the team.

Fun :This environment provides a highly enjoyable way to learn about and develop team and management process skills. Fun is a powerful aspect of effective learning with participants becoming more open to the experience and creative whilst participating in it.

12.2.2.3 Cyclic Theory: Kolb proposed the cycle of experiential learning of adults. The cycle has four parts, one following the other, in order:

Experiencing: the learner has some concrete experience, or is helped to have some experience

Processing: the learner reflects on and analyses the experience individually and in a group.

Generalizing: the learner forms a tentative theory or a way to explain the data abstract conceptualization based on the experience

Applying: the learner tries the new behaviour, or uses it in the day to day work, followed by a new experience, and the cycle continues active experimentation
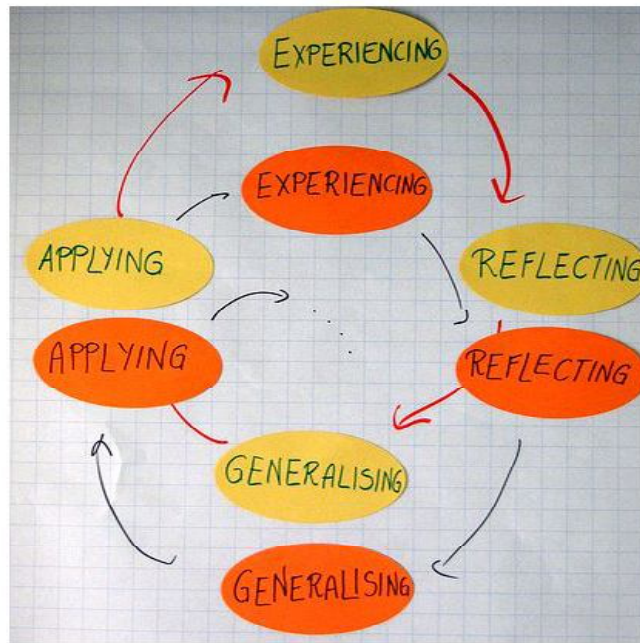
David Kolb and Roger Fry argued that effective learning entails the possession of four different abilities ,concrete experience abilities, reflective observation abilities, abstract conceptualization abilities and active experimentation abilities. Few of us can approach the 'ideal' in this respect and tend, they suggest, to develop a strength in, or orientation to, in one of the poles of each dimension. As a result, they developed a learning style inventory in 1976, which was designed to place people on a line between concrete experience and abstract conceptualization; and active experimentation and reflective observation. Using this, Kolb and Fry proceeded to identify four basic learning styles.
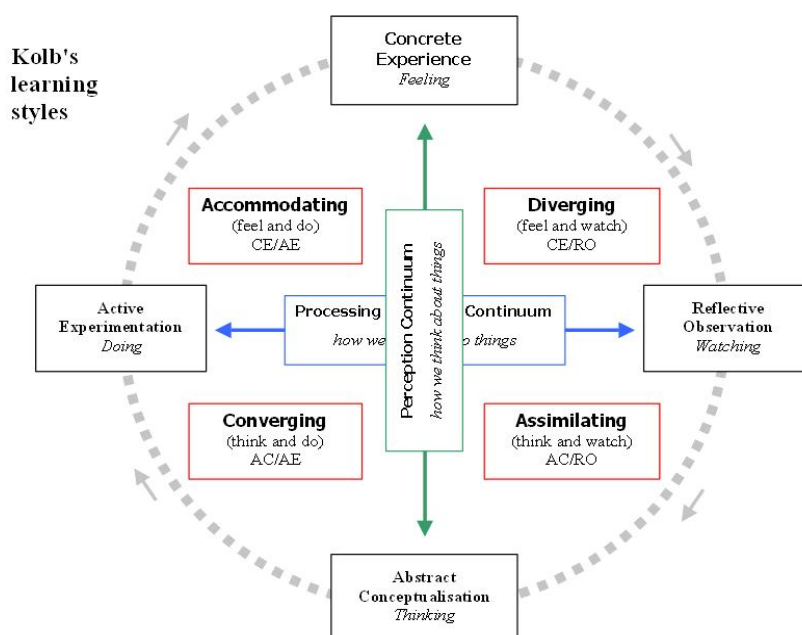
Kolb and Fry argue that the learning cycle can begin at any one of the four points - and that it should really be approached as a continuous spiral. However, it is suggested that the learning process often begins with a person carrying out a particular action and then seeing the effect of the action in this situation. Following this, the second step is to understand these effects in the particular instance so that if the same action was taken in the same circumstances it would be possible to anticipate what would follow from the action. In this pattern, the third step would be understanding the general principle under which the particular instance falls.

Generalizing may involve actions over a range of circumstances to gain experience beyond the particular instance and suggest the general principle. Understanding the general principle does not imply, in this sequence, an ability to express the principle in a symbolic medium, that is, the ability to put it into words. It implies only the ability to see a connection between the actions and effects over a range of circumstances.

An educator who has learnt in this way may well have various rules of thumb or generalizations about what to do in different situations. He/she will be able to say what action to take when, say, there is tension between two people in a group, who will not be able to verbalize their actions in psychodynamic or sociological terms. There may, thus, be difficulties about the transferability of their learning to other settings and situations.

When the general principle is understood, the last step, according to David Kolb is its application through action in a new circumstance within the range of generalization. In some representations of experiential learning these steps, (or ones like them), are sometimes represented as a circular movement. In reality, if learning has taken place the process could be seen as a spiral. The action is taking place in a different set of circumstances and the learner is now able to anticipate the possible effects of the action.

12.3 Summary

Any observable change in behaviour is prima facie evidence that learning has taken place. Positive reinforcement is a powerful tool for modifying behaviour. Identifying and rewarding performance-enhancing behaviours, increases the likelihood that they will be repeated. Reinforcement is effective tool than punishment. Although punishment eliminates undesired behaviour more quickly than negative reinforcement does, punished behaviour tends to be only temporarily suppressed rather than permanently changed. Moreover, punishment may produce unpleasant side effects, such as lower morale and higher absenteeism or turnover. In addition, the recipients of punishment tend to become resentful of the punisher. Managers are, therefore, advised to use reinforcement rather than punishment. Learning involves acquiring, assimilating and internalizing various inputs and making effective and varied use of them. The learning cycle has four parts: experiencing, processing the experience, generalizing or conceptualizing and applying or experimenting which again leads to new experience and so on. There are four corresponding learning styles.

12.4 Key Words

Classical Conditioning, Operant Conditioning, Social Learning, Action Learning, Experiential Learning, Positive Reinforcement, Negative Reinforcement, Extinction, Punishment, Self Reinforcement, Double Loop Theory, Continuous Reinforcement, Partial Reinforcement, Learning Cycles, Experiencing

12.5 Self Assessment Test

1.   Describe the four processes in successful social learning.

2.   Contrast classical conditioning, operant conditioning and social learning.

3.   What are the four elements in the learning cycle suggested by Kolb? Illustrate them with an example of your own experiences.

4.   Applying Kolb's learning cycle, identify your own learning style with a few examples.

UNIT - 13 : GROUP BEHAVIOUR

Unit Structure

13.0 Objectives

After readin this unit you should be able to understand:

- Overview

- Introduction to Groups, Definition and Classification

- Group Development Process

- Work Group Behaviour

- Understanding Group Dynamics

- Characteristics of Work Groups

- Socialization

- Group Effectiveness

- Social Loafing

- Group Cohesiveness and Group Performance

- Linking Teams and Groups: creating high performance teams

13.1 Introduction

Human beings exhibit some characteristic behaviour patterns in groups. People involved in managing groups and group members themselves can benefit from studying theories and doing practical exercises which help them to better understand people's behaviour in groups and group dynamics.

When group patterns are combined with study of individual development, then group dynamics can also be applied to education and therapy (as is often the case in experiential, outdoor and adventure education).

People may underestimate the importance of society and group memberships on their lives. Whilst people sometimes undertake solo journeys by and large much of our experiences of life involves being engaged with others and groups. The nature of these groups can be quite varied, from a family going for a walk, to the crowd at a football game, to an internet discussion group, to a group of fellow workers.

13.2 Definition and Classification

Groups:

A group is a collection of two or more people who interact with one another in a way such that each person influences and is influenced by the others. A Group consists of two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.

Why do People Join Groups?

Security – By joining a group, individuals can reduce the insecurity of "standing along." People feel stronger, have fewer self-doubts, and are more resistant in threats when they are part of a group.

Status – Inclusion in a group that is viewed as important by others provides recognition and status for its members.

Self-esteem – Groups can fulfil social needs. People enjoy the regular interaction that comes with group membership. For many, the on-the-job interactions are their primary source of fulfilling their needs for affiliation.

Power – There is strength in numbers. What cannot be achieved individually often becomes possible through group action.

Goal achievement – There are times when it takes more than one person to accomplish a particular task – there is a need to pool talents, knowledge, or power in order to complete a job.

The members of a group draw important psychological distinctions between themselves and people who are not group members. One of the most controversial aspects of putting a team together is the

decision regarding who would and would not be in the group. Since group membership says a great deal about who the group really is, in many groups membership is often granted very selectively and, in some cases, the higher the selectivity, the stronger the psychological identification with the group. Generally, group members share ten characteristics:

1. They define themselves as members.

2. They are defined by others as members.

3. They identify with one another.

4. They engage in frequent interaction.

5. They participate in a system of interlocking roles.

6. They share common norms.

7. They pursue shared, interdependent goals.

8. They feel that their membership in the group is rewarding.

9. They have a collective perception of unity.

10. They stick together in any confrontation with other groups.

13.3 Classification of Work Groups

Command Group : A group composed of the individuals who report directly to a given manager.

Task Group : It is a group of people working together to complete a specific job or task. A task force is a collection of people who come together to accomplish a specific goal. Once the goal has been accomplished, the task force is usually disbanded. The group established to end sex discrimination in a law firm and the product quality committee in a consumer products firm are examples of task forces. A task force is a collection of people who come together 10 accomplish a specific goal. Once the goal ha.' been accomplished, the task force is usually disbanded. The group established to end sex discrimination in a law firm and the product quality com Committee in a consumer products firm is examples of task forces. Sometimes. when task

Teams : A team is a formal group of members who interact at a high level and work together intensely to achieve a common group goal.

Self Managed Work Teams : A team with no manager or a team member assigned to lead them is called a Self Managed Work Team.

A: Formal Group

A designated work group defined by the organization's structure

B: Informal Group

A group that is neither formally structured now organizationally determined; appears in response to the need for social contact.

Friendship Group : Those brought together because they share one or more common characteristics.

Interest Group : It is a group whose members are working together to attain a specific objective with which each is concerned.

13.4 Group Development Process

• **Tuckman's Group Development Model**

All groups change over time as group members come and go (because of turnover, hiring and promotions. among other things);group tasks and goals change; and group members gain experience as they interact with one another. Some researchers have tried to determine the stages groups normally go through over time. Understanding how groups change is important because groups and their members face different challenges at different stages of development. In order for groups to be effective and perform at high levels it is important for these challenges to be effectively managed. Think back to the last group project you worked on for one of your classes. It is likely that your first group meeting was dramatically different from your last group meeting or from the meetings that took place in between. At each point the group faced different challenges. Likewise as work groups evolve from their initial inception they too undergo important changes. One well-known model of group development is Bruce W. Tuckman's five-stage model.

1. Forming → 2. Storming → 3. Norming → 4. Performing → 5. Adjourning

Forming

In the first stages of team building, the *forming* of the team takes place. The individual's behaviour is driven by a desire to be accepted by the others, and avoid controversy or conflict. Serious issues and feelings are avoided, and people focus on being busy with routines, such as team organization, who does what, when to meet, etc. But individuals are also gathering information and impressions - about each other, and about the scope of the task and how to approach it. This is a comfortable stage to be in, but the avoidance of conflict and threat means that not much actually gets done. The team meets and learns about the opportunities and challenges, and then agrees on goals and begins to tackle the tasks. Team members tend to behave quite independently. They may be motivated but are usually relatively uninformed of the issues and objectives of the team. Team members are usually on their best behaviour but very focused on themselves. Mature team members begin to model appropriate behaviour even at this early phase. Sharing the knowledge of the concept of "Teams - Forming, Storming, Norming, and Performing" is extremely helpful to the team. Supervisors of the team tend to need to be directive during this phase. The forming stage of any team is important because, in this stage, the members of the team get to know one another, exchange some personal information, and make new friends. This is also a good opportunity to see how each member of the team works as an individual and how they respond to pressure.

Storming

Every group will then enter the *storming* stage in which different ideas compete for consideration. The team addresses issues such as what problems they are really supposed to solve, how they will function independently and together and what leadership model they will accept. Team members open up to each other and confront each other's ideas and perspectives. In some cases *storming* can be resolved quickly. In others, the team never leaves this stage. The maturity of some team members usually determines whether the team will ever move out of this stage. Some team members will focus on minutiae to evade real issues. The *storming* stage is necessary to the growth of the team. It can be contentious, unpleasant and even painful to members of the team who are averse to conflict. Tolerance of each team member and their differences needs to be emphasized. Without tolerance and patience the team will fail. This phase can become destructive to the team and will lower motivation if allowed to get out of control. Supervisors of the team during this phase may be more accessible but tend to still need to be directive in their guidance of decision-making and professional behaviour. The groups will therefore resolve their differences and group members will be able to participate with one another more comfortably and they won't feel that they are being judged in any way and will therefore share their own opinions and views.

Norming

At some point, the team may enter the *Norming* stage. Team members adjust their behaviour to each other as they develop work habits that make teamwork seem more natural and fluid. Team members often work through this stage by agreeing on rules, values, professional behaviour, shared methods, working tools and even taboos. During this phase, team members begin to trust each other. Motivation increases as the team gets more acquainted with the project. Teams in this phase may lose their creativity if the norming behaviours become too strong and begin to stifle healthy dissent and the team begins to exhibit groupthink.

Supervisors of the team during this phase tend to be participative more than in the earlier stages. The team members can be expected to take more responsibility for making decisions and for their professional

behaviour. As team members get to know each other better, their views of each other begin to change. The team feels a sense of achievement for getting so far; however some members can begin to feel threatened by the amount of responsibility they have been given. They would try to resist the pressure and revert to storming again.

Performing

Some teams will reach the *performing* stage. These high-performing teams are able to function as a unit as they find ways to get the job done smoothly and effectively without inappropriate conflict or the need for external supervision. Team members have become interdependent. By this time they are motivated and knowledgeable. The team members are now competent, autonomous and able to handle the decision-making process without supervision. Dissent is expected and allowed as long as it is channelled through means acceptable to the team. Supervisors of the team during this phase are almost always participative. The team will make most of the necessary decisions. Even the most high-performing teams will revert to earlier stages in certain circumstances. Many long-standing teams will go through these cycles many times as they react to changing circumstances. For example, a change in leadership may cause the team to revert to *storming* as the new people challenge the existing norms and dynamics of the team.

Further Developments

Adjourning and Transforming

Tuckman later added a fifth phase, *adjourning*, that involves completing the task and breaking up the team. Others call it the phase for *mourning*. A team that lasts may transcend to a *transforming* phase of achievement. *Transformational management* can produce major changes in performance through synergy and is considered to be more far-reaching than *transactional management*.

Norming and re-norming

Timothy Biggs suggested that an additional stage be added of Norming after Forming and renaming the traditional Norming stage Re-Norming. This addition is designed to reflect that there is a period after Forming where the performance of a team gradually improves and the interference of leader content with that level of performance will prevent a team progressing through the Storming stage to true performance. This puts the emphasis back on the team and leader as the Storming stage must be actively engaged into succeed – too many 'diplomats' or 'peacemakers' especially in a leadership role may prevent the team from reaching their full potential. Rickards and Moger propose a similar extension to the Tuckman model when a group breaks out of its norms through a process of creative problem-solving.

Work Group Behaviour

Omne of the most crucial elements to managing a successful business hinges on the chemistry shared among the team; and one of the most important things to remember as a manager is that teams are developing organisms. They go through stages of development the same as plants and animals. Wheelan's Integrated Model of Group Development combines the predominant research on the evolution of groups. In this model, groups progress from immaturity to maturity in four stages.

Stage I: The Formative Years

The first stage is similar to that of a toddler or young child. Members of a work group in this stage are unsure of themselves, the group and the structure. Groups in this stage need direction and guidance. Establishing a routine will help the members gain security in their roles and enable them to move to the next stage.

Stage II: The Teenage Years

Groups in the second stage of development are often easy to recognize: there are a lot of disagreements; subgroups and cliques have emerged; some of the members hate the leader. The leader becomes frustrated with the team at this point because no matter what she tries to do, it is wrong. Stage two can be compared to the teenage years. The goal for the leader of a group in this stage of development is to get the members on the same page. This is where conflict resolution skills come into play the most. The leader also needs to let go of the notion that only their idea or "page" is the one the group should be on. Now is the time to give the member a larger role in writing the page. This is NOT the time to abdicate authority or withdraw completely. It is simply the time to give members a chair at the table, their first chance to participate in charting the course or direction of the group.

Stage III: Twenty somethings

A group that survives stage two and matures into stage three has realized, to accomplish the task, they have to give equal weight to how they do the work and to what the work entails. During this stage roles are fine-tuned and positive coalitions and partnerships are formed. As they master this, the group now seamlessly moves on to stage four.

Stage IV: Thirty somethings

Groups in stage four are great to see. They focus a proportionate amount of time carrying out the work, the task, as figuring out how to carry out the work, the process. Groups in the fourth stage of development are characterized by an independence from the leader. The leader at this point delegates to the team. They have the authority to make decisions on their own. Of course, they have the maturity at this point to effectively wield that power. The group-leader relationship now resembles that of the adult child - older parent relationship. The leader is consulted, as needed, for feedback and clarification of the parameters of the responsibility, but the decisions rest in the hands of the group. Understanding the stages groups move through and their needs in a given stage will help you achieve an effective team, and ultimately more successful outcomes.

13.5 Understanding Group Dynamics

Group Dynamics are the unseen forces that operate in a group between different people or groups. Group Dynamics can strongly influence how a group reacts, behaves or performs, and the effects of group dynamics are often very complex. Suppose in a small group of six people working in one office there are two people who have a particularly strong friendship. This friendship is a "natural force" that may have an influence on the rest of the group, and can be manifest in various ways, either positively or negatively. Other factors can also play an influence. For example, if a wall of cupboards were to be placed across the middle of the office, this would also form a 'natural force' that influences the communication flow and may separate the group into two further sub-groups. Sometimes, an "absence" of a natural force can also be a group dynamic. For example, if the leader or manager is permanently removed from the office, the group may be drawn into a change of behaviour.

You can recongnse group dynamics by looking for the forces that influence group behaviour. These forces might include:

* Personality styles (e.g.: including or excluding people)

* Group Roles

* Office layout (e.g.: cupboards dividing groups into two)

* Tools and technology (e.g.: email, bulletin board, information pool enabling hidden communication).

* Organisational culture (e.g.: company cars acting as status symbols to separate groups of employees)

* Processes/methodologies/procedures (e.g.: problem-solving methodology etc.

You can identify personality-based dynamics by completing our online Group Dynamics Assessment. How can group dynamics be managed constructively?

You need to:

1. Look for the group dynamics - the 'natural forces' at play

2. Determine whether they are acting for good or ill,

3. Make interventions to make the effect of those dynamics more positive.

For example, if a wall of cupboards is inhibiting communication within a group, that wall can be repositioned and the room layout designed to encourage communication (without making the environment too uncomfortable for those who value their privacy when working on individual tasks).

Example: The impact of a friendship

The positive effect of a strong friendship in a group might be:

* The friends communicate a lot together

* which naturally results in other members being drawn into the discussion

* which results in a good 'social' feel to the group

* which makes people enjoy being in the group

* which improves motivation and commitment

The negative effect of a strong friendship might be:

* to cause the other four people to feel excluded...

* which means they are less likely to include the two friends in decision making

* which means that there are likely to be two sub-groups

* which means that information may not flow across the whole group, but only within the subgroups

* which means that miscommunication may lead to misunderstanding and poor collective performance

This friendship has an impact on the group's performance, and is therefore a group dynamic. Whether it is good or bad depends on other factors. In the first, positive, example, there is a natural force of "inclusion" which results in people being drawn into productive discussions. In the second, negative example, there is a natural force of "exclusion" which results in communication between groups being stifled.

13.6 Work Group Characteristics

Group Size:

Size Effective task groups can range from 2 members to a normal upper limit of 16. It is difficult to pinpoint an ideal group size because the appropriate size depends on the group's purpose. Size affects how individuals interact with each other as well as the overall performance of the group. In groups of less than five members, there will be more personal discussion and more complete participation. As a group size grows beyond several members, it becomes more difficult for all members to participate effectively. Communication and coordination among members become more difficult, and there is a tendency to split into subgroups. As a result, the interactions become more centralized, with few individuals taking more active roles relative to the rest; disagreements may occur more easily; and group satisfaction may decline unless group members put a good effort into relationship-oriented roles.

As group size increases, more potential human resources are available to perform the work and accomplish the needed tasks. While this can boost performance, the expanded group size tends to increase turnover and absenteeism.

Benefits of Small Groups :

- Regular interaction

- Ease of sharing information

- Recognition of individual contributions to group

- Strong group identification

- Higher group satisfaction

Benefits of Large Groups :

- More resources

- Division of labour

- Specialization of tasks

Group Composition :

Two composition factors have particularly important influence on a group's effectiveness; the first factor is members' characteristics, while the second factor is members' motivations.

Members' characteristics :

It includes physical traits, abilities, job-related knowledge and skills, personality, age, race, and gender.

Members' motivations

It includes members' motives to join a group; such as the need for power, security, and affiliation.

Homogeneous groups

- Collegiality amongst group members

- Information sharing

- Low levels of conflict

- Few coordination problems

Heterogeneous groups :

- Diversity of views represented

- High performance

- Variety of resources

- For tasks that are **standard and routine**, a homogeneous team functions more quickly. Membership homogeneity contributes to member satisfaction, creates less conflict, and increases the chance of harmonious working relationships among group members.

- For tasks that are **non-routine** and require diverse skills, opinions, and behaviors, a heterogeneous team yields better results. A heterogeneous membership can bring variety of skills and viewpoints to bear on problems and thus facilitate task accomplishment.

Group Efficacy :

Group efficacy is the shared belief group members have about the ability of the group to achieve its goals and objectives. Efficacy emerges over time and influences the aspirations of the members.

Social Facilitation :

Social facilitation is the tendency for people to be aroused into better performance on simple tasks (or tasks at which they are expert or that have become autonomous) when under the eye of others, rather than while they are alone (audience effect), or when competing against another (coactor effect). Complex tasks (or tasks at which people are not skilled), however, are often performed in an inferior manner in such situations. This effect has been demonstrated in a variety of species. In humans, it is strongest among those who are most concerned about the opinions of others, and when the individual is being watched by someone he or she does not know, or cannot see well.

Group Function :

Group function is the work that a group contributes to the accomplishment of organizational goals; it provides a sense of meaning and purpose.

Group Status :

Group status is the implicitly agreed upon, perceived importance of what a group does in an organization. The more important the task performed by a work group, the higher the group's status in the organization. Members with high status are likely to be motivated to perform at a high level.

13.7 Socialization

Several definitions of socialization exist. Group scholars Sheldon Stryker and Ann Statham (1985) suggested socialization occurs when newcomers become part of the group's patterns of activities. Social psychologists have defined socialization as occurring when group members create shared meaning about who will do what and how the group will operate (Mead, 1958) or when individuals learn enough to contribute skilfully and competently to the group (Dion, 1985). Each of these definitions emphasizes the role of the individual. Taking a different perspective, social psychologists Richard Moreland and John Levine (1982) defined socialization as a reciprocal process of group members and the group as a whole coming together to meet each other's needs and accomplish goals. This type of definition suggests individuals actively participate in the socialization process rather than simply adjust and adapt to an existing group culture. Additionally, each group's culture changes when a member joins the group because she might

influence the existing members to adopt new ways of communicating and functioning as a group. Thus, consider socialization as a process affecting both individual members and the group as a whole.

13.7.1 Socialization Guidelines

(a)   **As a new member, you should:**

      1. Embrace the values, norms, and behaviors established in the group,

      2. Acquire the skills and knowledge needed to assume appropriate roles,

      3. Learn what is and what is not important,

      4. Move from a non-performing member to a contributing member.

(b)   **As a group member, you should:**

      1. Recruit individuals who will fit in and contribute to the attainment of group goals,

      2. Initiate new members in formal orientation sessions or individually in work group,

      3. Include the new group member in group activities,

      4. Engage in a mentoring relationship with the new member.

13.7.2 Group Effectiveness

Group effectiveness, as outlined in the College Wide Learning Outcomes document, is described as the ability to:

- Work respectfully with others;

- See multiple sides of issues;

- Have an understanding that the group has the ability to create more than a single individual could; and,

- Work towards a common goal or purpose.

Group effectiveness involves:

- Demonstrating personal strengths;

- Communicating effectively in a group;

- Demonstrating personal accountability for group success; and

- Applying/implementing group process skills in diverse settings.

Group effectiveness is one of the central concepts in the managerial and academic study of groups. Cohen & Bailey (1997) proposes a very broad conceptualization of group effectiveness, which includes three dimensions: performance effectiveness (such as the quality and quantity of the work done), member's attitude (such as employee's affection to, commitment to, and trust in the organizations), and behavioural outcomes (such as absenteeism and turnover). This definition of group effectiveness concentrates solely on the individual and the group level, and emphasizes mainly the external dimension of individual and group performance (even though it does touches upon individual internal aspects such as attitudes and emotions).

Hackman (1990) proposes three dimensions of group effectiveness:

1.   Productive output—the degree to which the group's output meets the standards of those that receive or use it;

2. Capability to work interdependently—the degree to which the group's members are able to work together in the future; and

3. Growth and well-being of members—the degree to which the experience of being in the group enhanced the individual members through their own personal learning or development (Hackman, 1990).

The following is a classic listing of effective teams:

- Members are loyal to one another and the leader.

- Members and leaders have a high degree of confidence and trust in each other.

- The group is eager to help members develop their own potentials.

- The members communicate fully and frankly all information relevant to the team's activities.

- Members feel secure in making decisions that seem appropriate to them.

- Activities of the group occur in a supportive atmosphere.

- Group values and goals express relevant values and goals of members.

Factors Contributing to Group Effectiveness

- Group composition

- Ability to work well together

- Coordination of efforts

- Resources

- Shared information

- Development of effective strategies

We have already talked about the group size and membership composition. We will discuss the other factors here.

13.7.3 Roles

Roles are the many hats we wear. Roles are shared expectations of how group members will fulfill the requirements of their positions. People develop their roles based on their own expectations, team's expectations, and the organization's expectations. To summarize:

- We may define a role as the typical behaviors that characterize a person in a social context.

- In organizations, many roles are assigned by virtue of an individual's position within an organization. For example, boss may be expected to give orders, and a teacher may be expected to lecture and to give exams. These are behaviors expected of the individual in that role. When operating in a team, individuals typically fulfill several roles.

Members' roles fit into three categories :

First: Task-oriented roles: focus on behaviors directly related to establishing and achieving the goals of the group or getting the task done. They include the following behaviors:

- Seeking and providing information,

- Initiating actions and procedures,

- Clarifying issues,

- Summarizing progress, energizing the quantity and quality of output, and

- Helping the team to reach consensus.

Second: Relationship-oriented roles: include behaviors that cultivate the well-being, continuity, and development of the group. They focus on the operation of the group and maintenance of good relationships among members. They help foster group unity, positive interpersonal relations among group members, and the development of members' ability to work effectively together.

Third: Self-oriented roles: occur to meet some personal need or goal of an individual without regard for the group's problems. They often have a negative influence on a group's effectiveness. Examples of such behaviors include:

• Dominating group discussions,

• Emphasizing personal issues,

• Interrupting others,

• Distracting the group from its work, and

• Wasting the team's time.

13.7.4 Norms

Why do norms develop? The most important function that norms serve is to provide regularity and predictability to behaviour. This provides implied psychological security and permits us to carry out daily business with minimal disruption. Norms: a group's unspoken rules.

* Norms may be defined as generally agreed-upon informal rules that guide team members' behaviour.

* They represent shared ways of viewing the world. Norms differ from organizational rules in that they are not formal and written.

* Norms regulate the behaviour of teams in important ways such as how to dress, and when it is acceptable to be late for or absent from work.

* Norms can be either prescriptive – dictating the behaviours that should be programmed- or proscriptive – dictating the behaviours that should be avoided.

* Norms are unwritten and often-informal rules shared beliefs about what behaviour is appropriate and expected of team members.

* Norms differ from organizational rules in that they are unwritten.

Team members must accept them and behave in a way consistent with them before they can be said to exist. This difference is important when dealing with heterogeneous and diverse teams. Team Norms: shared rules that members follow may include:

* People dress.

* The upper and lower limits of productivity.

* The information that can be told to the boss.

* The matters that need to remain secret.

* Performance standards.

* Voice and body language.

* Power of distance.

* Teams may set working hours, behaviour rules, etc.

* Conformity & Deviance: members conform to norms to obtain rewards, imitate respected members, and because they feel the behaviour are right. When a member deviates, other members will try to make them conform, expel the member, or change the group norms to accommodate them. Conformity and deviance must be balanced for high performance from the group. Deviance allows for new ideas in the group.

* If a group member does not follow the norms, the other members will try to enforce compliance through acceptance and friendship or through such means as punishment and verbal abuse.

* Group norms can be positive, helping the group meet its objectives, or they can be negative, hindering the group's effectiveness.

* Managers need to understand the norms of the groups they manage and then work toward maintaining and developing positive norms, while eliminating negative norms.

13.7.5 Rules

Effective groups sometimes use written rules to control their members' behaviors. Written rules specify behaviors that are required, and those that are forbidden. Over time, groups should experiment with their rules and try to find better ones to replace those that currently exist. Some rules groups develop often called standard operating procedures specify in writing the best way to perform a particular task. Standard operating procedures help ensure that the group's tasks will be performed correctly and efficiently.

Rules have several advantages that help groups control and manage behaviour and performance: • Rules help group ensure members will engage in behaviours that contribute to the effectiveness of the group and the organization and amid behaviours that hinder performance and goal attainment.

• Rules facilitate the control of behaviour because members and managers know how and when role occupants' arc expected to perform their assigned tasks.

• Rules facilitate the evaluation of individual group members' performance levels because their behaviour can be compared to the behaviour specified by the rules

• When the membership in a group changes rules help newcomers learn the right way to perform their roles.

13.7.6 Group Cohesiveness

A group's cohesiveness reflects the degree to which a group sticks together. In a cohesive group, members feel attracted to one another and to the group as a whole. A variety of factors encourage group cohesiveness:

1. Shared personal attitudes, values, or interests. People who share the same attitudes, values, or interests are likely to be attracted to one another.

2. Agreement on group goals. Shared group goals encourage members to work together. When members participate in determining their purpose and goals, they get to know and influence one another.

167

3. Frequency of interaction. Frequent interaction and the physical closeness afforded by it encourage members to develop the mutual understanding and intimacy that characterize cohesiveness.

4. Group size. Smaller groups are more likely to be cohesive than larger groups, because physical proximity makes it easier for their members to interact.

5. Group rewards. Cooperative group rewards that encourage interaction can stimulate cohesiveness, especially when members must perform interdependent tasks.

6. Favourable evaluation. Recognition given to a group for effective performance can reinforce feelings of pride in group membership and group performance.

7. External threats. Threats to a group's well-being that originate from outside the group can strengthen its cohesiveness by providing a common enemy that motivates a unified response. That is, conflict between groups can promote cohesion within groups.

8. Isolation. Being cut off from other groups can reinforce members' sense of sharing a common fate, again motivating a unified response.

Cohesiveness does affect the degree to which the members of a group agree on productivity norms, but it does not ensure that the group will adopt high productivity norms. If a highly cohesive group has adopted norms favouring high productivity, its productivity will be high, because everyone agrees that working productively is the right thing to do (see the upper-right cell in Figure). Such groups also tend to be persistent and are more likely to struggle through barriers to goal accomplishment. In contrast, the productivity of highly cohesive groups adopting norms that favour low productivity tends to be quite low, because everyone agrees that working productively is not the objective (see the lower-right cell in Figure). Second, cohesiveness can also increase the probability that the group will come to premature consensus when making difficult decisions, and this has sometimes been referred to as "groupthink." That is, rather than argues and hash out the positive and negative features of various alternatives, highly cohesive groups sometimes agree too quickly on the first idea that is offered up. This is especially the case if the group is isolated from outside sources of influence and the leader is the person who came up with the first idea. Dissenting opinions are either directly squelched or not shared with the team by members who self-censor their own misgivings. This flawed and incomplete process often leads to disastrous outcomes that outsiders, in the light of hindsight bias, severely criticize.

13.7.8 Social Loafing

Groups can be fantastically unproductive because they provide such wonderful camouflage. Under cover of group work people will slack off, happy in the knowledge others are probably doing the same. And even if they're not: who'll know? This is what psychologists have nattily called *social loafing* and it was beautifully demonstrated by a French professor of agricultural engineering called Max Ringelmann as early as the 1890s. Ringelmann, often credited as one of the founders of social psychology, had people pull on ropes either separately or in groups of various sizes and he measured how hard they pulled. He found that the more people were in the group, the less work they did (see graph). Notice that people did about half as much work when there were 8 others in the group than they did on their own.

Definition: Social loafing describes the tendency of individuals to put forth less effort when they are part of a group. Because all members of the group are pooling their effort to achieve a common goal, each member of the group contributes less than they would if they were individually responsible.

Consider an example of a teacher who divides a class into small groups and assigns them to work together on a project, hand in one paper, and share the grade. The social loafing literature would lead one to expect that each student's motivation and effort would decrease compared with a situation in which the teacher assigned individual papers and projects. In fact, the authors often uses this example as an illustration of social loafing in his lectures, and students remember how awful those types of assignments were because the "others in their groups always loafed." Ironically, and almost without exception, the students claimed that they were the ones left to "carry the load" for the others in their group.

Causes and remedies

These are some of the standard explanations put forward for the social loafing effect:

- **People expect each other to loaf**. Whether consciously or unconsciously people say to themselves: everyone else is going to slack off a bit so I'll slack off a bit as well because it's not fair if I do more work than the others.

- **Anonymity**. When groups are larger the individuals become more anonymous. Imagine you're doing something on your own: if it goes well you get all the glory, if it goes wrong you get all the blame. In a group both blame and glory is spread, so there's less carrot and less stick.

- **No standards**. Often groups don't have set standards so there's no clear ideal for which to aim.

These explanations naturally beg the question of how people would behave if they didn't expect each other to loaf, they weren't anonymous and there were clear standards - after all groups do often work under much better conditions than those induced in some laboratory studies. Indeed lab studies have often been criticised for giving people boring or meaningless tasks and for putting them in random groups. Still people in groups clearly do loaf in real life so here are a few factors found to be important in reducing social loafing:

- **Task importance**. Studies have shown that when people think the task is important they do less loafing. Zacarro (1984) found that groups constructing 'moon tents' (don't ask me!) worked harder if they thought the relevance of the task was high, thought they were in competition with another group and were encouraged to think the task was attractive.

- **Group importance**. When the group is important to its members they work harder. Worchel et al. (1998) had people building paper chains in two groups, one which had name tags, matching coats and a sense of competition. Compared to a group given none of these, they produced 5 more paper chains.

- **Decreasing the 'sucker effect'.** The sucker effect is that feeling of being duped when you think that other people in the group are slacking off. Reducing or eliminating this perception is another key to a productive group.

- Keeping the group as small as possible: Another way to reduce social loafing is to keep the group as small as possible. Social loafing is more likely as groups get bigger because individuals perceive

that their own efforts and performance levels are unidentifiable, unnecessary or likely to be duplicated by others in the group.

Many more measures have been suggested, including: how easily each member's contribution can be evaluated, how unique each individual's contribution is and how individually identifiable they are. The drift is that people can be made to work harder by cutting off their natural tendency to hide in the group.

13.7 Self Assessment Test

1.   What do you mean by groups? Why do people join groups? What are the chief characteristics of a group?

2.   Explain the Tuckman's Group Development Model.

3.   What are the important characteristics of a Work Group?

4.   What is Social Loafing? How does it affect the group effectiveness?

5.   What do you mean by Group cohesiveness? Explain the relationship between Group Cohesiveness and Group Productivity Norms.

6.   What is the difference between Group Norms and Group Rules? How is Group behaviour affected by both?

7.   What are the various group Roles? What is the importance of studying Roles?

UNIT - 14 : MOTIVATION

Unit Structure

14.0   Objectives

After completing this chapter, the student should be able to understand:

- The definition of motivation.

- The difference between content theories and process theories of motivation.

- Maslow's Hierarchy of Needs

- Alderfer's ERG Theory.

- Herzberg's Two-Factor Theory and how it relates to job design.

- McClelland's 3-Needs Theory.

14.1   Introduction

When you come from school, you feel hungry and want to eat something. You want to eat because there is a force which compels you to have food. Likewise if a question is asked why do you want to join a college? The answer can be given in various ways like you want to learn or you need a degree to get a good job. You may want to join college to have lot of friends. This basic question of the 'why of behaviour' or factors which compel us to do certain activities makes us study the psychological process called motivation. In this unit you will study about the nature of motivation, types of motives, major content theories of motivation which will include Maslow's need hierarchy theory, ERG theory, Herzberg's two factor theory, McClland's theory of needs. Understanding motivation helps us to have insights into the dynamics of action.

14.2   Meaning

The word motivation is coined from the Latin word "movere", which means to move. Motivation is defined as an internal drive that activates behavior and gives it direction. Motivation is one of the most frequently used words in psychology. It refers to the factors which move or activate the organism. We infer

the presence of motivation when we see that people work toward certain goals. For example, we might observe that a student works hard at almost every task that comes to him/her; from this we infer that the person has motive to achieve.

The process of initiating action is technically called 'motivation'. Directing behavior towards certain goal is the essence of motivation. Motivation is not always directly observable. It is inferred and used to explain behaviour. When we ask "What motivates a person to do a particular task?" We usually mean why does she behave as she does. In other words, motivation, as popularly used, refers to the cause or why of behaviour.

Interestingly, we are not aware of all our motives. Behaviour can be governed by unconscious motives too. If our understanding of motives is correct, we have a powerful tool for explaining behaviour. We explain our everyday behaviour in terms of various motives.

Motives also help us make predictions about behaviour. We may tell what a person will do in future. Motives may not tell exactly what will happen but they give us an idea about the range of activities a person will do. Thus a person with a need to achieve in academics will work hard in school, an individual with a strong need to excel in sports will put in a lot of hard work in that field; similarly in business and in many other situations.

The term motivation theory is concerned with the processes that describe why and how human behavior is activated and directed. It is regarded as one of the most important areas of study in the field of organizational behavior. There are two different categories of motivation theories such as content theories, and process theories. Even though there are different motivation theories, none of them are universally accepted.

14.3 Key Concepts

There are certain terms which you will commonly come across when you learn this lesson on motivation such as needs, motives, goals, incentives etc. Let us understand some of these concepts.

(a) Needs and Motives :

A need is a condition of lack or deficit of something required by the organism. In order to maintain homeostasis or balance the organism finds it necessary to satisfy the needs. The needs are of different types. The need for food or water is a physiological need, which arises out of lack or deficit of food or water in the organism. The needs for excretion and urination are also physiological needs. They are due to the organism's necessity to eliminate waste matter from the body. The need for contact with other persons is a social need. The other social needs include need for prestige, status, affection, self-esteem, and so on. A person becomes more aware of his needs when they are not fulfilled. In other words, when you are hungry, you need food, and, when you are thirsty you need water. In these cases you are in a state of deprivation and your bodily system suffers from some kind of imbalance.

The needs may be broadly categorised as, primary or physiological needs and secondary or social needs. Needs for food, water, sex, sleep and rest, and elimination are primary needs. Needs for achievement, affiliation, power are examples of social needs. The term 'motive' refers to goal directed behaviour and energising conditions within the organism that drive behaviour. It is generally used to refer to certain conditions which, besides arousing, predispose a person to respond, or behave in a way appropriate to that motive. Motives direct the activity of the individual towards person's goals.

(b) Goals :

Thinking about the goal motivates a person to organize his or her action. If hunger is a need, eating food is a goal. Thus goal is related to the need state. However, in certain cases, behaviour is also guided by intrinsic goals. It means behaviour does not always need external goal. It may be satisfying and enjoyable in itself. Some people may like to sing, dance or play just for the sake of singing, dancing or playing. They like such activities. Thus goals can be intrinsic or extrinsic.

(c) Incentives :

Incentives refer to the goal objects which satisfy the needs. Incentives vary in quality and quantity which make them less or more satisfying and attractive. Thus one can put in greater amount of effort to attain a more attractive incentive. As a matter of fact many incentives assume considerable significance in the lives of people and they do every thing possible to attain those incentives.

(d) Instincts :

Instinct is an old concept in the field of motivation. It is defined as an innate biological force that predisposes the organism to act in a certain way. At one time all behaviours were supposed to be results of certain instincts. Some of the instincts identified by early psychologists are fight, repulsion, curiosity, self abasement, acquisition etc. It was thought that instincts were inherited and compelling sources of conduct, but can be modified by learning and experience. This term is no more used in relation to human behaviour. Animal behaviour is sometimes explained using this term. In current usage 'instinct' is reserved for innate response tendencies found among animals.

14.4 Historical Development

Early explanations of motivation focused on instincts. Psychologists writing in the late 19th and early twentieth centuries suggested that human beings were basically programmed to behave in certain ways, depending upon the behavioral cues to which they were exposed. Sigmund Freud, for example, argued that the most powerful determinants of individual behavior were those of which the individual was not consciously aware.

According to Motivation and Leadership at Work (Steers, Porter, and Bigley, 1996), in the early twentieth century researchers began to examine other possible explanations for differences in individual motivation. Some researchers focused on internal drives as an explanation for motivated behavior. Others studied the effect of learning and how individuals base current behavior on the consequences of past behavior. Still others examined the influence of individuals' cognitive processes, such as the beliefs they have about future events. Over time, these major theoretical streams of research in motivation were classified into two major schools: the content theories of motivation and the process theories of motivation.

14.5 Major Motivation Theories

Content (or need) theories of motivation focus on factors internal to the individual that energize and direct behavior. In general, such theories regard motivation as the product of internal drives that compel an individual to act or move (hence, "motivate") toward the satisfaction of individual needs. The content theories of motivation are based in large part on early theories of motivation that traced the paths of action backward to their perceived origin in internal drives. Major content theories of motivation are Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and McClelland's learned needs or three-needs theory.

Content Theories : Content theories of motivation define it in terms of satisfaction of needs.

- Alderfer's ERG Theory: Three key needs.

- Herzberg's Motivation-Hygiene Theory .

- Maslow's Hierarchy of Needs: Lower needs must be met first.

- McClelland's Acquired Needs Theory is also a three-need model.

14.6 Major Process Theories

Process (or cognitive) theories of motivation focus on conscious human decision processes as an explanation of motivation. The process theories are concerned with determining how individual behavior is energized, directed, and maintained in the specifically willed and self-directed human cognitive processes. Process theories of motivation are based on early cognitive theories, which posit that behavior is the result of conscious decision-making processes. The major process theories of motivation are expectancy theory, equity theory .

Process theories

Process theories of motivation define in terms of a rational cognitive process.

- " Adams' Equity Theory: Balanced give and take.

- " Vroom's Expectancy Theory: We expect what we predict.

- " Kahler's Drivers: I must be perfect, strong, etc.

14.7 Maslow's Hierarchy of Needs Theory

In 1943, Dr. Abraham Maslow 's article "A Theory of Human Motivation " appeared in Psychological Review, which were further expanded upon in his book: Toward a Psychology of Being In this article, Abraham H. Maslow attempted to formulate a needs-based framework of human motivation and based upon his clinical experiences with people, rather than as did the prior psychology theories of his day from authors such as Freud and B.F. Skinner, which were largely theoretical or based upon animal behavior. From this theory of motivation, modern leaders and executive managers find means of motivation for the purposes of employee and workforce management. Abraham Maslow's book Motivation and Personality (1954), formally introduced the Hierarchy of Needs.. In this regard, Abraham Maslow developed a model in which basic, low-level needs such as physiological requirements and safety must be satisfied before higher-level needs such as self-fulfillment are pursued. In this hierarchical model, when a need is mostly satisfied it no longer motivates and the next higher need takes its place.

Physiological Needs

Physiological needs are those required to sustain life, such as: air, water, nourishment, sleep etc.

According to Maslow's theory, if such needs are not satisfied then one's motivation will arise from the quest to satisfy them. Higher needs such as social needs and esteem are not felt until one has met the needs basic to one's bodily functioning.

Safety

Once physiological needs are met, one's attention turns to safety and security in order to be free from the threat of physical and emotional harm. Such needs might be fulfilled by:

- " Living in a safe area
- " Medical insurance
- " Job security
- " Financial reserves

According to Maslow's hierarchy, if a person feels that he or she is in harm's way, higher needs will not receive much attention..

Maslow's hierarchy of Needs (Original five-stage model)
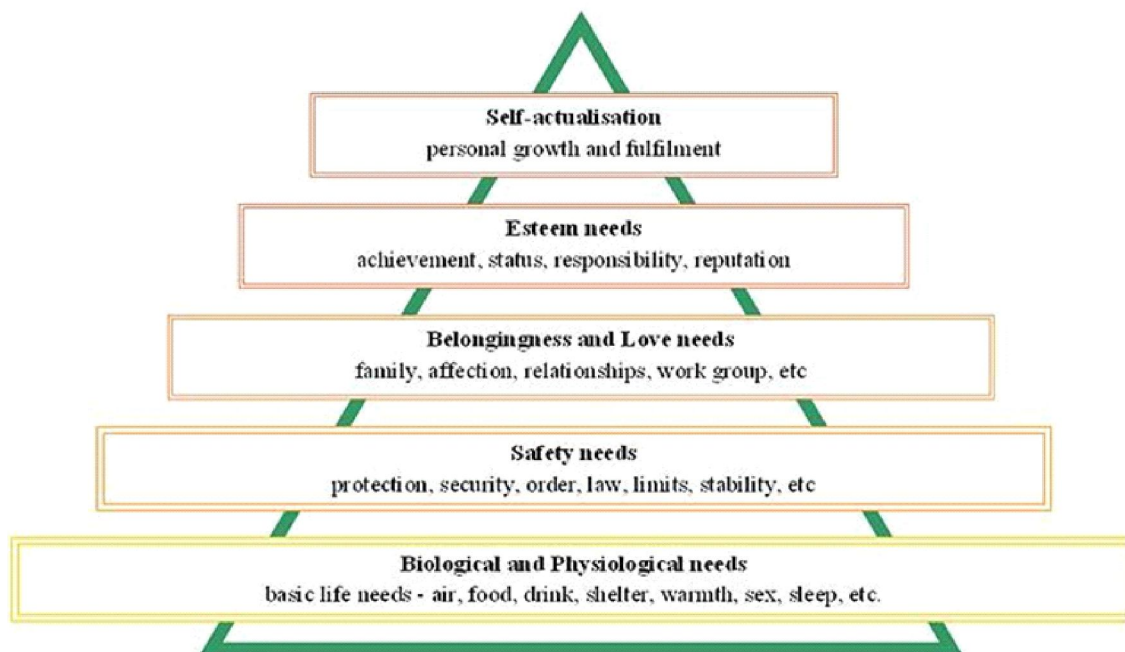
Social Needs

Once a person has met the lower level physiological and safety needs, higher level needs become important, the first of which are social needs. Social needs are those related to interaction with other people and may include: Need for friends, Need for belonging, Need to give and receive love

Esteem

Once a person feels a sense of "belonging", the need to feel important arises. Esteem needs may be classified as internal or external. Internal esteem needs are those related to self-esteem such as self respect and achievement. External esteem needs are those such as social status and recognition. Some esteem needs are: Self-respect, Achievement, Attention, Recognition etc.

- " Reputation

Maslow later refined his model to include a level between esteem needs and self-actualization: the need for knowledge and aesthetics.

Self-Actualization

Self-actualization is the summit of Maslow's hierarchy of needs. It is the quest of reaching one's full potential as a person. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically there are always new opportunities to continue to grow.

Self-actualized people tend to have needs such as: Truth, Justice, Wisdom, Meaning etc.

Self-actualized persons have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony. According to Maslow, only a small percentage of the population reaches the level of self-actualization.

Implications for Management

If Maslow's theory holds, there are some important implications for management. There are opportunities to motivate employees through management style, job design, company events, and compensation packages, some examples of which follow::

- Provide lunch breaks, rest breaks, and wages that are sufficient to purchase the essentials of life.

- Safety Needs: Provide a safe working environment, retirement benefits, and job security.

- Social Needs: Create a sense of community via team-based projects and social events.

- Esteem Needs: Recognize achievements to make employees feel appreciated and valued. Offer job titles that convey the importance of the position.

- Self-Actualization: Provide employees a challenge and the opportunity to reach their full career potential.

However, not all people are driven by the same needs - at any time different people may be motivated by entirely different factors. It is important to understand the needs being pursued by each employee. To motivate an employee, the manager must be able to recognize the needs level at which the employee is operating, and use those needs as levers of motivation.

Limitations of Maslow's Hierarchy Theory

While Maslow's hierarchy makes sense from an intuitive standpoint, there is little evidence to support its hierarchical aspect. In fact, there is evidence that contradicts the order of needs specified by the model. For example, some cultures appear to place social needs before any others. Maslow's hierarchy also has difficulty explaining cases such as the "starving artist" in which a person neglects lower needs in pursuit of higher ones. Finally, there is little evidence to suggest that people are motivated to satisfy only one need level at a time, except in situations where there is a conflict between needs.

Even though Maslow's hierarchy lacks scientific support, it is quite well-known and is the first theory of motivation to which many people they are exposed. To address some of the issues of Maslow's theory, Clayton Alderfer developed the ERG theory, a needs-based model that is more consistent with empirical findings.

14.8 ERG Theory

The ERG theory of Clayton P Alderfer is model that appeared that appeared in 1969 in a psychological review article in reaction to Maslows hierarchy of need theory to address some of the limitations of Maslow's hierarchy as a theory of motivation, Clayton Alderfer proposed the ERG theory, which like Maslow's theory, describes needs as a hierarchy. The letters ERG stand for three levels of needs: Existence, Relatedness, and Growth. The ERG theory is based on the work of Maslow, so it has much in common with it but also differs in some important aspects.

Clayton Alderfer developed ERG Theory and simplified Maslow's hierarchy of needs into a shorter set of three needs: Existence, Relatedness and Growth ['ERG'].

- Existence - At the basic level is the need to stay alive and safe, now and in the foreseeable future. This includes Maslow's physiological and safety needs.

- Relatedness - When we feel safe and secure, we deal with our social needs and are now interested in relationships with other people and our status from which we derive a sense of identity and position within our immediate society. This includes Maslow's love/belonging and esteem needs.

- Growth - Ultimately we seek growth and self creative expression both for ourselves and for our environment. When we are successfully growing, we feel a sense of wholeness, achievement and fulfilment. This includes Maslow's self-actualization and transcendence.

ERG Theory recognizes that the order of importance of the three categories may vary for each individual depending on the circumstances experienced by the individual and also how the individual perceives the circumstances. According to ERG theory, focusing exclusively on any one need at a time will not optimise effective motivation. The leadership and management implications of this are that change leaders need to recognise that people have multiple needs to satisfy simultaneously.

The theory is less rigid than Maslow's famous "Hierarchy of Needs" theory, and human needs cluster more neatly around the three categories proposed by Alderfer than the five categories in Maslow's hierarchy. Also, unlike Maslow, he saw these needs as a continuum rather than a hierarchy, and thus his theory is more flexible.

Clayton Alderfer's ERG Theory

Existence Needs → Relatedness Needs → Growth Needs

Satisfaction → Progression
Frustration ← Regression

Similarities to Maslow's Hierarchy Theory

Studies had shown that the middle levels of Maslow's hierarchy have some overlap; Alderfer addressed this issue by reducing the number of levels to three. The ERG needs can be mapped to those of Maslow's theory as follows:

" Existence: Physiological and safety needs

" Relatedness: Social and external esteem needs

" Growth: Self-actualization and internal esteem needs

Like Maslow's model, the ERG theory is hierarchical - existence needs have priority over relatedness needs, which have priority over growth.

Differences from Maslow's Hierarchy Theory

In addition to the reduction in the number of levels, the ERG theory differs from Maslow's in the following three ways:

" Unlike Maslow's hierarchy, the ERG theory allows for different levels of needs to be pursued simultaneously.

" The ERG theory allows the order of the needs be different for different people.

" The ERG theory acknowledges that if a higher level need remains unfulfilled, the person may regress to lower level needs that appear easier to satisfy. This is known as the frustration-regression principle.

Thus, while the ERG theory presents a model of progressive needs, the hierarchical aspect is not rigid. This flexibility allows the ERG theory to account for a wider range of observed behaviors. For example, it can explain the "starving artist" who may place growth needs above existence ones.

Implications for Management

If the ERG theory holds, then unlike with Maslow's theory, 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 again.

14.9 Herzberg's Two Factor Theory

To better understand employee attitudes and motivation, Frederick Herzberg performed studies to determine which factors in an employee's work environment caused satisfaction or dissatisfaction. He published his findings in the 1959 book The Motivation to Work.

The studies included interviews in which employees where asked what pleased and displeased them about their work. Herzberg found that the factors causing job satisfaction (and presumably motivation) were different from those causing job dissatisfaction. He developed the motivation-hygiene theory to explain these results. He called the satisfiers motivators and the dissatisfiers hygiene factors, using the term "hygiene" in the sense that they are considered maintenance factors that are necessary to avoid dissatisfaction but that by themselves do not provide satisfaction.

The following table presents the top six factors causing dissatisfaction and the top six factors causing satisfaction, listed in the order of higher to lower importance.

Factors Affecting Job Attitudes

Leading to Dissatisfaction	Leading to Satisfaction
• Company policy • Supervision • Relationship w/Boss • Work conditions • Salary • Relationship w/Peers	• Achievement • Recognition • Work itself • Responsibility • Advancement • Growth

Herzberg reasoned that because the factors causing satisfaction are different from those causing dissatisfaction, the two feelings cannot simply be treated as opposites of one another. The opposite of satisfaction is not dissatisfaction, but rather, no satisfaction. Similarly, the opposite of dissatisfaction is no dissatisfaction.

While at first glance this distinction between the two opposites may sound like a play on words, Herzberg argued that there are two distinct human needs portrayed. First, there are physiological needs that can be fulfilled by money, for example, to purchase food and shelter. Second, there is the psychological need to achieve and grow, and this need is fulfilled by activities that cause one to grow.

Implications for Management

If the motivation-hygiene theory holds, management not only must provide hygiene factors to avoid employee dissatisfaction, but also must provide factors intrinsic to the work itself in order for employees to be satisfied with their jobs.

Herzberg argued that job enrichment is required for intrinsic motivation, and that it is a continuous management process. According to Herzberg:

" The job should have sufficient challenge to utilize the full ability of the employee.

" Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility.

" If a job cannot be designed to use an employee's full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilized, then there will be a motivation problem.

Critics of Herzberg's theory argue that the two-factor result is observed because it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors. Furthermore, job satisfaction does not necessarily imply a high level of motivation or productivity.

14.10 McClelland's Theory of Needs

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 either achievement, affiliation, or power. A person's motivation and effectiveness in certain job functions are influenced by these three needs. McClelland's theory sometimes is referred to as the three need theory or as the learned needs theory.

Achievement

People with a high need for achievement (nAch) seek to excel and thus tend to avoid both low-risk and high-risk situations. Achievers avoid low-risk situations because the easily attained success is not a genuine achievement. In high-risk projects, achievers see the outcome as one of chance rather than one's own effort. High nAch individuals prefer work that has a moderate probability of success, ideally a 50% chance. Achievers need regular feedback in order to monitor the progress of their achievements. They prefer either to work alone or with other high achievers.
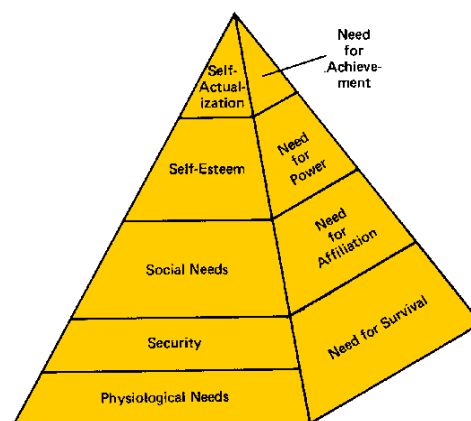
Affiliation

Those with a high need for affiliation (nAff) need harmonious relationships with other people and need to feel accepted by other people. They tend to conform to the norms of their work group. High nAff individuals prefer work that provides significant personal interaction. They perform well in customer service and client interaction situations.

Power

A person's need for power (nPow) can be one of two types - personal and institutional. Those who need personal power want to direct others, and this need often is perceived as undesirable. Persons who need institutional power (also known as social power) want to organize the efforts of others to further the goals of the organization. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power.

Implications for Management

People with different needs are motivated differently.

- High need for achievement - High achievers should be given challenging projects with reachable goals. They should be provided frequent feedback. While money is not an important motivator, it is an effective form of feedback.

- High need for affiliation - Employees with a high affiliation need perform best in a cooperative environment.

- High need for power - Management should provide power seekers the opportunity to manage others.

Note that McClelland's theory allows for the shaping of a person's needs; training programs can be used to modify one's need profile.

14.11 Summary

When a comparison is made of the content theories of motivation, there are noted similarities.Each theory describes an individual's various needs in similar terms.Herzberg's hygiene factors parallel Maslow's physiological, security, and belongingness needs, and Alderfer's existence and relatedness needs. Maslow's self-esteem and self-actualization needs are similar to Herzberg's motivators and Alderfer's growth requirement. McClelland's achievement is closely related to Herzberg's motivators, and his power and affiliation can be related to Alderfer's relatedness needs because of an individual's need to influence (power) or satisfy a need for warm feelings (affiliation) (Alderfer, 1972). It is clear that Maslow's Hierarchy of Needs theory has had a great influence on the study of organizational behavior.

14.12 Key Words

- **Need:** The psychological feature that arouses an organism to action toward a desired goal; the reason for the action; that which gives purpose and direction to.

- **Motives:** A basis for an action or a decision: cause, ground

- **Motivation:** The psychological feature that arouses human beings to action towards a desired goal, the reason for that action."

- **Physiological needs:** Innate human feelings of deprivation related to an individual's biological well-being.

- **Self esteem:** A feeling of self-respect and personal worth

- **Self actualization:** the final level of psychological development that can be achieved when all basic and mental needs are fulfilled and the "actualisation" of the full personal potential takes place.

14.13 Self Assessment Test

1.   Define motivation.

2.   Explain the connection of the five tiers of Maslow's Hierarchy of Needs to the workplace.

3.   Discuss how Alderfer's ERG Theory satisfied the criticisms of Maslow's Hierarchy of Needs.

4.   Explain Herzberg's Two-Factor Theory as it relates to job design.

5.   Discuss McClelland's 3-Needs Theory as it relates to a manager's success in the workplace.

6.   Discuss the relationship between the various content theories of motivation.

UNIT - 15 : LEADERSHIP

Unit Structure

15.0 Objectives

After studying this unit you should be able to understand :

- What leadership is, who leaders are, what they do and how they behave ?

- Gain a grasp of various situational factors which influence the effectiveness or otherwise of leadership.

- Acquire some insights on different theories of leadership and how they differ from each other.

- Figure out various dimensions of effetive leadership.

- Capable to analyse why some leaders succeed while others fail.

- Differentiate between ladership and managership.

- Can differentiate between power and influence

15.1 Introduction

Leadership is an exhaustively discussed concept in management, due to its significance and because of the fact that organizations and society at large are achieving their goals and excellence in working through their leaders. Irrespective of the nature of the organization (big or small, economic or non-economic, government or private, educational or buraducratic) the leadership element is of utmost value that makes a difference between a successful and failure entity. When organizations face survival crisis, it is largely attributed to a weak leadership.

Leadership is defined as a position of power held by an individual in a group, which provides him with an opportunity to exercise interpersonal influence on the group members for mobilising and directing their efforts towards certain goals. The leader is at the centre of group's power structure, keeps the group together, influses life into it, moves it towards its goals and maintains its momentum. Leaders are energing in a group because of their personality attributes or because of their acceptability by group members. In the latter case, the leaders derives their power from the group members. Leadership position remains with a leader at the pleasure of group members. Leadership position exists in most group settings irrespective of the size of the group.

Leadership is an ability to influence others. Leaders are in a position to shape, regulate, control and change the attitudes, behaviour and performance of their followers. The latter are supposed to comply with the former's desires and directives and partially suspend their own judgment and discretion. There exists a particular relationship between the leader and his followers which is characterised by interpersonal and social interaction. In a group, the leader and his followers play the roles expected of them and thereby seek to justify their respective positions. Few leaders play their role effectively whereby they succeed in getting the willing co-operation and commitment of their followers, beyond the routine performance.

A Leader has a few bases of power because of which he is in position to influence the behaviour of others. They are :

- knowledge, information and experience.

- resources to provide favours, rewards and penalties

- formal authority

- charisma

- distinct personality characteristics like for example, will to dominate, ability to establish rapport, skill to communicate, identity with and understanding of people, decisiveness and so on.

A judicious use of power bases by a leader is likely to bring success to him; and success in some case adds to the power of the leader. A successful leader gains more credibility in the eyes of people; they often tend to ignore other deficiencies in him; they resolve to adhere to him and allow themselves to be further exposed to his influence attempts. In this way some leaders entrench themselves in their positions. Some even misuse their power and often get away with it. Power carries with it an equal amount of responsibility. Leaders who relate their power with responsibility in a consistent manner are more successful in their influence as compared to those who are unable to maintain a balance between the two variables.

15.2 Nature of Leadership

Leadership denotes the role of a leader and refers to the attributes and behaviour of an individual executing that role. The role needs note be official or formal since individuals carry out leadership activities not formally defined within their job card.

The role of a leader may be compared with the role of a bus driver whose passengers will leave him unless he takes them in the direction in which they intend to go. The employee-oriented leader will be sensitive enough to the feelings and needs of his subordinates and use all measures so that he will be unlikely to lose them. Therefore, the leader becomes the agent of the led. Instead of having power over people, the leader earns his personal influence and authority through his day-to-day behaviour, decisions and actions with people. They confer on him the privilege of leadership and they expect him to exercise authority when the situation calls for it. True leadership that brings forth team-work in a common cause depends upon this kind of support from below. In management science, the term leadership does not refer to excelling. It is concerned with directing the activities of the followers towards predetermined goals. The leader must use his influence to achieve some desired goals through and with his followers. You can understand leadership better through the following features :

- **Leadership Presupposes followers :** Leadership does not exist in a vacuum. It envisages the existence of followers. There can be no leader without followers. Alexander Selkirk in a deserted island, through he was the monarch of all he surveyed, cannot be called a leader because he had no followers. The leader exercises authority over the group and such authority is willingly accepted by the followers. Where authority is imposed over the group without voluntary acceptance of such authority, it results in domination, not leadership of the group. Leadership cannot be conferred, it must be earned.

183

- **Assumption of responsibility :** The leader must accept full responsibility in all situations. As the leader exercises authority and directs the subordinates, he must assume the responsibility for all the actions of his followers. A leader cannot escape from the responsibilities of his position or the consequences of his lead. For the attainment of objectives, he is to develop the weak, control the strong and prepare the whole group for an effective team-work.

- **Exemplary conduct :** A leader shows the way, being in the forefront and asks his men to follow him. The leader being in the forefront, must set an example for his men by his conduct. His behaviour must serve as a lesson to them and inspire them as well. It is not what a leader says that influences subordinates. It is what he is, and they judge what he is, by what he does and how he behaves.

- **Understanding feelings and problems :** The leader is looked upon as friend, philosopher and guide by his followers. The leader must try for the satisfaction of the social and personal needs of his followers. Followers expect the leader to recognise their individual difficulties and to take every possible measure for their well-being. This dependence on the leader is made to prevail among personnel through mutual understanding. To increase this understanding, leadership is required to keep the followers informed of all developments affecting the group and its work and allow participation in decision-making on import ant issues.

- **Community of interests :** There must be community of interests between the leader and his men. If the leader strives for one purpose and his men work for a different purpose, leadership becomes ineffective. Leadership is the capacity of influencing people to strive willingly for mutual objectives. If there is no unity of purpose between a leader and his followers, the leader should try to reconcile differences and bring about a compromise between the goal of the organization the leader represents and the individual aspiration of his followers.

- **Objectivity in relations :** Leadership depends on maintaining objectivity in relations through fair-play and justice in all affairs of the organization. The fair-play has to be demonstrated in all decisions and actions. The leader's ability to inspire is retained through his impartiality in all activities. Misdirections by the leader affect employee behaviour and reduce their efficiency. Members feel aggrieved and the leader losses the confidence and loyalty of his followers. Unless the leader is impartial, he cannot inspire others to follow him.

- **Specific situations :** Leadership is achieved not in the abstract but in the interaction of the leader with the members of his group in a specified environment. Each of the three – leader, group and environment – shapes the pattern of leadership in any situation. Every group needs a leader to actuate, guide and direct its members towards the achievement of a given objective. George Terry has aptly said that "the will to do is triggered by leadership and lukewarm desires for achievements are transformed into a burning passion for successful accomplishments by the skilful use of leadership".

15.3 Leadership Functions

Leadership denotes a set of skills of a manager which enables him to persuade him subordinates to apply themselves with zeal and confidence. Social scientists believes that, leadership functions involve the setting of goals, creating and moulding organization and reconciling internal and environmental forces. Leadership gives character to the organization by setting goals and defining the policies to attain them. The leader takes into account what the enterprise has accomplished, evaluates the future environment and prescribes the short and long-term goals. Leader has the task of building goals and policies into the social structure of the enterprises; it means shaping the character of the organization.

Leader defends the integrity of the enterprise. Mere survival is looked upon as leadership failure. An organization must grow, otherwise it is bound to decay and die..The leader assists to resolve internal conflicts. With the growth of the organization structure, there develop many sub-organiations and the struggle among competing interests requires the attention of the manager. Leadership must be exercised in order to ensure that new balances of power have the effect of changing the direction of the firm. The leadership function is to win the consent of the several groups in order to maximize their zeal and confidence.

Leadership functions also include directing, responding and representing. Directing is the essence of leadership. An organization cannot function on the basis of two-person relationship. If two or more people share the direction of an institution on an equal basis, it would be formless and unable to act. This is the basic reason for utilising the superior-subordinate group concept. This permits the interlinking of groups through the chain of managers and makes large-scale organizations possible. Direction is provided by a manager who has leadership ability.

The effectiveness of the manager in initiating change in organized enterprise depends upon his behavioural skill in getting simultaneous action from his subordinates. A successful leader cannot permit initiatives from other sources to intrude into his group because such diffusion would destroy his own effectiveness. An effective manager must be alert to and anticipate erosions from his leadership.

Finally, the leader must act. He must not wait for others to take the initiative and he cannot depend upon his subordiantes to act in his place. Responsiveness to the initiatives of subordinates is an equally important aspect of leadership. The superiors should provide assistance and offer technical know-how only when the subordinate fumbles.Lastly, the subordinates of a particular manager are quick to sense whether their leader effectively represents the interests of the whole group to his superiors. This is particularly important where subordinates initiate action that can be accomplished by superiors. If their own superior is unable to get a positive response, he loses his effectiveness as a leader.

H. Hicks and C. Gullett have given a list of functions of a leaer as follows :

- Arbitrating
- Suggesting
- Supplying objectives
- Catalysing
- Providing security
- Representing
- Inspiring
- Praising

In addition to the above following are some other important functions of a leader :

- Co-ordinator of group activities
- Influence group members to accomplish goals
- Serving as group representative
- Providing expert services and disseminating information
- Linking pin between inter-group interaction
- Working as arbitrator or mediator
- Providing exemplory behaviour
- Scapegoat's role when others are criticising for wrong decisions or acts.

15.4 Leadership and Management

Leadership and management are two notions that are often used interchangeably. However, these terms actually describe two different concepts. Here it is worthwhile to know why both terms differs and are thought to be similar.

Leadership is just a facet of management. It is one of the many assets of a successful manager must possess. Care must be taken in distinguishing between the two concepts. The main aim of a manager is to maximise the output of the organization through administrative implementation. To achieve this, managers must undertake the functions of planning, organizing, staffing, directing and controlling.

Leadership is just one of the important component of the directing function. A manager cannot afford to be a leader alone, he also needs formal authority to be effective. For any quality initiative to take hold, senior management must be involved and act as a role model. This involvement cannot be delegated. In certain situations, leadership is not required. In case of a self motivated group leader may not be required as the group is committed to achieve by its own, high level of performance through together working.

Differences in Perspectives :

Managers think internally, whilst leaders think radically. Managers do things right, while leaders do the right things. Managers do things by the book and follow company policy, while leaders follow their own intution, which may in turn be of more benefit to the company. A leader is more emotional than a manager. Men are governed by their emotions rather than their intelligence. This illustrates why teams choose to follow leaders.

Leaders standout by being different. They question assumption and are suspicious of tradition. They seek out the truth and make decisions based on fact, not prejudice, they have a preference for innovation.

Following are the areas of difference between leadership and management :

Leadership	Management
More concerned with vision	More concerned with implementation
Oriented towards driving change and anticipating environmental changes.	Oriented towards adapting to change, not taking initiative.
Concerned with empowering.	Concerned with being empowered
Actions demonstrate skill, but are strongly character based.	Actions tend to be more strongly skill based.
More concerned with positive possibilities. Concerned with building and/or reshaping the organization; willing to use skills of pessuation to advance vision and ideas of possibilities regardless of position.	More concerned with negative consequences. Concerned with filling out the prescribed organization, adopt behaviour and attitudes according to level or position; tend to be more protective of position, information and knowledge; may feel that a situation is out of their control or influence.
Understand their strengths and weaknesses and are willing to learn from their mistakes and grow, able and interested in helping others to do the same.	Tend to avoid risk for self protection and hence growth is more limited, might understand strengths and weaknesses, but unaware of how to manage them to achieve goals.

See relationships apportunities for growth; personal goals in alignment with organizational goals, recognize that interdependence is the best way to achievement.	See a more limited web of relationships in terms of immediately adjacent areas; tend to focus mostly on goals set by others, and work more independently with organizational limitations.
Build a system to support goals, empower others, and provide direction; promote sharing and collabortion, concerned with removal of performance barriers and continued growth of team members.	Concerned with segmenting areas of responsability; become indispensable and part of the system, overly concerned with what team members do and how ?
Concerned with dynamics of situation.	Concerned more with technique.

Management usually consists of people who are experienced in their field, and who have worked their way in the company. A manager knows how each layer of the system works and may also prossess a good technical knowledge. A leader can be a new arrival to a company who has bold, fresh, new ideas but might not have experience or wisdom. Hence, managing and leading are two different ways of organizing people. The manager uses a formal, rational method whereas the leader uses passion and stirs emotions.

15.5 Leadership Styles

The pattern of behaviour exhibited by a leader to influence the group is knows as leadership style. The way leaders exercise their power determines their style which may range from autocratic to democratic and ultimately free rein leadership. Following are the prominent leadership styles :

(i)   Autocratic Leadership

Autocratic leadership is a classical leadership style with the following characteristics :

- Manager seeks to make as many decisions as possible.

- Manager seeks to have the most authority and control in decision making.

- Manager seeks to retain responsibility rather than utilise complete delegation.

- Consultation with other colleagues in minimal and decision making becomes a solitary process.

- Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

The autocratic leadership style is seen as an old fashioned technique. It has existed as long as managers have commanded subordinates and is still employed by many leaders across the globe. The reason autocratic leadership survives, even if it is outdated, is because it is intuitive, carries instant benefits, and comes natural to many leaders. Many leaders who start pursuing leadership development are often trying to improve upon their organizations autocratic leadership style.

Advantages :

Despite having many citics, the autocratic leaderhsip styles offer many advantages to managers who use them. These include :

- Reduced stress due to increased control. Where the manager ultimately has significant legal and personal responsibility for a project, it will comfort them and reduce their stress levels to know that they have control over their fate.

- A more productive group 'while the leader is watching'. The oversight that an autocratic manager exerts over a team improves their working speed and makes them less likely to slack. This is ideal

for poorly motivated employees who have little concern or interest in the quality or speed of work performed.

- Improve logistics of operations. Having one leader with heavy involvement in many areas makes it more likely that problems are spotted in advance and deadlines met. This makes autocratic leadership ideal for one-off projects with tight deadlines, or complicated work environments where efficient cooperation is key to success.

- Faster decision making. When only one person makes decisions with minimal consultation, decisions are made quicker, which will allow the management team to respond to changes in the business environment more quickly.

Disadvantages :

- Short-termistic approach to management. While leading autocratically will enable faster decisions to be made in the short term, by robbing subordinates of the opportunity to gain experience and start on their own leadership development, and learn from their mistakes, the manager is actually de-skilling their workforce which will lead to poorer decisions and productivity in the long run.

- Manager perceived as having poor leadership skills. While the autocratic style has merits when used in certain environments (as highlighted below), autocratic leadership style is easy yet unpopular. Managers with poor leadership skills will often revert to this style by default.

- Increased workload for the manager. By taking on as much responsibility and involvement as possible, an autocratic leader naturally works at their full capacity, which can lead to long term stress and health problems and could damage working relationships with colleagues. This hyper-focus on work comes at the expense of good leadership development.

- People dislike being ordered around. They also dislike being shown very little trust and faith. As a result, the autocratic leadership style can result in a demotivated workforce. This results in the paradox that autocratic leadership styles are a good solution for demotivated workers, but in many cases, it is the leadership style alone that demotivates them in the first place. Generation Y employees particularly dislike this style.

- Teams become dependent upon their leader. After becoming conditioned to receive orders and act upon them perfectly, workers lose initiative and the confidence to make decisions on their own. This results in teams of workers who become useless at running operations if they loose contact with their leader. This furthers results in lack of time for leadership development on the employees part.

Favourable Situations :

The autocratic leadership style is useful in the following work situations :

- Short term projects with a highly technical, complex or risky element.

- Work environments where spans of control are wide and hence the manager has little time to devote to each employee.

- Industries where employees need to perform low-skilled, monotonous and repetitive tasks and generally have low levels of motivation.

- Projects where the work performed needs to be completed to exact specifications and/or with a tight deadline.

- Companies that suffer from a high employee turnover, i.e. where time and resources devoted to leadership development would be largely wasted. Although one could argue that lack of leadership development in the first place is the real cause of high employee turnover.

(ii)   Bureaucratic Leadership

This style is concerned with ensuring that workers follow rules and procedures accurately and consistently. Bureaucratic leadership normally has the following characteristics :

- Leaders expect an employees to display a format, business-like attitude in the workplace and between each other.

- Managers gain instant authority with their position, because rules demand that employees pay them certain privelege, such as being able to sign off on all major decisions. As a result, leaders suffer from 'position power'. Leadership development becomes pointless, because only titles and roles provide control or power.

- Employees are rewarded for their ability to adhere to the rules and follow procedure perfectly.

- Bureaucratic systems gradually develop over a long period of time, and hence are more commonly found in large and old businesses.

Advantages :

- Increased safety : In dangerous workplaces where procedures save lives, a bureaucratic management style can help to enforce health and safety rules.

- Quality work : Some tasks, such as completing professional work or medical examinations, need to be done in a meticulous fashion to be done correctly. Laziness can result in poor work, and hence one solution is to enforce the rules through bureacratic leadership style.

- Ultimate control : An environment whereby employees are intrinsically motivated to follow rules in order to be promoted and succeed. This control can be used to cut costs or improve productivity.

Disadvantages :

- Dehumanises the business : Bureacratic companies tend to remove as much potential for 'human error' out of the picture as possible. Unfortunately this also has the effect of removing all the enjoyment and reward that comes from deciding how to do a task and accomplishing it.

- Lack of self-fulfillment : The bureaucratic way of working hampers employees offorts to become successful and independent, because the system becomes too contraining.

- Parkinson's Law : Cyril Northcote Parkinson made the scientific observation that the number of staff in bureaucracies increases by an average of 5-7 percent per year "irrespective of any variation in the amount of work (if any) to be done". He explains this growth by two forces : (1) "An official wants to multiply subordinates, not rivals" and (2) "Officials make work for each other". Parkinson's findings suggest that bureaucratic leadership encourages inefficiency and waste of internal resources in the long run.

- 'Position power' obsession : After working in an environment that reinforces the idea that authority is created by rules which in turn support senior positions. Employees become attached to the idea that simply being on a job position creates authority. This can lead to intense office politics, arrogant leaders and little incentive to perform well as and when employee has landed a top job.

- Lack of creativity : It goes without saying that a rule-based culture hinders creativity and encourages workers to simply perform puppet-like work rather than think independently. This may result in a lack of growth in the business due to employees simply not thinking out of the box or looking for new areas to develop.

- Poor communication : A common feature of a bureaucratic system is a complicated network of communication lines. Managers who don't want to be 'bothered' by junior staff simply create procedures that allow them to avoid communicating with those below them. 'Go through the formal process', 'Talk to my secretary' and 'My schedule is full' are common rule-based excuses for blocked contact. Barriers to communication can hinder success of any company. For example, the board may be charging ahead with a doomed product simply because their shop floor workers cannot pass on the message that customers are giving very negative feedback provided.

Favourable situations :

Bureaucratic leadership is found in extremely large corporations such as General Electric, Daimler and General Motors. However these cultures have evolved due to the age and size of these companies, and are generally blamed for the slow growth and recent failures at these companies.

- Governmental bodies often have bureaucratic systems, and while these are often opposed by the public, they ensure accountability to the tax payer and fair treatment for all. Excessive form filling also serves the purpose of passing effort from the government authority (with a tight budget) onto the individual, helping to save costs.

- Dangerous workplaces such as mines, oil rigs, construction sites and film sets all benefit from the tight control over health and safety that rules offer.

(iii)   Democratic Leadership

This leadership style promotes sharing of responsibility, exercise of delegation and continual consultation. This style has the following characteristics :

- Manager seeks consultation on all major issues and decisions.

- Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.

- Manager welcomes feedback on the results of intiatives and the work environment.

- Manager encourages others to become leaders and be involved in leadership development.

Advantages :

- Positive work environment : A culture where junior employees are given fair amount of responsibility and are allowed to challenge themselves in one where employees are more enthused to work and enjoy what they do.

- Successful initiatives : The process of consultation and feedback naturally results in better decision making and more effective operations. Companies run under democratic leadership tend to run into fewer grave mistake and catastrophes. To put it simply-people tell a democratic leader when something is going badly wrong, while employees are encouraged to simply hide it from an autocrat.

- Crative thinking : The free flow of ideas and positive work environment is the perfect catalyst for creative thinking. To further their leadership education, people often check the online MBA rankings to see whether MBA online is a match for them. The benefits of this aren't just relevant for creative industries, because creative thinking is required to solve problems in every single organization, whatever it's nature.

- Reduction of friction and office politics : By allowing subordinates to use their ideas and even more importantly - gain credit for them, this style neatly reduce the amount of tension employees generate with their manager. When autocratic leaders refuse to listen to their workers, or blatantly ignore their ideas, they are effectively asking for people to talk behind their back and attempt to undermine or supercede them.

- Reduced employee turnover : When employees feel empowered through leadership development, a company may experience lower rates of employee turnover which has numerous benefits. A company that invests in leadership development for its employees, is investing in its future, and this is appreciated by a large majority of the workforce.

Disadvantages :

- Lengthy and 'boring' decision making : Seeking consultation over every decision can lead to a process slow that can cause opportunities missed, or hazards avoided too late.

- Danger of pseudo participation : Many managers simply pretend to follow a democratic leadership style simply to score a point in the eyes of their subordinates. Employees are quickly realise when their ideas aren't actually valued, and that the manager is merely following procedure in asking for suggestions, but never implementing them. In other words, they're simply exerting autocratic leadership in disguise.

Favourable Situations :

After having knowledge about the benefits and drawbacks of democratic leadership style, let's look at where this style is actually implemented in the business world :

- Democratic leadership is applied to an extent in the manufacturing industry, to allow employees to give their best ideas. While 'fordism' is still applied in some factories across the country, truth is that production managers are now really starting to harness the motivational bonuses asscoaited with not treating employees like robots anymore.

- Democratic leadership is effective in professional organizations where the emphasis is clearly on training, leadership development and quality of work performed. Democratic procedures are simply just one cog in the effective leadership mechanisms years.

- Non profit organizations also tremendously benefit from drawing upon the creative energies of all their staff to bring about cost cutting techniques or fund raising ideas.

- As mentioned earlier, creative industries such as advertising and television enjoy a lot of benefits from free flow of ideas that democratic leadership brings.

(iv)   Laissez - Faire Leadership Style :

The laissez-faire leadership style is also known as the "hands-off" style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible. All authority or power is given to the employees so that they must determine goals, make decisions, and resolve problems on their own.

This is an effective style to use when :

- Employees are highly skilled, experienced, and educated.

- Employees have pride in their work and the drive to do it successfully on their own.

- Outside experts, such as staff specialists or consultants are being used.

- Employees are trustworthy and experienced.

This style should not be used when :

- It makes employees feel insecure due to unavailability of a manager.
- The manager cannot provide regular feedback to let employees know how well they are doing.
- Managers are unable to thank employees for their good work.
- The manager doesn't understand his or her responsibilities and expects that the subordinate employees can cover for him or her.

Factors Affectinng Choice of Leadership Style

While the proper leadership style depends on the situation, there are three other factors that influence which leadership style to use.

- The manager's personal background. What personality, knowledge, values, ethics, and experiences does the manager have. What does he or she think, will work ?
- The employees being supervised. Employees are individuals with different personalities and backgrounds. The leadership style managers use will vary depending upon the individual employee and what he or she will respond best to.
- The company, the traditions, values, philosophy and concerns of the company also infulence how a manager acts.

15.6 Leadership Theories

Likewise other areas, organizational success or failure depends largely on effectiveness of leadership. However, what makes a leadership effective, still remains like a "Black Box" or an unexplained area. Leadership influence human performance but its inner processes and specific dimensions cannot be precisely spelled out. Irrespective of this fact, several efforts have been made in terms of leadershp theories which indicate different dimensions of leadership. Some prominent theories are given as under :

1.   Great Man Theories :

One leadership theory that often figures in various leadership books is the Great Man theory which believe in two basic assumptions; that leaders are born and not made, and the that great leaders will come up when there is a need.

This theory was developed from early researches which included the study of great leaders. The early leaders come from the privileged class and held hereditary titles. Very few people from the lower class had the opportunity to take a lead. The Great Man theory was based on the idea that whenever there is a need of leadership, a Great Man would arise and solve the problems. When the Great Man theory was proposed, most of the leaders were males and therefore, the gender issues were not negotiable. Even the researchers were male, which was probably the reason for the name of the theory being 'Great Man Theory'.

2.   Trait Theories :

This is known as one of the important leadership theories which assumes that leaders have inherited traits in them which make these people suitable for leadership. Many say that leaders are people who can fully express themselves while others cannot, and this is what makes them different from other people. A leader has the right combination of traits which makes him a good leader.

When this theory was pronounced, it was based on the study of the characteristics of successful leaders. The researchers also made an assumption that if people found with these leadership traits, they are having better chances to become leaders. While researching, certain traits and characteristics were listed. John Gardner researched many leaders of U.S.A. and listed the attributes and characteristics of leaders.

These traits are as follows :

- Intelligence and judgement based on actions
- Physical stamina and a vital driving force
- Task competency
- Better understanding of the followers and their demands
- Willingness to accept responsibilities
- Ability to deal with people
- Capability to motivate people
- Trustworthy
- Conclusiveness
- Flexibility

The above stated traits explains some of the qualities and attributes of a leader. When this theory was researched, researchers believed that a leader has all the listed traits in his personality. The assumption of this theory is that the same leadership attributes are applicable for leadership in all situations. However, if a person has some of these traits, then it is not possible for him to be a leader. Apart from this, only there was again the problem of gender specific leadershp. When we make an exhaustive list of leadership traits, these attributes are specific to a male leader.

Stogdill (1974) identified the following traits and skills as critical to leaders.

Traits	**Skills**
• Adaptable to situations	• Clever (intelligent)
• Alert to social environment	• Conceptually skilled
• Ambitious and achievement-orientated	• Creative
• Assertive	• Diplomatic and tactful
• Cooperative	• Fluent in speaking
• Decisive	• Knowledgeable about group task
• Dependable	• Organised (administrative ability)
• Dominant (desire to influence others)	• Socially skilled
• Energetic (high activity level)	
• Persistent	
• Self-confident	
• Streess tolerant	
• Willing to assume responsibility	

McCall and Lombardo (1983) researched both successes and failures of a leader and identified four primary traits by which leaders could succeed or 'derail' :

- Emotional stability and composure : Clam, confidence and predictable behaviour, particularly when under stress.
- Admitting error : Owing up to mistakes, rather than putting energy into covering up.
- Good interpersonal skills : Able to communicate and persuade others without resort to negative or coercive tactics.
- Intellectual breadth : Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

193

Studies on leadershp traits agree only for general saintly qualities needed to be a leader.

3.   **Behavioural Theories :**

After the trait theory, the researchers started exploring the behaviour of the leaders and made assumptions that the traits and the leadership qualities are not inherited, they can be learned and mastered by any person. Thus, this theory meant that leaders are not born, leaders can be made and so it became a famous leadership theory and practice. In the behaviour theory, you need to assess a successful leader along with the actions of that particular leader. As a successful leader is assessed, a leader with failure is also assessed, therefore, a second aspect of this theory was built. Apart from the leadership theories and styles which were pronounced earlier, the basic leadership ideas remained the same. While researching, patterns of behaviour were found and according to these patterns, leadership styles were created. Here are the two prominent contributions which fall under behavioural theory :

(i) Role Theory : The theory believe that people define roles for themselves and for others as well which are based on social learning and reading. They form expectations about the roles which they and others will play. People subtly encourage others to act within the role expectations they have for them and will act within the roles they adopt.

We all have internal schemas about the role of leaders, based on what we read, discuss and so on. We subtly send these expectations to our leaders, acting as role senders, for example through the balance of decisions we take upon ourselves and the decisions we leave to the leader.

Leaders are influenced by these signals, particularly if they are sensitive to the people around them, and will generally conform to these, playing the leadership role that is put upon them by others.

Within organizations, there is much formal and informal information about what the leader's role should be, including 'leadership values', calture, training sessions, modeling by senior managers, and so on. These and more (including contextual factors) act to shape expectations and behaviours around leadership.

Role conflict can also occur when people have differing expectations of their leaders. It also happens when leaders have different ideas about what they should be doing vs. the expectations that are put upon them.

Role expectations of a leader can vary from very specific to a broad idea within which the leader can define their own style. When role expectations are low or mixed, then this may also lead to role conflict.

(ii) The Managerial Grid : In organizations leaders may be concerned for their people and they also have some concern for the work to be done. The question is, how much attention they pay to one or the other ? This is a model given by **Blake and Mouton** in the early 1960s.

Concern for People	High	Country Club Management		Team management
	Medium		Middle of the road management	
	Low	Impoverished management		Authority compliance
		Low	Medium	High
		Concern for Production (Task)		

The model reveal following five situations :

Impoverished management : Minimum effort to get the work done. A basically lazy approach that avoids as much work as possible.

Authority-Compliance : Strong focus on task, but with little concern for people. Focus on efficiency, including the elimination of people wherever possible.

Country Club Management : Care and concern for the people, with a comfortable and friendly environment and collegial style. But a low focus on task may give questionable results.

Middle of the road management : A weak balance of focus on both people and the work. Doing enough to get things done, but not pushing the boundaries of what may be possible.

Team management : Firing on all cylinders : people are committed to task and leader is committed to people (as well as task).

This is a well-known grid that uses the Task vs. People preference that appears in many other studies, such as the Michigan Leadership Studies and the Ohio State Leadership Studies. Many other task-people models and variants have appeared since then. They are both clearly important dimensions, but as other models point out, they are not all inclusive about leadership and management. The Managerial Grid was the original name. It later changed to the Leadership Grid.

4.   Participative Leadership Theory :

Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions. People are more committed to actions where they have involved in the relevant decision making. Likewise, people are less competitive and more collaborative when they are working on joint goals. When individuals make decision collectively, the social commitment to one another is greater and thus increases their efforts to make the decision rightful. It is agreed upon that decisions arrived into through meeting of minds usually prove to be better decisions.

A participative leader, rather taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, supervisors and other stakeholders. Often it is within the managers' whim to give or deny control to his subordinates as most participative activity is within the immediate team. The question of how much influence others are given, may vary on the manager's preference and beliefs, and a whole spectrum of participation possible.

This approach is also known as consultation, empowerment, joint decision making, democratic leadership, management by objective (MBO) and power sharing. Participative leadership can be a sham when managers ask for opinions and then ignore them. This is likely to lead to cynicism and feeling of betrayal. Under participative leadership Lewin's and Likert's theories are prominent.

(i)   Lewin's Leadership Styles : Kurt Lewin and colleagues did leadership decision experiments in 1939 and identified three different styles of leadership :

*   **Autocratic :** In the autocratic style, the leader takes decisions without consulting with others. The decision is made without any form of consultation. In Lewin's experiments, he found that this caused the most level of discontentment feeling. An autocratic style works when there is no need for input on the decision, where the decision would not change as a result of input, and where the motivation of people to carry out subsequent actions would not be affected whether they were or were not involved in the decision-making.

*   **Democratic :** In the democratic style, the leader involves the people in the decision-making, although the process for the final decision may vary from the leader having the final say to them facilitating consensus in the group. Democratic decision-making is usually appreciated by the people,

especially if they have been used to autocratic decisions with which they disagreed. It can be problematic when there are a wide range of opinions and there is no clear way of reaching an equitable final decision.

- **Laissez-Faire :** The laissez-faire style is to minimize the leader's involvement in decision-making, and hence allowing people to make their own decisions, although they may still be responsible for the outcome. Laissez-faire works best when people are capable and motivated in making their own decisions, and where there is no requirement for a central coordination, for example in sharing resources across a range of different people and groups.

In Lewin's experiments, the researcher discovered that the most effective style was Democratic. Excessive autocratic styles led to revolution, whilst under a Laissez-faire approach, people were not coherent in their work and did not put in the energy that they did when being actively led.

(ii) Likert's Leadership Styles :

Rensis Likert identified four main styles of leadership focussed around decision making and the degree to which people are involved in the decision :

- **Exploitive authoritative :** In this style, the leader has a low concern for people and uses methods as threats and other fear-based ways to achieve conformance. Communication is almost entirely downwards and concerns of people are ignored.

- **Benevolent authoritive :** When the leader adds concern for people to an authoritative position, a 'benevolent dictatorship' is formed. The leader uses rewards to encourage appropriate performance and listens more to concerns lower down the organization, although what they hear is often rose-tinted, being limited to what their subordinates think that the boss wants to hear. Although there may be some delegation of decisions, almost all major decisions are still made centrally.

- **Consultative :** The upward flow of information here is still cautions and rose tinted to some degree, although the leader is making genuine efforts to listen carefully to ideas. Nevertheless, major decisions are still largely centrally taken.

- **Participative :** At this level, the leader makes maximum use of participative methods, engaging people lower down the organization in decision-making. People across the organization are psychologically closer together and work well together at all levels.

5. Situational Theories :

One of the relatively lesser known leadership theories is the situational leadership theory. The researchers found that leaders emerge due to different situations. Therefore, the researchers assumed that leadership qualities were developed depending on the situation. However, some people believe that different styles of leadership changes across the situation. There are three basic things in a situational leadership; the foremost thing is that the relationship between the followers and the leader must be healthy. The followers must like the leader who support the leader to accomplish the goals. The second thing is that the task which is to be accomplished must be known, and the leader should set the goals as per the task to be done. Along with the tasks to be accomplished, the methods and standards to accomplish the task must also be specified in details, as this will make an impact on the followers. The third thing is that the organization must confer the responsibilities of the task upon the leader, as this will strengthen the position of the leader.

Factors that affect situational decisions include motivation and capability of followers. The relationship between followers and the leader, leader's perception towards the follower, subordinate ability and role clarity, organization of the work, cohesiveness, resources and support are the other factors which modify the leadership behaviour.

(i) Hersey and Blanehard's Situational Leadership :

The theory believe that leaders should adapt their style to follower development level (or 'maturity'), based on how ready and willing the follower is to perform required tasks (that is, their competence and motivation). There are four leadership styles (S1 to S4) that match the development levels (D1 to D4) of the followers. The four styles suggest that leaders should put greater or less focus on the tasks in question and/or the relationship between the leader and the follower, depending on the development level of the follower.

Style

Follower development level

Leadership style in response to follower development level

Low   High

R4   R3   R2   R1

Task / directive behavior

	Low			High
Relationship / supportive behaviour — High		S3 Partici-pating	S2 Selling	
Relationship / supportive behaviour — Low	S4 Deleg-ating			S1 Telling

S1 : Telling / Directing :

Follower : R1 : Low competence, low commitment / unable and unwilling or insecure

Leader : high task focus, low relationship focus

When the follower cannot do the job and is unwilling or afraid to try, then the leader takes a highly directive role, telling them what to do but without a great deal of concern for the relationship. The leader may also provide a working structure, both for the job and in terms of how the person is controlled. The leader may first find out why the person is not motivated and if there are any limitations in ability. These two factors may be linked, for example where a person believes they are less capable than they should be or may be in some form of denial or other coping. The follower may also lack self-confidence as a result.

If the leader focussed more on the relationship, the follower may become confused about what must be done and what is optional. The leader thus maintains a clear 'do this' position to ensure all required actions are clear.

S2 : Selling / Coaching :

Follower : R2 : Some competence, variable commitment / unable but willing or motivated.

Leader : High task focus, high relationship focus

When the followers can do the job, at least to some extent, and perhaps is over confident about their ability in this, the 'telling' them what to do may demotivate them or lead to resistance. The leader thus needs to 'sell' another way of working by, explaining and clarifying decisions. The leader thus spends time in listening and advising and, where appropriate, helping the follower to gain necessary skills through coaching methods.

Note : S1 and S2 are leader-driven.

197

S3 : Participating / Supporting :

Follower : 23 : High competence, variable commitment / able but unwilling or insecure.

Leader : Low task focus, high relationship focus.

When the follower can do the job, but is refusing to do it or otherwise showing insufficient commitment, the leader need not worry about showing them what to do and instead is concerned with finding out why the person is refusing and hence persuading them to cooperate.

There is less excuse here for the followers to be reticent about their ability, and the key is very much around motivation. If the causes are found then they can be addressed by the leader. The leader thus spends time in listening, praising and otherwise making the follower feel good when they show the necessary commitment.

S4 : Delegating / Observing :

Follower : R4 : High competence, high commitment / able and willing or motivated

Leader : Low task focus, low relationship focus

When the follower can do the job and is motivated to do it, then the leader can leave them to do it, largely trusting them to get on with the job although they may need to keep a relatively distant eye on things to ensure that everything is going as per plan. Followers at this level have less need for support or frequent praise, although as with anyone, occasional recognition is always welcome.

Note : S3 and S4 are follower-led.

Hersey and Blanchard (of **'One Minute Manager'** fame) have written a short and very readable book on the approach. It is simple and easy to understand, which makes it particularly attractive for practicing managers who do not want to get into heavier material. It is accepted in wider spheres. It is limited, however, and is based on assumptions that can be challenged.

(ii)   **Vroom and Yetton's Normative Theory :**

Decision acceptance increases commitment and effectiveness of action. Likewise participation increases decision acceptance. Decision quality is the selection of the best alternative, and is particularly important when there are many alternatives. It is also important when there are serious impications for selecting (or failing to select) the best alternative. Decision acceptance is the degree to which a follower accepts a decision made by a leader. Leaders focus more on decision acceptance when decision quality is more important.

Vroom and Yetton defined five different decision procedures. Two are autocratic (A1 and A2), two are consultative (C1 and C2) and one is Group based (G2).

A1 : Leader takes known information and then decides alone.

A2 : Leader gets information from followers, and then decides alone.

C1 : Leader shares problem with followers individually, listens to ideas and then decides alone.

C2 : Leader shares problems with followers as a group, listens to ideas and then decides alone.

G2 : Leader shares problems with followers as a group and then seeks and accepts consensus agreement.

Situational factors that influence the methods are relatively logical :

•   When decision quality is important and followers possesss useful information, then A1 and A2 are not the best method.

- When the leader sees decision quality as important but followers do not, then G2 is inappropriate.

- When decision quality is important, when the problem is unstructured and the leader lacks information / skill to make the decision alone, then G2 is the best.

- When decision acceptance is important and followers are unlikely to accept an autocratic decision, then A1 and A2 are inappropriate.

- When decision acceptance is important but followers are likely to disagree with one another, the A1, A2 and C1 are not appropriate, because they do not give opportunity for differences to be resolved.

- When decision quality is not important but decision acceptance is critical, then G2 is the best method.

- When decision quality is important, all agree with this, and the decision is not likely to result from an autocratic decision then G2 is the best.

Vroom and Yetton (1973) took the earlier generalized situational theories that noted how situational factors cause almost unpredictable leader behaviour and reduced this to a more limited set of behaviours. The 'normative' aspect of the model is that it was defined more by rational logic than by long observation. The model is most likely to work when there is clear and accessible opinions about the decision quality, importance and decision acceptance factors. However these are not always known with a significant level of confidence.

(iii)   Path-Goal Theory :

The Path-Goal Theory of leadership was developed to describe the way that leaders encourage and support their followers in achieving the goals they set by making the path that followers should adopt.

In particular, leaders :

- Clarify the path so that subordinates know which way to go.

- Remove roadblocks that are stopping them going there.

- Increasing the rewards along the route.

Leaders can take a strong or limited approach in doing this. In clarifying the path, they may be directive or give vague hints. In removing roadblocks, they may scour the path or help the follower move the bigger blocks. In increasing rewards, they may give occasional encouragement or pave the way with gold. This variation in approach will depend on the situation, including the follower's capability and motivation, as well as the difficulty of the job and other contextual factors. House and Mitchell (1974) describe four styles of leadership under Path-Goal Theory :

Supportive Leadership : Considering the needs of the followers, showing concern for their welfare and creating a friendly working environment. This includes increasing the follower's self-esteem and making the job more interesting. This approach is best when the work is stressful, boring or hazardous.

Directive Leadership : Telling followers what needs to be done and giving appropriate guidance along the way. This includes giving the schedules of specific work to be done at specific times. Rewards may also be increased as needed and role ambiguity is minimised decreased (by telling them what they should be doing).

This may be used when the task is unstructured and complex and the follower is inexperienced. This increases the follower's sense of security and is appropriate to given situation.

Participative Leadership : Consulting with followers and taking their ideas into account when making decisions and taking particular actions. This approach is best when the followers are experts and their advice is needed as well as they are expected to give it.

Achievement-Oriented Leadership : Setting challenging goals, both in work and for self-improvement (and often together). High standards are demonstrated and expected. The leader shows faith in the capabilities of the followers to succeed. This approach is considered as best when the task is complex.

Leaders who show the way and help followers along a path are effectively 'leading'. This approach assumes that there is one right way of achieving a goal and that the leader can see it and the follower cannot. This casts the leader as the knowing person and the follower as dependent. It also assumes that the followers are completely rational and that appropriate methods can be deterministically selected depending on the situation.

6. Contingency Theories :

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviours of followers and also various other situational factors.Contingency theories are a class of behavioural theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be as successful in others.An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change. This helps to explain how some leaders who seem for a while to have the **'Midaas touch'** suddenly appear to go off the boil and make very unsuccessful decisions.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviours that the leader should adopt, given situational factors (often about follower behaviour), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation following are the prominent contingency theories :

(i)   Fiedler's Least Preferred Co-worker (LPC) Theory :

Leaders prioritize between task-focus and people-focus. Relationship, power and task structure are the three key factors that drive effective styles. Fiedler identified a Least Preferred Co-Worker (LPC) scoring for leaders by asking them first to think of a person with which they worked and that they would like least to work with again, and then to score the person on a range of scales between positive factors (friendly, helpful, cheerful, etc.) and negative factors (unfriendly, unhelpful, gloomy, etc.). A high LPC leader generally scores the other person as positive and a low LPC leader scores them as negative.

High LPC leaders tend to have close and positive relationships and act in a supportive way, even prioritizing the relationship before the task. Low LPC leaders put the task first and will turn to relationships only when they are satisfied with how the work is going.

Three factors are then identified about the leader, member and the task, which are as follows :

•   Leader-Member Relations : The extent to which the leader has the support and loyalties of followers and relations with them are friendly and cooperative.

•   Task structure : The extent to which tasks are standardised, documented and controlled.

•   Leader's Position-Power : The extent to which the leader has authority to assess followers performance and give reward or punishment.

The best LPC approach depends on a combinatino of these three. Generally, a high LPC approach

is best when leader-member relations are poor, except when the task is unstructured and the leader is weak, in which a low LPC style is better.

#	Leader-Member Relations	Task Structure	Leader's Position Power	Most Effective Leader
1	Good	Structured	Strong	Low LPC
2	Good	Structured	Weak	Low LPC
3	Good	Unstructured	Strong	Low LPC
4	Good	Unstructured	Weak	High LPC
5	Poor	Structured	Strong	High LPC
6	Poor	Structured	Weak	High LPC
7	Poor	Unstructured	Strong	High LPC
8	Poor	Unstructured	Weak	Low LPC

This approach seeks to identify the underlying beliefs about people, in particular whether the leader sees others as positive (high LPC) or negative (low LPC). The neat trick of the model is to take someone where it would be very easy to be negative about them.

This is another approach that uses task vs. people focus as a major categorisation of the leader's style.

(ii)   Cognitive Resource Theory :

Assumptions : Intelligence, experience and other cognitive resources are factors in ensuring leadership success. Cognitive capabilities are considered as significant but not enough to predict leadership success. Stress impacts the ability to make decisions.

Description : Cognitive Resource Theory predicts that :

1.   A leader's cognitive ability contributes to the performance of the team only when the leader's approach is directive. When leaders are better at planning and decision-making, in order for their plans and decisions to be implemented, they need to tell people what to do, rather than hope they agree with them. When they are not better than people in the team, then a non-directive approach is more appropriate, for example where they facilitate an open discussion in which the ideas of team can be aired and the best approach is identified and implemented.

2.   Stress affects the relationship between intelligence and decision quality. When there is low stress, then intelligence is fully functional and makes an optimal contribution. However, during high stress, a natural intelligence not only makes no difference, but it may also have negative effect. One reason for this may be that an intelligent person seeks rational solutions, which may not be available (and may be one of the causes of stress). In such situations, a leader who is inexperienced in **'gut feel'** decisions is forced to rely on this unfamiliar approach. Another possibility is that the leader retreats within himself, to think hard about the problem, leaving the group to their own devices.

3.   Experience is positively related to decision quality under high stress. When there is a high stress situation and intelligence is impaired, experience of the same or similar situations enables the leader to react in appropriate ways without having to think carefully about the situation. Experience of

201

decision-making under stress will also contribute to a better decision than trying to muddle through with brain-power alone.

4.   For simple tasks, leader's intelligence and experience is irrelevant. When subordinates are given tasks which do not need direction or support, then it does not matter how good the leader is at making decisions, because they are easy to make, even for subordinates, and hence do not need any further support. CRT arose out of dissatisfaction with Trait Theory. Fiedler also linked CRT with the Least Preferred Co-worker (LPC) Theory, suggesting that high LPC scores are the main drivers of directive behaviour. A particularly significant aspect of CRT is the principle that intelligence is the main factor in low-stress situations, whilst experience counts for more during high-stress moments.

(iii)   Strategic Contingencies Theory :

Intraorganizational power depends on three factors : problem skills, actor centrality and uniquencess of skill. If someone have the skills and expertise to resolve important problems, then that person is going to be in demand. Further by the law of supply and demand, that gives the person the upper hand in negotiations. It also gives the person power from recipriocity. When a person work in a central part of the workflow of an organization, then what the person does becomes very important. This gives the person many opportunities to be noticed. It also means that the person is on the critical path, such that if the critical persons part of the company fails, the whole show stops. Again such persons are creating attention in the company and holds bargaining power. Finally, when a person is difficult to replace, then if the person do make enemies up the hierarchy, then they cannot just move the person out or sideways.

Example : A production manager in an organization is in charge of a key manufacturing operation (centrality), and understands its complexities very well (uniqueness). From a long experience, when things go wrong, he is very good at fixing things, both mechanically and with the unions.

7. Transactional Leadership Theory :

As the name suggests, this leadership theory is dependent on the fact that one thing is traded for the other thing. The transactional leader knows what he wants from the work and ensures that his followers perform well for giving the expected output. When the expected output is accomplished by the people of the organization, the leader must exchange rewards and make future promises for the people's efforts. Also, the leader must see to it that the immediate self-interests of the people are met with proper work done. This means that the needs of the people must be catered to by the leader along with the fact that his work is getting done.

8. Transformation Theory :

In the transformational theory of leadership, the basic assumption is that people are inspired from the leader and the leader must have passion for his leadership. This is a great way of putting in enthusiasm and energy in the followers to get the work done. In short, the people are encouraged, and converted into potential followers. Working for a transformational leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care for followers and want them to succed.

Activity :

(i)   Give an example of a time when you played a leadership role during an event, activity, in a department, a work unit or a project.

_____

_____

(ii)   Describe your efforts, frustrations and motivation.

_____

_____

_____

(iii)   Explain how people responded to your leadership.

_____

_____

_____

(iv)   What helped you in effectively leading others ?

_____

_____

_____

15.7 Influence, Power and Leadership

Power is the possession of control or command over others' authority and ascendancy.

Influence is the capacity or power of persons or things to be a complling force on or produce effects on the actions, behaviour, opinions, etc. of others**.**

The definitions given above show that power and influence play a very prominent role in leadership. A person in a leadership role will have "control or command" to "produce effects over the actions of others". Therefore, leaders will evidently have power and influence over their followers. How leader uses power and influence which they possess is the real challenge at hand. Historically, power is meant to have authority over others. However, the modern definition of power is some what different. In today's context, power means that one is able to get things done.

"Leadership is the process of influencing an organized group toward accomplishing its goals" - Roach & Behling (1984)

Influence Strategies :

Power is useless if the leader does not successfully influence their followers. There are three strategies for influencing one's followers known as three R's. These R's are as follows :

Retribution = One can achieve this through pressure and threats

Reciprocity = This can be achieved through bargaining for and creating obligations.

Reason = One can achieve this through appealing values and presenting facts.

Retribution is best used when the leader is in complete control.

Follower commitment and quality is not seen as very important when retribution is used. Reciprocity should be used to influence in situations when people are seen as trustworthy. There should be enough time allotted to be able to negotiate and bargain for specific and short term needs. Finally, reason should be used if the group shares common goals. There should also be a mutuality of respect and adequate time for discussion.

Power is something that should not be taken lightly. Leaders need to make sure that they understand how to use power appropriately. How a leader uses power can make or break group's success. Power leads to influence and influence leads to results. **French and Raven** has identified five fundamental sources of power, coercive, legitimate, referrent, expert and reward. These sources of power are not equally available to everyone in the organization and distribution of power amongst line and staff managers are different.

15.8 Leadership Effectiveness

Great leaders are not born,they are made. To a large extent, they are self-made.

It's an age-old question : Do we influence more by nature or nurture ? Applied to leadership, the question becomes : Are great leaders born or made ? Its one of the most frequently asked questions in leadership development.

Let's start with the definition of a "leader". Paul Hersey, defines leadership as "working with and through others to achieve objectives". Given this definition, anyone in a position whose achievement requires support from others can play the role of a leader. This definition supports the philosophy of "leadership at all levels", which is very much critical in today's world of knowledge workers. Indeed, millions of people who are currently working with and though others to achieve objectives are already leaders. Whether they think of themselves as leaders or not (not to mention whether they are fantastic or disastrous leaders) is another issue. Therefore, whether people who are already working to influence others can become more effective leaders? The answer is an unqualified "yes".

Howard Morgan, conducted an extensive study on leadership development programs involving more than 86,000 participants in eight major corporations. The findings were so conclusive that they are almost without any dispute. Leaders who participate in a development program, receive 360-degree feedback, select important areas for improvement, discuss these with co-workers, and follow up with them on a consistent basis (to check on progress) and are rated as dramatically better leaders–not in a self-assessment, but in appraisals from co-workers as well.

Five Ways to become a Better Leader : -

Here are some specific ways to increase leadership effectiveness :

1.   Get 360-degree feedback on your present level of effectiveness, as judged by co-workers.

2.   Pick the most important behaviours for change–those you believe will enhance your effectiveness as a leader–e.g., "become a more effective listener" or "make decisions in a timelier manner".

3.   Periodically ask co-workers for suggestions on how you can do an even better job in your selected behaviours for change.

4.   Listen to their ideas–don't promise to change everything–and make the changes that you believe will further increase your effectiveness.

5.   Follow-up and measure change in your effectiveness over time.

To be effective an appropriate style must be backed up by sound leadership principles. Following suggestions are important to practice to ensure effective leadership :

•   Set a good example

•   Be fair and consistent

•   Set appropriate goals

- Get follow up that deadlines are met and everything goes smoothly

- Be careful in making inferences, and

- Encourage upward communication

To sum up, effective leader requires basic qualities, which are necessary but not sufficient to become a leader. Further leadership effectiveness can be secured by tailoring the style to the demands of each situation. Lastly followers' maturity and leader's position power makes the difference.

15.9 Summary

Leadership is an inspiring and influencing process which is being used formally or informally to meet and maintain group values and norms. One or more individual in a group acquires the role of influencing others which the group follows and conforms.The leaders exercise their influence, power and sometimes authority over their followers to protect and promote common interests. Leaders assemble the individuals into a coherent unit. They set up, clarify and enforce group goals, values and norms.Leaders also acts as linking pins across the groups. Leaders are instrumental in lubricating interaction within the groups and promote groups cohiesiveness. They act as inspirational force for followers through their exemplarybehaviour and towering personality. Leader's abilities, attributes, skills and range of appropriate styles ingiven situation determine their effectiveness. Leaders are both types having concern for people and production. Boththe orientations are mutually exclusive and conflicting. A good leader try to blend the two so as to ensure high performance and good interpersonal relationship.This unit deals with wide range of leadership theories-personality, behavioural and contingency. These theories are centred around who the leaders are, what they do, how they behave and what factors in the leadership determines him to be the effective leader. We have also differentiated between what makes a person a good leader and manager and how the two are different.

15.10 Key Words

- **Attributes :** Characteristics or qualities or properties.

- **Beliefs :** Assumptions and convictions that a person holds to be true regarding people, concepts or things.

- **Empowerment :** A condition whereby employees have the authority to make decisions and take action in their work areas, jobs or tasks without prior approval.

- **Managerial Grid :** A graphic model depicting different combinations of leader behaviour on a two dimensional space.

- **Leadership Continnum :** A range of leadership styles based on varying degrees of use of authority by the boss.

15.11   Self Assessment Test

1. "Leadership is an integral part of effective management". Comment.

2. Compare and contrast different styles of leadership. Which styles would you recommend for managers managing in Indian Public Sector undertakings ?

3. Discuss the conditions required for success in team building and sensitivity training.

4. Write notes on :

- Leadership Continuum
- Managerial Grid
- Path Goal Theory of Leadership.

5. "Leadership has no meaning without followership". Comment.

6. What do you meant by 9, 9 leadership ? Is it the best and feasible leadership style in real life situations ?

7. Leadership is an influence-interaction process". Comment.

8. Write a note on "Influence-power-leadership relationship".

9. "A supportive-democratic leader promotes job satisfaction among his group members". Comment

10. What are the elements of an effective leadership ?

11. Analyse Likert's Systems of Leadership and examine his conclusions.

UNIT - 16 : MANAGING CONFLICTS

Unit Structure

16.0 Objectives

After studying this unit, you should be able to understand :-

- Meaning and the concept of Conflict.

- Functional and Dysfunctional Conflict.

- Process of Conflict - how it builds up.

- Levels of Conflict

- Intraindividual conflict and its causes.

- Interpersonal conflict and its phenomena

- Dynamics of inter-group conflict.

- Strategies for resolving conflict at various levels.

16.1 Meaning

All human beings are different - in their ideas nature, behaviour, perceptions and attitudes. Therefore, disagreement between them is inevitable. Conflict is an integral part and parcel of human life and it exists and is reflected in some form or the other.

Although, the degree of conflict varies, managers spend a great deal of time balancing the conflict between the collaboration and competition among subordinates. The term conflict may mean different things to different persons.

- It may be regarded as the disagreement or hostility between individuals or groups in the organization.

- It may also mean rivalry or competition or may be viewed as the perception of disagreement in the individuals.

- Conflict may be described in four ways to describe -

(i)   Antecedent conditions leading to conflictual behaviour such as scarcity of resources or policy differences.

(ii)   Different states of individuals involved such as stress, tension hostility, anxiety etc.

(iii)   Cognitive states of individuals that is, their perception or awareness of conflictual situation.

(iv)   Conflictual behaviour, ranging from passive resistance to over aggression.

Robbins has defined conflict as - "Conflict is a process in which an effort is purposefully made by one person or unit to block another that results in frustrating the attainment of the other's goals or the furthering of his or her interests."

Newstrom and Davis have defined conflict as follows -

"Conflict is any situation in which two or more parties feel themselves in opposition. It is an inter personal process that arises from disagreement over the goals or the methods to accomplish those goals."

On the basis of the above various aspects of conflict, the various features of conflict can be enumerated as below -

1.   Conflict arises because of **incompatability** between two or more aspects of goals, interests, methods of working, or any other feature.

2.   Conflict occurs when an individual is unable to **choose among various alternatives.**

3.   Conflict is **dynamic** process as it indicates a series of events which are inter linked to each other.

4.   Conflict must be perceived and expressed by the parties to it.
         Incompatability in some respect might exist, but if awareness of it is lacking, conflict does not exist.

16.2 Changing Views of Conflict

The traditional view, relevant during the 1930's & 1940's, was that conflict in organizations was unnecessary and harmful. Conflict in organizations would mean unproductive and result into organizational ineffectiveness. This view underwent a change as researchers and management writers began to identify causes of organizational conflict. The modern view is that conflict is inevitable in organizations and some conflict can lead to organizational innovation and change.

The traditional and the modern view of conflict are summarized as follows :-

Traditional view	Modern view
1. Conflict is avoidable.	1. Conflict is inevitable
2. Conflict is caused by management error in designing organizations or by trouble makers.	2. Conflict arises from many causes – • Organizational Structure • Differences in goals • Difference in values, perceptions, attitudes.
3. Conflict disrupts the organization and prevents optimal performance.	3. Conflict contributes and detracts from organizational performance in varying degrees.
4. The task of management is to eliminate conflict.	4. The task of management is to manage conflict.
5. Optimal organizational performance requires removal of conflict.	5. Optimal organizational performance requires a moderate level of conflict.

16.3 Outcomes of Conflict

When the conflict improves employees performance and the organization's performance, it is functional conflict. That is when conflict has a positive outcome and results into any of the benefits as below we call it functional conflict.

- **Increases awareness** of what problems exist, who is involved and how to solve the problem.

- **Motivates organizational** members and energizes them to put plans into actions.

- **Promotes change** by reducing inefficiencies, frustrations and injustices.

- **Enhances morale and cohesion** when members in the organization are able to deal and clear up thier frustrations and resentments. They understand other's point of view, learn about each other's needs, styles and values through conflict.

- **Better decision making** due to differing views, a number of alternatives are generated.

- **Stimulates Creativity** by understanding and analyzing problems from several perspectives.

- **Increases competitive spirit** when it is not taken very seriously. Many people find conflict enjoyable to competitive sports, games, plays, books and in teasing.

Dysfunctional Conflict :

When the outcome of conflict is negative it becomes dysfunctional. Conflict is inevitable in organizations but without an effective means for handling it, it can result into -

- Freestrations, chaos

- Organizational ineffectiveness, and

- Prevents achieving goals.

- High tension, discontetment, mistrust, amongst employees.

Organizational Performance and Conflict :

There is a close relationship between conflict and organizational performance
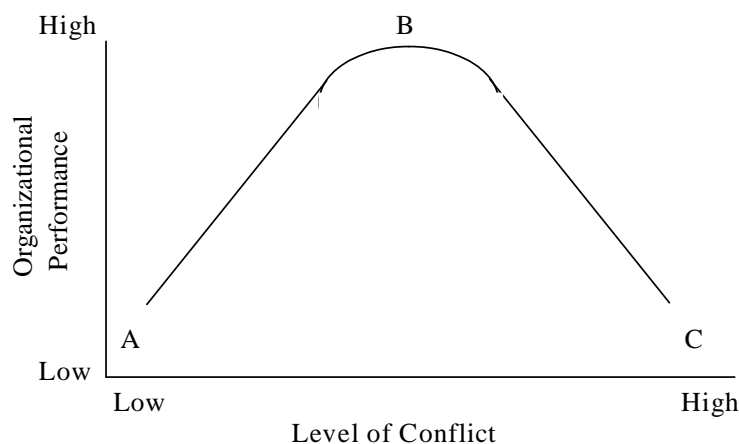
- At point-A, when the level of conflict is low, organizational conflict is also low. This is so becasue absence of conflict means lack of ideas, motivation and stimulation. The environment becomes comfortable and employees enjoy the comfort zone and complascency, resulting into low organizational performance.

- At point-C, when where is very high conflict, it means that employees do not agree on any issue and are busy either defending themselves or attacking themselves rather than productive work. Hence, productivity here is also low.

- When there is moderate level of conflict, say as at point-C, we can see that organizational effectiveness is maximum. This is so because at this level of conflict, there is a strive to achieve more, find solutions to problems alternatively and results into enhanced creativity and motivation amongst employees.

16.4 Process of Conflict

The process of conflict progresses through different stages. The process generally consists of four stages -

STAGE I	STAGE II	STAGE III	STAGE IV
Potential Opposition	→ Cognition and personalization	→ Behaviours	→ Outcome

PROCESS OF CONFLICT
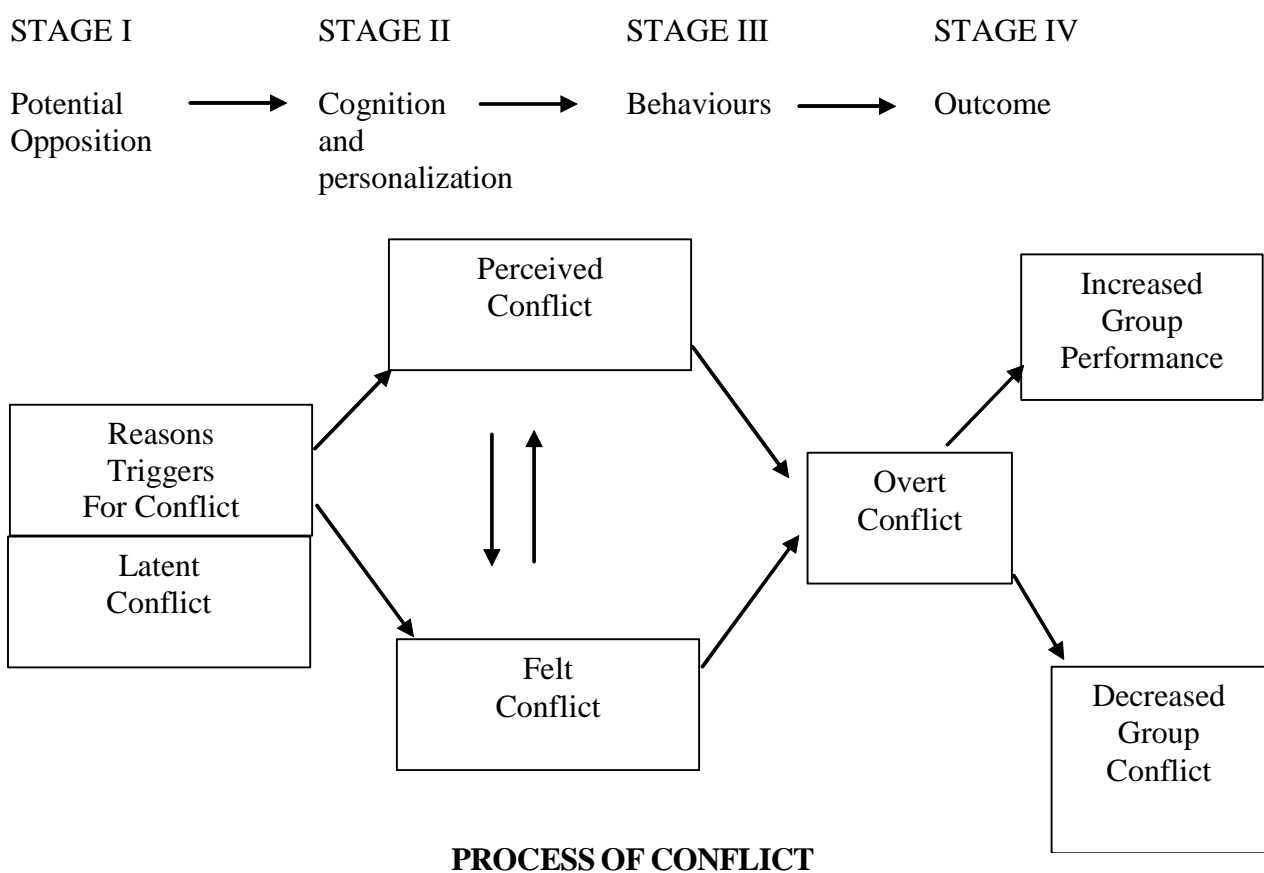
Stage I :   This is the stage when conflict has not taken a shape, it is not apparent. it occurs in sub-conscious mind.

Some of the conditions which act as triggers for conflict are -

- Scarcity of resources.
- Communication barriers causing inadequate and distorted information.
- Diversity of goals and methods of work.
- Role ambiguities.

Stage II : **Perceived Conflict** - The perception of the parties involved about the other causes this type of conflict. This is generally due to lack of communication that the misunderstanding occurs.

Felt Conflict - Felt conflict is different from perceived conflict. Whereas, perceived conflict

is a result of suppression and attention focus mechanism, felt conflict is a result of orgaizational or extra organizational factors.
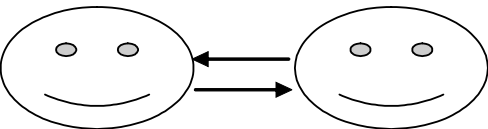
Stage III : Overt Conflict - This is the stage when two parties to the conflict show a variety of conflictinal behaviour, such as open aggression, sabsotage, apathy, withdraw, work to rule etc., depnding on the issues involved in the conflict and the stand that the parties may take.

Stage IV : Conflict Aftermath - 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 suppressed, the latent conditions of conflict may be aggravated and exploded in a more serious form. If the conflict is resolved amicably, a basis for cooperative behaviour is established between the parties.

16.5 Levels of Conflict

There are three levels of conflict in organisational life -

(i)   Intra - individual conflict
(ii)   Inter - personal conflict
(iii)   Inter - group conflict

LEVELS	CAUSES

INTRA-INDIVIDUAL	• Frustration
	• Goal Conflict
	   ❖ Approach – Approach (+ +)
	   ❖ Approach – Avoidance (+ -)
	   ❖ Avoidance – Avoidance (- -)

INTER-PERSONAL	• Differences in perception
	• Attitudes
	• Temperaments
	• Value Systems
	• Socio – Cultural Factors
	• Role ambiguities
	
	Explained through the phenomena of
	   ❖ Transaction Analysis
	   ❖ Johari Windows
	   ❖ Stroking
	   ❖ Life Positions

INTER – GROUP (ORGANIZATIONAL)	• Task inter dependence • Task Ambiguity • Goal Incompatibility • Competition for limited resources • Competitive reward system • Line and Staff

16.5.1 Intra - Individual Conflict

This refers to conflict within an individual. Intra - individual conflict arises from

(a)   Frustration

(b)   Multiple goals & roles.

(i)   **Conflict from Frustration** :- Frustration occurs when a motivated drive is blocked before a person reaches a desired goal.

NEED → DRIVE → [BARRIER] → GOAL
(Deficiency)   (Deficiency with Direction)   BARRIER   (Reduction of of drives and fulfils deficiency)
FRUSTRATIONS   * Overt
                        * Covert

Defense Mechanisms
* Aggression   * Withdrawal
* Fixation   * Compromise
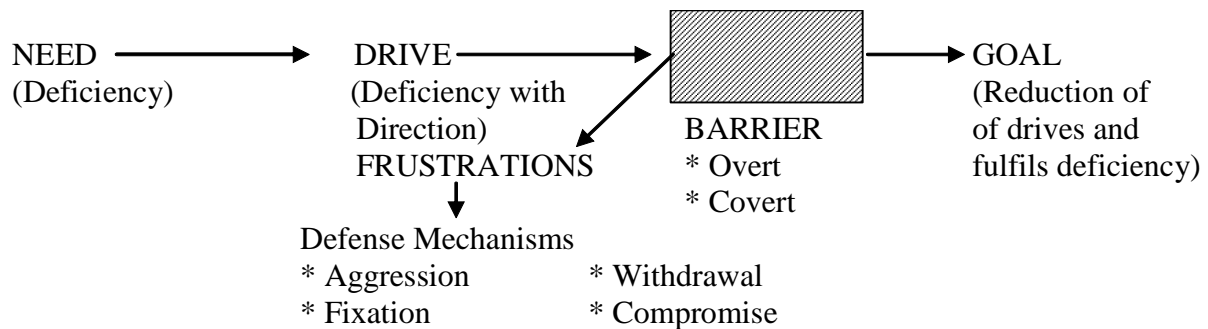
- Whenever a deficiency occurs, an individual tries to reach the goal by engaging in some action to fulfil the deficiency.

- External (overt) or Internal (covert) barriers may prevent an individual from reaching his goal.

- External barriers could be non social, such as lack of transportation, power failures etc. and they can be social ones like societal normes, cultural values etc.

- Internal barriers are - personal limitations and disabilities which thwart one's aspirations. weakness, physical deformities, lack of skill, or low intellegence may stand in the way of achievement. Internal barriers are more lasting than external ones.

- Due to these barriers, an individual becomes frustrated as he is unable to reach his goal.

- Frustration triggers defence mechanisms in the person. Defence mechanism (the term first used by Freud) refer to unconscious processes that protect an individual from anxiety. Defence mechanism do not alter the objective conditions of danger, they simply change the way the person perceives it.

- The four defence mechanisms are aggression, withdrawl, fixation or compromise.

  - Aggression refers to the attack on the barrier.

  - Withdrawl refers to step back from the barrier.

  - Fixation refers to continued efforts to break the barrier.

  - Compromise refers to the search for a new goal.

(ii)   **Goal Conflict** :- Goal conflict is more complex than conflict from frustration. Goal conflict occurs when the attainment of one goal excludes the possibility of attaining another. Three major forms of goal conflict may be -

- **Approach - Approach Conflict** - This conflict arises when the individual is caught between two or more positive but mutually exclusive goals.
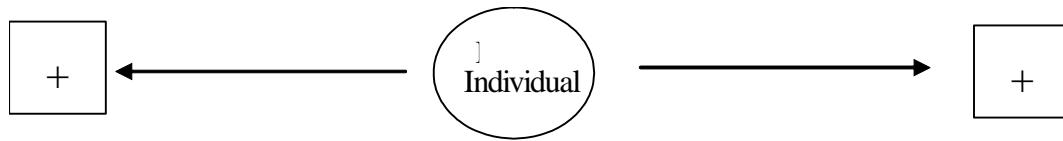
He makes a choice between any of the two depending on the level of satisfaction he derives from them. The outcome is always a positive one, therefore, this type of conflict do not generate much anxiety.

- **Approach - Avoidance Conflict** - when a single goal object either attracts or repels an individual, conflict occurs. The individual is caught between a choice whether to approach a goal or avoid a goal as in cases of -

   - Independence v/s Dependence

   - Cooperation v/s Competition

   - Impulsive expression v/s moral standards
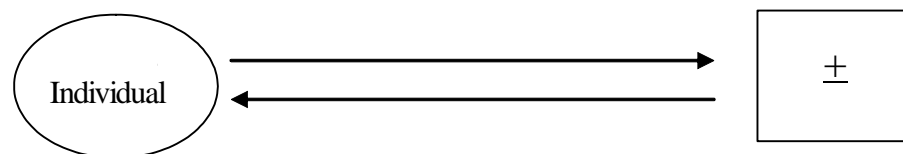
- **Avoidance - Avoidance Conflict** - This occurs when an individual is forced to choose between two mutually exclusive goals, each of which possesses unattractive qualities. It is like being caught between the devil and the deep sea.

   For Example : One is forced to continue working in a job one dis likes most or loses his income if he quits from the job.
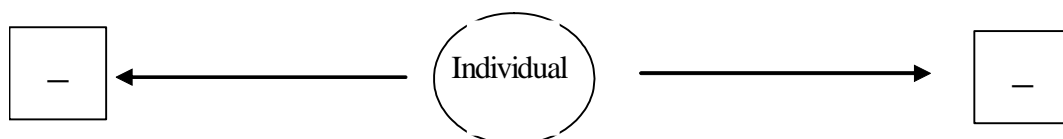
- Two kinds of behaviour are likely to be conspicuous in avoidance avoidance conflicts

   It could be -

- Vascillation implies that - when the individual reaches a particular negative goal, he tries to with draw from it and therefore when he reaches the other negative goal it increases its negative vallence.

- Leave the situation - A person may try to leave the situation by avoiding to face it, day dreaming etc.

(iii)   **Role Conflict** : One of the most important reason for intra-personal conflict is the need of an individual to play several roles simultaneously but lack of adequate resources and time. It is not an easy task for any individual to strike a balance between all his differing and conflicting goals.

16.5.2 Inter - Personal conflict

Inter personal conflict occurs between two individuals in an organization. It arises due to differences in-

♦ Perception.

♦ Temperaments & Attitudes.

♦ Personalities

♦ Value Systems

♦ Socio Cultural Factors, and

♦ Role ambiguities

A few important phenomenon explains the concept of inter-personal conflict. They are -

♦ Transactional Analysis

♦ Johari Window

♦ Life Positions

♦ Stroking

Let us understand them in detail one by one.

16.6 Transactional Analysis

The analysis of social transactions which results due to the inter action between two people when they interact is called TA. TA can be defined as - "The study of moves people make in their dealings with each other and is based on the idea that people's interactions resemble moves in games." TA was introduced by Eric Berne and popularised by Thomas Harris in the 1960's.

EGO States and TA -

Basic assumption to TA is that a person has three ego states -

♦   Parent
♦   Adult
♦   Child

	PARENT	**ADULT**	**CHILD**
Personality Characteristics	"TAUGHT" ego state. Authoritative, dogmatic, overprotective, controlling, nurturing critical and righteous.	"THINKING" ego state Mature, rational and objective Analytical and logical.	"FELT" ego state. Childish, dependent immature, emotional

People interact with each other from the child, Adult or parent ego state. The interaction can be either complimentary, crossed or ulterior depending on the kind of ego states involved.

Complimentary	**Crossed**	**Ulterior**
• When the message sent or the behaviour exhibited by one's persons' ego state receives the appropriate or expected response from the other person's ego state.	• Stimulus & response are under different ego states. Both are not parelled	• They are the most complex and subtle. Ulterior transactions involve at least two ego states on the part of the first person.
• There can be more complimentary transactions than shown in fig. They could be P-P, A-A, P-A and C-C transactions.	• There are many other possible crossed transactions also. For eg. P-C and C-A or A-A and C-P.	• Here also, there are many other possibilities besides the one shown in the figure.
• In the fig, we see that one person is interacting with the other as parent interacts with a child and the other person receives the message in the same order and responds just as a child does to his parent.	• In the fig. we see that one person interacts with the other as a parent to the child but the response is as an adult talks to an adult. The receiver, therefore responds differently and the sender's needs are not satisfied.	• In the fig. we see that the sender talks to the other as an adult to an adult but actually means what an adult means to a child. That is, he speaks something whereas means something else.
• These transactions meet the needs & expectations of the initiators, communications flow freely, and hence, no scope for conflict in complementary transactions.	• Crossed transactions are the source of much inter-personal conflict and can result into hurt feelings and frustrations on the part of the parties involved.	• Just like crossed transactions, even ulterior transactions also cause much damage to inter-personal relations.

16.7 Johari Window

Developed by Joseph Luft and Harry (Ingham) (thus the name Johari Window) this model is highly useful in analysing the causes of interpresonal conflict.

There are four quadrants in the window which represents the four distinct aspects of every personality.

	Person knows about others	Person does not know about others
Person knows about self	1. OPEN SELF	2. HIDDEN SELF
Person does not know about self	3. BLIND SELF	4. UNDISCOVERED SELF

Open Self	**Hidden Self**	**Blind Self**	**Undiscovered Self**
• Also called public area this cell represents an ideal situation.	• Also known as Private or Secret area.	• Alternatively it is also known as 'blind area'.	• This area is known as the 'dark' area.
• Here the person knows about one self and about others.	• The person under stands about himself but does not know about others.	• The person knows about others, but not about himself.	• The person does not know about others, nor about himself.
• There would be openness and compatibility and little reason to be defensive.	• The person remains hidden from others and keeps his true feelings secretive and do not open up.	• "Sensitivity Training' helps to reduce the size of this cell by which a person is able to have a true analysis of the self.	• This is the most explosive situation.
• Mutual under standing and friendship between people are the highest in this space and hence, no scope for conflict.	• Lack of openness results into a great deal of interpersonal conflict.	• Lack of self understanding also creates a reason for conflict.	• A great deal of communication is required to reduce this level of conflict.

Stroking and Life Positions are techniques to understand conflict.

Stroking refers to recognition of one's presence by others. Strokes may be positive or negative. Words of recognition, affection, pat on the back are positive strokes, which makes one feel cheerful and happy. Criticism, hatred, and scolding are negative stokes which makes one feel sad and depressed. Negative strokes causes interpersonal conflict.

Life Position -   Life positions stems from a combination of two view points -

   • How people view themselves ?

   • How do they view other people in general ?

Either a positive response (OK) or a negative response (not OK) results in four possible life positions. They are -

   I am not OK - you are OK.

   I am not OK - you are not OK.

   I am OK - you are not OK

   I am OK - you are OK

Positive	I am O K. You are not O K.	I am O K. You are O K.
Negative	I am not O K. You are not O K.	I am not O K. You are O K.
	Negative	Positive

Of all the four life positions the ideal one is "I am OK. You are OK".

It shows healthy acceptance of self and others. This life position can be learnt and hence is helpful for society's well being.

The other life position are psychologically mature and less effective and have potential for interpersonal conflict.

Interpersonal Conflicts in an organizational setting can be of two types.

Vertical Conflicts occurs between superior - subordinate relationships. Generally, when superiors make an attempt to control the behaviour of the subordinates which the latter resists, such conflict arise. Aggression or Suppression, both shall result into making an organization inefficient.

Horizontal Conflict - When persons at the same hierarchial level interact with each other, it could be cooperative or conflicting depending on the nature of persons involved in interaction and other situational factors.

Causes of Interpersonal Conflict

Causes

Personal

- Ego States
- Value Systems
- Socio Cultural factors

Situational

- Varying interests
- Role ambiginty

• **Ego states** are the persons' way of thinking, feeling and behaving at any particular time. If ego states are not complimentary, the conflicting situations take place. • **Value Systems –** Value systems is a framework of personal philosophy which governs and influences individual reactions to any situation. Thus, people having different value systems may interpret the things and situations differently which affects the choice of different methods of working and behaving, which becomes the basis of interpersonal conflict. • **Socio Cultural Factors –** Due to different social and cultural backgrounds people develop conflicts among themselves.	• **Varying interests** – when people in a group see their interest differently due to various permutations and combinations conflict of interests arise. Groupism in organizations become potent and leads to varying degrees of interpersonal conflict. • **Role Ambiguity** : When various roles that an individual has to perform are not clearly specified it leads to role ambiguity. Organization structure and unspecified hierarchical functions, duties and responsibilities lead to role ambiguity which generate conflicts in organizations.

16.10 Inter - Group Conflict

As organizations are growing, inter-group conflict is also increasing. Inter-group conflict is also called organizational conflict is also called organizational conflict which arises between two groups, departments or sections in an organization. Conflict between groups is frequent and highly visible. There are a number of reasons for inter-group conflict, the most important of which are explained below -

1. *Task inter - dependence-* Taks inter - dependence refers to the extent to which two departments depend on each other for assistance.

Task Inter-dependence

Pooled	Sequential	Reciprocal
When two groups function with relative inter-dependence but their combined output contributes to the overall performance.	When one's group performance depends on another group's prior performance.	Departments exchange outputs, and hence are mutually inter-dependent in accomplishing their tasks.
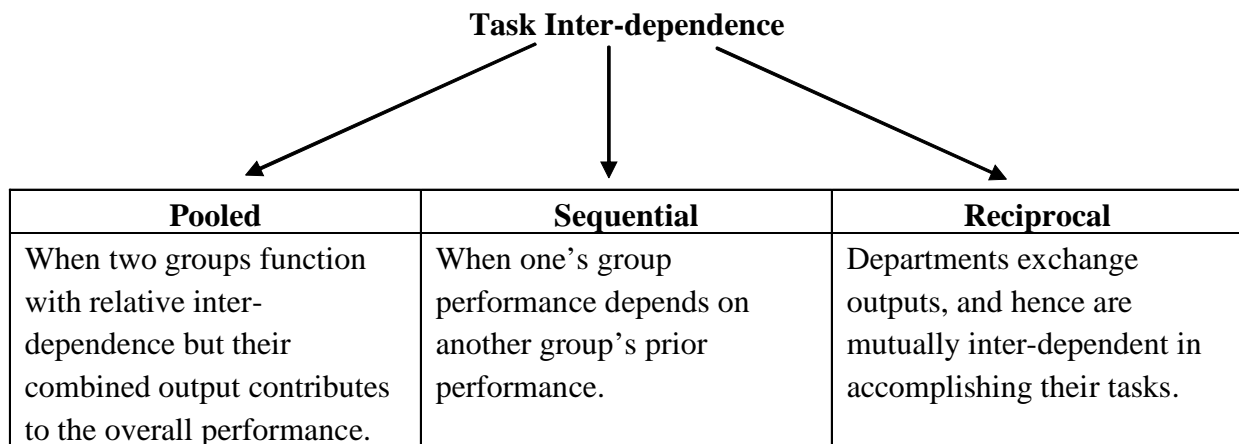
In all the three conditions, conflict arises from differences in performance expectations. The conflict is greater when -

• More the activities of one group affect the performance of other groups.

• Wider the range of activities in a group that are affected by the other.

• The more unstructured the work flow is.

2. *Task Ambiguity* - When the organization grows or the environment changes, task ambiguity arises. It implies that there is no clarity of tasks which the groups have to perform.

3. **Goal Incompatibility** - Different organizational units have different goals which might be incompatible with each other. The quality assurance department might stress upon quality whereas, the production department might push volumes. Organizations have to strike a balance between these conflicting goals.

4. **Competition for Limited resources** - Another source of inter group conflict relates to competition for resources which are limited in their supply.

5. **Competitive reward systems** - When a task requires higher level of inter -dependence, competition can hurt cooperation among members and work groups, resulting into conflict.

6. **Line and Staff** - The line and staff officers have different backgrounds. Whereas, the line officer is not a status keeper or an empire builder, but is concerned with preserving his present status and authority within his own empire, the staff specialist, on the other hand, is better qualified educationally,more loyal to his employers, status conscious and capable of better self expression.

With the differences in background line and staff officers look at each other with suspiscion.

7. Intra-personal and inter-personal conflict are also causes of inter group conflict.

Dynamics of Inter Group Conflict

Inter grop conflict impacts upon operations, attitudes, and behaviours of participants. There are intra-group and inter-group changes because of conflict.

Changes within each Group :

Due to inter-group conflict a number of changes may usually occur within a group -

- Cohesiveness in the group increases.

- Loyalty to the group becomes more important.

- The group becomes more task - oriented.

- Leadership in the group becomes more autocratic and directive.

- Organizational structure becomes more rigid.

Changes between Groups :

Inter group conflict will result in the following changes between groups :

- Groups become more antagonistic towards each other.

- Perceptions of one's own group, as well as, about other groups might get distorted.

- Interaction and communication between groups decrease.

- Groups apply double standards, having different standards for self and others.

16.11 Conflict Management Strategies

Managing and resolving conflict is an important task that should pervade all organizations. Because, if conflicts are not resolved at the appropriate time, it may result into organizational mal-functioning, lower producitivity, a sense of inertia could lead to overall ineffectiveness of organizations.

There are seperate strategies for resolving intra-personal, inter-personal and inter-group conflicts.

STRATEGIES FOR RESOLVING CONFLICT

Intra-personal	Inter-personal	Inter-group
• Cognitive dissonance. • Refusal to select either approach in (Avoidance – Avoidance) • Sound counseling by the manager. • Role minimization and clarity of priorities. • Compatibility between individual & organizational goals.	• Lose – Lose. • Win – Lose. • Win – Win. • Transactional Analysis • Altering the behavioural inputs.	• Problem solving. • Organizational redesign. • Super-ordinate goals. • Expansion of resources • Avoidance. • Smoothen.

Strategies for Resolving intra-personal conflict. Intra personal conflict arises from frustration competing roles or goals. To resolve these conflicts, therefore, removal of barriers will help an employee to move ahead for advancement in his career.

Frustrated individual may divert his attention from barriers towards his job on the other hand, if frustration is not resolved for long, the manager might loose the services of a competent and sincere employee.

Goal Conflict :

Goal conflict as we have seen earlier, has three dimensions -

Approach - Approach Conflict -

- This has the least impact on organizational behaviour.

- The manager's involvement is not needed to resolve the conflict, rather it is best resolved by the employee himself.

- The theory of cognitive dissonance helps the individual resolve the conflict. It implies that a person experiencing psychological discomfort or conflict is highly motivated to reduce or eliminate it and will actively avoid situations and information which would increase it.

Approach - Avoidance conflict can be resolved -

- By refusing to select either approach i.e. neither the positive one and nor the negative one.

- When it becomes necessary to take a decision, it can be resolved in the same way as cogintive dissonance.

- The manager has a responsibility to help the individual defend his choice.

Avoidance - Avoidance conflict may be resoloved -

- By examining and solving the problems causing the conflict.

- Sound counselling from the manager will be highly useful to the affected worker.

Role conflict can be resolved by -

- Minimising the number of roles and fixing priorities for them.

- Developing compatibility between his personal and organizational goals.

Resolving Inter - personal Conflict :

The strategies suggested for reducing inter-personal conflict will be useful to resolve inter-personal conflict also. The additional approaches to resolve inter-personal conflict are -

Lose-Lose :

- Both parties tend to lose in this approach.

- This approach can take several forms -

    (i)   Take a compromise or a middle ground to a dispute.

    (ii)   Pay-off one of the parties to a dispute.

(iii)   Involve third party as an arbitrator.

(iv)   Both parties resort to existing regulation or bureaucratic rules to resolve the conflict.

Win-Lose :

In this strategy, one party to the conflict tries to extract all the resources to win, and the other party loses.

- Though, win-lose strategy helps defuse conflict, it may not be a permanent solution.

- The following points may make win-lose strategy more clear -

    (i)   The conflicting parties view the issue from their own points of view.

    (ii)   The emphasis is on the solutions rather than on the attainment of goals, values or objectives.

    (iii)   There is a clear we-they distinction between the parties.

    (iv)   The parties take short-run view of the issues.

    (v)   Conflicts are personalised and judgemental.

Win-Win :

This is probably the most desirable from the human and organisational standpoint.

- Energies and creativity are aimed at solving the problems rather than beating the other party.

- Both parties receive rewarding outcomes where the needs of both the parties are met.

- Although it is a difficult outcome of an inter-personal conflict, this should be a major goal of the management of conflict.

Transactional analysis and T-Group or sensitivity training assumes relevance in altering the behavioural inputs - that is bringing about a change in the attitudes and perceptions of the people.

Resolving Inter-Group Conflict :

The approaches available for resolving intra-personal and inter-personal conflicts can be used to solve inter-group disputes too. However, certain unique approaches are available for resolving inter-group conflict. They are -

Problem Solving -

Problem solving is considered to be the most effective approach available, as it emphasises the attainment of the common interests of both conflicting parties.

- Attempts are made to find a solution that reconciles or "integrates" the needs of both the parties.

- There is open expression of feeling as well as exchange of task related information.

Organisation Redesign -

Changing organisation structure is another approach for resolving conflict.

- Task - interdependence between groups can be reduced to redesign organisations.

- Exchange or transferring members of conflicting groups is another option.

- An appeal system may also be developed to eliminate the arbitrary use of power.

221

Superordinate Goals - The superordinate goal is a common goal of both conflicting parties and the combined efforts of both the parties will be needed to realise the goal.

Expansion of resources - Removing the scracity of resources which have caused conflict between members, departments can be removed by upgrading more positions or by increasing budget allocation of those departments which had not been initially allocated more funds.

Avoidance - When issue is trivial, avoidance strategy will be useful. In the avoidance strategy, the party or parties to the conflict may either withdraw from the conflict or conceal the incompatibility.

Smoothen- The process of highlighting the common interests of the individuals and at the same time laying down their differences is called smoothen. Smoothen can help reduce the intensity of the conflict and avoid an escalation of open hostility. it is recommended as a stop gap measure to let people cool down and regain perspective.

Resolving Line and Staff Conflict :

The following remedies have been suggested to resolve line and staff conflict:

- Clarity of roles, responsibilities and functions of line and staff officers.

- The advise given by staff specialists should be valued by the line officers.

- Increase the possibility of interaction between the line and staff officers.

- Mearness of staff specialists to the top management should not create fear in the minds of line officers.

- Both parties should have the right to appeal to the chief executive.

Conflict Management Styles :

There are five conflict management styles; viz. - competition, collaboration, compromise, avoidance and accomodation. The five styes are a result of some combination of a person's

- **Cooperativeness** - Desire satisfy the other person's concern.

- **Assertiveness** - Desire to satisfy one's own concerns.

Conflict Management Styles

From the figure, it is clear that the collaboration approach is highly effective to resolve conflict.

16.10 Summary

Conflict is understood as a struggle between incompatible or opposing needs, wishes, ideas, interests or people. It may be regarded as the disagreement or the hostility between individuals or groups in the organization.

16.11 Key Words

- **Functional Conflict** - When the outcome of conflict is positive, that is, it results into improved individual and organizational performance, it is functional conflict.

- **Dysfunctional Conflict** - When the outcome of conflict is negative and it results into frustration, broken relationships, organizational ineffectiveness, discontent and mistrust.

- **Intra-individual conflict** - The conflict that emanates within an individual is called intra-individual conflict. It arises due to frustration and multiplicity of goals.

- **Inter personal conflict** - It occurs between two individuals in an organization. it arises mainly because of differences in perception, tempreaments personalities, value systems, socio-cultural factors, role ambiguities etc.

- **Goal conflict** - When there is incompatibility between the goals of individuals & organizations, or between goals of one department and other department, it results into goal conflict.

- **Role conflict** - When an individual needs to play several roles simultaneously with scarcity of time & resources it results into role conflict which is one of the potential sources of inter personal conflict.

- **Transactional Analysis** - When two people interact with each other, there results a social transaction. Analysis of the social transactions is called Transactional Analysis.

- **Ego States** - Basic to TA is the assumption that a person has three ego states viz. parent, adult and child. People interact with each other from any of these states.

- **Complimentary Transactions** - These occur when the message sent or the behaviour exhibited by one person's ego state receives the - appropriate or expected response from the other person's ego state.

- **Crossed Transactions** - The stimulus and the response are from different ego states and therefore, they are a source of much interpersonal conflict.

- **Ulterior Transactions** - They are the most complex and subtle and can cause damage to interpersonal relations. The individual actually say something but mean something else, hence are difficult to identify and deal with.

- **Johari Window** - Developed by Joseph Luft and Harry Ingham, this model is highly useful in analyzing the causes for interpersonal conflict.

- **Stroking** - It refers to recognition of one's presence by others. It could be both negative (criticism) as well as positive (praise).

- **Life Position** - Life positions are acquired by us very early in our childhood. It stems from a combination of two viewpoints as to how people view themselves and how do they view others. The life position influences our behaviour when we interact with others.

- **Inter Group Conflict** - Also called organizational conflict, it refers to the conflict between two groups, departments, or sections in an organization.

16.12 Self Assessment Test

1   Define conflict. What are its functional and dysfunctional outcomes ?

2   How has the concept of conflict changed over time? What is its modern view ?

3   Explain the process of conflict.

4   What are the sources of inter-personal conflict ?

5   Define intra-individual conflict. What are its causes and how can one resolve them.

6   What do you mean by goal conflict ? What are its major forms and how can you resolve them ?

7   Explain the Concept of Transactional Analysis ?

8   What is "Johari Window". How can you use it to resolve interpersonal conflict.

9   Define 'Stroking'.

10   Write a detailed note on resolving -

         (a)   intra individual conflict.

         (b)   inter personal conflict

         (c)   inter group conflict

ACTIVITY 1 :

Analyze your own behaviour and try to point out your main sources of conflict.

ACTIVITY 2 :

Anlayze a recent situation where you were in conflict. Were you able to residue it ? In what ways did you do it. Try to figure out which strategies did you use.

UNIT – 17 : ORGANISATION DEVELOPMENT

Unit Structure

17.0   Objectives

After studying this unit, you should be able to understand :

Û   The concept of organization development

Û   The objectives, underlying values and salient features of OD

Û   Models of OD

Û   The process of OD

Û   The interventions of OD

Û   The issues in OD

17.1   Introduction

Since organisation is a cluster of overlapping groups it is imperative for the groups to function in a cohesive manner so that organisational objectives can be achieved and effectiveness can be enhanced. Every organisation makes minor structural and behavioural adjustments in reaction to changes in the environment. This planned change aims to facilitate the entire organisation or a major part of it to adopt to significant changes in the organisational goals and direction.

An organisation is a system which consists of interacting subsystems; namely (i) structure, (ii) technology, (iii) people and (iv) task. Organisation as a system can be changed to achieve its goals. Organisation to organisation goals may vary which range between survival, stability, profitability, growth and service to the society.

Organisations face many challenges which compel them to equip themselves to deal with such issues. Organisation Development (OD) is an important process of improving the sub-systems through planned mechanism of change to face these challenges. OD is the applied behavioural science dedicated to

use the theory and practice of planned change to improve organisations and people working in them. Thus, organisation development is a process for teaching people how to solve problems, take advantage of opportunities and learn how to do that better and better over time (French and Bell 1999).

OD may be defined as a systematic, integrated and planned approach to improve the effectiveness of the enterprise. It is designed to solve problems that adversely affect the operational efficiency at all levels (Koontz et. al. 1980).

OD is about developing organisations and individuals. OD strategies energize the pursuits of organisation's members to accomplish self-interests in making the organisations more efficient and successful and in turn, making their quality of working life more satisfying. Though OD frequently describes technological and structural changes its primary focus is on changing people and their relationship with technology and structure. It concentrates more on people dimensions like norms, values, attitudes, culture, learning, perception etc.

In fact, OD intends to creat an environment of openness, trust, proactivity, collaboration, confrontation, mutual facilitation and so on to help the members to interact more effectively to accomplish organisational objectives.

Behavioural scientists attempted to apply the knowledge of their disciplines to improve team functioning and intergroup relations in organisations in early 1950s. The field of OD grew during 1980s when thousands of organisations used the theory of OD with great success. Today, OD is the best strategy for coping with the changes occurring in the environment. Putting the ingredients of all behavioural disciplines like psychology, sociology, anthropology, philosophy, polity, organisation theory and so on.OD offers a prescription for improving the "fit" between the individual and the organisation, between the organisation and its environment and among organisational components such as strategy, structure and processes (French and Bell.1999)

Thus, OD is a top management supported long term pursuit to improve an organisation's problem solving and renewal processes particularly through a more effective and collaborative diagnosis and management of organisational culture with special emphasis on formal work team, temporary team and intergroup culture with the assistance of a consultant /facilitator and the use of the theory and technology of applied behavioural science, including action research.(French and Bell 1999).

17.2 Objectives of OD

Organisational effectiveness and employee satisfaction at work are basic objectives of OD. It can be accomplished by perfect harmony of people, task, structure and technology i.e. subsystems of an organisation. The objectives of OD can be broadly outlined as under :

Û To increase organisational performance as indicated by profitability, productivity, market share, innovation and creativity.

Û To allign the organisation to changed environment.

Û To empower the organisational members to confront organisational problems and contribute creative solutions to these problems.

Û To improve interpersonal relations of members to understand self and others by developing open channels of communication.

Û To enhance the enthusiasm and self-control in the organisation.

Û To change the values, beliefs and attitudes of people in the organisation.

- To develop a sense of job involvement and organisational commitment among people of an organisation.

- To involve the members in the process of analysis and implementation.

- To develop strategic solutions to problems related to technology, task, structure and people.

- To enhance the individual and group responsibility in planning and implementation.

- To provide humanistic approach at workplace.

- To build-up the capacity of people to exploit their full potential.

- To create harmonious and congenial work environment..

17.3 Underlying Values of OD Philosophy

OD efforts are oriented towards accomplishment of organisational objectives by harnessing cohesiveness of task, structure, people and technology. It is based on certain pre-assumptions or values. The underlying values of OD can be enumerated as under :

- OD philisophy emphasizes on self-control rather than imposed controls through punishment. As such an individual in an organisation must be independent and autonomous unit who is self-disciplined.

- An individual needs support of other individuals for work performance as all are inter-dependent.

- Due to divergent background of individual it is expected that the organisation gets benifitted. Therefore, individual with a difference of personality must be accepted as reality.

- Expression of thoughts freely results into high degree of motivation, commitment and creative ability.

- Honesty of individual efforts channelises the energy to resolve problems which enhances effectiveness.

- Resolution of conflicts by open discussion builds up morale of people in an organisation.

- Voluntary participation throughout the process of OD is necessary to ensure their commitment.

- OD practioners share a set of normative goals which are based on humanistic philosophy. These normative goals focus upon improvement in interpersonal competence through mutual understanding. This results into team building, conflict resolution and organic system of operations.

- OD Philisophy believes in individuals as good human beings to be accepted and utilized in the process of managing for results.

- It believes in trust, antheticity, proactivity and confrontation rather than distrust, deceit, reaction and opposition of individuals in an organisation.

- Assumptions about individuals drive towards personal growth alongwith personal contribution for attainment of organisational goals.

- In terms of groups OD influences at formal and informal levels which affect them at competence and satisfaction level. This enhances group's competence and development.

Benifits of OD :

Why should organisations follow OD philosophy? Through various researches at early stages it was proved that OD practice help people to develop a desire to (i) create change; (ii) positively impact people and organisations; (iii) enhance the effectiveness and profitability of organisation; (iv) learn and grow; and (v) exercise power and influence. Besides the above desire of individuals for OD helps in :

(i) increasing effectiveness and efficiency.

(ii) creating openness in communication.

(iii) empowering employees to act.

(iv) enhancing productivity.

(v) promoting organisational participation.

It is worthy to note that values are not static. The changes in technology, society and organisation will bring a new set of values for better understanding of authority, structures and ways to optimize human capabilities.

17.4 Salient Features of OD

Based on definitional understanding and background philosophical values salient features of OD can be enumerated as under :

Ú OD attempts to develop an organisation as a unit to adopt changes in the environment.

Ú OD believes in functioning of interdependent sub-systems such as individual, structure and process but looks for a total system in an organisation.

Ú OD understands the role of change agent as facilitator for stimulation and co-ordination of people.

Ú OD emphasizes on problem solving based on action research.

Ú OD largely believe in feedback to participants for improvement.

Ú OD interacts in groups through open communication and force upon team building.

Ú OD is a dynamic process to bring about a comprehensive change in organisation in response to external change.

Ú OD is a research based programme which diagnoses the situation through data and resort to a tentative solution around the researchable problem.

Ú OD is a planned effort organisation wide managed from the top.

Ú Od is based on sound values and assumptions related to individuals and groups with reference to their psycho-sociological foundations.

Ú OD can be termed as educational strategy for planned change in an organisation.

Ú OD resorts to the demands of environment which needs to be addressed in an organisation.

Ú OD rests upon having direct experience of happening through feedback or meetings.

Ⓤ OD believes in collaborative relationship of individuals and change agents (facilitators).

Ⓤ OD attempts to strive for philosophical goals such as personal competence and conflict resolution.

17.5 Models of OD

OD models depict the pictures and describe the variables and specify their relationships with reference to a particular planned change. These models simply explain the fundamental relationship of variables which facilitate us to understand the framework of organizational change. Important models based on theories of OD are outlined as under. : -

1. Unfreezing-Changing and Freezing Model of Kurt Lewin :

Accoding to Kurt Lewin organisations have an internal equallibrium. To avoid any resistance to change the organization should be prepared to the change. The process of preparedness for any change means the existing equailibrium must he changed. It creates an environment to create a change. Subsequently the change is introduced in the organization to create new higher equalibrium where the process of stabilising and integrating the desired change into relationship patterns and interpersonal relationship is introduced.

Table : A Three Stages Model of Change

1. Unfreezing : Creating the need and motivation for people for bringing change

2. Changing : Cognitive restructuring to introduce the desired change in the environment.

3. Refreezing : Integrating the change with reference to new relationships and the total personality of the organization.

2 Sequential Model of Larry Griener :

In this theory of OD the change process is initiated by external stimulus on the top management. Subsequently the change is initiated by the management to survive. As the process of change is in terms of a sequene it is called sequential model. The stages of the sequence are : diagnosis of the problem, invention of a new solution, experimentation and reinforcement of positive results. Sequential model of OD is illustrated in the following figure :

Figure : OD Sequential Stages
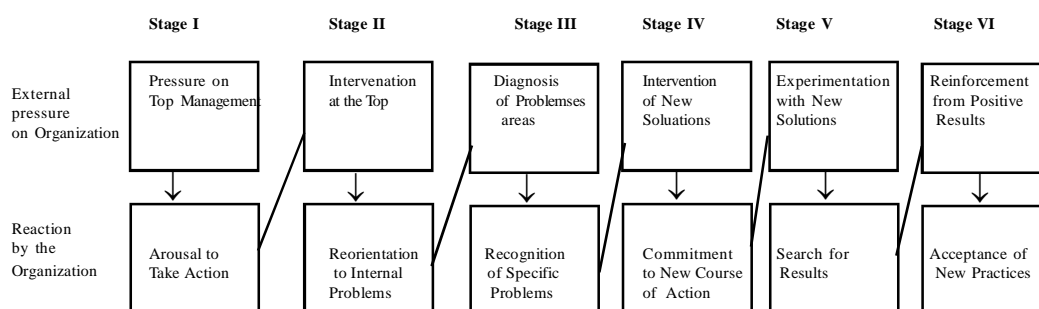
3 Interactive Model of OD by Leavitt :

H.J. Leavitt's model focuses on interactive pressure of sub-systems in a change process. Sub-systems namely; task, structure, people and technology are parts of a big system i.e. organization. Subsystems are inter-dependent and interacting with each other. Hence change in any one of the subsystems tends to have couseqnences for the other subsystems. Therefore, OD efforts should not only be directed on the intended change but also the effects of change on other subsystems. It can be illustrated in the following figure :

Structure — Task — Organization — Technology — People
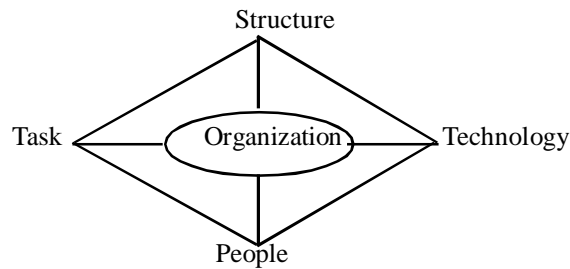
17.6 OD Process

The process of OD refers to the way it works for achieving its objectives. It takes times from identification of the problem to the level of implementation of the complete strategy to bring planned change OD process starts with the perception of the problem at the top level which compels to feel a need for a change. This situation calls for the help of facilitator to be reckoned with internal source or external source. This source known as a change agent calls for intervention. The change agent involves data collection related to the problem. Data may be collected by interview method, questionnaire method or observation. Generally a mix of them is used for data collection. The following process of OD is followed for OD activity in an organisation :

1) **Diagnosis :** In view of inadequacies being felt competent professionals are handed over the task of OD who chalkout the OD programme. The services of outside change agents/consultants are prefered to get away from personal prejudices. Internal records of the organisation, direct observations and discussion with people help to diagnose the problem.

2) **Data collection :** Data pertaining to the problem area of an organisation are collected through survey method. Data may be related to organisational climate and individual's behavioural aspects. These data forms the basis of diagnosis of the problem. Top executives are consulted by the consultant for subsequent action. Any standardised diagnostic procedure may cover the following aspects of data :

   ᪲ Background variables related to structural factors (design, technology etc.), process factors (managerial practices) and employee factors (attitude, perception etc.).

   ᪲ Organisational variables

   ᪲ Consequential variables

3) **Data Feedback :** Data are analysed and reviewed by various work groups formed for this purpose in order to mediate in the areas of confrontation of ideas or opinions.

4) **Interventions :** The next stage in the process is to propose to the organisation for developmental activities and identify appropriate intervention activities. Interventions are the planned activities which are introduced into the system to accomplish desired changes and improvements. At this stage suitable interventions are to be selected and designed interventions are to be implemented steadily as the process is not a one shot activity.

5) **Feedback :** Feedback is supplied to a large number of executives for their comments. Planned action is continued to a given sub-system level and greater participation of the members at that level is obtained. Once the data are discussed, problem identified, alternative courses of action evaluated and specific interventions suggested the consultant lays a supportive role to help the client to be fully geared to the development process.

230

6) **Action Planning and Problem Solving :** Groups prepare recommendations and specific action planning to solve the specific and identified problems by using the collected data. The consultants encourage the employees throughout the process to form into groups and teams by explaining the advantages of the team building. The consultants also encourage the inter-group meetings, interaction etc. in the team members.

7) **Evaluation and Follow-up :** After the intervention has been carried out it is necessary to evaluate its effectiveness. This entails gathering data, discussing the obtained information with the client, checking against the target outcomes and planning for corrective actions, if necessary.

18.7 OD Interventions

An OD intervention can be defined as the set of structured activities in which selected organizational units (target groups or individuals) engage with a task or sequence of tasks that are directly or indirectly related to organizational development. The OD strategy can be defined as an overall plan for integrating different organizational improvement activities over a period of time to accomplish objectives. The OD interventions are interrelated and overlapping in nature. No two interventions are alike and there is no single OD method capable of serving all the possible objectives of an organization. Primarily the OD interventions can be classified in the context of components of our organization like structure related, task-technology related and people related interventions.

According to French and Bell the interventions can be clubbed as under :

- Diagnostic

- Team building

- Intergroup Activities

- Survey Feedback Methods

- Education and Training Programmes

- Techno-structural Activities

- Process Consultation

- The Management Grid

- Mediation and Negotiation Activities

- Coaching and Counselling

- Career Planning,

- Planning and Goal setting Activities

OD interventions are used according to the nature of units of change (targets) in the client organization. The targets of change are the individual, group, intergroup and the organization in the specific context of task, structure and technology, Following Table clearly explains the nature or target areas (problems) and the type of OD interventions suitable in the given situation: .

Table : Problem Areas and Types of OD interventions

Problems Identified	Possible Interventions
Û Alienation of Employees	Work redesign, Job-enrichment, Role efficacy labs
Û Non-collaboration among Functionaries	Team building workshops
Û Erosion of Authority	Leadership, Sensitivity Training, Role efficacy labs
Û Negative attitude of staff towards customer service	Survey feedback, task forces
Û Productivity loss of workers and management	Personal growth labs, Goal setting, Team building
Û Restrictive Practices	Union management interface
Û Under-utilization of man power, Executives' rivalry	MBO, Work-redesign. Power labs
Û Low opinion about subordinates	Transactional Analysis, Team Building.
Û Policy of appeasement	Conflict Management
Û Failure of participation	Union management interface, Sensitivity Training
Û Distrust between Union and Management	Union management interface
Û Planning Operations	Interface labs
Û Linkage Problems	Role negotiations
Û Outdated systems and Procedures	Brainstorming, Creative Problem Solving, Task force
Û Team related Problems	Team building exercise, Role analysis, Role negotiation technique, Organizational mirroring.
Û Structural Problems	Job design, MBO, Socio-technical system
Û Educational Training	Coaching and Counselling activities

Based on the above description important interventions focussing upon different aspects can be discussed in the following paragraphs :

1) **Survey Feedback** :

It consists of an attitude survey through well designed questionnaires or interviews or observations and giving feedback to the client organization. It has much appeal and application in real life situation. The attitude survey may have an objective of measuring the process; for instance, communication, decision making and leadership at different levels. The data generated are perceptual and attitudinal in nature. Generally feedback or results are given to the group which generated the data. Subsequently devices are designed to resolution of organizational problems. Thus, the process of survey feed back includes : collection of data, feedback, development of action plan and follow-up for authentic results. It should be ensured that the questionnaire is valid and reliable, employees support investigators and people have mutual trust.

2) **Management Grid :**

The most publicized technique developed by Robert Blake and Jane S. Mouton is a step by step approach. The grid connotes an intellectual framework of how do people manage. This approach uses a Grid OD programme which identified the five basic managerial styles in numerical combinations which are 1-9, 9-1, 5-5, 9-9; and 1-1. It is depicted in Figure.

Figure : Management Grid
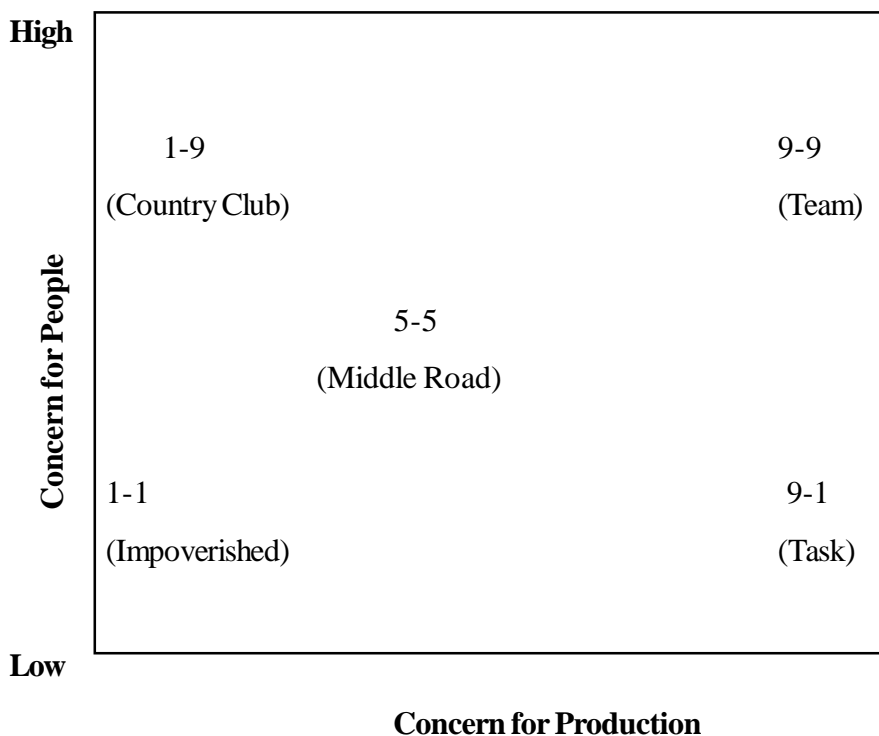
1-1	(Impoverished style)	=	Minimal concern for people and production.
1-9	(Country Club style)	=	Maximum concern for people but minimal for production.
9-1	(Task style)	=	Maximum concern for production but minimal for people.
9-9	(Team style)	=	Maximum concern for people and production.
5-5	(Middle Road style)	=	Middle of the road status for production people.

Development of leadership skills through grid programme involves wide variety of integrated and instrumented activities which are conducted in experimental and structured conditions. The participants are assisted to understand the approaches for integrating people and production. The programme covers three to five years. The first two phases cover management development so that he remaining phases can help managers towards excellence in organization performance (9-9Style). The six phase OD programme consists of laboratory, team development, inter-group development, organizational goal setting, goal achievement and stabilization.

3)   Team Building :

Team building is an attempt to assist the work group to identify, diagnose and solve its own problems. In fact, groups develop their own norms of behaviour which influence individual and group behaviour. Organization is perceived as a system of interlocking groups. Team building attempts to effect improvements in various teams operating in an organization like permanent work teams, task forces, committees etc. Team building activities focus on diagnosis, task achievement, task relationship and organizational process. The constituent parties in team building activity are : the external consultant, the group leader and members of the group.

In team building activity, members gather and discuss problems relating to their task performance. It takes frank and fearless discussion. In the team building exercises, the members contribute information concerning their individual perception for overcoming these problems. Normally the goal of the meeting is to transform the team into a better and effective team.

4)   Sensitivity Training :

It is also called laboratory training as it is conducted by creating an experimental laboratory situation in which employees are brought together to interact in an unstructured environment. Sensitivity training helps to understand people better, to develop an understanding of others, to develop specific behavioural skills and to gain insights into the group processes. It also aims on reducing interpersonal friction. The primary objective of sensitivity training is to break through the barrier of silence and facilitate verbalisation of participant to emphasize on the process of manipulation process but aims at brain washing of individuals.

This Training is carried out by unstructured groups without an agenda, leader and predetermined goals. The gorup is given complete autonomy in developing their own devices, interactions and on going process for interaction. Sometimes some planned activities may also be introduced in the Training Group (T.Group). Laboratory training may involve role playing, intergroup competitive exercises, self-insight questionnaires, lectures and audiovisual aids. Sensitivity training provides a mechanism for personal learning and development.

5)   Four Systems Management :

Rensis Likert's Four Systems Management is a four level model of organisational effectiveness incorporating the basic categories of task orientation and people orientation. According to Likert management philosophy can be classified into four convenient systems such as :

    i) Exploitative-Autocratic System,
    ii) Benevolent- Autocratic System,
    iii) Consultative- Democratic System and
    iv) Participative - Democratic System.

This theory propounds that three basic concepts of system will make the organisation effective. These are:

a) Use of the principle of supportive relationship in the organisation,

b) Use of group decision making and group methods of supervision in the organisation, and

c) High performance goals.

Likert's conclusion is that most effective organisations have system four characteristics i.e., Participative Democratic System and the least effective Exploitative Autocratic System's features. Under system four management, the causal variables like supportive relationships, groups decision making and high performance influence the end result variables (such as high productivity and low absenteeism) through the intervening variables (such as favourable attitudes towards superiors, high confidence and excellent communication). It is realised that system four is the ideal management where goals are set by the group members and not by the superiors. This system motivates subordinates.

6)   Management by Objectives (MBO) :

MBO is yet another popular tool of OD MBO process involves the process of educating the concerned people about MBO, agreement upon clear cut quantifiable objectives, evaluation of objectives and feedback for deviation and corrective action. It is a comprehensive overall managerial philosophy which focuses upon joint goal setting. It synthesises the individual goals to organisational goals. Since all levels of an organisation are involved in goal setting, the entire organisation will have feeling of unity. MBO programmes can be effective if properly implemented. It needs support of top management.

7)   Process Consultation :

Process consultation is the set of activities on the part of consultant which help the client to perceive, understand and act upon the process events which occur in the client's environment. It concentrates on the analysis of process of some activities like communication, leadership etc. It attempts to develop initial contacts, define relationships, select the method of work, collection of data and diagnosis. Process consultation is designed to change attitudes, values, interpersonal skills, group norms, and cohesiveness and other process variables. Basically it is a method of intervening in an on going system.

8)   Contingency Approach :

Propounded by P. Lawrence and J. Lorceh this approach is based on the premise that an organisation is a complex social system. Its activities must be integrated into a unified effort to enable it to cope with the environment. Conceptually people in different departments have different orientations related to the tasks they perform. In actual practice, the organisational units in their routine operations are differentiated along their orientation. It appears that with the task differentiation coordination is not possible. According to contingency approach both differentiation and integration are possible for total organisation's effectiveness with the help of integrative devices. To summarise, high organisational performance is compatible with the existence of both differentiation as well as integration which are required as per the demands of their immediate environment. The contingency approach can be applied as an OD intervention in industrial organisations in the form of intergroup confrontation meetings of concerned departmental individuals.

9) **Role Analysis :**

In the performance of their respective roles individuals manifest certain behaviour which may thwart team effectiveness. Many a times it is found that the individuals are not clear about their own expected behaviour from the view point of other members of the team. In such situation the role analysis technique is used for clarifying the role expectations and obligations of the members of a team. The resultant role requirements and the expected behavioural components of each other help the members enjoy a mutually satisfactory behaviour in the work team. In the role analysis technique, the respective role players analyse the focal role of the individuals. These are discussed openly in a classroom situation by the entire team. Finally, a role profile is prepared as a written summary on the basis of role clarifications and expected behaviour. This paves the way for collaborative efforts without any confusion about the respective roles.

10) **Inter-group Activity :**

Poor interpersonal relationships are not uncommon features in organisational functioning. In these situations inter-group activity focuses on improving the relationships between groups. It facilitates interaction and communication between the work groups which ultimately avoids dysfunctional competitiveness among them. Inter-group team building in volves the process of differentiation and integration.

11) **Organisation Mirroring :**

It involves activities where one group of members gets feedback from the members of several other groups about how it is being perceived. Organization mirroring is used when there is difficulty with other department in the organization. A meeting is called and feedback is sought from other department. During the meeting the exact picture emerges which will resolve . misunderstanding between two groups of people.

12) **Third Party Peace Making Intervention :**

This intervention is based on the thoughts on understanding conflicts and their resolution at the interpersonal levels between two parties who are aware of the existence of the conflicts and want to confront the issues. The consultant as a third party must be skilled in the art of diagnosing the conflicts and use confrontation as technique. This process focuses on four basic elements of contlict namely : (1) the conflict issues, (ii) the contributory circumstances, (iii) the conflict related behaviour, and (iv) the results of the conflict. The actual form that the peace making process takes depends upon the nature and source of the conflict.

13) **Job Design/redesign :**

It is task-technology related approach aiming at making changes in the work process of the groups of employees. Job design involves a well planned reorganisation of a job. Basically it focusses to improve employee motivation, commitment, performance, job satisfaction etc. There are different approaches to job design which are discussed below :

(i) **Job Enrichment :**

It is termed as vertical enrichment or addition of tasks to make the job richer. It includes giving additional responsibilities and expecting more accountability from the employees.

(ii) Job Engineering :

It relates to the tasks, methods, performance standards, inter dependence of man and machine, work flows etc. It may also include replacement of human workers for computers.

(iii) Job Rotation :

It involves shifting of a person from one job to another for variety of tasks to be done. It reduces boredom and monotony.

(iv) Job Enlargement :

It includes expansion of tasks to be carried out. It focuses on horizontal expansion of related tasks without additional responsibility and accountability.

(v) Socio-technical System :

It aims to strike a balance between the technical and social aspects of an organisation with the aim to optimise the relationships and augment organisational effectiveness. The socio-technical system normally involves a major redesign of the whole gamut of the way the jobs are being carried out involving technological and social issues.

(14) Quality Circles :

Quality Circles are semi-autonomous work groups having about six persons who volunteer to discuss and solve quality related problems in duty hours. It has impact on working conditions, employees commitment and self development of employees.

(15) Counselling :

Counselling is the process of help extended by a Manager to his subordinate to enhance his potential. It aims at sympathesizing and empathizing with the employees. It helps to bring about self awareness in the employee about his own competence. The manager as consuellor assists the employees in setting new goals and evaluate his own performance in a non threatening manner. It helps towards self realization of one's own strengths and weaknesses.

The above description is not exhaustive enumeration of OD interventions but as per need of the situations a single or group of interventions may be used to resolve the issues. The focus may be a task or structure or people. The intention of OD intervention is to enhance the performance.

Activity B

Identify the problems pertaining to task, structure, technology and people in any organisation familiar to you and choose the most appropriate OD intervention to resolve them.

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17.8 Issues in OD

Basically there are three factors that influence the choice of an OD intervention : Applicability, Feasibility and Acceptability. Applicability means the potential of an intervention to yield the desired results. Feasibility means the practicality of an intervention in a given situation. Acceptability means the chances of acceptance of an intervention in the client organisation. It must be clear that the actual choice of an intervention is based upon the intuitive decision of the OD consultant.

A pragmatic approach is inevitable to ensure successful implemnetation of OD efforts in an organisation. If it is not planned systematically, it may also create turmoil in an organisation. Therefore, the following tips are elaborated to manage the OD process effectively :

(i)   Choosing receptive points : The areas of the organisation should be undertaken for OD experiment, where the people want change for improvement. The OD efforts should be concentrated on them. Subsequently it can be moved to other units of the organisation.

(ii)   Focussing on the linkpins : The departments having interlinks should be identified to select the people. The confidence of these linkpins will help to form a term for OD experimentation.

(iii)   Working with autonomous parts : Normally independent units/departments having least linkage with other departments should be chosen so that cost of disturbances can be minimum.

(iv)   Using and developing internal resources : This will help to sustain and continue the OD efforts.

(v)   Starting at the top : Since there is need of support from top management, it is desired to start the OD efforts at the top. This would ensure commitment and support.

(vi)   Working with supportive force : The consultant must identify the roles of individuals in the organisation who are enthusiastic about effecting a change.

(vii)   Achieving minimum critical concentration : It should not hamper the culture of the unit to a great extent and with the minimum efforts OD activity should be continued.

(viii) Working on perception of problems : The client should be encouraged and helped to identify the real problems.

(ix)   Having multiple points of entry : After initiating at the receptive point, OD efforts should be gradually extended to interrelated points where related problems can be solved altogether.

(x)   Using proactive attitude : The proactive attitude of the consultant will bring openness to resolve the issues.

These tips on effectiveness of OD process will help the OD endeavours to get success. For success of an OD effort, the prerequisite conditions should be undeerstood and established for organisational improvement. They are :

◊   The key persons should have clear perception about organisational problems.

◊   The external behavioural science OD consultant should be hired to initiate OD efforts.

◊   The top level management should always own whole heartedly any effort meant for OD efforts.

◊   For successful intervention the complete work team along with the group leader and the manger must participate in the OD exercises.

- There should be full support for entire diagnostic activities to collect data about organization activities.

- OD efforts should be made known to all the concerned in the organization for sustaining the changes.

- There must be link to all the sub-systems of an organization like potential appraisal, career planning, reward system etc.

- OD efforts should focus on the organization in totality.

- There must be long range perspectives of the organization for its improvement.

17.9 Summary

Organization Development refers of the systematic process to change the culture, system and behaviour of an organization for solving its problems and achieving the organizational objectives. The basis of organization development are : to improve the organizational effectiveness and job satisfaction of the employees. The basic underlying values of organization development involves : emphasis on cooperation and enhancing the participation of employees.

The steps involved in the process of organization development include : initial diagnosis, data collection, data feedback, selection of interventions, implementation of interventions, action planning and problem solving, team building, intergroup development and evaluation and follow up.

Organizational Development approaches consist of techno-structure approach and human process approach. The organizational development strategies or interventions refer of an overall plan for integrating different organizational improvement activities over a period of time to accomplish organizational objectives. It can be classified into structure related, task-technology related and people related intervention. The major organizational development interventions are : diagnostic, team building, inter-structure activities, process consultation, the management grid, mediation and negotiating activities, coaching and counselling, career planning and goal setting activities.

OD process must be planned and managed systematically to get the successful result. The effective managing process involves : choosing receptive points, focusing on link pins, working with autonomous parts, using and developing internal resources.

17.10 Key Words

- **Counselling :** Process of help extended by a manager to his subordinate to enhance his potential.

- **Job-Design/Redesign :** Task technology related approach aiming at making changes in the work process of the group of employees.

- **Organizational Development :** A planned, managed and systematic process to change the culture, system and behaviour of an organization to solve its problems and achieve its objectives.

- **Organisation Mirroring :** Involves activities where one group of members gets feedback from the members of several other groups about how is it perceived.

- **OD Process :** The way OD efforts work for a given objective.

- **OD Straregy :** Overall plan for integrating different organizational improvement activities over a period of time to accomplish objectives.

- **Process Consultation :** Set of activities on the part of consultant which help the client to perceive, understand and act upon the process events which occurs in the client's environment.

- **Quality Circles :** Semi-autonomous work groups to discuss and solve quality related problems in duty hours.

- **Sensitivity Training :** Creation if an experimental laboratory situation in which employees are • brought together to interact in an unstructured environment.

- **Team Building :** An attempt to assist the work group to identify, diagnose and solve its own problems.

17.11 Self Assessnment Test

1 What do you understand by O.D.? Explain the objectives and underlying values of OD.

2 Discuss the process of OD.

3 Elaborate the desired OD interventions focusing upon people.

4 Identify task-structure related OD interventions.

5 Identify the organizational problems and suggest suitable OD intervention to resolve them.

6 Discuss the prerequisite conditions for effective OD programme.

7 Give the tips for managing OD process effectively.

8 Describe the process of OD.

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UNIT - 18 : STRESS MANAGEMENT

Unit Structure

18.0 Objectives

After studying this unit you shall be able to understand :

- The concept of stress.

- How is stress created.

- Levels of stress - Why different people have varying degress of stress.

- Sources of Stress - i.e. the stressors and their relationship with stress.

- Consequences of Stress.

- Strategies to manage stress.

- Stress and performance.

18.1 Introduction

The Experience of stress is not new. Everytime the caveman left their caves in search of food, they experienced the stress of the predators lurking in the jungle. Modern life has its own predators - work deadlines, information overload, job insecurity, financial pressures, work like balance and of course, the accelerating pace of change.

Stress has become an inseperable part of our lives and each one of us is trying to tackle, cope or manage it in one's own individual manner. Understanding the concept of stress and learning to manage has therefore, become very important for the individuals, as well as, organizations for achieving efficincy and effectiveness. Stress is an individual's response to a disturbing factor in the environment, and the consequence of such reaction. Stress is what happens to us when we are faced by something or someone, who threatens or seems to threaten our well -being. Stress is :

- Our response to something or someone that can harm us.

- Something that we perceive as threatening ; and

241

- The result of our anticipations and fears.

- To quote a definition : "Stress is an adaptive response to an external situation that results in physical, psychological and /or behavioural deviations for organisational participants."

- Stress obiviously involves interaction of the person and the environment.

- In a nutshell, we can say that stress is an individuals response to a distrubing factor in the environment , and the consequence of such reaction.

- Stress can manifest itself in both a positive way and a negative way. Stress is said to be positive when the situation offers an opportunity for one to gain something.

- 'Eustress' is a term used to describe positive stress. Eustress is often viewed as a motivator since in its absence, the individual lacks that 'edge' necessary for peak performance.

- It is negative when stress is associated with heart disease, alocholism, drug abuse, low morale and low productivity, frustration, depression and a host of other social, physical, organisational and emotional problems.

- Stress is associated with constraints and demands. Contraints prevent an individual from doing what he or she desires. "Demands" refers to the loss of something desired.

- Aspiring to own a new luxury car and not able to mobilize the necessary cash is a constraint.

- Desiring to go on a vacation and unable to do so because of pressing official work amounts to a demand.

- Constraints and demands can lead to potential stress. When they are coupled with uncertainity of the outcome and importance of the outcome, potential stress becomes actual stress.

- Higher the uncertanity and significance of the outcome, higher is the stress.

What is not stress ?

To have a more clear understanding of what is stress, it is equally important to understand what is not stress. Each of the following does not amount to stress.

1) Stress is not simply anxiety or nervous tension. These symptoms do not constitute stress. People exhibiting these behaviours may not be under stress. Similarly, people who are under stress may also not compulsorily exhibit anxiety or nervous tension.

2) Stress need not always be damaging : People frequently experience stress without any strain at all. Daily life activities may be stressful, but not at all harmful.

3) Stress is not always due to overwork. It can be due to very little work to do also.

4) Stress cannot be avoided. It is impossible to avoid stress one can only learn how to manage it, one can only avoid its negative reactions.

5) Body has limited capacity to respond. Stress is body's biological response mechanisms. But the body has only limited capacity to respond to stressors. The work place makes a variety of demands on people and too much stress over too long a period of time will exhaust their ability to cope with the stressors.

18.2 Sources of Stress

It is very important for us to understand the causes or sources of stress if we want to manage or develop strategies to cope with it,. whether in personal life or at the organisational level.

The various sources of stress can be grouped under the following heads :-

I. ROLE-RELATED FACTORS :-

The role that we play everyday, both in our personal life and at our place of work , can become an important source of stress. Some important dimensions which can cause stress have been taken up one by one :-

- **Personality Type :-**

In respect of personality, two concepts : Type A personality and Type B personality are relevant in this context The Type A personality is stress-prone, as it is associated with the following behaviour patterns:

- Always moves, walks and eats rapidly.

- Feels impatient with the pace of things, hurries others, dislikes waiting.

- Does several things simultaneously

- Feels guilty when relaxing.

- Tries to schedule more and more in less and less time.

- Uses nervous gestures such as clenched fist, banging the hand on the table.

- Does not have time to enjoy life ..

The achievement orientation, impatience and perfectionism of individuals with Type A personalities may create stress in work circumstances that other persons find relatively stress-free Type-A personalities, in this sense, bring stress on themselves.

The Type B personality, on the other hand, is less stress prone. Following are the typical Characteristics of Type B personality: .

- . Is not concerned about time .

- Is patient.

- Does not brag

- Play to fun, not to win.

- Relaxes without feeling guilty .

- Has no pressing deadlines.

- Is mild-mannered.

- Is never in a hurry.

- **Role overload :**

Too much of work causes stress to an employee. Excess workload has become the norm these days as more and more organisations have reduced their workforce and restructured work; leaving the remaining employees with more tasks and fewer resources of time to complete them.

- **Role Conflict :**

    Very often we play more than one roles. If these roles are in conflict with each other they may cause a great deal of stress For example, after getting a promotion a good friend may become your boss. In such a scenario , his roles conflict and he may find himself under considerable stress.

- **Role Ambiguity :**

    When we are unclear as to what the task at hand entails, and what exactly is expected of us, we feel the pressure. It exists when employees are uncertain about their responsibilities , functions, performance expectations and levels of authority. This tends to occur when people enter new situations, such as joining the organisation or taking foreign assignment, because they are uncertain about tasks and social expectations.

- **Transfers/Travels :**

    These become a source of stress if they are not in accordance with our wishes and if they conflict with our personal interests. For example, a transfer, even accompanied with a promotion, can be stressful if it involves staying away from the family.

- **Time Pressures :**

    Living with deadlines and time-bound work on a constant basis will eventually take its toll

- **Creativity Burnout ::**

    Highly.creative jobs like those in the world of advertising, theatre or films constantly pose the threat of burnout because of overspending creativity and living for prolonged periods under stressful conditions.

- **Competition :**

    The underlying feeling that has crept into every aspect of life is that of competition. In every sphere of life there is a pressing need to be bigger, faster and better than the others. This senseless competition creates win-lose scenarios which further fuel stress and stress-related disorders .

II ENVIRONMENTAL /STRUCTURAL FACTORS.

    Several sources of stress may be built into the environment. These include too much noise, heat, poor light conditions, radiation or smoke. Other factors such as lack of a career path, partisan attitude of the management, limited resources or inaccessibility to resources and excessive rules and regulations will create the varying degrees of stress.

III INTERPERSONAL AND GROUP FACTORS :

    This is perhap the most potent factor causing stress to individuals. All human beings at some point in their lives are presented with a variety of choices. Some like Hobson's choice, present no real choice and the situation is akin to choosing between the devil and the deep blue sea   and others involving a choice between two equally attractive alternatives, where a choice will, in any case, leave you feeling cheated of something better In interpersonal relationships conflict creates stress as it is "impossible for two people to com-pletely agree with each other all the time. A complete lack of dissent would also lead to lowered productivity. Thus diverse ideas and inputs actually add to output but they must be managed in such a way that convict-induced stress must stay at productive levels and not escalate to the level that causes distress and damage.

- **Communication :**

  Problems in the area of communication are another very powerful cause of stress. Language and semantic barriers, lack of clarity in speech, or the inability to listen or comprehend the communication are only a few of the numerous reasons which can lead to stress.

- **Cultural Differences :**
  Very often we find that the social norms of one culture are the complete antithesis of the dictates of another. This leads to a feeling of resentment, especially in those cases where people from different cultures are expected to coexist either in a social or a work environment. A frequently seen example of such a scenario occurs in an organization with a strong internal culture. If a new employee of a diametrically opposite culture joins this organization he is at once repelled by the culture. The existing organization culture will also try to make him adapt to its own norms. Failing to adapt he will find himself being rejected by the culture which in any case he finds unacceptable. In an extreme situation he leaves the ,organization as fast as he can. This is popularly called the revolving door' syndrome.

- **Career Changes :**

  Any form of change is threatening and, therefore, stress producing. An individual's career is what defines a large part of his or her adult life. This includes the stress felt by a home-maker who returns to her career after a hiatus to take care of her young children as a working mother who must opt for leave facilities over career advancement!

- **Inter-role conflict**
  Occurs when an employee has two roles that are in conflict with each other. Inter-role conflict is common in matrix organisations where subordinates will be shared by matrix bosses. Personal cor.flict occurs when personal values clash with organisational goals. For example offering bribe to corner an order may help the organisation. But such practice will conflict with the ethical value of the executive as an individual.

- **Role Erosion** :
  Whenever we feel that the role we play is losing its importance, influence or status, we feel stressed, e.g. when children grow up and start to take their decisions independently, parents often feel stressed.

- **Ethical Dilemma :**
  When the task that is set fot us challenges the basic values, beliefs and underlying assumptions of our life, we find ourselves in a position of deep conflict and stress.

- **Dissatisfaction over rewards :**
  The dissatisfaction may be as a result of actual partial disbursal of rewards or it may be the perception of the person experiencing stress .

IV   FACTORS ARISING FROM THE NATURE OF THE JOB :

- **Decision Making :**
  When the job that one is performing entails a lot of decision-making, there is a lot of stress, caused by . the responsibility, accountability and uncertainty that accompanies it.

- **Hazard to Personal Safety :**
  Tasks which involve hazards create a constant source of stress. For example, people working in coal mines often succumb to substance abuse because they cannot handle the constant stress of working in those risky conditions.

- **Discrimination/ Sexual Harassment :**
  Human beings have an inherent sense of self respect. This is defined by a need for a sense of equity and justice. Any act of an individual which causes a feeling of inequity or threatens the sense of dignity of another individual has the capability to cause stress that is damaging.

- **Life Trauma/Life Change :**
  An event that changes the very essence of our life or that causes an upheaval, like the death of a loved one or loosing a job, can cause severe stress, which if not managed will cause damage.

V STAGE IN THE LIFE CYCLE :
  The natural law of 'Entrophy' states that all that is born must die. Thus each individual must pass through the phases of conception, growth, maturity, decline and then death. Each of these stages is beset with its own unique set of circumstances, advantages as well as its problems. This holds true for our work life as well. So while the young ones feel stressed by examinations, the young adult may feel the stress of not having secured a good job. Middle age may bring fears of loosing your beauty and vitality while old age may heighten the struggle to retain their relevance! The most traumatic phase is probably that in which people find their graph on the decline.

18.3 Levels of Stress

All of us do not face the same degree of stress under similar situations and even with identical stressors. The level of stress that one undergoes depends upon two main factors :

I Factors in the situation.

Three key factors determine whether an experience or situation is likely to result in stress and how

much stress will be created. These factors are importance, uncertainty, and duration.

- **Importance** relates to how significant the event is to the individual. For example, let us suppose that you are facing a job layoff. The more significant that layoff is to you, the more likely you are to find it stressful. If you expect the layoff to be followed by a period of prolonged unemployment, you will probably view it as a more important, event than if immediate reemployment is assured.

- **Uncertainty** refers to a lack of clarity about what will happen. Rumors of an impending layoff may be more stressful to some people than knowing for certain they will be laid off. At least in the latter case, they can make plans for dealing with the situation. Frequently, "not knowing" places more demands on -people than does knowing, even if the known result is perceived as negative.

- Finally, **duration** is a significant factor. Generally speaking, the longer special demands are placed on us, the more stressful the situation. Being given a distasteful job assignment that only lasts a day or two may be mildly upsetting, while the same assignment lasting for six months may be excruciating. Most people can endure short periods of strenuous physical activity without tiring; if we prolong the duration, even the fit among us will become exhausted. The same holds true for stressors. Stress of short duration, but high intensity, is sometimes referred to as acute stress. It may last a few hours, even a few days. Long duration stress, on the other hand, is sometimes referred to as chronic stress. Chronic stress may last for months and years. It is the ongoing tension experienced by the people of Kashmir or the turmoil that ethnic rivalries have brought to the people of Eastern Europe. It may also be the unrelenting pressure of a job one finds no satisfaction in performing, the constant demands made by an unreasonable boss, a messy marital relationship which does not seem to have a solution or the never-ending struggle to advance in one's chosen career.

II Factors within the individual. :

- **Why different people react to stress differently?**
  We have just seen that there are many different sources which create stress. Not only do people react differently in different situations but different people react differently to the same situation. Although stress pervades into everyone's life at some time or the other, the impact it leaves on every individual varies greatly. There are many reasons as to why this happens. We can consider the main factors:

246

- **Personality differences:** Every individual is unique and our reactions are a result of our uniqueness.

  Certain people have an excitable personality. They have no patience and want things done in a hurry. They are restless and tend to react to situations without thinking. These kinds of people are more prone to stress compared to more calm people who take considered decisions and are more patient. Similarly, people with a very high need for achievement will find themselves more stressed out. Birth order in the family is another interesting contributor to our personality. According to the famous psychoanalyst Carl Jung, the eldest children in the families usually are caring and compromising. They willingly take on responsibility. They worry about things not being done or not being done appropriately. The youngest children on the other hand are a little more aggressive and have acquired the art of getting their work done. They are smooth talkers and get out of uncomfortable situations more easily.

- **Past experiences:** Imagine a situation where a switch in your house gives you a minor shock. Even after the electrician comes in and repairs the fault, you will stop to take precautions before switching that particular switch on and off, at least for a few days. You will definitely feel more anxious if there are young children at home. This is akin to the popular saying-Once bitten, twice shy. When we know that.at something has once harmed us we shall be wary that it may do so again and this thought itself can give us stress,

- **Gender differences:** Work and family pressures challenge both men and women equally ... yet it is often seen that men are more prone to stress related disorders than women. We find the reason in the socialization process of our society. As children, boys and girls are treated differently when they cry. While boys are scolded if they cry ... and told that they are, strong and it is not masculine to cry, girls are fussed over if they cry. It is not surprising the boys grow up thinking that crying is a sign of weakness and it is not masculine to show your pain or fear. This leads to a situation where men often keep their emotions bottled up. We call it the pressure cooker effect. As the pressure keeps building up and gets no release, the cooker may burst! In women the safety release are tears which release tension and reduce stress.

- **Life circumstances:** Not all of us face the same circumstances. Some may be unfortunate because they get more than their share of problems like loosing a job, death of a loved one at an early age, marital discord etc. We all are in some way bound by the whims and vagaries of our circum stances.

- **Cognitive differences:** These will include dimensions like . being internally controlled or exter nally controlled. Externally controlled people are always looking for out side causes for events, whereas internally controlled people attribute the cause of success or failure to themselves. It is obvious that when we feel that everything that happens in our lives-good or bad-can be attributed to our actions we will be constantly under pressure to get the best results and will take the blame if something goes wrong. On the other hand, if we can sometimes find somebody else to take the blame-destiny, fate, even God's will-it will considerably take the pressure off us!

- **Perception of the individual:** In order for an action, situation, or event to result in stress, it must be perceived by the individual to be a source of threat, challenge, or harm. If there are no perceived consequences-good or bad-there is no potential for stress. A popular saying which sums up this aspect is 'If you don't mind, it does't matter.'

247

- **Age:** Different issues place different demands on us at different stages in our life. For a young child, nothing is more stressful than exams, whereas for a young man the pressure may come from a stressful job. Most of the stress experienced by older people revolves around the responsibilities that they have and the insecurity of growing older.

- **Health:** Health is indeed wealth. If we are physically unfit, we are unable to cope with the little things which would not have bothered us when we had been healthy and strong.

- **Education:** Our intellect and knowledge helps us reason or way out of a situation. The fears that accompany ignorance can be dispelled, if we are given information about the situation.

- **Occupation:** Certain occupations are more hazardous, others (in herently) include risk taking.. Certain jobs could create greater stress:

The fact is that some aspects of the situation individual differences and demographic variables of the individuals involved in that situation, result in different people reacting in different ways to the same stress inducing factors. These factors have varying degrees of impact on the different people involved in the same or sirnilar situation.

18.4 Process of Stress

It is important to understand the relationship between stressors and stress. The moderating variables have an impact on the outcomes of stress. A model which depicts these intervenuing variables is shown below :-
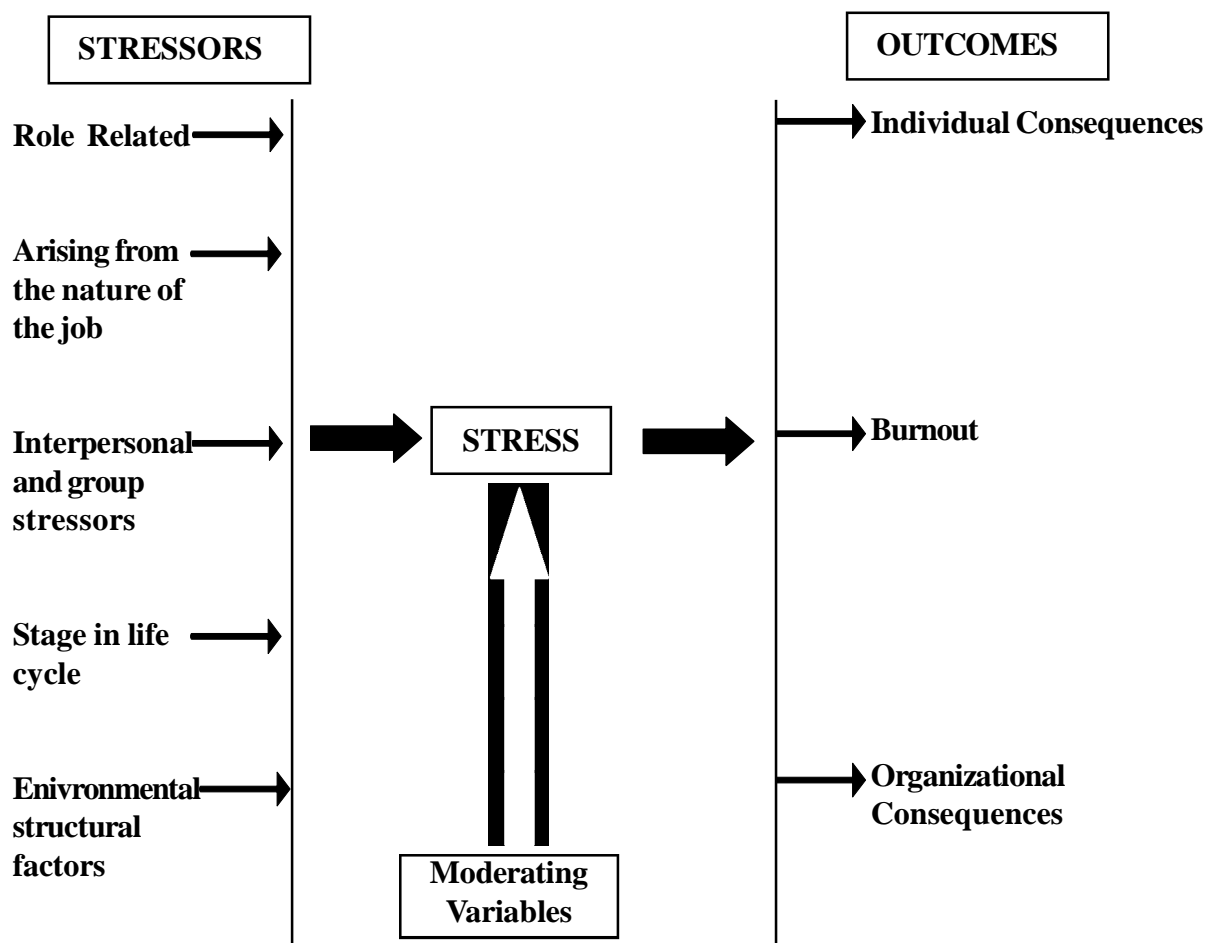
From the model above, we are able to understand that -

- Stressors lead to stress, which in turn lead to a variety of consequences.

- The model also depicts the moderating variables that help moderate the stressors- stress- out come relationship.

- A moderator is a variable that causes the relationship between stress and outcomes to be stronger for some people and weaker for others.

18.5   Consequences of Stress

Before we deal with the consequences of stress, let us understand the "Abnormality Normality Continum."

On the right side of this continuum is the positive state of normality tending towards infinity, and to the left is the abnormal state of an individual again tending towards infinity. Since no one can achieve the perfect state at either ends, it will not be wrong to say that depending on our life circumstances and our own individual attributes and personalities, each one of lies somewhere on this continuum and most people are identified as being on the normal side most of the time.

Under normal circumstances we lie as close to normality but whenever a stressful stimulus con fronts us, our mental state swings a little towards the other side. These are the anxiety attacks we experience before stressful events, say an exam. After the stressor ends, i.e. after the exam is over, we return to our normal state.

THE NORMALITY – ABNORMALITY CONTINUUM
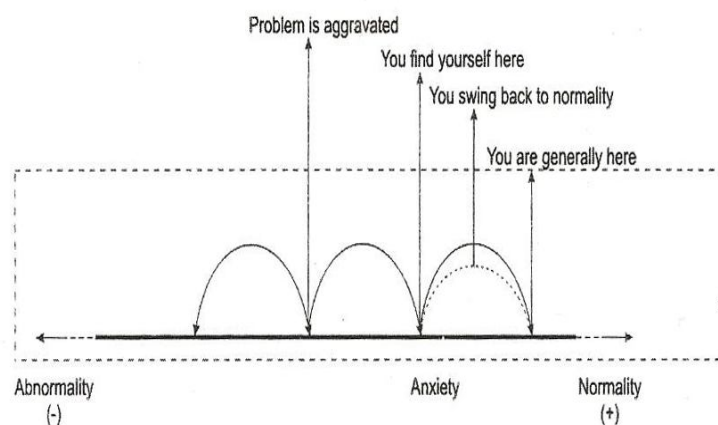
The problem may be aggravated in two situations - firstly, if the stressor persists for an abnormally long period of time, or , secondly, if the situation was very severe in intensity and has created a very deep impact on us. In most cases a supportive social network and strong family ties can help us better tackle the stress and return to normalcy faster. But in severely stressful conditions, we may swing so far away from the normal that we need more help to return to normalcy than can be provided by our own spirit and even the help of family and friends. When the problem gets aggra vated, it can result into the following consequences :-

249

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                    ┌─────────────────────────┐
                    │  Consequences of Stress │
                    └─────────────────────────┘
        ┌────────────────────┼────────────────────────┐
┌──────────────────┐  ┌──────────────┐  ┌──────────────────────┐
│   Individual     │  │   Burnout    │  │   Organizational     │
│  Consequences    │  │              │  │   Consequences       │
└──────────────────┘  └──────────────┘  └──────────────────────┘
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Individual Consequences

Mental	Physical
• Anxiety	• Blood Pressure
• Shock	• Fast Pulse
• Denial	• Ulcers
• Panic	• Acidity
• Guilt	• Loss of appetite
• Headache	• Migraine
• Hostility	
• Forgetfulness	

Organizational Consequences

• Low Productivity
• Absenteeism
• Turnonver
• Low Motivation
• Low level of satisfaction
• Low Morale
• Poor Decision making
• Subatance abuse.

Besides the mental and the physical consequences of stress that are faced by an individual, which needs no explanation, the other severe consequences of stress are burnout and organizational consequences.

Burnout is a troublesome outcome of stress. It is desirable to examine burnout in detail.

Burnout is a state of mind resulting from prolonged exposure to intense emotional stress. It manifests through emotional exhaustion and a combination of negative attitudes. Burnout occurs due to prolonged exposure to stress and that too in phases.

The three key phases of burnout are

- emotional exhaustion.

- depersonalization

- feeling a lack of personal accomplishment.

Emotional exhaustion, is due to a combination of personal, job and organisational stressors. People who expect a lot from themselves and the ogranisation in which they work tend to create more internal stress, which , in turn, leads to emotional exhaustion.

Similarly, emotional exhaustion is fuelled by having too much work to do , by role conflict and by the type of interpersonal interactions encountered at work. Frequent, intense face-to-face interactions that are emotionally charged are associated with higher levels of emotional exhaustion.

Although stress and burnout seems to be similar the distinction between both is clarified as under

:

Stress	Burnout
The person feels fatigued	The individual encounters chronic exhaustion.
The person is anxious	The individual is hypertensive.
The person is dissatisfied with his or her job	The individual is bored and cynical about the work
The person's job commitment has dropped off	The individual's job commitment is virtually nil, he or she is mentally detached from the organisation.
The person feels moody	The individual feels impatient, irritable and unwilling to talk to others.
The person feels guilty	The individual encounters mental depression.
The person is having difficulty concentrating; he or she tends to forget things	The individual does not seem to know where he or she is; foregetfulness is becoming more and more frequent.
The person undergoes physiological changes such as increased blood pressue and heart	The individual begins to voice psychosomatic complaints.beat.

Organizational Consequences:

The various conseuquences that the organization faces as a result of stress have been mentioned n the list above. Low productivity, absenteism, low morale and low motivation and poor decision making are inevitable when the individuals in the organization are stressed up. Therefore, just as it is important for individuals to manage stress, so is the importance for organizations also to manage and devise strategies to cope with stress.

19.6 Strategies to Manage Stress

Stress reduction strategies may be categorized into :-

INDIVIDUAL STRATEGIES :

The first step in managing stress is to understand that the individual is exposed to stressors. Various signs of stress are visible in the individual depending upon the impact that the stressor has on him.

They can be -

- **Physical Signs** - Appetite changes,
  - Headaches
  - Fatigue
  - Insomnia
  - Colds
  - Weight Change

251

- - Teeth grinding
- - Tension
- **Emotional Signs** - Bad Temper
  - - Anxiety
  - - Nightmares
  - - Irritability
  - - Depression
  - - Frustration
  - - Oversensitivity
  - - Mood Swings
  - - Fearfulness
- Mental Signs - Dull senses
  - - Lethargy
  - - Boredom
  - - Indecisiveness
  - - Forgetfulness
  - - Poor Concentration
  - - Personality Changes
  - - Stuck in past.
- Behavioural Signs - Pacing
  - - Swearing
  - - Substance abuse
  - - Nail biting
  - - Slumped posture
  - - Restlessness
  - - Risk aversion
  - - Eating disorders
  - - Headaches
- Spiritual Signs - A feeling of emptiness
  - - Apathy
  - - Inability to forgive
  - - Cynicism
  - - Loss of direction
  - - Doubt
  - - Need to prove self.
  - - Negative Outlook
  - - Gloom
- Relational Signs - Isolation
  - - Defensive Intolerance
  - - Resentment Loneliness
  - - Nagging

-        Lower sex drive

-        Aggression

-        Abuse

Individual strategies to cope with stress include muscle relaxation, biofeedback, meditation, cognitive restructuring and time management.

- **Muscle Relaxation:** This involves slow and deep breathing, a conscious effort to relieve muscle tension and an altered state of consciousness. The technique is inexpensive, may require a trained professional to implement initially.

- **Biofeedback:** A biofeedback machine is used to train people to detect and control stress-related symptoms such as tense muscles and related blood pressure. The machine translates unconscious bodily signs into a recognisable cue (flashing light or beeper). Muscle relaxation and meditative techniques are then used to alleviate the underlying stress.

- **Meditation :** Several meditation techniques are used with results being positive and for majority people who practise 20 minutes twice daily helps reduce stress significantly.

- **Cognitive Restructuring:** Cognitive restructuring involves two steps. First, irrational or mal-adaptive thought processes that create stress are identified. One such thought is entertaining a premonition that something evil is going to befall on you. The second step consists of replacing these irrational thoughts with more rational ones. The fear of evil befalling can be overcome by reasoning and rationalising events and their consequences.

- **Time Management:** Most of us are poor in time management. The result is feeling of work overload, skipped schedules and attendant tension. The truth is, if one can manage time effectively, he or she can accomplish twice as much as the person who is poorly organized. Some basic principles in time management are: (i) preparing daily a list of activities to be attended to; (ii) prioritizing activities by importance and urgency; (iii) scheduling activities according to the priorities set; and (iv) handling the most demanding parts of a job when one is alert and productive.

Some of the most helpful guidelines for effective time management are the following:

1.   Make out a "to do" list that identifies every thing that must be done during the day. This helps keep track of work progress..

2.   Delegate as much minor work as possible to subordinates.

3.   Determine when you do the best work.-morning or afternoon and schedule the most difficult assignments for this time period.

4.   Set time aside, preferably at least one hour, during the day when visitors or other interruptions are not permitted.

5.   Have the secretary screen all incoming calls in order to turn away those that are minor or do not require your personal attention.

6   Eat lunch in the office one or two days a week in order to save time and give yourself the oppor- tunity to catch up on paperwork.

7   Discourage drop-in visitors by turning your desk so that you do not have eye contact with the door or hallway.

8.   Read standing up. The average person reads faster and more accurately when in a slightly com- fortable position.

9.   Make telephone calls between 4.30 and 5.00 pm. People tend to keep these conversations brief so that they can go home.

10.   Do not feel guilty about those things that have not been accomplished today. Put them on the top of the "to do" list for tomorrow.

ORGNISATIONAL STRATEGIES

Besides individuals practicisng coping, strategies, organisations too have been developing and implementing stress- reduction strategies.

Organisational coping strategies help reduce the harmful effects of stress in three ways :

1)   Identify and then modify or eliminate work stressors.

2)   Help employees modify their perception and understanding of work stress.

3)   Help employee cope more effectively with the consequences of stress.

Organizational stress management programmes are targeted at :-

- improvements in the physical work environment;

- job redesign to eliminate stressors;

- changes in workloads and deadlines;

- structural reorganization;

- changes in work schedules, more flexible hours and sabbaticals;

- management by objectives or other goal-setting programmes;

- greater levels of employee participation, particularly in planning changes that affect them; and

- workshops dealing with role clarity and role analysis.

Programmes that promote role clarity and role analysis are of vital importance in removing or reducing role ambiguity and role conflict - the two main sources of stress.

- Involvement of employees in organisational change efforts that will affect them, work redesign that reduces uncertainty and increases control over the pace of work, and improved clarity and under- standing of roles all should help reduce the work stress.

- Programmes of stress management targeted at perceptions and experiences of stress and out comes of stress includes :

    - team building;

- behaviour modification;

- career counselling and other employee assistance programmes;

- workshops on time management;

- workshops on burnout to help employee understand its nature and symptoms;

- training in relaxation techniques; and_

- physical fitness or wellness programmes.

- Employee assistance programmes and wellness programmes are also being increasingly used by firms nowadays. Crucial to the success of any EAP is trust.

Employees must trust that (1) the programme can and will provide help , (2) confidentiality will be maintained , and (3) use of the programmes carries no negative implications for job security or future advancement. If employees do not trust the programme or company management they will not participate.

18.7 Summary

Stress is one's response to a disturbing factor in the environment and the consequences of such reaction. Stress can be both- positive as well as negative. It is said to be positive when the situation offers an opportunity for one to gain something. "Eustress" is a term used to describe positive stress.When the outcome of stress is low morale, low productivity, depression, and a host of other physical, psycological and emotional problems, it is negative stress. Response to stress varies between individuals. How an individual experiences stress depends on perception, past experience and social support the individual has. Stressors originate at the individual, group, organisational or extra-organisational level. Outcomes of stress are very serious. Individual suffers from stress, so also the organisations which has to pay in terms of absenteeism, reduced productivity and claims of damages from affected employees. One serious consequence of stress is burnout. Burnout results from prolonged exposure to stress. There are individual as well as organisational strategies to cope with stress. Stress is negatively related to performance. Higher the stress, lower the perofrmance.

18.8 Key Words

- **Stress** : One's response to a distrurbing factor in the environment and the consequences of such reaction.

- **Sstressor** : The various sources of stress are called stressors. Stressors originate at individual group and organizational levels.

- **Modertaing**   : Moderating variables causes the relationship between stress and outcomes

- **Variables:** To be stronger for some people and weaker for others.

- **Eustress** : Stress which has a positive influence, that is which acts as a motivator is called Eustress.

- **Role Conflict** :Role conflict occurs where people face competing demands. Role conflict can be in the form of inter role conflict and role ambiguity.

- **Burnout** : Burnout is a state of mind resulting from prolonged expsoure to intense emotional stress. It manifests through emotional exhaustion and a combination of negative attitudes.

- **Employee Assistance Programme:** Employee assistance programmes are designed to deal with a wide range of stress related problems both work and non-work related.

- **Conitive Restructuring :** It involves two steps First irrational or maladaptive though processes that create stress are identified. The second step consists of replacing these irrational thoughts with more rational ones.

18.9 Self Assessment Test

1.   What is stress ? What is not stress ?

2.   What is Eustress ?

3.   What are the major sources of stress ?

4.   Explain the process of stress ?

5.   What can be the major consequences of stress?

6.   List out the stress coping strategies .

7.   What are the different levels of stress ?

8.   What is burnout ?

9.   How are stress and productivity related to each other ?

ACTIVITY A :

Identify your most common stress symptoms. Analyze how do these symptons affect your performance, interpersonal relations and happiness ?

ACTIVITY B :

Several web sites describe problems that people experience at work. Scan through atleast one or two of these websites and determine what type of work related stressor is most commonly described.

UNIT - 19 : ORGANISATIONAL CULTURE

Unit Structure

19.0 Objectives

After studying this unit you should be able to understand :

●   The concept and definition of organisational culture.

●.   The common characteristics making up organisational culture.

●.   The various organisational culture functions.

●   The factors that maintain an organisation's culture.

●   How can change be implemented in organisational culture.

●.   Impact of organisational culture.

19.1 Introduction

A strong organisational culture gives the company directions. It also provides direction to employees. It helps them to understand "the way things are done around here." In addition, a strong culture provides stability to a organization. But, for some organizations, it can also be a major barrier to change. Culture represents the common perceptions shared by the members of an organization. Individuals with altogether different backgrounds or at different levels in the organization, have a tendency to describe the organization culture in almost similar terms.

19.2 Definition

"It is concerned with how employees perceive the six basic characteristics – individual, autonomy, structure, reward, consideration and conflict."
 - **Campbell**

"Organisation culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations."

"Culture is to a human collectively what personality is to an individual culture could be defined as the interactive aggregate of common characteristics that influence a human group's response to its environ-

ment. Culture determines the identity of a human group in the same way as personality determines the identity of an individual. Moreover, the two interact, " Culture and Personality" is a classic name for psychological anthropology. Cultural traits sometimes can be measured by personality tests.- **Greek Hofstede**

Organization culture are unique and distinct. We can distinguish one organization from another in terms of culture. The success of any organization depends on its culture, as it is the invisible power governing the organization. When the thinking and action of the employees are institutionalized, organizational culture takes birth. It continues to guide for a better achievement. The employees and other people of an organisation enjoy the culture which is immortal and invisible. The organisational culture is viewed as the corporate image by the public. It enjoys market, production and financial functions. People are guided to decide what is right and what is wrong if the organisational culture is visualised, as spirited persons can easily decide what is correct and incorrect.

An overall view of culture is important when we are making comparison across societies and using culture as the independent variable. However, there is another view of organisation culture. Organisation may develop their owe unique cultures that differentiate them form other organisation within the same industry or society. The study of organisation culture is important because of the following reasons :

1. People in organisation come from different cultural backgrounds. They have dif ferent beliefs,cus toms, understanding, preferences etc.

2. No organisation can operate in isoloatin to its cultural environment. In other words, organisation are social systems that must inevitably operate to survive within the frame work of a larger cultural theme.

19.3 Characteristics of Organisational Culture

There are following key characteristics of the organisational culture. These characteristics are the essence of organisational culture.

1. *Member identity :* The degree to which employees identify with the organisation as a whole rather than with their type of job or field of professional expertise.

2. *People focus :* The degree to which management decision take into consideration to effect an outcome on people within the organisation.

3. *Group emphasis :* The degree to which work activities are organised around gourps rather than individuals.

4. *Control :* The degree to which rules, regulations and direct supervision are used to oversee and control employee behaviour.

5. *Unit integration :* The degree to which units within the organisation are encouraged to operate in a coordinated or interdependent manner.

6. *Risk tolerance :* The degree to which employees are encouraged to be aggressive, innovative and risk – seeking.

7. *Reward criteria :* The degree to which reward such as salary increase and promotion are allocated according to employee performance rather than seniority, favouratims, or other non-performance factors.

8. *Means-ends orientation :* The degree to which management focuses on results or outcomes rather than on the techniques and process used to achieve those outcomes.

9. *Conflict tolerance :* The degree to which employees are encouraged to air conflicts and criticisms openly.

10. *Open system focus :* The degree to which the organisation monitors and responds to changes in the external environment.

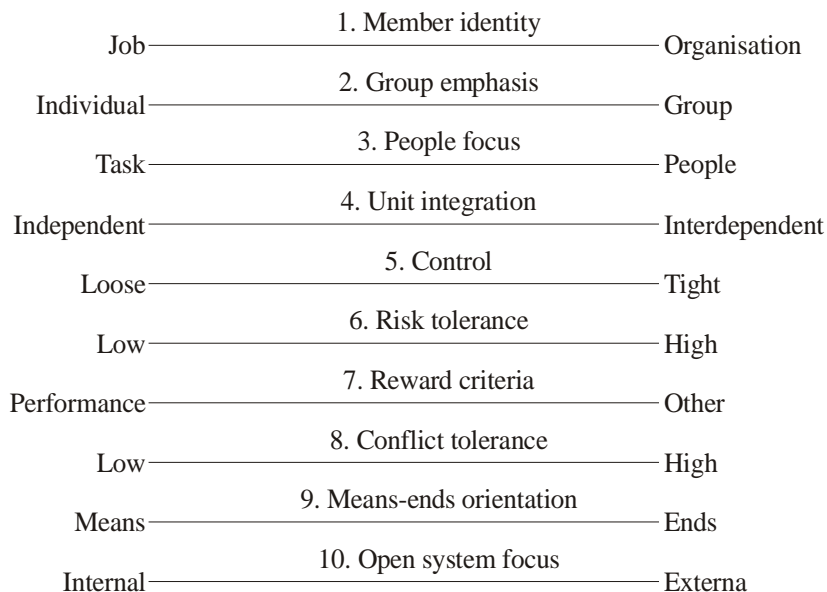| Job | 1. Member identity | Organisation |
Individual	2. Group emphasis	Group
Task	3. People focus	People
Independent	4. Unit integration	Interdependent
Loose	5. Control	Tight
Low	6. Risk tolerance	High
Performance	7. Reward criteria	Other
Low	8. Conflict tolerance	High
Means	9. Means-ends orientation	Ends
Internal	10. Open system focus	Externa

Figure . 30.1 The key Characteristics Defining an organisational Culture

The figure states that each of these characteristics exists on a continuum. Appraising the organisation on these 10 characteristics gives a composite picture of the organisations's culture. This picture becomes the basis for feelings of shared understanding that members have about the organisation, how things are done in it and the way member are supposed to behave.

19.4 Functions of Organisational Culture

Culture performs a number of functions within an organisation which are as follows

1. It has boundary defining role i.e. it creates distinctions between one organisation and another.

2. It conveys a sense of identity for organisation members.

3. Culture facilitates the generation of commitment to something larger than one's individual self interest.

4. It enhances social system stability. Culture is the social glue that holds the organisation together by providing standards for what employee should say and do.

5. Culture serves as a sense making and control mechanism that guides and shapes the attitudes and behaviour of employees.

19.5 Methods of Learning Culture

Culture is transmitted to employees in a number of forms, the most potent being stories, rituals, material symbols, and anguage.

Stories

During the days when Henry Ford II was chairman of the Ford Motor Co., one would have been hard pressed to find a manager who hadn't heard the story about Mr. Ford reminding his executives, when

they got too arrogant, that "it's my name that's on the building." The message was clear : Henry Ford II ran the company. Nike has a number of senior executives who spend much of their time serving as corporate storytellers. And the stories they tell are meant to convey what Nike is about.[40] When they tell the story of how confounder (and Oregon track coach) Bill Bowerman went to his workshop and poured rubber into his wife's waffle iron to create a better running shoe, they're talking about Nike's spirit of innovation. When new hires hear tale of Oregon running star Steve Prefontaine's battles to make running a professional sport and to attain better-performance equipment, they earn of Nikes commitment to helping athletes.

Stories such as these circulate through many organisation. They typically contain a narrative of events about the organisation's founders, rule breaking, rags-to-riches successes, reductions in the workforce, relocation of employees, reactions to past mistakes, and organizational coping. These stories anchor the present in the past and provide explanations and legitimacy for current practices.

Rituals

Rituals are repetitive sequences of activities that express and reinforce the key values of the organisation – what goals are most important, which people are important, and which people are expendable.

One of the better-known corporate rituals is Wal-Mart's company chant. Begum by the company's founder, Sam Walton, as a way to motivate and unite his workforce, "Gimme a W, gimme an A, gimme an L, gimme a squiggle give me an M,A,R,T!" has become a company ritual that bonds Wal Mart workers and reinforces Sam Waton's belief in the importance of his employees to the company's success. Similar corporate chants are used by IBM, Ericsson, Novell, Deutsche Bank, ad Pricewaterhouse-Coopers.[43]

Material Symbols

Some corporations provide their top executives with chauffeur-driven limousines and, when they travel by air, unlimited use of the corporate jet. Others may not get to ride limousines or private jets but they might still get a care and air transportation paid for by the company. Only the care is a Chevrolet (with no driver) and the jet seat is in the economy section of commercial airliner.

The layout of corporate headquarters, the types of automobiles top executives are given, and the presence or absence of corporate aircraft are a few examples of material symbols. Other include the size of offices, the elegance of furnishings, executive perks, and attitre.[44] These material symbols convey to employees who is important, the degree of egalitarianism desired by top management, and the kinds of behaviour (for example, risk taking, conservative, authoritarian, participative, individualistic, social) that are appropriate.

Language

Many organisation and units within organizations use language as a way to identify members of a culture or subculture. By learning this language, members attest to their acceptance of the culture and, in so doing, help to preserve it. Organizations, over time, often develop unique terms to describe equipment, offices, key personnel, suppliers, customers or products that related to its business. New employees are frequently overwhelmed with acronyms and jargon that, after six months on the job, have become fully part of their language. Once assimilated, this terminology acts as a common denominator that unites members of a given culture or subculture.

19.6 Creating and Sustaining Culture

An organisation's culture doesn't pop out air. Once established, it rarely fades away.

Beginning of the Culture : An organisation's current customs, traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavours. This leads us to the ultimate source of an organisation's culture : i.e. its founders.

Keeping Culture Alive : Once a culture is in place, there are practice without the organisation that act to maintain it by giving employees a set of similar experiences. For example, many of the human resource practices reinforce the organisation's culture. The selection process, performance evaluation criteria, reward practices, training and career development activities and panalize those who challenge it. **Following three forces play a particularly important part in sustaining a culture :**

(a)   Selection practice

(b)   Actions of top management

(c)   Socialization methods.

(a)   Selection practice : the goal of the selection process is to identify and hire individuals who have the knowledge, skill and ability to perform the jobs within the organisation successfully. But typically more than on candidate will be identified who meets any given job requirement. When that point is reached, it would be naïve to ignore that the final decision, as to who is hired, is significantly influenced by the decision maker's judgement of how well the candidate will fit into the organisation. This attempts to ensue a proper match, whether purposely or inadvertently, results in the hiring of people who have values essentially consistent with those of the organisation, or at least a good portion of those values. Additionally, the selection process provides information to applicants about the organisation. Candidates learn about the organisation and, if they perceive a conflict between their values and those of the organisation, they can self select themselves out of the applicant. Pool selection therefore, becomes two-way street, allowing either employer or applicant to abrogate a marriage if there appears to be mismatch. In this way, the selection process sustains an organisation's culture by selecting out those individuals who might attack or undermine its core values.

(b)   Actions of top management : The actions of top management also a major impact on the organization's culture. Through what they say and how they behave, senior executives establish norms that filter down through the organisation as to whether risk-taking is desirable, how much freedom managers should give to their subordinates ; what is appropriate dress ; what actions will pay off in terms of pay raises, promotions and other rewards ; and the like.

(c)   Socialization : Socialization is a continuous process of transmitting key elements of an organisation's culture to its employees. It consists of both formal methods and informal means for shaping the attitudes, thoughts and behaviour of employees. Viewed from the organisations's perspective, socialization is like placing an organisation's fingerprints on people. From the employee viewpoint, it is the essential process of learning, the ropes to survive and prosper within the firm.

A reciprocal process emerges when changes occur in the other directions. Employees can also have an active impact on the nature of the organisation's culture and opeations individualization, occurs when employees successfully exert influence on the social system around them at work by challenging the culture or deviating from it. The interaction between socialization and individualization if shown in fig. which

shows the types of employees who accept or reject an organization's norms and values, while exerting various degree of influence. If we assume that the culture of a certain organisation invites its employees to challenge, question and experiment while also not being too disruptive, then the creative individualist can infuse new life and ideas for the organisation's benefit. The two extremes – rebellion and total conform – may prove dysfunctional for the organisation and the indivudual's career in the long run, isolation of course is seldom a productive course of action.

Socialization can be conceptualized as a process made up of three stages.

(a) **Pre-arrival :** This stage encompasses all the learning that occurs before a new member joins the organisation.

(b) **Encounter :** The new employee sees what the organisation is really like and confronts the possibility that expectations and reality may diverge.

(c) **Metamorphosis :** It is relatively long lasting change. Here the new employee adjusts to his work group's values and norms.
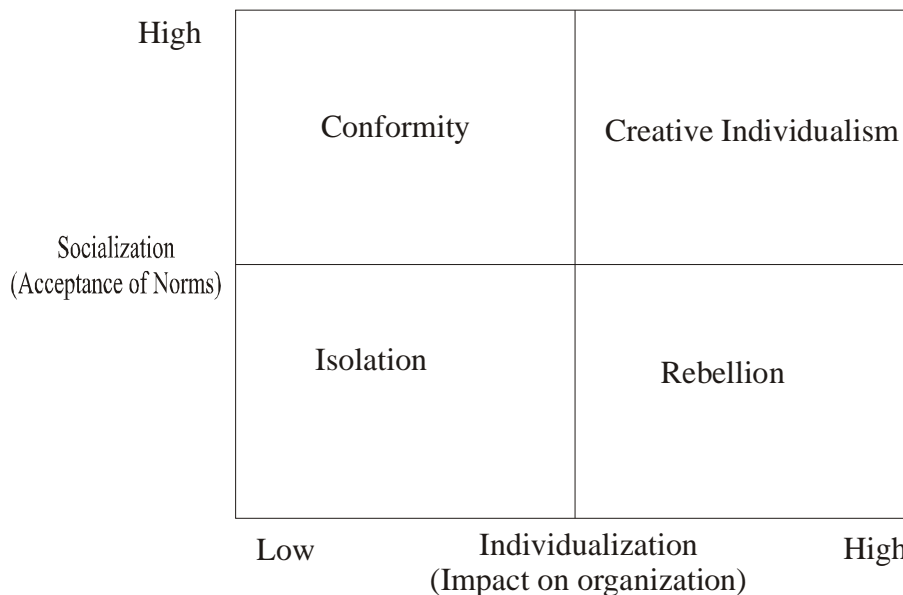

Figure Four Combinations of Socialization and Individualization

The Pre-arrival stage explicitly recognizes that each individual arrives wit set values, attitudes and expectations. These cover both the work to e done and the organisation. For instance, in many jobs, particularly in professional work, new members will have undergone a considerable degree of prior socialisation in training and in school. One major purpose of a business school, for example, is to socialize business students to the attitudes and behaviour that business firms wants. If business executives believe that successful employees value the profit ethic, are loyal, will work hard, desire to achieve, and willingly accept directions from their superiors, they can hire individuals out of business schoos who have been premoulded in this pattern. But pre-arrival socialization goes beyond the specific job. The selection process is used in most organizations to inform prospective employees about the organisation as a whole. In addition, as noted previously, the selection process also acts to ensure the inclusion of the right tube. Those who will fit in. indeed, the ability of the individual to present the appropriate face during the selection process determines his ability to move into the organisation in the first place. Thus, success depends on the degree to which the aspiring member has correctly anticipated the expectations and desires of those in the organisation in charge of selection.
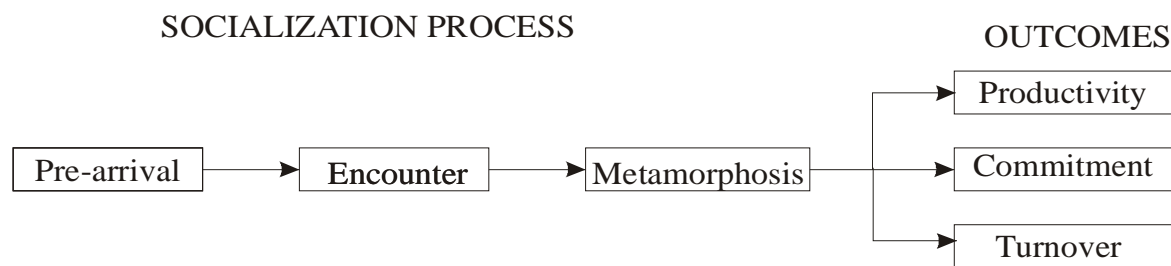
SOCIALIZATION PROCESS   OUTCOMES

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┌─────────────┐     ┌─────────────┐    ┌───────────────┐              ┌─────────────────┐
│  Pre-arrival│ ──▶ │  Encounter  │──▶ │ Metamorphosis │ ───┬───────▶ │   Productivity  │
└─────────────┘     └─────────────┘    └───────────────┘    │         └─────────────────┘
                                                             ├───────▶ │   Commitment    │
                                                             │         └─────────────────┘
                                                             └───────▶ │    Turnover     │
                                                                       └─────────────────┘
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Figure: Socialization Model

In the *encounter stage*, the individual confronts the possible dichotomy between his expectations about his co-workers, his job, his boss, and the organisation in genera and reality. If expectations prove to have been more or ess accurate, the encounter stage merely provides fo a reaffirmation of the perceptions gained earlier. However, this is often not the case. Where expectations and reality differ, the new employee must undergo socialization that will detach him from his previous assumptions and replace them with another set that the organisation deems desirable. At the extreme, a new member may become totally disillusioned with the actualities of his job and region. Proper selection should significantly reduce the probability of the later occurrence.

Finally, the new member must work out any problems discovered during the encounter stage. This may mean going through changes, hence, this stage is called metamorphosis stage. The options presented in table are alternatives designed to bring about the desired metamorphosis. The more the management relies on socialization programs that are formal, collective, fixed, serial and emphasize divestiture, the greater the likelihood that the newcomer's differences and perspectives will be stripped away and re-placed by standardized and predictable behaviours. Careful selection by management of newcomer's socialization experiences can, a the extreme, create conformists who maintain traditions and customs, or inventive and creative individualists who consider no organizational practice sacred.

We can say that metamorphosis and the entry socialization process is complete when the new member has become comfortable with the organisation and his job. He has internalized the norms of the organisation and his work group, and understands and accepts these norms. The new member fees ac-cepted by his peers as a trusted and valued individual, is self confident that he has the competence to complete the job successfully, and understands the system – not only his own tasks, but the rules, proce-dures and informally accepted practice as well. Finally, he knows how he will be evaluated, that is, what criteria will be used to measure and appraise his work, he knows what is expected and what constitutes a job well done (Table)

Table : Entry Socialization Options

Formal vs. Infromal	The more a new employee is segregated from the ongoing work setting and differentiated in some way to make explicit his newcomer's role, the more formal socialization is. Specific orientation and training programs are the examples. Informal socialization puts the new employee directly his job, with little or no special attention.
Individual or Collective	New members can be socialized individually. This describes how it's done in many professional offices. They can also be grouped together and pro cessed through an identical set of experiences, as in military boot camp.

263

Fixed vs. Variable	This refers to the time schedule in which newcomers make the transition from outsider to insider. A fixed schedule establishes standardized stages of transition. This characterizes rotational training programs. It also in cludes probationary periods, such as the six-year tenure or out procedure commonly used with new assistant professors in colleges. Variable sched ules give on advanced notice of their transition time table. This describes the typical promotion system, where one is not advanced to the next stage until he is ready.
Serial vs. Random	Serial socialization is characterized by the use of role models who train and encourage the newcomer. Apprenticeship and mentoring programs are examples. In random socialization, role models are deliberately with held. The new employee is left on his own to figure things out.
Investiture vs. Divestiture	investiture socialization assumes that the newcomer's qualities and qualifications are the necessary ingredients of job success, so these qualities and qualifications are confirmed and supported. Divesti ture socialization tries to strip away certain characteristics of the recruit. Fraternity and sorority pledges go through divestiture so cialization to shape them into the proper role.

Successful metamorphosis should have a positive impact on the new employee's productivity and his commitment to the organisation, and reduce his propensity to leave the organisation.

Table : American & Japanese Organisational Culture

American Organisational Culture	Japanese Organisational Culture
1. Performance evaluation and promotion relatively fast.	1. People are primarily generalists and they become familiar with all areas of operation.
2. Discussions are carried out by individual managers who are responsible for the out come of suc descisions.	2. Primary reiance on impicit control (self con trol). people rely heavily on trust and good will.
3. Usually short term employment. Layoffs are quite common. Lateral job mobility is also common.	3. Fairly long term, usually life time employment.
4. Career paths are very specialised. People tend to stay in the same area such as mar keting and beocme expert in their area.	4. Regorous evaluation and slow promotion.
5. The organisation is concerned with the worker's work life and his role in organisation	5.Organisation is concerned with the whole life of the worker, business as well personal and social.
6. The control systems are very explicit via policies, rules and guidelines and people are expected to strictly follow these guide lines	

19.7 Change in Organisational Culture

Following guidelines are helpful in incorporating change in organizational culture.

1. Make changes from the top down, so that a consistent message is delivered from all management team members.

2. Take out all trappings that remind the personnel of the previous culture.

3. Move quickly and decisively to build momentum and to defuse resistance to the new culture.

4. Stay the course by being persistent.

5. Assess the current culture.

6. Include employees in the culture change process, especially when making changes in rules and processes.

7. Recruit outside personnel with industry experience, so that they are able to interact well with the organizational personnel.

8. Set realistic goals that impact on the bottom line.

9. Expect to have some problems and find people who would rather move than change with the culture and, if possible, take these looses early.

19.8 Impact of Organisational Culture on Performance and satisfaction

Fig. depicts organisation culture as an intervening variable. Employees form an overall subjective perception of the organisation based on such factors as of degree of group emphasis, support of people, risk tolerance and management's willingness to tolerate conflict. This overall perception becomes, in effect, the organisation's culture or personality. These favourable or unfavourable perceptions then affect employee performance and satisfactions, with the impact being greater for stronger cultures.
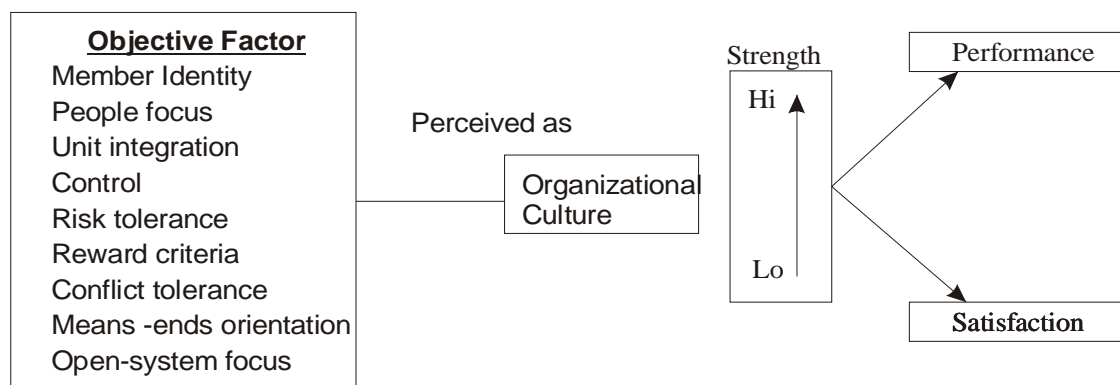

Objective Factor
Member Identity
People focus
Unit integration
Control
Risk tolerance
Reward criteria
Conflict tolerance
Means -ends orientation
Open-system focus

Perceived as

Organizational Culture

Strength
Hi
Lo

Performance

Satisfaction

Figure : Impact of Organisation Culture on Performance and Satisfaction

Culture does not have an equal impact on both employee performance and satisfaction. There is relatively a strong relationship between culture and satisfaction but this is moderated by individual differences. In general, the satisfaction would be highest when there is congruence between individual needs and the culture. For instance, an organsiation, whose culture would be desired as emphasizing individual tasks having loose supervision and rewarding people for high achievement, is likely to have more satisfied employees if those employees have high achievement need and prefer autonomy. Job satisfaction often varies according to the employee's perception of the organisation's culture.

19.9 Summary

The role of culture in influencing employee behaviour appears to be increasingly important in today's workplace.[18] As organizations have widened spans of control, flattned structures, introduced teams, reduced formalization, and empowered employees, the *shared meaning* provided by a strong culture ensures that everyone is pointed in the same direction.Organizational culture represents a common perception held by the organization's members this was made explicit when we defined culture as a system of shared meaning. We should expect, therefore, that individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms.

19.10 Key Words

- **Storeis :** They typically contain a narrative of events about the organisation's founders, rule breaking, rags-to-riches successes, reductions in the workforce, relocation of employees, reactions to past mistakes, and organizational coping.

- **Rituals** :Rituals are repetitive sequences of activities that express and reinforce the key values of the organisation – what goals are most important, which people are important, and which people are expendable.

- **Material Symbols :**material symbols convey to employees who is important, the degree of egalitarianism desired by top management, and the kinds of behaviour (for example, risk taking, conservative, authoritarian, participative, individualistic, social) that are appropriate.

- **Socialization :** Socialization is a continuous process of transmitting key elements of an organisation'scult ure to its employees.

19.11 Self Assessment Test

1. Explain the meaning of organisational culture. Why is it important ?

2. How employees learn culture ? Discuss.

3. Discuss how culture can be created and sustained.

4. Write a brief note on culture's functions.

5. What benefits can socialisation provide for the organisation ? For the new employees.

6. Discuss the implication of performance and satisfaction.