

MBA-104

ORGANIZATIONAL BEHAVIOR

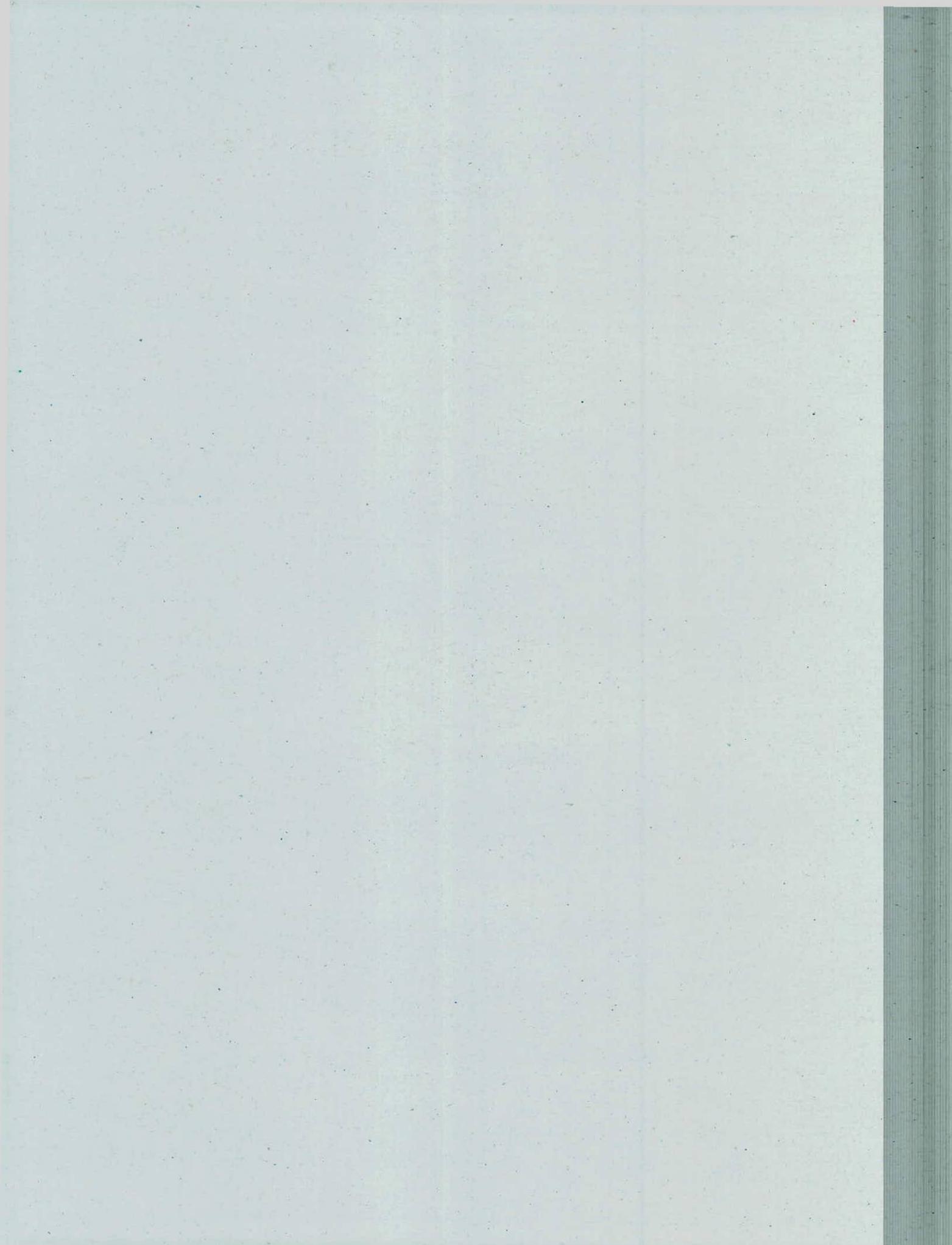


DIRECTORATE OF DISTANCE EDUCATION

SWAMI VIVEKANAND

SUBHARTI UNIVERSITY

Meerut (National Capital Region Delhi)



ORGANIZATIONAL BEHAVIOR

MBA-104

Self Learning Material



Directorate of Distance Education

SWAMI VIVEKANAND
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Where Education is a Passion ...

MEERUT-250005

UTTAR PRADESH

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CONTENTS

1. ORGANISATIONAL BEHAVIOUR: NATURE, SCOPE AND IMPORTANCE.....	1-10
1.1 Introduction	1
1.2 Definition	2
1.3 OB: Nature and Scope.....	3
1.4 Importance of OB	5
1.5 Limitations of OB	5
1.6 Disciplines Contributing to OB	6
1.7 Models of OB	7
<i>Summary</i>	8
<i>Review Exercises</i>	9
2. Perception	11-27
2.1 Introduction	11
2.2 The Perceptual Process	12
2.3 Perceptual Organisation	17
2.4 Perceptual Interpretation	19
2.5 How to Develop Perceptual Skills?.....	24
2.6 Perception and Individual Decision-making.....	25
<i>Summary</i>	25
<i>Review Questions</i>	25
3. Attitudes	28-44
3.1 Attitudes	28
3.2 Sources of Attitudes	30
3.3 Attitudes and Behaviour: Cognitive Dissonance Theory	31
3.4 Measurement of Attitude	35
3.5 Key Work Related Attitudes: Job Satisfaction	36
3.6 Organisational Commitment	41
<i>Summary</i>	42
<i>Review Exercises</i>	43

4. Personality	45–63
4.1 Introduction	45
4.2 The Big Five Models of Personality.....	48
4.3 Different Approaches to Personality	49
4.4 Personality and Self-Concept.....	53
4.5 Theories of Personality.....	55
4.6 Importance of Matching Personalities and Jobs.....	59
4.7 Aptitude, Abilities and Skills.....	60
<i>Summary</i>	61
<i>Review Exercises</i>	61
5. Learning	64–72
5.1 Introduction	64
5.2 Theories of Learning	65
<i>Summary</i>	70
<i>Review Exercises</i>	70
6. Motivation: Concept and Theories.....	73–91
6.1 Introduction	73
6.2 Importance of Motivation.....	74
6.3 The Process of Motivation.....	75
6.4 Theories of Motivation: Maslow's Need Hierarchy Theory	76
6.5 Herzberg's Two-Factor Theory	80
6.6 McGregor's Theory X and Theory Y	82
6.7 William Ouchi's Theory Z	84
<i>Summary</i>	89
<i>Review Exercises</i>	90
7. Leadership: Styles and Theories	92–115
7.1 Introduction	92
7.2 Importance of Leadership	94
7.3 Leadership Styles.....	95
7.4 Theories of Leadership.....	100
7.5 Path Goal Theory.....	110
<i>Summary</i>	113
<i>Review Exercises</i>	113
8. Groups and Group Dynamics.....	116–134
8.1 Introduction	116
8.2 Types of Groups.....	117

8.3	Stages of Group Development.....	119
	<i>Summary</i>	132
	<i>Review Exercises</i>	133
9.	Power and Political Behaviour	135–146
9.1	Introduction	135
	<i>Summary</i>	144
	<i>Review Exercises</i>	144
10.	Organisational Conflict & Negotiation.....	147–169
10.1	Introduction	147
10.2	Meaning	147
10.3	Conflict, Competition and Collaboration.....	148
10.4	Three Distinct Views of Conflict.....	149
10.5	Positive (Functional) vs. Negative (Dysfunctional) Conflict	150
10.6	Stages of Conflict Episode.....	152
10.7	Conflict and Organisational Performance.....	153
10.8	Types of Conflicts.....	153
10.9	Conflict Stimulation and Resolution	156
10.10	Reactions to Conflict.....	157
10.11	Conflict Management Strategies	159
10.12	Negotiation	162
10.13	The Negotiation Process.....	164
	<i>Summary</i>	166
	<i>Review Exercises</i>	167
11.	Grievance and Stress Management.....	170–187
11.1	Introduction	170
11.2	Grievance Handling	170
11.3	Work Stress.....	171
	<i>Summary</i>	186
	<i>Review Exercises</i>	187
12.	Organisational Change	188–208
12.1	Introduction	188
12.2	The Process of Planned Change	192
12.3	Forces for Change	194
12.4	Responses to Change	197
	<i>Summary</i>	206
	<i>Review Exercises</i>	207

13. Organisational Culture	209–230
13.1 Introduction	209
13.2 Strong Vs. Weak Cultures	212
13.3 How Employees Learn Culture?.....	213
13.4 Stories	214
13.5 Rites, Ceremonies or Rituals	215
13.6 Symbols	216
13.7 Language.....	216
13.8 Values.....	217
13.9 Assumptions	217
13.10 Practices.....	218
13.11 Types of Cultures.....	218
13.12 Creating and Sustaining Culture	219
13.13 Socialisation.....	220
13.14 Changing Organisational Structure.....	222
13.15 Ethical Behaviour and Influence of the Leader	223
13.16 Building a Positive Organisational Culture	224
13.17 Workplace Spirituality and Organisational Culture.....	225
<i>Summary</i>	227
<i>Review Exercises</i>	228

SYLLABUS

MBA-I Semester-I Year ORGANIZATIONAL BEHAVIOR

MBA-104

Course Code: MBA 103		
Course Credit: 04	Lecture: 03	Tutorial: 01
Course Type:	Core Course	
Lectures delivered:	40	

End Semester Examination System

Maximum Marks Allotted	Minimum Pass Marks	Time Allowed
70	28	3 Hours

Continuous Comprehensive Assessment (CCA) Pattern

Tests	Assignment/ Tutorial/ Presentation/class test	Attendance	Total
15	5	10	30

Course Objective: The main objective is to teach the students the main functions of management as they need a variety of skills to understand human behaviour, communicate with people, motivate employees, adapt to changes, manage new technologies, etc.

UNIT	Course Content	Hours
I	Introduction: Meaning, Nature and Scope of Management, Management Approaches, Processes and Functions, Managerial Skills, Tasks and Responsibilities of a Professional Manager; Evolution of Management Thought, Taylor and Fayol' contribution to Management, Bureaucracy, Hawthorne Studies; Management thinkers, Enterprise and Environment; Business Ethics and Social Responsibility: Meaning, Scope and Importance, Recent issues in Business Ethics.	8
II	Planning: The Nature and Purpose of Planning, Management by Objectives, Strategies, Policies and Planning Premises. Forecasting. Decision Making; Organizing: Nature & Purpose of Organizing. Span of Management, Departmentation, Line/ Staff Authority & Responsibility, Effective Organizing & Organizational Culture, Organization Charts and Manuals.	10
III	Staffing: Definition, Nature and Purpose of Staffing, Human Resource Management and Selection, Performance Appraisal and Career Strategy, Manager and Organization Development: Managing Change, Organizational Conflicts.	6
IV	Leading: Managing and the Human Factor; Motivation: Meaning, Scope and Importance, Approaches, Motivation and Performance, Approaches for Improving Motivation, Quality of Work Life; Leadership: Definition, Ingredients, Approaches; Communication: Function, Process and Barriers to Communication; Directing- Meaning, Nature and Scope, Direction and Supervision,	8

V	Controlling: Concept, The System and Process of Control, Control Techniques and IT, Productivity and Operations Control; Controlling Methods: Budgetary and non- budgetary, Overall and Preventive Control, The Quality Concept Factors affecting Quality, Developing a Quality Control System, Total Quality Control; International Management: Towards a unified, global Management Theory.	8
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Text and Reference Books

1. Essentials of Management: An International Perspective by Koontz & Weihrich, Tata McGraw Hill Education Private Limited, New Delhi.
2. Management (Text and Cases) by V.S.P. Rao and V Hari Krishna, Excel Books, New Delhi.
3. Principles and Practice of Management, L. M. Prasad, Sultan Chand & Sons, New Delhi.
4. Contemporary Management, Gareth R. Jones and Jennifer M. George, fifth Edition, Tata McGraw-Hill Education Private Limited, New Delhi.
5. Management by Stephen P. Robbins, Mary Coulter and Neharika Vohra, Pearson Publication, New Delhi.
6. Management: Principles, Processes and Practices, Anil Bhat & Arya Kumar, Oxford University Press.
7. Management and Organizational Behaviour, Mullins, 7th edition, Pearson Publication, New Delhi.
8. Organizational Theory: Structure, Design and Applications, Robbins, 13th edition, Pearson Publication, New Delhi

1. ORGANISATIONAL BEHAVIOUR: NATURE, SCOPE AND IMPORTANCE

STRUCTURE

- 1.1 Introduction
 - 1.2 Definition
 - 1.3 OB: Nature and Scope
 - 1.4 Importance of OB
 - 1.5 Limitations of OB
 - 1.6 Disciplines Contributing to OB
 - 1.7 Models of OB
- Summary*
Review Exercises

1.1 INTRODUCTION

People work in organisations in order to build their careers, realise their dreams and achieve success. They join organisations with high expectations. When they get what they want, they get along with others quite happily. Unlike in the past most employees nowadays are in search of jobs that are interesting and challenging. They want to contribute, get recognised and rewarded. They want to find meaning in their day-to-day work life. Striking a balance between what the employees want and what the organisation can offer – has become a knotty issue for many managers. Organisations are nothing but groups of people who work interdependently towards some purpose. When employees are presented with jobs that have stretch, pull and challenge – they are encouraged to put their best foot forward and produce wonderful results. They are motivated to work with passion, zeal and commitment. Unfortunately, the scene out there in the marketplace is not all that rosy. Most people work in organisations, since they do not have a choice. They do not get what they want. They are made to work in poor surroundings. They are made to fight for everything almost on a daily basis with their own colleagues – thanks to the scarcity of critical resources and lucrative opportunities. They are pushed to the wall and made to swallow their pride and work unhappily wearing a mask to cover up their inner feelings, thoughts and concerns. Yes, this is where Organisational Behaviour (OB) steps in to help managers understand what people think, feel and do in and around organisations. In fact, the present text is all about people working in organisations. We try to look at the soft side of the coin – that is the feelings, emotions, concerns, expectations and reactions of

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people to any organisational initiative. We also look at how individuals and groups work towards common goals within the boundaries set by the organisation. We also look at how the organisations respond to the demands of people – both individually and collectively – and try to put out fires from time to time. In a way, we are going to focus attention on what people do in organisations and how their behaviour affects the organisational performance.

Organisational Behaviour, as things stand now, may be studied from various angles.

1. The *classical approach* emphasized the need for a structure with well-defined rules, regulations and lines of authority.
2. The *behavioural approach* shifted the focus to human and social needs. Structure has no meaning unless you sell the idea to employees and take them along with you.
3. The *quantitative approach* emphasized the application of quantitative analysis to management decisions and problems. The focus was more on solving technical rather than human behaviour problems.
4. The *systems approach* looked at organisations as a series of inputs, transformation process and outputs. It viewed the organization as an entity with interrelated parts with a unifying purpose, surviving and flourishing in its environment.
5. The *situational/contingency* approach encouraged managers to use the concepts and methods of traditional, behavioural and systems viewpoints, depending on the circumstances they face at the time.

1.2 DEFINITION

Organisational behaviour (OB) is a study of human behaviour in the workplace. Precisely stated, it is a systematic study of human attitudes, behaviour and performance – on what people do in an organisation and how that behaviour impacts the performance of an organisation. The focus is on what people think, feel and do in and around organisations. The psychological, behavioural and social side of human beings as members of an organisation is put to a close examination.

Broadly speaking, OB is actually an *applied behavioural science* that is built on contributions from a number of behavioural disciplines such as psychology, sociology, social psychology, anthropology and economics. It seeks to systematically examine the individual, group and structural characteristics that influence behaviour within organisations. The basic aim is to improve our knowledge of why do people behave the way they do? What prompts different people to react differently to the same situation? Why only some organisations emerge as winners and why many others fail to deliver results? Its goals are to make managers more effective at describing, understanding, predicting, and controlling human behaviour.

1. **Describe behaviour:** How people behave under a variety of conditions.
2. **Understand behaviour:** Understand why people behave as they do in organisations.
3. **Predict behaviour:** Predict future employee behaviour, which employees might be dedicated and productive or which ones might be absent, tardy or disruptive on a certain day.

4. **Control behaviour:** Control and develop some human activity at work (skill development, team effort and productivity).

1.3 OB: NATURE AND SCOPE

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OB offers a set of tools – concepts and theories – that help people to understand, analyze, describe and manage attitudes and behaviour in organisations. It tries to look into what goes on in organisations and why. Like why X wants to quit the job and Y is willing to hang on for over three decades in the same organisation. Why some people work with passion, love and commitment and while others waste resources and spend their time unproductively. The study of OB offers guidelines that help people at work to understand and appreciate the many forces that influence behaviour in organisations. It helps people working at all levels to make appropriate decisions about how to behave and get along with other people in order to achieve organisational goals.

1.3.1 Features of Organisational Behaviour (OB)

The essential features of OB are listed as under:

Three Levels of Analysis

OB focuses attention on three distinct levels of analysis – individuals, groups and organisations. OB tries to look into the impact the individuals, groups and organisations have on the behaviour of members working in an organisation. It tries to utilise this knowledge with a view to improve organisational performance. (Greenberg and Baron)

1. **Distinct field of study:** Over the years, OB has emerged as a distinct field of study – of what people think, feel and do in and around organisations. A large number of research studies and conceptual developments are constantly being added to its knowledge base.
2. **Interdisciplinary in nature:** OB is an interdisciplinary field dedicated to better understanding and managing people at work. It draws on a wide variety of social science disciplines, including psychology, sociology, anthropology, economics, political science, etc.
3. **Use of scientific methods:** The field of OB seeks to develop a base of knowledge about behaviour in organisations by employing an empirical, research-based approach. As such, it is based on systematic observation and measurement of the behaviour or phenomenon of interest.
4. **Focus on application:** The field of OB lays emphasis on applications that can make a real difference in how organisations and people in them perform. For example, researchers have shed light on practical questions as to: what steps could be taken to reduce work-related stress, what can be done to improve quality of organisational communication, under what conditions individuals make better decisions than groups, etc. (Greenberg and Baron)
5. **Focus on both sides of the coin:** OB is a science because it seeks to study human behaviour through the use of – scientific methods – observation, collection and analysis of data and interpretation of data by looking into the relationships

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among variables, etc. Human behaviour is highly unpredictable and as such the predictive value of OB remains a questionable issue always. OB, at best, may be viewed as an inexact science. As rightly pointed out by Luthans, it is possible to predict relationships between variables affecting behaviour on a broad scale but it is difficult to apply predictive models on an individual basis. OB is an art in the sense that the knowledge gained through a scientific process of observation and analysis can be put to good use by managers while dealing with individuals under a variety of situations.

6. **Contingency thinking:** OB relies on contingency thinking (meaning that *different situations require different behavioural practices for greatest effectiveness*) while trying to understand and solve work-related problems. The strength of the contingency approach is that it encourages a close examination of each situation prior to action while at the same time discouraging habitual practice based on universal truths about human beings. OB recognises that management practices must be tailored to fit the exact nature of each situation and rejects the classical thinking that there is one best or universal way to manage people and organisations. (Schermerhorn, Hunt, Osborn)
7. **Subset of management:** Management may be defined as the pursuit of organisational goals, effectively and efficiently. Efficiency means to use resources wisely and cost-effectively. Effectively means to achieve results to make the right decisions and successfully carry them out to achieve the organisation's goals. Since these goals are unattainable without human input, OB is a significant subset of management.
8. **Positive and optimistic:** Modern OB is positive in nature and is very optimistic about human nature and behaviour. The traditional, negative thinking about employees (that they are basically lazy, irresponsible and require constant supervision and external controls, etc.) is being rejected in favour of a more democratic approach where employees are trusted, treated with respect and every attempt is made to improve the quality of life at work. (Greenberg and Baron)
10. **Integrative in nature:** OB seeks to balance human and technical values at work. It seeks to achieve productivity by building and maintaining employee's dignity, growth and satisfaction, rather than at the expense of these values. OB seeks to fulfill employees' needs and aspirations while trying to realise organisational goals.

The focus of OB is on human behaviour at work. As we all know, human beings are complex. They are not alike and they are gifted with unique brains. Two people often act very differently in the same situation and the person's behaviour changes in different situations. Keeping this in the backdrop, we can safely conclude that OB does not offer any simple solutions or universal guidelines as far as human behaviour is concerned. It all depends on circumstances, situations and several other contingencies. OB certainly helps us to look at everything from a fresh perspective – paying attention to a wealth of research based theories about how people behave in organisations – before arriving at an informed decision.

1.4 IMPORTANCE OF OB

OB, is important to managers because of the following reasons:

- **To uncover hidden aspects of the organisation:** Often, managers in their anxiety to get results through others, tend to focus attention on strategies, objectives, policies, procedures, structure, technology, formal authority, chain of command, which is the formal side of the organisation – ignoring the human side of the coin completely. By forcing managers to focus attention on the actions of people at work, OB tries to uncover the hidden aspects of organisation such as attitudes, perceptions, group norms, informal relationships, interpersonal and intergroup conflict, etc. it makes them realise the importance of taking the human element into account while translating mega corporate dreams into concrete reality.
- **Explain and predict behaviour:** OB helps managers to explain why individuals behave as they do in organisations, why individuals in groups behave differently than individuals acting alone, why monetary incentives have only a limited impact on individual motivation and satisfaction, why a certain amount of conflict is healthy for organisations, why people skills are most important to managers while running the show. By focusing attention on individual and group level characteristics, OB tries to explain and predict behaviour. Because they achieve results through others, managers will be more effective leaders if they have an understanding of human behaviour.
- **Acquire 'people skills' and win the race:** One popular reason for studying OB is to learn more about 'people skills' and apply them in work situations and come out of the race victoriously. People can distract the organisation from its professed path by engaging in conflict and misunderstandings, or they can pool their diverse talents and perspectives to achieve much more as a group than they could ever do as individuals. (R. L. Daft) By understanding what causes people to behave as they do, managers can exercise leadership to achieve positive, encouraging and even stunning results from time to time. To succeed as a manager, one has to read OB and apply the knowledge in an intelligent manner.
- **Formulate informed judgements:** Generally speaking, OB does not offer magic solutions to behavioural puzzles in an organisation. (Hamner and Organ) There is no substitute and neither will there be ever any substitute for judgement of the practicing manager in dealing with specific situations. OB can only help in formulating an informed judgement that can be derived from tenable assumptions; judgement that takes into account the important variables underlying the situation, judgement that assigns due recognition to the complexity of individual or group behaviour; judgement that explicitly takes into account the manager's own goals, motives, hang-ups, blind spots and frailties.

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1.5 LIMITATIONS OF OB

OB is not without its critics and problems. Some of the limiting factors that impact OB may be listed thus:

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1. **Theoretical soundness open to doubt:** OB is built around research that deals with complex human behaviour about which very little can be said with absoluteness. Based on research we cannot formulate and come out with certain generalisations that are applicable to all people and in all situations. The problem with OB is that it has no unified theory. Whatever little is known about human beings should be tempered with what the manager has gained through observation and practice.
2. **Behavioural flavour:** OB might stretch a point too far while trying to come to the aid of employees as human beings. No organisation can afford to miss other important elements of work in the name of meeting employee expectations, concerns and demands. You have many other stakeholders demanding their share of the cake. And you need to put all energies focused on getting results – results that are far superior to your rivals in your own self-interest.
3. **Manipulative behaviour:** Often managers resort to manipulating people, putting OB concepts and guidelines to personal advantage. In the name of trying to get results you cannot obviously take people for a ride. There is an ethical and moral angle to everything you do. Results, of course matter. But you cannot ride over people – putting the knowledge, techniques and guidelines offered by OB to gain an upper hand over everything.

1.6 DISCIPLINES CONTRIBUTING TO OB

OB is multidisciplinary in nature. It is, in fact, an applied behavioural science that is built on contributions from a wide variety of social science disciplines, such as psychology, sociology, social psychology, anthropology, political science and economics.

1. **Psychology:** Psychology is a science that seeks to understand, explain and possibly change the behaviour of humans and other animals. The areas that have contributed and continue to add to the knowledge of OB include, understanding motivation at work, leadership effectiveness, perception and work stress, decision-making, learning theories, personality and attitude analysis.
2. **Sociology:** Sociology studies people in relation to their fellow human beings. The inputs from sociology flowing into OB include, group dynamics, work teams, organisational culture, interpersonal and intergroup communications, power, conflict, organisational structure and bureaucracy.
3. **Social psychology:** While psychology deals with individual behaviour and sociology deals with group behaviour, the social psychology examines interpersonal behaviour (influence of people on one another). The social psychologists focus attention on intergroup activities and decision-making processes, integration of individual needs with group activities, effect of change on individuals and how people cope with 'change'.
4. **Anthropology:** Anthropology is the study of societies, which helps us learn about human beings and their activities. It studies the cultural impact of individual behaviour. Our cultural roots, often, shape our value system and help us draw the curtain between what is right and wrong. The cultural upbringing and the values learnt over a period of time, help us fit in with established norms of behaviour.

Anthropology, thus, contributes a lot in understanding the impact of culture on OB, values systems, norms, sentiments and group linkages.

- 5. Political science:** Political science examines the behaviour of individuals and groups within a political environment. Major areas of interest that are related to organisational behaviour include political manipulation, allocation of power, conflict and conflict resolution, using power for personal gains.

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1.7 MODELS OF OB

A model is a simplified presentation of some real-world phenomenon. The OB model, as mentioned earlier, focuses attention on three distinct levels of analysis – individuals, groups and organisations. It tries to look into the impact the individuals, groups and organisations have on the behaviour of members working in an organisation. It tries to utilise this knowledge with a view to improve organisational performance. The model of OB is generally built around two sets of variables, namely dependent variables (productivity, absenteeism, turnover, job satisfaction) and independent variables (individual level variables, group level variables and organisation system level variables). The basic objective of any model of OB is to make managers more effective at describing, understanding, predicting and controlling human behaviour.

Over the years, five different models of OB have emerged, typically representing beliefs that have significantly influenced management thought and actions, namely, autocratic, custodial, supportive, collegial and system.

- 1. The Autocratic Model:** The autocratic model is based on a traditional set of assumptions about people. Managers believe that people have an inherent dislike of work and will avoid it whenever possible. Most people, being lazy, prefer to be directed, want to avoid responsibility and are relatively unambitious. They must, therefore, be controlled or even threatened with punishment to get them to work towards organisational goals. External control is appropriate for dealing with such unreliable, irresponsible and immature people. Managers have to be strict and authoritarian, if subordinates are to accomplish anything. Since the boss knows what is best for the employees and the organisation as a whole, employees have to simply follow the orders. Obedience to the boss is very important, as he has the power to hire fire and 'perspire' the subordinates. The boss pays, in the end, minimum wages because minimum performance is given by employees.
- 2. The Custodial Model:** The autocratic model compels to be obedient, much against their wishes. There is no way to express their concerns and feelings. Unable to ventilate their grievances, they turn hostile and develop feelings of insecurity and exploitation. To overcome such negativism, managers had to come out with welfare programmes (mainly fringe benefits and other economic rewards) to take care of the physical (thereby covering the subsistence needs of employees) and security needs of employees. They now look towards the organisation (instead of the boss) for a fair share of the cake and are willing to extend their cooperation passively (remember, not enthusiastically). No doubt, they are happy but since there is no attempt to involve or empower them in organisational work, their commitment to the job and the organisation is only minimal. Therefore, not

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surprisingly, throughout the 1940s and 1950s the researchers highlighted the fact that 'happy employees may not be productive employees'. Slowly but steadily, managers began to understand that mere paternalism would not make employees feel fulfilled or motivated.

3. **The Supportive Model:** As rightly indicated by The Hawthorne Experiments, understanding human behaviour in organisations is central to the success of any cooperative effort. People consistently describe the best workplaces as those where people are valued and cared about, as manifest through such things as employee participation, sensitivity to work or family concerns, good two-way communication, and fun. These all relate to the human side of businesses. A healthy, supportive work climate would enable employees to contribute to the best of their abilities. The supportive model, therefore, advocates sympathetic, understanding and caring leadership in place of power or money. Participation and task involvement would help employees to satisfy their psychological needs, in addition to the physiological and safety needs. The manager's role is one of helping employees solve their problems and achieve results.
4. **The Collegial Model:** The term 'collegial' relates to a body of people working together cooperatively. The model is found to be useful while carrying out unstructured work, somewhat intellectually challenging and requires a kind of 'meeting of minds'. In this case, the managerial orientation is towards teamwork. The manager would rather act like a coach and motivate team members to take charge of work independently. They are forced to exercise self-discipline, set a reasonable pace for themselves and meet the targets enthusiastically. They are encouraged to uphold quality standards so that they can bring laurels to their company in the end.
5. **The System Model:** This is reflective of the values underlying positive Organisational Behaviour. The model is in sync with modern management thought that essentially believes that organisations can take advantage of the imagination and intellect of all their employees. A sense of caring is said to be the foundation of managerial success. The need of the hour is to find leaders who are willing to "give people the freedom to do what they want" and facilitate employee accomplishments through a variety of actions.

SUMMARY

- People join organisations with a lot of expectations. Organisations, in turn, seek superior performance, sincere and dedicated work from employees. Managers have to balance these demands and deliver results.
- Organisational behaviour is a study of human attitudes, behaviour and performance. OB is a distinct field of study and it is interdisciplinary in nature. It is enriched by inputs received from social sciences, such as psychology, sociology, anthropology, economic, political science, etc.

- OB models focus attention on three distinct levels of analysis – individuals, groups and organisations. It tries to look into the impact the individuals, groups and organisations have on people working inside an organisation.
- Over the years, five models of OB have emerged, namely: autocratic, custodial, supportive, collegial and systems.

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REVIEW EXERCISES

1. What is organisational behaviour and why is it important?
2. Examine the fundamental concepts that form the basis of OB. Which concepts do you think are more important than the others? Explain why?
3. Discuss the nature, scope and importance of OB.
4. What is the need of OB? Can you provide some justification?
5. Explain briefly the features of modern OB.
6. What is OB? Discuss its nature. What are the contributing disciplines to OB?
7. Examine the trends in the models of OB as they have developed over a period of time. Why have the trends moved in a positive direction?
8. What is a contingency approach to OB?
9. What are the three levels of analysis in the OB model suggested in the text. Are they related? If so, how?
10. Assume that a friend comments thus: "OB is selfish and manipulative, because it serves only the interests of management." How would you respond to this statement?
11. Do you think OB can contribute to both the effective functioning of organisations and to the well-being of individuals at the same time? Illustrate with a few some examples.
12. OB deals with human thoughts, feelings, emotions and actions in a work setting. Explain how an individual's behaviour at home and in society affects his behaviour in organisational environment.
13. "Why do managers often describe people problems as their most frequent and challenging difficulties?"
14. "Understanding human behaviour in organisations is central to the success of any cooperative effort." Critically examine the statement.

CASE STUDY Dealing with Unwanted Hands

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Baleram was to celebrate his 60th birthday in a few days. As per the rules of the company the age of retirement of all employees was fixed at 60 years. Accordingly, a notice was served on Baleram terminating his services for after completing 60 years as per company records. Four days later, Baleram produced a birth certificate certifying that his age was 57 years. The company was obliged to withdraw the notice served on him and to continue his employment for three more years.

Baleram worked in the processing section of the company's mills. In his youth, he had a good physique and a dominating personality. He was a group leader in the Communist Party and was always a terror to his workers, and supervisory staff. His performance on the job was not bad. However, for the last five years, he had become sick and weak and he could not even walk straight. During the eight-hour shift period, he used to sleep quietly in one corner to the knowledge of everyone, including the Factory Manager, who did not take action against him because he was about to retire in a few years. Baleram also remained absent on many occasions on medical grounds. Fearing that he would be discharged on medical grounds, he produced a fitness certificate from one of the panel doctors of the Employees' State Insurance Scheme so that the management would be legally bound to employ him. The management wondered how a fitness certificate was issued to a person – who could not even stand erect for half an hour – by a doctor approved by the Employees' State Insurance Scheme.

Baleram himself orally admitted before the management that he could not work at all. He had offered to resign if (1) the management gave him 25 months' salary as compensation in addition to what was entitled to under the retirement rules (he was then earning ₹ 4,500 per month); or (2) the management appoints his son in place of him. Baleram's son was equally active in party affairs and was believed to be the leader of a group of gangsters. Considering the other alternative of paying him 25 month's wages, the management wondered whether such a course of action, apart from its financial implications, would set a good precedent. Management also knew that such a situation never arose before in the history of the company. They also considered why disciplinary action should not be taken against a person who could not stand even for a few minutes. While considering all these alternatives, management was well aware of the Union's strength and the desirability of avoiding any situation that might disturb union-management's relations. However, management was certain that some action should be taken in the matter.

Question

Discuss the Pros and Cons of each of the following alternative courses of action:

- (a) Take no action. Continue Baleram in employment till he retires.
- (b) Appoint Baleram's son in his place.
- (c) Pay him 25 months' salary as compensation and get rid of him.
- (d) Take disciplinary action on Baleram for his inefficiency and irregularity and discharge him.

2. PERCEPTION

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STRUCTURE

- 2.1 Introduction
- 2.2 The Perceptual Process
- 2.3 Perceptual Organisation
- 2.4 Perceptual Interpretation
- 2.5 How to Develop Perceptual Skills?
- 2.6 Perception and Individual Decision-making

Summary

Review Exercises

2.1 INTRODUCTION

Perception is the process by which people select, organise, interpret and respond to information from the world around them. It may be described as a *person's view of reality*. Perception has three important elements.

- Firstly, the perceiver who tries to interpret some observation that he or she has just made.
- Secondly, the target of perception, that is what the perceiver is trying to make sense of. The target can be a person, a group of people, an event, a situation or anything that attracts the attention of the perceiver.
- Finally, the situation—that is the context in which the perception takes place.

2.1.1 Perception: Features

Perception, simply stated, is the process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment. Research states that many individuals may look at the same thing, yet perceive it differently. The important features of 'perception' may be listed thus:

- **Sensory experience:** Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli.

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- **Subjective:** Perception is a subjective process, because different people may look at the same event from different angles and interpret the same in multifarious ways. The world is not the same for different people. Often, people tend to behave on the basis of what they perceive reality to be and not necessarily as what reality is. (A quick look at the Fig. 2.1 reveals that the first line is shorter than the second line. If you actually measure them they are equal in length!).
- **Filter:** Perception is a way of forming impressions about oneself, other people and daily life experiences. It serves like a filter through which information passes before it has an effect on people. The quality or accuracy of a person's perceptions, therefore, has a major impact on his or her responses to a given situation.
- **Unique interpretation:** Perception is a unique interpretation of the situation, not an exact recording of it. It is, in fact, a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different from reality. (*Luthans*)
- **Seeing things differently:** Seeing things differently is an inevitable outcome of perception. Because of individual differences in what people perceive and how they organise and interpret it, perceptions vary among people and differ from objective reality. Our experiences, expectations and interests influence what we see, and what we see may actually differ from the truth. As rightly pointed out by Plato, we see reality only as shadows reflected on the rough wall of a cave (that is reality being filtered through an imperfect perceptual process).
- **Basis of human behaviour:** There can be no behaviour without perception and perception lies at the base of every individual behaviour.

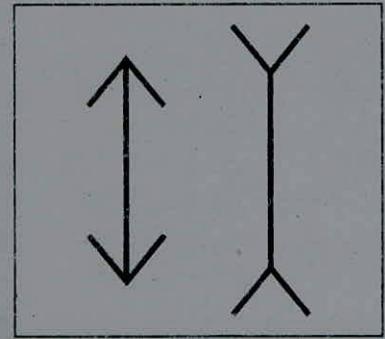


Fig. 2.1 Are these Two Lines of the Same Size?

2.2 THE PERCEPTUAL PROCESS

Perception is the process of interpreting and understanding one's environment. It is a complex psychological process, but it can be boiled down to the following steps:

2.2.1 Observation and Selection

Every second of everyday, individuals are bombarded by countless stimuli through the human senses of sight, hearing, touch, smell and taste. We attend to only a small portion of these stimuli. Since we are not in a position to digest all that we observe, we engage in selectivity. We collect bits and pieces of information from environment – depending on our interests, background, experiences, etc. Also, we tend to see only what we want to see. Out of a hundred children playing in a park, 'X' often would look at what his own kids are doing. Thus, people perceive what is most important for them in a particular situation. While in a bus, for example, an employee who is already

late for his office is quite likely to look at his watch time again and again rather than two lovers sitting in front of him 'relevancy' is one important criterion for selective perception. People perceive things that are pleasing to them, ignore what is mildly disturbing, and pay close attention to what are considered as threat to them. An event or object looks meaningful only when it is closely related to the perceiver. We may read the news that war is broken between Iran and Iraq but hardly pay any attention to it. We, however, pay attention when our friend is at the war site on a peace mission. The more clearly an event is related to us, the greater will be its effect on perception. *Perceptual Selection, thus, is the tendency to filter out information that is discomforting, that seems irrelevant, or that contradicts one's beliefs.* Perceptual selection depends on several factors, some of which are in the environment and some of which are internal to the perceiver.

External Factors Influencing Perception

Perception is influenced by the characteristics of the perceived object, event or person. These include:

- **Size:** The larger the object, the more likely it is to be noticed. Big televisions, refrigerators in a shopping mall stand out very clearly and attract our immediate attention (because of their size relative to other things in that area). In advertising, a full page spread attracts more attention than a few lines in some corner of the newspaper. People often pay more attention to an exceptionally tall or unusually short person than to a person of an average size.
- **Intensity:** The intensity principle of attention states that the more intense the external stimulus, the more likely it is to be perceived. A loud noise, strong odour, or bright light will be noticed more than a soft sound, weak odour or dim light. For example, at a cocktail party, the more boisterous and outgoing people have a greater probability of being heard. You may think a loud person is prohibitive or you may enjoy his or her antics, depending on your feelings towards the person. In either case, the probability is high that owing to the intensity of the person's action, you will pay more attention to him or her. Bright packaging, loud price off announcements and celebrity endorsements – are often used by advertisers to gain consumer's attention.
- **Contrast:** Stimuli which contrast with the surrounding environment are more likely to be selected for attention than stimuli which blend with the environment. Figure 2.2 illustrates this perceptual principle. The white circle on the left appears much larger than the one on the right because of the contrast with the background circles. Both white circles are exactly the same size.



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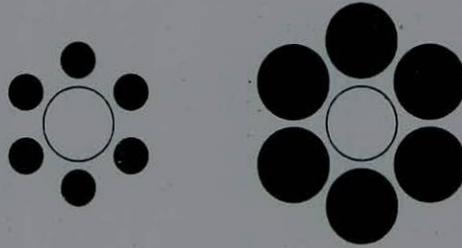


Fig. 2.2 The Contrast Principle. Which White Circle is Larger?

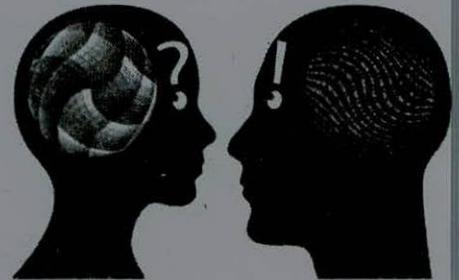
Again, the “no smoking” sign written in black against a yellow background is likely to be noticed more quickly because of the contrast factor. Women brokers in a stock exchange making presentations to their clients are likely to be remembered (not merely the face but also the name) for a while, than their male counterparts.

- **Repetition:** A repeated external stimulus attracts more attention than a single one. People are attracted to a stimulus that is repetitive in nature. If we listen to a CD that skips, continuing to play the same message over and over again, we are very quickly attracted to the sound; we want to correct it before it drives us nuts! The principle of repetition is used extensively in advertising to attract the attention of buyers. For example, Nike uses ‘swoosh’ symbol consistently throughout the globe on all its products so that the prospective buyers are bombarded with the same message wherever they go.
- **Motion:** A moving stimulus is more likely to be noticed than a stationary object. An animated sign, for example, attracts more attention than a fixed billboard.
- **Novelty and familiarity:** A stimulus that is new and unique will often be perceived more readily than stimuli that have been observed on a regular basis. Thus, new objects in a familiar setting or familiar objects in a new setting will draw the attention of the perceiver. An elephant walking along a city street is noticed almost instantaneously. A mother is likely to notice the face of her child first among a group of approaching school children.

Internal Factors Influencing Perception

Several characteristics of the perceiver also can influence the selection of sensory data. Some of the more important internal factors include:

- **Personality:** People are most attentive to stimuli that reinforces their personality. Those who accept themselves and have faith in their individuality perceive things favourably. Likewise a person with a positive self-concept is likely to notice positive attributes in another person.
- **Personal moods:** Our emotions often filter out large blocks of information that threaten our mental state. When you feel depressed or insecure, the world is a very different place than it is when you are confident. We generally remember information that is in line with our mood than information that is not in sync with our state of mind.



- **Experience:** Successful experiences enhance and boost the perceptive abilities and lead to accuracy in perception of a person whereas failure comes in the way of self-confidence.
- **Values and beliefs:** We tend to remember information that is consistent with our values and attitudes and ignore information that is inconsistent with them. "Employees only do enough work to get by"; "In spite of all their mistakes, our employees are doing the best they can" – beliefs such as these can shape the way a manager interprets an employee's action.
- **Expectations:** Expectations can influence your perceptions in that you will see what you expect to see. If you imagine your boss is unhappy with your performance, you are likely to feel threatened by the termination notice. However, if you imagine that your work is exceptionally good, you will probably spend your weekend in a happy manner.
- **Learning:** Learning refers to any relatively permanent change in behaviour that occurs as a result of experience. Learning usually plays big role in developing perceptual mindset. A perceptual mindset is an expectation of a particular interpretation based on past experience with the same or similar object. For example, read the phrase in the triangle below in a routine way (Fig. 2.3).

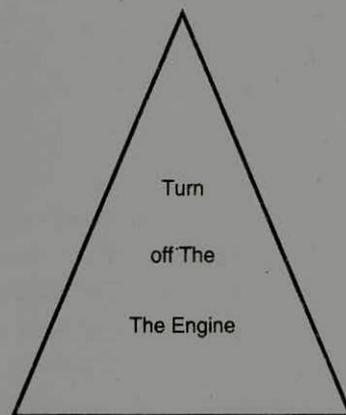


Fig. 2.3 Impact of Learning in the Development of Perceptual Mindset

Because of the familiarity with the phrase, we tend to read, 'turn off the engine'. After a few seconds, you tend to notice the fact that the word 'the' appears in the triangle twice. Many illustrations could be used to demonstrate the impact of learning in the development of perceptual mindset. What do you see in the following picture? (Fig. 2.4)



Fig. 2.4 Ambiguous Picture of a Woman

A young woman or an old woman? (Psychologists reported that when shown first, 60 per cent saw a young woman and 40 per cent saw an old woman). Which woman is seen depends on how the person is set to perceive. Now take a look at the following two clear pictures (Fig. 2.5).

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When first shown a clear, unambiguous picture of a young woman (Fig. 2.4) and then shown Fig. 2.5, the person will almost always report seeing the young woman in Fig. 2.6. If the clear picture of the old woman is seen first (Fig. 2.5), the viewer will subsequently report seeing the old woman in Fig. 2.4 because of learning that has taken place because of previous exposure. Perceptual mindset has many implications for organisational

behaviour. One classic study found that when executives were asked to determine the key problem in a complex business case, they identified the problem as falling within their particular functional area of work – they evidently filtered out information about other areas. That is, human resource managers said the particular problem was a people issue, marketing executives said it was a sales issue, and production people said it was a manufacturing issue. It is not important for us to find out who is right or wrong in this case, rather, the relevant point is that all the involved personnel perceived the same situation in completely different ways. Likewise, in labour management disputes also, management may often confront the wage related disputes by saying that workers are already overpaid, whereas workers feel that they get considerably less than their counterparts in competing organisations.

1. **Motivation:** Motivation also plays a significant role in influencing the process of perception. A hungry person would react quickly to the sight or scent of food than a non-hungry person. Any mention of sex, especially in a traditional society like ours, is likely to grab headlines. An outgoing employee with strong affiliation motives would always seek situations where he can join a group and enjoy the fun. Likewise, power-hungry people would look for opportunities where they can show their dominance and exercise their will over others. For example, if you had just been in a serious automobile accident, you would likely perceive the white-jacketed paramedic rushing to your help as a fine person. Yet if you were not motivated by a need for medical help and you saw this same individual in a restaurant or shop, your perception might be entirely different. "That person looks like a vagabond to me". Same person – different perceptions. In short, our perceptions are guided by our needs, interests and motives. Generally speaking, people perceive things that promise to help satisfy their needs and that they have found rewarding in the past.

Perceptual selectivity has important implications for managers. It compels managers to understand and appreciate why one person sees things differently from others, and why one should not speed read situations and come to conclusions quickly based on oversimplified assumptions. In the end, both managers and employees have to realise that perceptual differences are bound to come in the way of effective group efforts and learn to deal with such diversity through open communication.

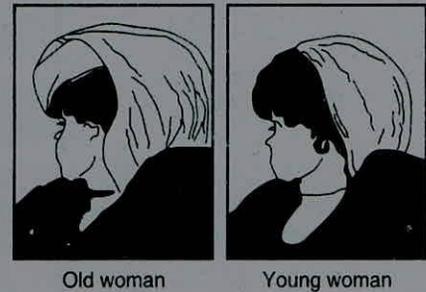
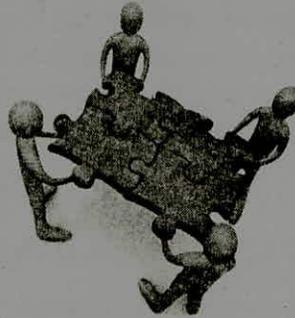


Fig. 2.5 Clear Pictures of the Old and the Young Women

2.3 PERCEPTUAL ORGANISATION

Once people have selected the sensory data to be perceived, they begin grouping the data into recognisable patterns. Perceptual organisation is the process by which people categorise stimuli according to their frame of reference, based on their past learning and experiences. While organising the incoming information into a meaningful whole, people generally depend on the following principles:



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2.3.1 Figure Ground Principle

In the perceptual field, certain factors are considered significant and give a meaning to the person, and certain others which are rather unimportant for a person or cannot be studied are left as insignificant. The meaningful and significant portion is called the 'figure' and the insignificant or meaningless portion is labelled as 'ground'. For instance, the printed words on this page are the 'figure' and the white space is the 'ground'. The information we classify as figure is assigned more importance than that which we view simply as background. The employee's psychological storage and subsequent interpretation of information will be affected by whether he classified the information as figure or ground. Figures 2.6 (a) and (b) present a classic example of figure-ground differentiation.

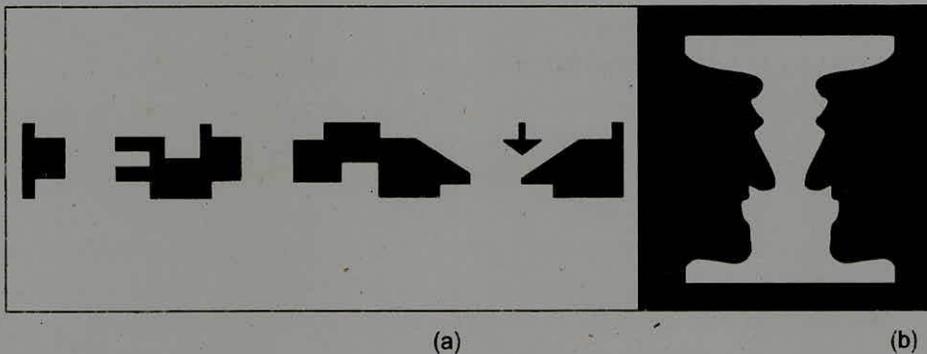


Fig. 2.6 Illustration of Figure Ground Principle

At the first glance of Fig. 2.6 (a), you may perceive a jumble of black, irregular shapes against a white background. But when white letters are seen against a black background you get the words "FLY", that jumps out with clarity; (b) This is the famous cup-faces illustration. If you concentrate on black portion, you notice white cup. On the other hand, if you concentrate on white portion, you get two faces facing each other. What becomes ground or what becomes figure is largely influenced by our needs and expectations. For instance, when we enter a dark movie theatre, we do not immediately consider what is going on the screen; rather we focus on the seat. Once we find a seat, the seat becomes ground and movie switches from ground to figure.

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When there is no figure-ground pattern to organise information, we have to live with lot of ambiguity. For example, in Fig. 2.7, do we see a white wine glass or a white table leg against a non-white background or do we visualise two persons facing each other against a white background?

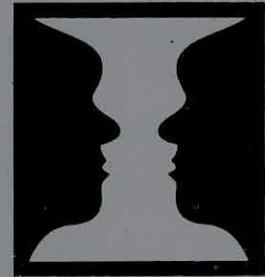


Fig. 2.7 Is the Figure a White Vase (or goblet, or bird-bath)?

2.3.2 Perceptual Grouping

People or things can be grouped on the basis of similarity or proximity. The greater the similarity in the events, the greater is the probability that we tend to perceive them as a group. Further, objects that have close proximity are also grouped under one head, howsoever, they are unrelated. For instance, if in a department two people suddenly resign, then people tend to perceive that their departures were closely related; whereas in reality it might not be so. One might have got a foreign assignment; other might be starting his own business.

- (a) **Closure:** People when faced with incomplete information have a tendency to fill in the gaps themselves. When presented with a set of stimuli that are incomplete, people fill in the missing parts and make it more meaningful. The tendency to organise perceptual stimuli so that they form a complete message is known as 'closure'.



Fig. 2.8 The Principle of Closure: Illustration

In the drawing below, we mentally close the gaps and perceive a picture of a duck. This tendency allows us to perceive whole objects from incomplete and imperfect forms. In organisations, managers usually do not have complete information on the basis of which to judge the employees. Managers in such cases fill the missing lines and make decisions.

- (b) **Simplification:** Whenever people are overloaded with information, they try to simplify it to make it more meaningful and understandable. Simplification occurs when the perceiver subtracts less salient information and concentrates on the important one.
- (c) **Continuity:** This is the tendency to perceive sensory data as continuous patterns if they are not actually continuous. The principle of closure supplies missing stimuli, whereas the principle of continuity says that a person will tend to perceive continuous lines or patterns. In the following example, for instance, we are more likely to identify lines a-b and c-d crossing than to identify a-d and c-b or a-c and d-b as lines. This principle is that contours based



Fig. 2.9 Principle of Continuity

on smooth continuity are preferred to abrupt changes of direction. Because people tend to organise messages in a way that makes sense to them, managers must be extremely careful in how they communicate messages that may be unexpected or difficult to understand.

- (d) **Proximity:** This is the tendency to perceive sensory data as related because of close physical location. We are more likely to associate the lines in the following Fig. 2.10, which are close together than those which are further apart. In this example, we tend to see three pairs of lines which are fairly close together (and a lonely line on the far right) rather than three pairs of lines which are further apart (and a lonely line on the far left).

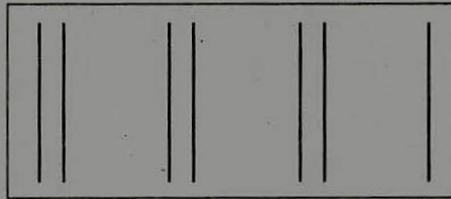


Fig. 2.10 An illustration of the Principle of Proximity

- As a result of the principle of proximity, managers usually blame the entire group in case of production failure in a particular plant, instead of actually picking up those inefficient workers who are regularly irregular.
- (e) **Similarity:** The principle of similarity states that the greater the similarity of the stimuli, the greater the tendency to perceive them as a common group. In a large shopping mall, for example, all employees who wear a blue dress may be perceived as a group of sales persons, when in reality, each worker is a unique individual. Another example could be our general preference to put minorities and women employees as a single group

2.4 PERCEPTUAL INTERPRETATION

This is the third step in perception. Once we select and organise perceptions, we draw further conclusions about their meaning through interpretation. The perceived world would look meaningless without interpretation. For example, as a manager you might be complimented by a friendly subordinate profusely almost on a daily basis. You may try to dismiss this as a genuine appreciative move from an admiring subordinate, whereas others might interpret the behaviour as insincere flattery. Interpretation is a subjective, judgemental process and is, usually, influenced by several factors in an organisation.



2.4.1 Reasons for Perceptual Distortions

Errors in perceptual judgement are called perceptual distortions. As pointed out earlier, we cannot assimilate all that we observe and hence, we try to speed-read others, based on our interests, background, experience and attitudes. Such pieces of selective perception often put us in a spot because we only see what we want to

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see. Apart from selective perception, there are other reasons which force us to draw unwarranted conclusions from foggy situations (you can also name these as *barriers to perceptual accuracy!*)

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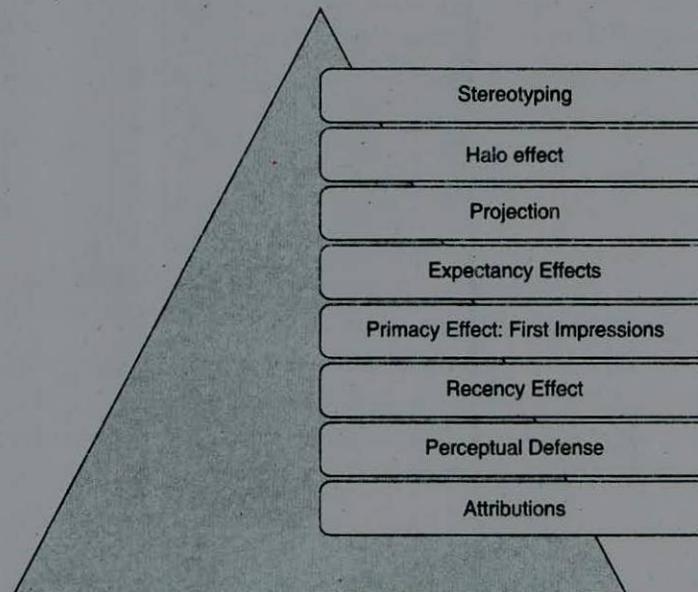


Fig. 2.11 Barriers to Perceptual Accuracy

Stereotyping

Judging people on the basis of the characteristics of the group of which they belong, is called stereotyping. Stereotyping greatly influences perception in organisations. Stereotypes are a kind of schema that often has problematic consequences in terms of justice. In the past, women were seen as too flighty and flaky to be entrusted with voting, so they were not allowed to vote. Blacks are often seen as dumb, violent and lazy. Men are often seen as aggressive, competitive and sexual predators. The consequences of these stereotypes, besides the obvious, are that stories about individuals are often judged as true simply because they fit preconceptions about the class. For example, it is easy for people to believe that a crime was caused by a black man. Similarly, accusations of sexual harassment tend to stick even without evidence because people believe that "men are like that". In organisations, we often hear comments that reflect stereotypes based on gender, age, nationality and even weight. Females can't be good salesmen; older workers can't learn new skills, Japanese are industrious (Americans are materialistic), over-weight people lack discipline, etc. As Robbins commented, "from a perceptual stand point, if people expect to see these stereotypes, that is what they will perceive, whether it is accurate or not."

Halo Effect

- It is the process of using a single personality attribute while evaluating a person. In other words, a halo blinds the perceiver to other attributes that also should be taken into account in order to have a complete, accurate picture of the other person. A stunningly beautiful girl, who has applied for a typist's job, for example, may be viewed by a male interviewer as intelligent and highly skilled. In reality,

she might be quite dull and poorly skilled in typing. As if to prove a point that life is unfair, it has been generally found that attractive people generally are treated better than unattractive people. Teachers have higher expectations of them in terms of academic achievement. Potential employers are more apt to view them favourably. Attractive employees are generally paid higher salaries than unattractive ones are. In general, however, if a manager fails to look at all an individual's traits, he or she has no right to complain if that employee does not meet expectations.

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Projection

Projection is the tendency for people to see their own traits in other people. That is, they project their own needs, feelings, values and attitudes into their judgement of others. For instance, if you like jobs with stretch, pull and challenge, you tend to assume that others want the same. If you are sincere, honest and dedicated, you take it for granted that other people are equally honest and committed to their jobs. Dishonest people, again, tend to see dishonesty in others. Attributing one's own attributes to others could often distort perceptions made about others and put people on the wrong side of the fence. People who suffer from this tendency tend to perceive others according to what they themselves are like rather than according to what the person being observed is really like. The best guards against errors based on projection are self-awareness and empathy. Empathy means being able to put yourself in someone else's shoes, to recognise what others are feeling without them needing to tell you.



Expectancy Effects

We constantly make mental guesses about how people, events, or things will be. Sometimes, we are right; other times we are wrong. Occasionally, we are deliberately misled. Such expectations, often, create a mindset in us that causes us to anticipate future behaviours or events. A new manager, for example, is being introduced to employees as very energetic, very demanding and strict. As one can understand, the people who are going to be managed by this person would immediately feel the heat. The perceptual expectancy in this case is that they are going to have a tough time with the new boss! Expectancy effects, thus, are the extent to which prior expectations bias perceptions of events, objects and people. An important aspect of expectancy effects is the self-fulfilling prophecy.

Self-fulfilling prophecy (also called the Pygmalion effect) occurs when our expectations about another person causes that person to act in a way that is consistent with those expectations. As a manager, for example, if you expect your employees to perform badly, they probably will and when you expect them to perform well, they probably will.



Primacy Effect: First Impressions**NOTES**

According to Anderson (1981), our judgements of other people are weighted averages of the information we have about them. In other words, while assessing other people, we tend to take everything we know about them, giving some information a greater weight, and then produce an average of the information we have. Negative information will generally be given more weight than positive information.

The common adage that first impressions count is known technically as the *primacy effect*. Weighted averaging would explain this effect by saying that the information we get first is weighted more heavily because it is assumed to be more important. Also because it is not easy to remember every detail about a person initially, we tend to categorise people fairly quickly. For example, an ugly looking employee may be perceived to be unproductive by the manager, where in reality he may be a very sincere and hard-working person. If someone fails to maintain eye contact and speaks rather softly, we speed-read the person and conclude that the person lacks self-confidence. Unfortunately, such unfavourable impressions are difficult to change, because we tend to attribute the negative features to the person, whereas positive features are often attributed to the situation. Generally, the first impression lasts longer unless it is greatly contradicted by information received later.

Recency Effect

It is generally accepted (and perhaps paradoxically) that, if there is a time lag between the first piece of information and the next, then the last piece of information will carry more weight. This is known as the *recency effect*. The recency effect is found to be stronger than the primacy effect when there is a long gap between the time when the first impression is formed and the person is evaluated. Not surprisingly, therefore, many employees bring their best work to the manager's desk just before the starting of the performance appraisal process.

Perceptual Defense

Perceptual defense is the tendency of people to protect themselves against ideas, objects, situations or people that are threatening. Generally, people perceive things that are satisfying and pleasant but tend to discount things that are disturbing and unpleasant. They conveniently develop blind spots in the perceptual process itself so that negative sensory data do not hurt them. Sometimes, such perceptual errors can result in manager's inability to creatively solve problems before they turn into emergencies. As a result, the individual simply proceeds as in the past even in the face of evidence that business as usual is not accomplishing anything worthwhile.

Attribution Theory: Why People Behave as They Do?

This is a theory about how people explain things. Attribution refers to the way people try to understand the behaviour of others (depending on what meaning we attribute to a given behaviour). When we begin to explain why things have happened in a certain way, we may submit, "the devil made me do it" (external attribution. Attributing the outcome to an outside agent or force) or we may admit "I am guilty, grant



me forgiveness" (internal attribution, claiming responsibility for the event). A manager for example, might believe Raja's performance is poor because he is lazy. Alternatively, he may also believe that Raja's performance is poor because his machine is old. According to Attribution Theory, (Kelly), *three* factors influence this internal or external determination.

1. **Distinctiveness** considers how consistent a person's behaviour is across different situations. If Raja's performance is low, regardless of the machine on which he is working, we tend to view poor performance being caused by internal factors (lazy, inefficient, disinterested, etc).
2. **Consensus** examines how likely all those facing a similar situation are to respond in the same way. If all employees using machinery like Raja's have poor performance, we tend to give his performance an external attribution. If others do well, we attribute internal causation to Raja's performance.
3. **Consistency** considers whether an individual responds the same way across time. If Raja has a batch of low-performance figures, we tend to view the performance as internally caused. On the other hand, if Raja's low performance is an isolated incident, we attribute the same to an external cause.

It has been suggested that people attribute behaviour to personal factors when they perceive low consensus, high consistency and low distinctiveness. They attribute behaviour to external factors when they perceive high consensus, low consistency and high distinctiveness.

Attribution Errors

However, in actual practice, certain factors tend to distort attributions based on the above criteria. Research evidence suggests that when we made judgements about the behaviour of other people, we tend to underestimate the influence of external factors and overestimate the influence of internal or personal factors. This is called the ***fundamental attribution error*** (the tendency to attribute the behaviour of other people more to internal than to external factors) this partly explains why a sales manager is prone to attribute the poor performance of his salesman to laziness rather than the new product line introduced by a competitor.

Again individuals tend to attribute their own success to internal factors like ability or effort but put the blame for failure on external factors like luck (called '***self-serving bias***' means people give themselves too much credit for what they do well and give external forces too much blame when they fail). For example, a student blaming the teacher or the college for his poor grades and taking credit for showing excellence in examinations. In the organisational context, if your manager says you don't communicate well enough, and you think your manager does not listen well enough, the truth may actually lie somewhere in between.

The interesting question here is, whether it is possible to make common men do uncommon things by simply encouraging them to realise their untapped, unrecognised potential – that is, by looking at what they have more closely than what they lack or do not find normally in the environment.

Attributions can be managed by recognising a typical overemphasis on internal causes of behaviour and an underemphasis on external causes. An overemphasis on internal factors tends to lead to assignment of failure to employees with

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accompanying disciplinary measures, negative performance appraisals and the like. An underemphasis on external factors tends to lead to lack of workplace support. For example, a manager who feels that subordinates are not meeting the targets and attributes the reason to an internal lack of effort is likely to respond with attempts to motivate the subordinates to work harder. In the process, the possibility of changing environmental factors eliminating job constraints and ensuring better organisational support might be discounted thoroughly. Such an oversight might come in the way of achieving major productivity gains.

2.5 HOW TO DEVELOP PERCEPTUAL SKILLS?

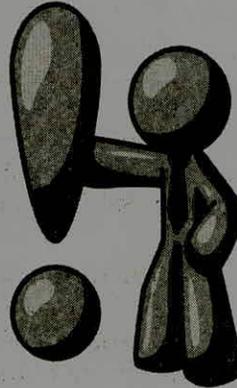
Though there are no set formulas to develop the perceptual abilities some guidelines can definitely help promote the skills of the perceiver.

- **Avoid perceptual distortion:** Some managers have a tendency to form opinions about employees without reading them properly. If the opinions are biased, they lead to perceptual distortion. Further, managers can be misled by people who deliberately mislead other employees. When such a possibility of perceptual distortion exists, managers should be careful in evaluating their perceptual judgements.
- **Make accurate self-perception:** People are not without some limitations. Therefore, one very important thing a person should do is that he should understand himself. The more accurately he understands himself, the more accurate his perceptual skills would be. But some people are unaware of the skills they possess. These skills remain unexploited, hidden and unproductive as long as the people are unaware of these skills. This happens due to inaccurate self-perception. Maslow contends that self-actualising individuals have more accurate perceptions about themselves than those who are not self-actualising. Positive attitude towards ourselves and 'self-fulfilling prophecy' are likely to further self-improvement and understanding of the self and proper introspection.
- **Put yourself in another person's place:** To understand other people properly we must live in their shoes. But people seldom follow this because it is very difficult to be empathetic. By changing the frame of reference and assuming others' position, managers can improve their interpersonal skills.
- **Create a good impression about yourself:** In social settings how one appears is very important. We must show ourselves in a positive light creating and presenting an honest image of ourselves in order to improve social status and earn respect. It is an essential requirement for socialisation.



2.6 PERCEPTION AND INDIVIDUAL DECISION-MAKING

Decision-making is an important part of management process. It covers every part of an enterprise. In fact, whatever a manager does, he does through decision-making only. For example, a manager has to decide (i) what are the long-term objectives of the organisation; how to achieve these objectives; what strategies, policies, procedures to be adopted (planning); (ii) how the jobs should be structured, what type of structure, how to match jobs with individuals (organising); (iii) how to motivate people to peak performance, which leadership style should be used, how to integrate effort and resolve conflicts (leading); (iv) what activities should be controlled, how to control them, (controlling). Thus, decision-making is a central, important part of the process of managing. *Managers are essentially decision makers only. Almost everything managers do involves decision-making. How individuals arrive at decisions and the quality of their final choices are greatly impacted by their perceptions.* Managers scout for problems, make decisions for solving them and monitor the consequences to see whether additional decisions are required. Good decision-making is a vital element of good management because decisions determine how the organisation solves its problems, allocates its resources and accomplishes its goals. However, decision-making is not easy. It must be done amid ever changing factors, unclear information and conflicting points of view.



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SUMMARY

- Practically speaking, we often fail to see reality in this world. We interpret what we see. We interpret what we see and call it reality. Perceptions, thus, influence behavioural responses greatly.
- Perception is nothing but a person's view of reality. To get a clear picture of what he visualises, a person first selects what he wants to see organises the obtained information and interprets the same in his own unique way. In this process, he may move closer to reality or go off the track completely due to certain perceptual errors.
- To emerge victorious in interpersonal relations, one has to improve one's own perceptual skill through empathy proper understanding of the situation, etc.

REVIEW QUESTIONS

1. What do you mean by perception? Briefly explain the perceptual process in organisations.
2. Elaborately analyse the perceptual mechanism.

NOTES

3. How can two people see the same thing and interpret it differently? Can you list some reasons why they do so?
4. Briefly explain how managers develop their own perceptual skills.
5. 'People's responses are always based on their perceptions'. Critically examine this statement.
6. What are the factors on which perception is based?
7. Give some examples of the external factors that affect perceptual selectivity.
8. Explain how perceptual constancy works.
9. What does stereotyping mean? Why is it considered to be a perceptual problem?
10. What do you mean by halo effect? Summarise the current thinking on halo error.
11. What do you mean by impression management? What are the major strategies employees can use in impression management?
12. List three programmed and three non-programmed decisions that the manager of a night club would probably have to make.
13. Provide examples of impression management based on your personal experiences. In your opinion, why do people try to manage impressions?
14. Provide two examples of the Pygmalion effect.
15. Describe how a manager or coach could use the process of self-fulfilling prophecy to enhance an individual's performance.
16. Think of someone you know personally who is an effective decision-maker. What key characteristics would you use to describe this person?

CASE STUDY **Bombay Printers**

Bombay Printers is a large printing firm located in Bombay. It has specialised in printing calendars and greeting cards. Right from inception, this concentration brought rich dividends and over the years sales have increased considerably, much to the envy of competitors. Slowly but steadily, it has captured a major share of the market. Since Bombay Printers is a family held company, exact figures are not readily available. Despite this statistical deficiency, competitors knew very well that Ramakant Patil and his children who own the company are extremely wealthy. The fact that the Patil Foundation grants several lakhs of rupees every year to Charitable Institutions speaks volumes. Over the years the company has been investing its surplus funds in real estate and equity capital in a calculated manner. Supported by a vast reservoir of funds, it is small wonder, the company has achieved a stupendous growth rate leaving everyone behind in the race.

Currently, Bombay Printers is the dominant employer in the printing industry. Though there is no union, employees are well-paid. The demand for calendars and greetings has increased considerably, in the recent past, and most of the employees receive a fat overtime allowance. In an interview, given to a local magazine, Ramakant Patil proudly declared, "Workers in Bombay Printers are highly motivated. They're currently the highest-paid employees in the country. The future is rosy. Within a few days we are going to introduce a new productivity incentive plan under which employees are likely to get annual bonus based on a novel productivity formula devised by our Accounting staff. We always want our employees to grow along with us."

To his surprise and dismay, Ramakant Patil received a nasty letter, containing a long list of demands, from a group of anonymous employees – after the publication of the interview in the magazine. Among their complaints were the following:

“We’re sick of all this overtime. You and other officers in the company may like working day and night. We prefer the company of our families and friends to machines and tools during holidays.”

“The new bonus plan is a hoax. None of us can understand how it operates. As usual, it will be those people who lick the boots of management that’ll benefit. Stop playing these dirty tricks. We hate working harder for something we don’t have any chance of getting.”

“You are talking as if we’re one big happy family, and yet trying to throw us all on the roads at the same time. Stop manipulating us. We know pretty well that the company has bought land in Delhi and you’re going to settle there only throwing us all out of work. Why should we care for a company that is abandoning us on streets?”

Questions

1. From the standpoint of employee perceptions, what is going on here?
2. How can the company avoid these negative reactions?

NOTES

NOTES

3. ATTITUDES

STRUCTURE

- 3.1 Attitudes
- 3.2 Sources of Attitudes
- 3.3 Attitudes and Behaviour: Cognitive Dissonance Theory
- 3.4 Measurement of Attitude
- 3.5 Key Work Related Attitudes: Job Satisfaction
- 3.6 Organisational Commitment

Summary

Review Exercises

3.1 ATTITUDES

An individual's behaviour is also a function of attitudes. An attitude is a learned predisposition, an evaluative statement – either favourable or unfavourable – toward a given object, a person or an event. The statement '*I like my Job*' reflects my attitude towards work. Attitudes are different from values. Values are the ideals that represent our beliefs about ideal conduct. They contain a judgemental element for they carry an individual's idea about what is right, good or desirable. Attitudes are narrower as they represent our feelings, thoughts and behavioural tendencies towards a specific object or situation. Over a period of time, our attitudes, unless we strongly believe in them, also undergo a change. For example, young Japanese graduates entering the workforce desire to stay with their firm for a lifetime and may even say that they are willing to work hard to get ahead. After only a few years on the job, however, these attitudes change and many, in fact, were observed to be leaving their firm. Attitudes are important since in virtually all aspects of our social lives, we continually seek to discover other people's attitudes, tell others of our views, and try to change another person's opinion. Attitudes have a past, present and future; they evolve from past experience, they guide our current behaviour, and can direct our development in the future. (G. Hofstede, A.P. Brief, M. Fishbein and I. Ajzen)

3.1.1 Components of an Attitude

A person's attitude comprises of three vital components: cognitive, affective and behavioural.

- (1) **Cognitive component:** "I believe' information and beliefs about a particular person or object" Beliefs are accepted facts or truths about a person or an object. The beliefs are generally based on a variety of learning experiences, rumours, misunderstanding, or any other information. You may believe that the boss is intelligent or stupid; ethical or unethical; good or bad; autocrat or democrat. The cognitive component is sometimes referred to as 'opinion'.
- (2) **Affective component:** "I feel" It basically consists of the feelings, sentiments, moods and emotions a person has toward an individual, event, object or situation. This component is concerned with the evaluation and emotion and often expressed as like or dislike, good or bad, pleasing or displeasing, favourable or unfavourable. The expression of warmth, love, hate, and other emotional expressions also belong to the affective component. It is this affective feature that is most commonly associated with the idea of attitude. For example, "I hate putting on a suit for work", "I really like working from home", etc.
- (3) **The behavioural component:** "I intend" This is concerned with the way one intends to behave toward someone or something. Both the affective and cognitive components (feelings and beliefs) influence the way a person intends to behave toward an object. For instance, if a person has a negative feeling or belief toward an object (say junk food) he will be likely to behave negatively toward the object. "I'm going to turn a new leaf at New Year and stop eating junk food". In other words, the behavioural component of attitude consists of the tendency to act or reach toward an object in certain specified ways. Unable to lodge my complaint with a customer service executive of an electronics company, I may shout, "I'll never call them again. I'm not going to buy anything from this company in future. I'll not recommend this company's products to anyone".

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3.1.2 Functions Served by Attitudes

Attitudes serve a number of functions. According to Katz, attitudes serve four important functions (D. Katz):

- **Adjustment function:** People strive to maximise the rewards and minimise the penalties in their external environment. Attitudes are the means for reaching desired goals or for avoiding undesirable results. Attitudes are the expressions of sentiments based on experiences in attaining the motive satisfaction.
- **The ego-defensive function:** People normally expend a great deal of their energies in the process of learning to live with themselves. Many of our attitudes serve the function of defending our self-image. For instance, when people cannot admit their inferiority feelings, they project their feelings over some convenient minority group and bolster their egos by showing attitudes of superiority toward this minority group.
- **The value-expression function:** Many attitudes serve another function in terms of positive expressions of an individual in the minds of other people. Value-expressive attitudes, according to Katz, not only give clarity to the self-image but also mould that self-image closer to the heart's desire. Attitudes make people either bond or clash. They allow us to tell others our opinions and views. As social beings we need to communicate with others.

- **The knowledge function:** (mainly the belief components) – The world can be a confusing and strange place; attitudes help us to organise our social world, thus making the world more familiar and predictable.

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3.2 SOURCES OF ATTITUDES

Attitude formation is a result of learning, modeling others and our direct experiences with people and situations. Attitudes influence our decisions, guide our behaviour and impact what we selectively remember. Attitudes are basically learned. People are not born with specific attitudes; rather they acquire them through a process of learning – especially from the following:

1. **Experience:** People gain experience in forming (developing) attitudes by coming in direct contact with an attitude object. Through job experiences, individuals learn attitudes. They develop attitudes about such factors as salary, performance reviews, job design, work group affiliation and managerial capabilities. But by the time a person goes for work in a specified organisation, he holds many attitudes toward the type of job which is acceptable to him, the expected pay, working conditions and supervision, etc. Previous work experience can account for the individual differences in attitudes such as loyalty, commitment, and performance.
2. **Association:** People are highly influenced by the major groups or associations to which they belong. Our geographic region, religion, educational background, race, sex, age and income/class—all strongly influence our attitudes. The influence of groups on the attitudes of the individual is inversely proportional to the distance of the group from the individual.
3. **Family:** Family exerts influence on the initial core of attitudes held by an individual. Individuals develop certain attitudes from their family members—parents, brothers, sisters, etc. The family characteristics influence the individual's attitude patterns to which he is initially exposed. Family is primary to the group which an individual belongs to.
4. **Peer groups:** As people approach their adulthood, they increasingly rely on their peer groups for approval/attitude. How others judge an individual largely determines his self-image and approval-seeking behaviour. "We often seek out others who share attitudes similar to our own, or else we change our attitudes to conform to the attitudes of those in the group whose approval is important to us."
5. **Society:** Social class and religious affiliation also play a vital role in forming attitudes of an individual. The culture, language and the structure of society, all provide an individual with the boundaries of his initial attitudes. At the very early age, an individual is taught that certain attitudes are acceptable and certain others are not in the society. For instance, the attitudes of Hindus toward Lord Ram's birthplace, called Ayodhya, are radically different from those held by other communities such as Muslims or Christians in India. That is to say, what seem to be appropriate in one individual's culture and society may be totally unacceptable in another culture.

6. **Personality factors:** Personality differences between individuals play a major role in the formation of attitudes. This particular area has been the subject matter of great interest and it carries a great deal of weight in organisational behaviour.

3.3 ATTITUDES AND BEHAVIOUR: COGNITIVE DISSONANCE THEORY

Attitudes, as stated above, predispose people to behave or act the way they do. For example, if you feel that attending college is good (attitude), then you will likely attend college (behaviour). To deal with employees in an organisation, managers can either focus attention on changing employee attitudes or employee behaviour. There are many theories about attitude change. One of the most famous theories, proposed in the late 50s by Leon Festinger, deals with cognitive dissonance. Dissonance means simply inconsistency. Cognitive dissonance refers to any incompatibility that a person might perceive between two or more of his or her attitudes, or between his or her behaviour and attitudes. According to Festinger, any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance and thereby the discomfort. People seek consistency among their attitudes and between their attitudes and behaviour. That is to say individuals seek to reconcile divergent attitudes and align their attitudes and behaviour so that they appear to be consistent and highly rational. Since people are uncomfortable with inconsistency, Festinger theorized, they will seek to reduce the 'dissonance' or tension of the inconsistency. How people seek to deal with dissonance, of course, depends on three important factors:

- **Importance:** How important are the elements leading to dissonance? Most people can put up with some ambiguities in life. You tend to drive fast every now and then, knowing fully well that "speed thrills but kills". You prefer greasy foods in place of home-made items, even though you know that they may force you to the surgeon's table.
- **Control:** How much control does one have over the matters that create dissonance? If your boss were to ask you to reduce the tax burden by manipulating balance sheet figures, dissonance exists but that can be rationalized and justified.
- **Rewards:** What rewards are at stake in the dissonance? High rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance. Once you believe that ₹ 1 lakh car is a possibility and you have invested enough time and money in the project, nothing can come in the way of such a belief.
- Among the main ways to reduce cognitive dissonance are the following:
 1. **Change your attitude and/or behaviour:** your fierce loyalty to the company might come in the way of your giving quality time to your kids on weekends. You may restructure your responsibilities to have sufficient time for both work and family, if you are able to take charge of your working hours. Or you may change your attitude toward the company and reduce your workload steadily over time.

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2. **Belittle the importance of the inconsistent behaviour:** Smokers find all kinds of reasons to explain away their unhealthy habit, for example, "My grandfather smokes, and he's over 80!" Many smokers ignore the warning "smoking is injurious to health" and belittle the habit as not being as risky as the messages suggest.
3. **Find consonant elements that outweigh the dissonant ones:** Students may justify cheating in an exam by saying "I don't usually do this but here I really have to do it". "My future is at stake." This kind of rationalising goes on quite often when employees are confronted not with moral and ethical dilemmas but with fear of losing their jobs. (R. Plotnik, 2006; I. Ajzen, 1996; Goliwitzer and J.A. Bargh, I. Ajzen 1980) In organisational life, too, many of us encounter situations where our attitudes conflict with each other or with our behaviours. Many a time, we might be wondering why we are not able to leave the company that does not seem to take enough care of its employees. As a consequence of this dissonance, we tend to rationalise saying that the company is not that bad, or there are no immediate options available and that the option of quitting at a right moment still exists.

Theory of Reasoned Action (I. Ajzen and M. Fishbein, 1980)

To what extent do attitudes predict behaviour? Not very much really, as indicated by research evidence in early 70s. People's avowed feelings and beliefs about someone or something seemed only loosely related to how they behaved towards it. One reason was social pressures of various kinds: laws, societal norms and views of specific people can all prevent a person behaving consistently with their attitudes. So, while attitudes influence employee behaviours in the workplace, they are not perfect predictors of behaviours. To explain this phenomenon, Martin Fishbein and others have developed a model, called the theory of reasoned action, explaining the intricacies of attitude-behaviour relationship. According to this model, when a behaviour is a matter of choice, the best predictor of the behaviour is the person's intention to perform it. Intention is best predicted from two factors:

- (1) person's attitude toward performing the behaviour, and
- (2) person's subjective norm—the perception that he is expected by peers or others to perform a certain behaviour. The model thus, assumes that actions are best predicted by intentions and that intentions are, in turn, determined by a person's attitude and their perception of social pressure.

The model clearly shows that a person's attitude can be predicted by his belief that a specific behaviour will lead to certain outcomes, more importantly, the value that he places on those outcomes. Likewise, a person's subjective norm can sometimes be predicted from his belief regarding how others (supervisors, co-workers, and friends) think about whether he should or should not perform a behaviour. Consequently, when people have strong beliefs and attitudes about a certain behaviour and perceive that it is expected of them, they are more likely to perform it. The reverse, of course, is also true.

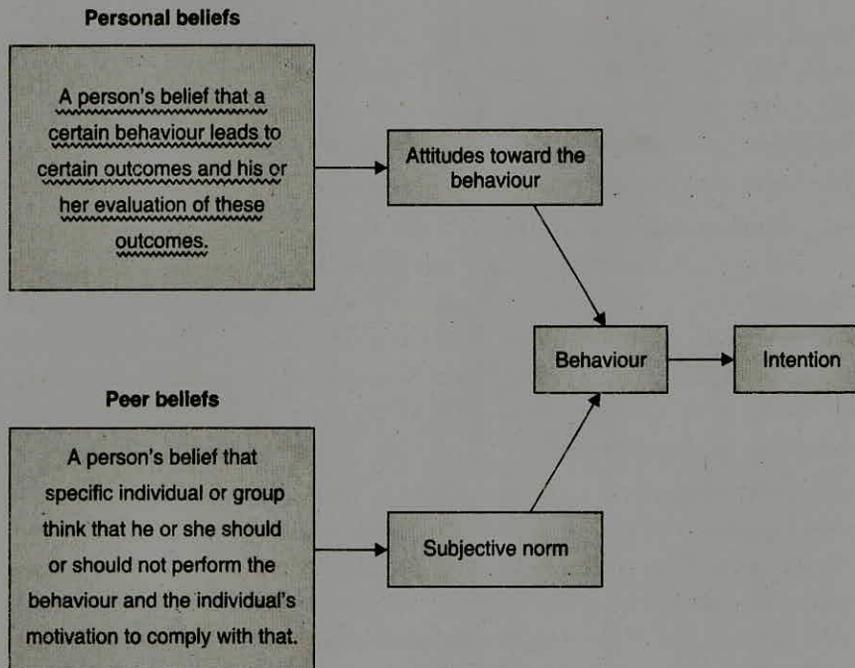


Fig. 3.1 The Theory of Reasoned Action

3.3.1 Changing Attitudes

Is it possible to change unfavourable attitude of employee toward a more favourable direction? The answer, to a large extent, is yes. Let's see how this happens. (R. Eiser, A.H. Eagly *et al*, J.R. Eiser and Van der Pligt, J. T.M. Dembroski, *et al*)

- **Provide new information:** In one classic study it was found that union workers had an anti-management attitude. However, when some of the workers were promoted into the management ranks, their attitudes changed. They came to know how the company was doing to help the workers and this new information made them look at managerial efforts more favourably.
- **Changing workplace situation:** Managers may bring change in employees' attitudes by changing their workplace situations—that is by changing such work factors as compensation, job design and work hours (in line with employee expectations). Workers who consider themselves to be underpaid, may change their attitudes once management introduce a big salary increase through a reward restructuring plan.
- **Employing credible and knowledgeable communicators:** Employees may be willing to adapt and change quickly, when they come under the influence of a powerful persuasive presentation, preferably by someone who is credible, knowledgeable and convincing. To this end, it is important to see that the communicator holds a prestigious position in the company, enjoys the trust of employees and is liked by one and all. Of course, the benefits in the message must also be properly explained.
- **Using 'fear appeals':** Low levels of fear appeals, generally speaking, are ignored by employees. The warnings do not seem to bring about required amount of

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NOTES

attention from employees. If moderate levels of fear arousal are employed, people take note of the urgency and change their attitudes. High degrees of fear arousal are, often, rejected by people because the message itself is viewed with scepticism. For example, using terminally sick cancer patients for cigarette advertisements, aimed at smokers, is not a good idea because they refuse to listen.

- **Using 'human resource approach':** Studies have shown that employees who believe that their employer cares about them will reciprocate with more positive attitudes, reduced absenteeism, increased quality and productivity and greater creative input. Organisations that have consistently invested in improving quality of worklife and undertaken activities that are highly valued by the employees have certainly been able to improve its employees' attitudes and behaviours in recent times.
- Employees who are strongly committed to their attitudes, of course, are not the ones who are easy to manage through above means. You may try any trick in the book but once they strongly believe, for example, that whatever management does is not going to benefit the large majority, nobody can reverse that position easily. Further, as revealed by several research studies, attitudes that are publicly accepted by people are more difficult to change. Again the more central the attitude to other attitudes and values, the less and less change is possible. Furthermore, people who appear to be self-confident, strong, and have high self-esteem are difficult to change because they feel their attitudes are absolutely right. (A.J. Kinicki, *et al*) To sum up, unfortunately, managerial experience and research both indicate that changing attitudes is not an easy task. In most cases, 'bad attitude' is not the problem. The problem usually is unacceptable behaviour. So understanding why an employee is not performing satisfactorily is important because unless we are able to put the finger on the problem causing trouble, we may not be able to correct it. The real issues might be related to skill deficiency, emotional illness, financial crisis, alcohol, drug dependency, family unrest, etc.

Having employees with a positive and cheerful attitude is very important at the workplace. Negative attitudes destroy team spirit and come in the way of everything. Leaders have a great role to play in keeping their employees happy and satisfied. Experts suggest 5 such ways to fine tune employee attitudes:

Ways to Promote Positive Attitudes in the Workplace

1. **Encourage employees to achieve goals and meet deadlines:** Most people want promotion at work, but it's not everyone. Some employees just want to get more out of their positions. So as the leader you have to find out their desires, goals and aspirations so that you can help them strengthen their attitudes towards achieving those.
2. **Be a Flexible and "cool" leader:** There is a difference between being a boss and being a leader. Employees hate bosses and they feel more comfortable working with leaders. If your leadership skills are emotionally matured, then your judgements and protocols will be appreciated by everyone. Perhaps this has become a cliché, but you really need to learn how to put yourself in other people's shoes. A leader who does that will definitely produce positivity in the workplace.

3. **Listen to other employees' voices and opinions:** It might be your company/organisation, but your employees can sometimes see things from another, and perhaps beneficial, perspective. It goes without saying that "the employee closer to the task generally knows the best way of improving it." Make sure you tap into your employees' brains and observe their talents. If your employees can feel comfortable working with you, be affirmed that your workplace will always be occupied with positive people.
4. **Be appreciative:** Most employers do not notice your success, but wait until you mess up. All your good deeds fade. So as the leader, affirm when a staff member does something great or meets deadlines that you show appreciation, even if it's a "well done" and a tap on the shoulder (but watch out for sexual harassment charges).
5. **Create a fun working environment:** The first thing that you should have are awards such as employee of the month or well-dressed male and female employee of the month. These might seem minor but they really create that "I want to go to work" attitude, thus keeping employees motivated about their jobs. (<http://www.cooljob.co.za/2012/10>)

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3.4 MEASUREMENT OF ATTITUDE

Since attitude is a hypothetical concept, its measurement poses some problems. One of the major concerns has to do with the absolute measure of attitude. Since there is little clarity about attitude, measurement starts with the assumption that an attitude exists and that we can measure it on a scale of favourable - unfavourable. Almost all measures of attitude are based on this assumption. Following three methods of measuring attitude are most commonly used:

1. **Questionnaire Method:** It consists of several statements concerning a particular attitude and respondents are asked to show their degree of agreement or disagreement on a 5 or 7 point scale. The assumption is that an attitude exists and the researcher wants to know the degree or quantity of its existence. The scale is called Liker Scale. The categories on a seven point scale (for example) may vary as below where 7 is the agreement and 1 is the disagreement.

7 = strongly agree

6 = agree

5 = agree a little

4 = neither agree nor disagree (neutral)

3 = disagree little

2 = disagree

1 = strongly disagree.

The respondents indicate their degree of agreement or disagreement relating to various statements. Once finished the values are added to get an overall score of agreement or disagreement reflecting either the positive or the negative attitude.

One of the problems with an odd number scale is that it has a neutral point in the middle. If someone checks only this neutral point for all the statements, we cannot draw any conclusion on the agreement or disagreement of the respondent. At best we can say that the attitude under measurement perhaps does not exist.

NOTES

2. **Osgood's Scale:** This problem to a large extent is taken care by Osgood's method of measuring attitude. In this method there is no neutral point. This method consists of pairs of adjectives of opposite meaning with a 7 point scale in between the opposite adjectives. The respondents are asked to give their reactions by endorsing a particular point on the 7 point scale. When the individual scores are totalled on all pairs of adjectives, it is concluded that higher the score, the more favourable is the attitude because positive adjectives have higher scale values. An example of such a scale is given below:

Pleasant 7-6-5-4-3-2-1 unpleasant,

Happy 7-6-5-4-3-2-1 unhappy

3. **Sociometry:** It is a measure of interpersonal relationship of a member with other members of the group. The method consists of every member being asked to mention the most favourite member of the group. This is done in all permutations and combinations depending upon the number of members in a group. So if a group consists of four members, there would be six permutations (1&2, 1&3, 1&4, 2&3, 2&4 and 3&4). The combinations would increase with number of members. At the end of all choices, all members would be ranked on the basis of favourable choices. The ranking would reflect the attitude of all members to other members of the group.

3.5 KEY WORK RELATED ATTITUDES: JOB SATISFACTION

Work related attitudes are those lasting feelings, beliefs and behavioural tendencies toward various aspects of the job and the environment in which people carry out their work. Managers are particularly interested in exploring three such work related activities, namely, job satisfaction, job involvement and organisational commitment.

A positive attitude toward one's job is known as job satisfaction. According to Locke, it is "a pleasurable or positive emotional state resulting from the appraisal of one's job and job experience". It is basically an emotional response to a job situation. Therefore, it cannot be seen but only inferred. It is dispositional in nature. It is relatively stable and is learned through experience and information provided by others while at work. It is a result of employees' perception of how well their job offers those things which are viewed as important. Generally speaking, people experience job satisfaction when their work matches their needs and interests, when working conditions and rewards are satisfactory and when the employees like their co-workers. (C.A. Kiesler)

Sources of Job Satisfaction

The sources of job satisfaction and dissatisfaction may vary from individual to individual. Generally speaking, mentally challenging work that an individual can successfully accomplish is satisfying. Rewards that are equitable and that offer accurate feedback for performance may keep the person glued to job and the organisation. Working conditions that encourage goal accomplishment, likewise, are satisfying. Individuals, again, will be satisfied with organisations that have policies

and procedures designed to help them attain rewards (F.J. Landy). A number of research studies have indicated that the level of overall workforce job satisfaction and organisational performance are linked (though there is no direct linkage between job satisfaction and job performance). Managers, therefore, need to look into the causes of job dissatisfaction more carefully because low job satisfaction can result in costly turnover, absenteeism, tardiness and even poor mental health.

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Sources of Job Satisfaction

- **The work itself:** The extent to which the job offers the individual with interesting tasks, opportunities for learning, and the chance to accept responsibility (job content factors such as recognition, responsibility, achievement, etc.)
- **Pay:** The amount of financial remuneration that is received and the degree to which this is viewed as equitable vis-à-vis that of others in the organisation.
- **Promotion opportunities:** The chances for career growth and advancement in the hierarchy.
- **Supervision:** The abilities of the supervisor to offer technical help and behavioural support. Employee-centred supervisory style enhances a great deal of job satisfaction as the leader looks after the subordinates carefully and displays friendship, warmth, respect, etc. towards them.
- **Co-workers:** The degree to which fellow workers are technically proficient and socially supportive. Isolated workers generally dislike their jobs. The amount of satisfaction an individual derives from his association with the work group depends, to a large extent, on the relationship with the group members and also his own need for affiliation.
- **Working conditions:** Clean, attractive (as against, hot, noisy and not-so-clean) surroundings in which work is actually carried out.
- **Occupation level:** Top levels positions carry lots of premium value and are generally sought after because they offer exciting opportunities for people to express themselves meaningfully. Studies have shown that blue-collar workers are often the victims of severe dissatisfaction.

Other determinants of job satisfaction reveal interesting things. The relationship between age of the employees and their satisfaction from the job is complex. "People tend to begin their work with unrealistic assumptions about what they are going to derive from it, and notice that reality falls far short of their perceived expectations. But with their experience over a period of time, they realise their disillusionment and have accurate expectations because of which job will be seen in a positive perspective resulting in higher job satisfaction." Research evidence also indicates, though not emphatically, a negative correlation between the level of education of employees and their satisfaction. One reason could be that people with higher educational qualifications have a tendency to set higher expectations from their jobs. When posted on jobs and not meeting their expectations or intrinsic capabilities, they tend to get dissatisfied.

Why job satisfaction is important?

Job satisfaction has attracted the critical attention of researchers for a variety of reasons:

- **Impacts mental health:** It has some relation with the mental health of the people. Job satisfaction and life satisfaction are inextricably bound. The spill

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over effects of many unresolved personality problems, family-related issues and other maladjustments in social life could often be felt on the job. Job satisfaction, as research evidence indicates, is important for the psychological adjustment and happy living of a person.

- **Influences physical well-being:** It has some degree of positive correlation with physical health of individuals. People, who like their work, are likely to live longer. Chronic dissatisfaction with work creates stress which, in turn, takes its toll on the physical as well as mental health of an individual.
- **Spreads goodwill about the company:** People who feel positively about their work life are likely to voice favourable opinions about the company to the general public. In the long run, this helps the company to gain a favourable image and attract talent without any difficulty.
- **Allows a person to live with the organisation:** A happy and satisfied individual can find it easy to live with the company for a long time.
- **Reduces absenteeism and turnover:** A number of research studies indicate negative relationship between satisfaction and absenteeism. Of course, the correlation is moderate. A satisfied employee has a positive attitude towards his work and will try to avoid being absent from work. On the other hand, there is a strong negative correlation between job satisfaction and turnover (Hom and Griffeth). Of course, other important factors such as general labour market situation, availability of alternative job opportunities and length of tenure with the organisation also come in the way of deciding to quit a job.

Theories of Job Satisfaction

Researchers, over the years, have come out with various explanations about what makes some people more satisfied with their jobs than others. The important ones may be listed as follows:

- ❖ **Two-factor Theory:** According to Herzberg, who proposed this theory, job satisfaction is caused by a set of factors referred to as motivators. Whereas, job dissatisfaction is caused by a different set of factors, known as hygiene factors.
- ❖ **Value Theory:** According to Locke, who proposed this theory, job satisfaction depends primarily on the match between the outcomes of individuals' value in their jobs and their perceptions about the availability of such outcomes. The more people receive outcomes they value, the more satisfied they will be. This theory focuses attention on any outcomes that people value, regardless of what they are.
- ❖ **Equity Theory:** According to Adam's, who proposed this theory, people strive to maintain ratios of their own outcomes (rewards) to their own inputs (contributions) that are equal to the outcome/input ratios of others with whom they compare themselves. If their ratio is greater than or lesser than that of the others, they feel dissatisfied because inequity has occurred.

3.5.1 Measuring Job Satisfaction

Questionnaires, consisting of highly specialised rating scales, are generally used to measure job satisfaction. People record their reactions to their jobs by simply answering questions developed by researchers. Three popular methods of measuring job satisfaction are listed below:

Job Description Index (JDI): It is a rating scale for measuring job satisfaction. Individuals respond to this structured questionnaire by indicating whether or not various adjectives describe aspects of their work. For example, on the question of how employees look at their work, the alternatives offered could be: *routine, satisfactory, good* and employees may be asked to enter "yes", "no" or "?". In most cases JDI has proved to be a reliable and valid way of measuring job satisfaction.

Minnesota Satisfaction Questionnaires (MSQ): This is a rating scale for assessing job satisfaction wherein people indicate the extent to which they are satisfied with various elements of their jobs. People completing this scale rate the extent to which they are satisfied with say, their pay, by putting one number to each aspect : 1= extremely satisfied, 2 = not satisfied, 3 = neither satisfied nor dissatisfied, 4 = satisfied, and 5 = extremely satisfied. As a result, higher scores reflect higher degrees of job satisfaction. One important merit of both these scales is that they can be completed quickly and efficiently by large numbers of people. When administered over thousands of employees in various companies, the scores provide reasonably valid measures of relative satisfaction.

NOTES

Measure of Job Satisfaction

Please indicate the extent of your satisfaction on the scale to each of the following statements:

On my present job, this is how I feel about.....

1. being able to keep busy all the time
2. with the chance to be somebody in the organisation
3. with the way my job provides for steady employment
4. with my pay and the amount of work I do
5. with the freedom to use my own judgement about how to work
6. with the chance to work by myself
7. with the chance to develop close friendships with others
8. with the way I get full credit for the work I do
9. with the chance to help others
10. with my job security

(A = very dissatisfied; B = dissatisfied; C = can't decide whether satisfied or not; D = satisfied; E = very satisfied)

(Weiss, D.J., *Manual for the Minnesota Satisfaction Questionnaire*, Minneapolis, MN, Minnesota Studies in Vocational Rehabilitation, University of Minnesota, 1967.)

Critical Incident Technique: This is a procedure for measuring job satisfaction in which employees describe incidents relating to their work that they find especially satisfying or dissatisfying. Their responses are then examined to uncover underlying themes. For example, when workers praise their supervisors for standing by them in trying circumstances, that suggests the role of supervisory style in boosting employee confidence and thereby satisfaction.

Consequences of Job Satisfaction

Looking at the devastating impacts of job dissatisfaction on employees' well being, most organisations, nowadays, take all the possible steps to keep their employees in good humour.

How Employees Express their Dissatisfaction?

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- **Voice:** Try to discuss the problems with superior; raise the issue in union meetings; attempt to improve conditions by suggesting viable alternatives in a constructive way
- **Loyalty:** Try to keep the spirits high by optimistically thinking that management does everything right, reflecting loyalty towards the organisation and management
- **Neglect:** Keep the mouth shut; not discuss anything with anyone; resigning himself to fate and allowing things to worsen day by day
- **Exit:** Look for greener pastures outside, submit resignation at an appropriate moment.

(D. Farrell, "Exit, Voice, Loyalty and Neglect as Responses to Job Dissatisfaction" Academy of Management Journal, December, 1983.)

They undertake frequent surveys to find out how happy their employees are while at work, in relation to those employed in other units. For example, FedEx has been so enamoured with tracking the attitudes of its employees that it has started a fully automated online survey. The company depends on insights obtained from survey of its US based employees as the key to identifying causes of dissatisfaction among them. The impact of job satisfaction on some important organisational and individual factors may be presented thus:

Job Satisfaction and Absenteeism

When people are dissatisfied with their jobs, they tend to withdraw. That is they are frequently absent and likely to quit their jobs. There is, thus, an inverse relationship between satisfaction and absenteeism (Kumari and Singh). However, it all depends on the degree of importance that the individuals assign to their work. Research among stage government employees has found that those who believed that their work was important had lower absenteeism than those who did not feel this way. Again, while job satisfaction may not necessarily lead to low absenteeism, low job satisfaction is likely to bring about an increase in absenteeism. (Clegg; Organ; Moorman)

Job Satisfaction and Turnover

From an organisational standpoint, high rate of turnover is an expensive affair for a variety of reasons. Immediate replacement may not happen, because of shortage of talent. New recruits may take time to get adequately trained. Co-workers may get demoralised, when experienced and competent people quit the job. They may indulge in 'bad mouthing' the organisation for no reason. Disgruntled employees often verbalise their frustration and discontentment to others in the community and make the organisation unpopular. When the company's reputation gets dented like this, very few qualified people might actually want to join the ranks. This could, in turn, lead to the loss of business. Companies, therefore, do not like the sight of employees quitting their jobs whatsoever may be the reasons.

Research has indicated that satisfied workers are less likely to leave the organisation. However, there is only a moderate association between satisfaction and turnover. High job satisfaction will not, in and of itself, keep turnover low, but it does seem to help. On the other hand, if there is considerable job dissatisfaction, there is likely to be high turnover. It all depends, as stated earlier, on the general employment situation, family pressures, general state of the economy, the candidate's own skill levels, etc.

Job Satisfaction and Productivity

Are happy workers productive workers? The answer is not very clear. This is because both job satisfaction and performance are linked to another factor receipt of various rewards. When employees show good performance, they are bound to extrinsic rewards in the form of pay, promotions, etc. in addition to intrinsic rewards in the form of having done something important, of having been useful to the company, of having taken up a job which is innately satisfying. When employees look at these rewards to be fair, they may subsequently recognise a link between their performance and these positive outcomes. This may come out with high levels of efforts leading to good performance on the job later on. They may also feel highly satisfied. In short, high productivity and high satisfaction may both stem from the same conditions. These factors themselves, in any case, may not be directly related. The relationship between job satisfaction and performance is very limited due to several other reasons as well.

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3.5.2 How to Make the Performance-satisfaction Link Very Strong?

- Modify the task so that it becomes capable of yielding intrinsic rewards for superior performance.
- Correct the reward system so that it acts as an incentive for the top performance, where stars run ahead of mediocre performers and get proportionately higher extrinsic rewards.

In actual work environment, however, there is very little scope for an individual to come out with superior performance. Jobs are highly structured, and therefore, every individual has to turn out a minimum level of performance just to earn his daily bread and butter. Since the work is interlocking in nature, there is no way to increase performance levels, going a step ahead of others. In such restrictive circumstances, employee attitudes may not be very influential in causing serious fluctuations in day-to-day performance. (Greenberg and Baron, 2005)

3.5.3 Guidelines for Promoting Job Satisfaction

Levels of job satisfaction can be raised by paying people fairly, improving the quality of supervision, decentralising the control of organisational power, assigning people to jobs that match their interests –

- **Funny jobs:** People are more satisfied with the jobs they enjoy doing than those that are dull and boring.
- **Fair rewards:** People who believe that their organisation's pay systems – when compared with competing units – are fair tend to be satisfied with their jobs.
- **Jobs that match with interests:** The more people find that they are able to fulfil their interests while on the job, the more satisfied they will be with those jobs.
- **Jobs with stretch pull and challenge:** Most people like jobs that are interesting to handle and challenging to confront.

3.6 ORGANISATIONAL COMMITMENT

Organisational commitment or employee loyalty is the degree to which an employee identifies with the organisation and wants to continue actively participating in

NOTES

it. It shows (i) employee's strong willingness to remain with the firm, (ii) passion for organisation's mission and goals, (iii) faith in management and their ability to deliver value, etc. Commitment is generally high among old employees, those who have experienced personal success in the organisation and those working within a committed employee group. Experts generally refer to three components of organisational commitment, which demands an explanation here:

- **Continuance commitment:** An important component of organisational commitment, known as continuance commitment, deals with this aspect. Continuance commitment refers to the strength of a person's desire to remain working for a firm due to his belief that it may be costly to leave in terms of retirement benefits, close friendships nurtured over a long period of time, etc. Many people are committed to staying on their jobs simply because they are not willing to risk losing these things.
- **Affective commitment:** A second component of organisational commitment, known as affective commitment, speaks about the strength of people's desire to continue working for a firm because they agree with its underlying goals and values.
- **Normative commitment:** A third part of organisational commitment is called normative commitment. This refers to the employee's feelings of obligation to remain with the firm because of pressure from others – superiors, subordinates, peers, etc. People who have high degrees of normative commitment are greatly concerned about what others would think of them for quitting the job and the firm.

Withdrawal behaviour

Organisational commitment refers to the desire on the part of an employee to remain a member of the organisation. When employees indulge in withdrawal behaviour – defined as a set of actions that employees perform to avoid the work situation, which may lead to their quitting the organisation finally – it is time for the leaders to take stock of the situation and act quickly. Employees engage in two kinds of withdrawal behaviours – namely, psychological withdrawal and physical withdrawal. Examples of physical withdrawal include tardiness, long breaks, missing meetings, absenteeism and quitting. Examples of psychological withdrawal include daydreaming, socialising, looking busy, moonlighting and cyberloafing. Let us briefly throw light on these unproductive, destructive behaviours.

SUMMARY

- An individual's behaviour is also a function of attitudes. An attitude is a learned predisposition, an evaluative statement – either favourable or unfavourable – toward a given object, a person or an event. Attitudes help people to adjust their environment, defend their self-image, offer people a basis for expressing their values and supply frames of reference that permit people to organise and explain the world around them.
- Attitudes are basically learned. People are not born with specific attitudes; rather they acquire them through a process of learning. It is not easy to change

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attitudes. The theory of reasoned action clearly shows that a person's attitude can be predicted by his belief that a specific behaviour will lead to certain outcomes.

- A positive attitude toward one's job is known as job satisfaction. Low job satisfaction tends to lead to both turnover and absenteeism. Job involvement is the degree to which employees immerse themselves in their jobs, invest time and energy in them, and view work as central part of their overall lives.
- Organisational commitment or employee loyalty is the degree to which an employee identifies with the organisation and wants to continue actively participating in it.

REVIEW EXERCISES

1. Define 'attitudes'. How attitudes affect the behaviour of individuals?
2. Explain the various components of attitudes.
3. Can attitudes be changed? What are the factors that are to be taken into account while changing attitudes?
4. Elaborate "cognitive dissonance theory of attitudes".
5. "Attitudes are evaluative statements – either favourable or unfavourable – concerning objectives, people, or events". Do you agree with the statement?
6. Explain the major consequences of job dissatisfaction and ways of overcoming them.
7. Describe the concept of organisational commitment, the major consequences of low levels of organisational commitment and how to overcome them.
8. 'A happy employee is a productive employee'. Discuss.
9. Occasionally we say that another person 'has had a bad attitude'. What exactly does that mean in the contexts of the three attitude components – cognitive, affective and behavioural tendency? Give an example of each.
10. Think of a particular job you have enjoyed most. What did you like about it so much? Now think of a particular job that you enjoyed least. What made you dislike it so much? Do the factors you liked fall into the motivation category of two-factor theory? Did the factors you disliked fall into the hygiene category of the two factor theory? Explain clearly.

CASE STUDY The Loyal Employee

Raman is the Sales Manager of a reputed Corporation. He has 25 employees in his Department, and all are paid commission for their sales in their territories. For the past three years, the market for the company's goods has been steadily growing and the majority of Raman's staff has met this growth with increased sales. However, one employee, in particular, Krishnan has not kept up with the pace.

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Krishnan has been with this Corporation for over 20 years and is now 56 years old. Krishnan is a friendly man and is liked by his peers and those to whom he sells the company's products on a regular basis. The company has always considered Krishnan dependable and loyal. Throughout the years Krishnan has been counted as an asset to the company, but at the age of 56 he has gone into a state of semi-retirement. Krishnan's sales have not increased as the others have and he does not have the determination to acquire a significant increase in sales.

Raman wishes to change this situation. He wants to motivate Krishnan to increase his sales to match that of his younger peers. But Raman is not sure how to motivate him. Unlike the majority of the new employees Krishnan is an old man, who within a few years will reach the age of retirement. If you were Raman what would you do?

Questions

1. Would you threaten to fire him?
2. Would you increase his commission?
3. Would you increase the retirement benefits for Krishnan rather than offer him the increased commission rate?
4. Would you offer him more status by way of a new title or a new company car or place his table in a better position in the office?
5. Is there some way in terms of appraisal and rewards with which you can motivate Krishnan?

4. PERSONALITY

NOTES

STRUCTURE

- 4.1 Introduction
- 4.2 The Big Five Models of Personality
- 4.3 Different Approaches to Personality
- 4.4 Personality and Self-Concept
- 4.5 Theories of Personality
- 4.6 Importance of Matching Personalities and Jobs
- 4.7 Aptitude, Abilities and Skills
- Summary*
- Review Exercises*

4.1 INTRODUCTION

Human behaviour is influenced by personal and environmental factors. It is, therefore, essential to study the individual and his personality concepts before proceeding to see how he behaves in work organisations. 'Personality' may be defined as *the study of the basic traits of an individual, relationships between these traits, and the way in which a person adjusts to other people and situations*. It is the sum total of the ways in which an individual reacts and interacts with others. The major determinants of personality are generally grouped by researchers under four heads: *biological, cultural, family and situational*.

Determinants of personality

- Biological factors
- Culture
- Family
- Situations.

4.1.1 Biological Factors

Personal characteristics such as age, sex, marital status, dependents and ability may often be obtained through personnel records. Such an information would help find the relationship between an individual's background and his motivation level and the impact of these variables on employee productivity, absence, turnover and satisfaction.

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- (a) **Age:** The relationship between age and job performance has been a point of intense debate and discussion over the years. It is widely believed that job performance declines with increasing age. Employee turnover too tends to be low as employees grow in age. There are less chances of such employees quitting the job suddenly because of two reasons: one, the outside opportunities may not be very tempting or may not be available, second, you begin to get more by staying back in terms of higher wages, benefits, bonuses, stock options, etc. The Age vs. Absenteeism relationship is somewhat inverse because older employees have lower rates of avoidable absence than do their younger counterparts. They have generally higher rates of unavoidable absence due to poor health and longer recovery period older workers require when injured. Coming to age vs. *productivity* relationship, it is generally believed that an individual's skills decay over time; he may lose interest in job and the intellectual stimulation may also depreciate over time. However, this may not always hold good as recent research studies proved. In fact, researchers now opine that age and job performance are unrelated (Cascio); and the decline in physical skills sometimes is more than offset by benefits due to the experience gained by the employee on the job. Finally, the age vs. satisfaction relationship is also somewhat hazy unless we classify employees into two categories: professional and non-professional employees. Among professionals, satisfaction generally increases with age, whereas it fell among non-professionals during middle age and then rose again as they advanced in age later on.
- (b) **Sex:** It is generally believed that gender differences between males and females affect their *job performance*, especially in situations demanding physical effort. However, there are no consistent male-female differences in problem-solving ability, analytical skills, motivation, sociability, competitive drive, etc. At lower levels, women are willing to conform to authority, whereas men are more aggressive. The differences in productivity, turnover were also negligible. The rate of absenteeism among females was higher because of home and family responsibilities.
- (c) **Marital status:** Research evidence suggests that married employees tend to have fewer absences, undergo less turnover, and more satisfied with their jobs than unmarried co-workers.
- (d) **Number of dependents:** The number of children an employee has is positively correlated with absence (especially among females) and job satisfaction. Employee turnover, however, was found to be not so closely related with number of dependents.
- (e) **Tenure:** There is no valid reason to believe that experienced people are more productive than those with less seniority. Seniority has a negative correlation with absenteeism and turnover. The past behaviour of an employee in this regard could be used to predict future turnover and absence rates quite safely. The evidence also shows that tenure and job satisfaction are positively related.



(f) **Ability:** It refers to an individual's capacity to perform the various tasks in a job. An individual's abilities are of two kinds:

- (a) **Intellectual abilities:** These are required to carry out mental activities. These include number aptitude, verbal comprehension, perceptual speed, spatial visualisation, reasoning and memory. Selection tests employed to measure the above are found to be strong predictors of job performance. They also help place a candidate on a right job, suitable to his mental make-up.
- (b) **Physical abilities:** These include stamina, dexterity, strength and similar skills. These physical abilities are more important for performing less skilled and more standardised jobs at lower levels in an organisation.

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4.1.2 Personality Factors

Research indicates that both genetic (heredity) and non-genetic factors appear to have equal effects in shaping one's personality. Let us examine this issue closely:

- (a) **Heredity:** Heredity (genes) plays an important role in determining one's personality, physical stature, facial attractiveness, sex, muscle composition and reflexes, energy level, temperament which are the characteristics that are substantially influenced by who your parents were. Research evidence suggests that traits such as fear, shyness, distress, etc., are most likely caused by inherited genetic features. However, personality characteristics are not *completely dictated by heredity* (i.e., fixed at birth and not possible to change through experience). Further, the importance of heredity varies from one personality trait to another. For instance, heredity is generally more important in determining a person's temperament than values and ideals.
- (b) **Brain:** There is a general feeling that brain plays a significant role in the development of one's personality. Results from the electrical stimulation of the brain (ESB) offer evidence that better understanding of human personality could come from a close study of the brain. The evidence in this regard, however, is not very clear.
- (c) **Physical features:** An individual's external appearance – whether short or tall, fat or skinny, handsome or ugly, etc. – is said to be having a major impact on his personality. For example, a short person, who generally becomes a butt of jokes, develops a defense mechanism which is reflected in his personality.



4.1.3 Cultural Factors

The Culture – a set of beliefs, values that are shared by people and transmitted to others – in which we are raised and how we are conditioned by our interactions with friends and social groups also influences our personality. Culture demands both conformity and acceptance from its members. Members generally comply with the norms set by a group and bear with the subtle pressures exercised from time to time. The shared values, societal traditions and collective programming that underlies culture influences the development of our personalities, while also shaping the way our traits are expressed. In a way, explaining 'what we're like requires an awareness of 'where we're from'.

4.1.4 Family and Social Factors

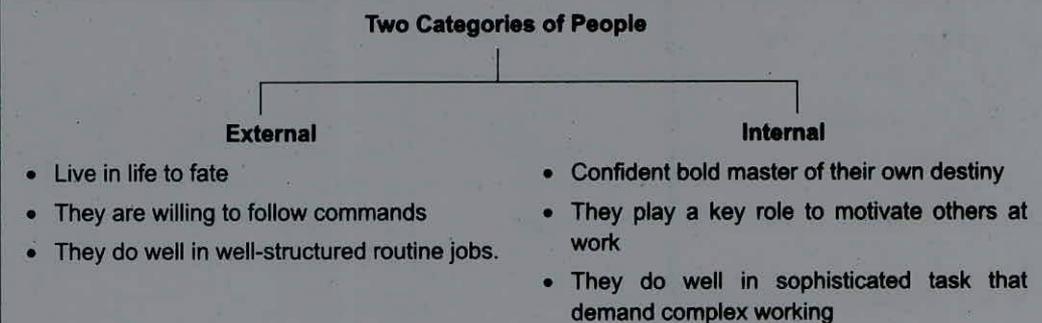
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Family and social factors also play an important role in shaping the personality of an individual. Parents are role models for almost everyone in this universe. The home environment also determines the behaviour patterns of individuals. People with troubled childhood tend to be violent, aggressive and even abusive. The motives, desires, beliefs, etc. are, most often, conditioned by the behaviours exhibited by other family members from time to time. Peer groups at the school and college level also play a role in personality development. For example, the nature of a young student's peer group influence not only whether he or she likes and enjoys school, but also his or her level of achievement throughout the school year. Finally, the society in which we live also influence the way we think and act. Americans are raised to be individualistic. Chinese, on the other hand, are taught collectivist value that makes them believe that family, social and company interests are more important than individual interest. Indians may treat their teachers and elders with respect; whereas people having a different cultural background might tend to look at the issue differently.

4.1.5 Situational Factors

Situational factors also impact our behaviours greatly. In a job interview one tends to act conservatively. The same person would behave differently in a picnic or a party. Although personality is relatively stable over time, it is occasionally altered by dramatic events in life – such as moving from one country to another or by psychological factors such as illness or trauma. X might suffer from low self-esteem because he hails from a poor country. The same person after living in a developed country for some time might feel more confident about achieving success through hard work.

4.2 THE BIG FIVE MODELS OF PERSONALITY



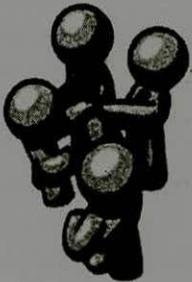
The list of personality traits is pretty long. So, using such lists to describe one's personality is, therefore, proved to be a wasteful exercise. Researchers, therefore, wanted to organise and summarise such personality traits while trying to describe an individual. Their primary goal was to develop a personality profile – a test that describes an individual's whole personality, rather than just the separate traits that make up that personality. The Big Five Model developed by P.T. Costa and R.R. McCrae clusters different personality

traits into enduring dimensions of personality that together describe the whole person. The Big Five traits are – Openness, Conscientiousness, Extroversion, Agreeableness, and Neuroticism or OCEAN:

1. **Openness:** People who like to learn new things and enjoy new experiences usually score high in openness. Openness includes traits like being insightful and imaginative and having a wide variety of interests.
2. **Conscientiousness:** People that have a high degree of conscientiousness are reliable and prompt. Traits include being organised, methodic, and thorough.
3. **Extroversion:** Extraverts get their energy from interacting with others, while introverts get their energy from within themselves. Extroversion includes the traits of energetic, talkative, and assertive.
4. **Agreeableness:** These individuals are friendly, cooperative, and compassionate. People with low agreeableness may be more distant. Traits include being kind, affectionate, and sympathetic.
5. **Neuroticism:** Neuroticism is also sometimes called Emotional Stability. This dimension relates to one's emotional stability and degree of negative emotions. People that score high on neuroticism often experience emotional instability and negative emotions. Traits include being moody and tense.

The Big Five personality test gives you more insight into how you react in different situations, which can help you choose an occupation. Career professionals and psychologists use this information in a personality career test for recruitment and candidate assessment.

4.3 DIFFERENT APPROACHES TO PERSONALITY



Ruthless Strategy of early 1500 to manipulate people:

Machiavellianism

1. Never show humility – arrogance is effective.
2. Morality and ethics are for the weak – powerful people should feel free to lie, cheat, deceive.
3. It is better to be feared than to be loved – True pragmatist.

There are other personality attributes that influence the behaviour of individuals in an organisation. These are listed below:

1. **Locus of control:** People belong to two categories: Internals who believe that they are masters of their own fate and externals who believe that what happens to them in their lives is due to luck or chance. Individuals raised in families in which effort and achievement are properly rewarded tend to become internals. On the other hand, individuals raised in families in which rewards seem to occur in a random manner tend to develop as externals. Internals perceive a strong link

NOTES

NOTES

between their effort and their performance. They are more satisfied with their work than externals. They generally hold higher level jobs, advance more quickly in their careers, earn more money and play a key role in motivating others while at work. They handle stressful situations better than externals. Externals are more compliant and willing to follow commands. They tend to do well in jobs that are well-structured and routine. Internals, in contrast, do well on sophisticated tasks that demand complex information processing and learning; on jobs that require initiative, drive and independence of action.

2. **Machiavellianism:** Niccolo Machiavelli proposed a ruthless strategy in early 1500 for seizing and holding political power. His approach was simple: other persons can be manipulated or used for our purposes if we follow certain rules: (a) never show humility – arrogance is far more effective when dealing with others, (b) morality and ethics are for the weak – powerful persons should feel free to lie, cheat and deceive wherever required to achieve personal goals, (c) it is better to be feared than loved. Those who want power, should be willing to do whatever it takes to get his way. Persons with a machiavellian orientation (called High Machs) are true pragmatists. Any means is justified as long as it helps High Machs to achieve their ends. This often gives them an edge over others who are guided by principles of morality – High Machs are confident, eloquent and competent. When they combine these traits with pure pragmatism, they achieve success easily. High Machs are often adept at picking up situations where their favourite tactics are most likely to work. Such situations are the ones in which they can interact with their intended victims in a face-to-face manner (and so make use of their persuasive skills), in which there are few firm rules (this leaves High Machs considerable room for manoeuvre), and in which others' emotions are running high. Since High Machs themselves never let their "hearts rule their heads," they can take full advantage of the fact that others' emotions make them especially vulnerable to manipulation. Finally, High-Machs are also skilled at forming alliances with others – alliances that usually work to their advantage. Low Machs, on the other hand, believe that there is no excuse for manipulating or lying to others. They are sensitive to the effects of their decisions on others and believe they should take action only when they are sure it is morally right.
3. **Extroversion and Introversion:** According to Carl Jung, individuals can be classified into two categories: Introverts and extroverts. Introverts are inward – directed people. They are guided by their own ideas and philosophy. They are rigid, subjective – oriented and rarely speak to others on their own. They have very few friends, avoid social contacts, withdrawn, quiet and enjoy solitude. Extroverts, on the other hand, are friendly, enjoy interaction with others, crave excitement and dislike solitude. Extroverts prefer job environments that offer opportunity, variety, unpredictability and sporadic bursts of intensity. If the job environment is not sufficiently stimulating, extroverts may play practical jokes and games or display other kinds of distracting behaviour to produce additional stimulation. On the other hand, introverts do not require as much excitement from external stimulation, and, consequently, they tend to perform better than extroverts on repetitive tasks or tasks occurring in environments that offer very little sensory stimulation.

Classified Individuals as



- **Introverts:** Inward-directed people rigid, subjective, rarely speak to people on their own, have few friends.
- **Extroverts:** Friendly, enjoy work and interaction with dislike solitude; prefer job environments variety, they have sporadic bursts of intensity.

NOTES

4. **Endomorph and mesomorph:** Willam Sheldon has presented a unique temperamental model that represents a link between psychological traits and characteristics of an individual with his behaviour. Sheldon identified some relationship between the physique types of individuals and their personality temperaments. He identified three body types – endomorphic, mesomorphic and ectomorphic.

- **Endomorph:** He is bulky and beloved. Sheldon contends that the endomorph would be rather fat and thick in proportion to his height. He seeks comfort, loves fine food, eats too much, jovial, affectionate and liked-by-all persons (viscerotonic temperament).
 - **Mesomorph:** He is basically strong, athletic and tough. His physique is appreciated by all. In fact, it is this personality all other “morphs” wish for. According to Sheldon, he is found of muscular activity; tends to be highly aggressive, and self-assertive. He can run faster, smile brighter, and beat along the other two ‘morphs’ together (somatotonic temperament).
 - **Ectomorph:** Ectomorph is thin, long and poorly developed physically. Though physically weak, he leads the league in the intellectual department. His temperament is Cerebrotonic, i.e. excessive inhibition, restraint, and avoidance of social contacts, etc. He is labelled as absent-minded, shy, but brilliant university professor stereotype.
5. **Type A and type B behaviours:** Two cardiologist Meyer Friedman and Ray Rosenman have identified the typical characteristics of Type A personality and Type B personality way back in early 70s, while conducting research on the impact of job stress on heart disease. Table 3.1 gives a comprehensive list of the characteristics of the Type A personality:

Characteristics of Type A Personality

- Move, walk and eat rapidly
- Have a habit of hurrying the ends of your sentences
- Hurry the speech of others, say very quickly, over and over again. “Uh huh, uh huh” or “yes, yes, yes: to get others to speed up their rate of talking
- Try to do two or more things simultaneously (e.g., Read the mail while you are on the phone.)
- Try to bring conversations around to work-related topics that particularly intrigue you

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- Feel guilty when you relax or do nothing for several hours to several days.
- Tend not to notice non-instructional aspects of a situation (e.g., Not noticing a new carpet, a new hair-do, etc.)
- Feel acquisitive of money and personal possessions
- Over schedule yourself; do not make allowances for unforeseen contingencies
- Feel challenged and threatened by the success of others
- Have nervous tics like clenching your fists or banging your hand upon the table
- Keep on trying to do things faster and faster
- Evaluate your own performance and the activities of others in terms of 'numbers'.

Type A personalities are aggressive. They are willing to oppose others to get what they want. When placed in circumstances where there are a lot of obstacles, they will keep on plugging away rather than give up. Type A people are ambitious and hard-driving. They have very high standards for themselves. They try to schedule more and more in less and less time. They are also competitive; they have to win all the time, even in leisure activities and casual conversation. They do not find time to enjoy life. For them work is not a means to an end, but an end in itself. They live to work and do not work to live. For them, work is an addiction; and work outside the company is unproductive, disinteresting and meaningless. Type As, tend to lack skill in interpersonal relations and the ability to get along harmoniously with all types of people in various situations.

In contrast, Type B personalities feel less pressure. They keep a steadier pace, rather than working against the clock. Type Bs are more likely to extend the deadline or to accept a lower standard of work for themselves in the short run. They are likely to 'let things roll off their backs' rather than fight every issue. They are not as easily angered or disappointed by their own work or the work of others. They tend to be more relaxed and non-competitive. Because of their contemplative approach to problem-solving, Type Bs tend to be more creative than Type As.

Type Bs, typically, are highly skilled in interpersonal relations. They get along well socially. They have an innate understanding of people. They are quick to grasp the underlying motivations of other people. This insight serves them in excellent stead when they wish to gain the support of others who may have conflicting views. They not only understand people but also enjoy them. They rarely feel at a loss in public contact situations. A Type B person can easily and happily manipulate an irate client.

Characteristics of Type B Personality

- Patient and composed
- Never suffer from a sense of time urgency; concerned with quality rather than quantity
- Do not generally discuss their achievements unless demanded by the situation
- Play for fun and recreation
- Can relax without guilt
- They are wise, not hasty, they vary their responses to specific challenges in their milieu; their behaviour, hence can't be predicted easily.

The differences between Type A and Type B persons have important implications for behaviour in the workplace. For example, hard driving, competitive individuals would be expected to act in very different ways from their more easy going counterparts. Type As tend to be more impatient with others and get angry quickly if things do not move as desired. They prefer to work by themselves, given a chance, rather than with others. They are definitely 'loners' rather than 'team players'.

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Narcisist



- Considers himself as a person with many talents
- If things not going in accordance with their will they throw tantrums
- They want to be a person of attraction always.

6. **Narcissism:** A Narcissist is an arrogant person who considers himself as a person of many talents. He has a grandiose sense of self-importance and requires constant admiration. He wants to be a centre of attraction always. Sad to relate, narcissists tend to be extremely selfish and exploitative and believe others exist for their benefit. Imbued with feelings of superiority, they often treat their subordinates as if they were inferior. They are extremely selfish and do very little to help others, when required. Unfortunately, narcissists tend to believe that they have excellent leadership qualities. Studies, on the other hand, found supervisors rating their bosses having narcissist tendencies as worst.

4.4 PERSONALITY AND SELF-CONCEPT

The self-concept describes the relatively stable perceptions his own self a person has about. It includes the conception of what is special about a person; what separates him from others. It is like a mental mirror that reflects how a person looks at self. One self-concepts are derived primarily from four sources: (a) person's social interaction with others (b) it is own comparisons with other, (c) what others say about the end, (d) how a person evaluates himself. Three important things about the self-concept are worth mentioning here:



- *Self-concept is learned.* No one is born with a self-concept. It gradually emerges in the early months of life and is shaped and reshaped through repeated perceived experiences, as one interacts with others.
- *Self-concept is organized,* that is, it is characterised by *orderliness* and *harmony*. Each person maintains countless perceptions regarding one's personal existence, and each perception is orchestrated with all the others. It is this generally stable and organised quality of self-concept that gives consistency to the personality. At

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the heart of self-concept is the self-as-doer, the "I," which is distinct from the self-as-object, the various "me's." This allows the person to reflect on past events, analyze present perceptions, and shape future experiences.

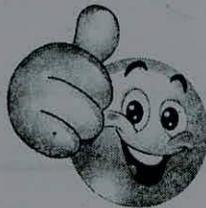
- *Self-concept development is a continuous, dynamic process.* In the healthy personality there is constant assimilation of new ideas and expulsion of old ideas throughout life. Individuals strive to behave in ways that are in keeping with their self-concepts, no matter how helpful or hurtful to one self or others. Self-concept usually takes precedence over the physical body. Individuals will often sacrifice physical comfort and safety for emotional satisfaction. Self-concept continuously guards itself against loss of self-esteem, for it is this loss that produces feelings of anxiety.

According to Carl Rogers, Individuals have within themselves relatively boundless potential for developing a positive and realistic self-concept. This potential can be realised by people, places, policies, programmes, and processes that are intentionally designed to invite the realisation of this potential.

4.4.1 Self-efficacy

Self-efficacy refers to one's personal ability to do a task. Unlike locus of control this characteristic is not about how much fate controls events, rather, it is about one's personal belief about what it takes to get ahead and succeed in life.

How Self-efficacy Affects Behaviour?



- **Joy of activities:** individuals typically choose activities they feel they will be successful in doing.
- **Effort and persistence:** individuals will tend to put more effort and activities and behaviours they consider to be successful in achieving.
- **Learning and achievement:** students with high self-efficacy tend to be better students and achieve more.

For example, Erik Weihenmayer, is but also a self-described unrealistic optimist who was the **first blind climber** to scale Mt. Everest. Low self-efficacy is associated with learned helplessness, the debilitating lack of faith in one's ability to control one's environment. The implications for managers are fairly obvious. Complex, challenging and autonomous jobs tend to enhance people's perceptions of their self-efficacy. Boring, tedious jobs generally do the opposite. Self-efficacy is a quality that can be nurtured through appropriate counselling and mentoring.

4.4.2 Self-esteem

Self-esteem refers to the extent to which people like or dislike themselves, their overall self-evaluation. Some of the characteristics that may be associated with high and low levels of self-esteem may be listed thus:

Characteristics of Type B

High self-esteem	Low self-esteem
Inspires others to have confidence in him	Does not inspire confidence in him
Seeks responsibility	Lacks initiative
Outgoing	Introverted
Open-minded	Closed-minded
Optimistic	Pessimistic

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Research evidence on self-esteem offers interesting insights into organisational behaviour. High-SEs believe that they have the ability to succeed at work. They take more risks in job selection and are more likely to choose unconventional jobs. Low-SEs are more vulnerable to external influences than high-SEs. They are more likely to seek approval from others and are willing to conform to the beliefs and behaviours of those they respect, than high-SEs.

Some ways in which managers can build employee self-esteem may be listed thus.

Ways to Boost Employee Self-esteem

- Reinforce employees' positive attitudes and skills
- Provide positive feedback whenever possible
- Break larger projects into smaller tasks and projects
- Express confidence in employees' abilities to complete their tasks
- Provide coaching whenever employees are seen to be struggling to complete tasks.

4.4.3 Self-monitoring

Self-monitoring refers to the ability of an individual to adjust his behaviour to external, situational factors. High self-monitors show great flexibility in adjusting their behaviours to external situational influences. They pay more attention to what others say and how others behave. They can put on different faces for different individuals. They will be more successful on jobs that require position holders to play multiple and even contradictory roles. High self-monitors are criticised for being chameleons, always able to adapt their self-presentation to their surroundings, low self-monitors are often criticised for being on their own planet and insensitive to others.

4.5 THEORIES OF PERSONALITY

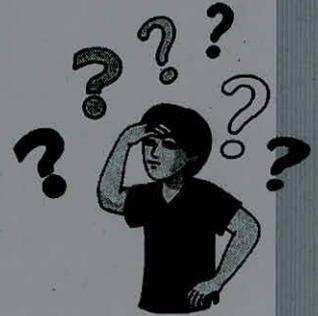
Over the years, researchers have developed a number of personality theories while trying to find answers to questions such as what is personality. How is behaviour influenced by personality, and so on. These are listed as follows:

4.5.1 Psychoanalytical Theory

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The theory, developed by Sigmund Freud, emphasises the unconscious determinants of behaviour. According to Freud, personality is the outcome of three interrelated and interacting forces, namely, the id, ego and superego.

- **Id** consists of everything that is inherited psychologically and is present at the time of birth. It is the foundation of the unconscious mind and is the source of libido (psychic energy that seeks pleasure, tries to avoid pain and wants immediate satisfaction of all desires) drives. It strives for sexual gratification and other biological pleasures. It is instinctive, often unconscious and unrecognised and is unaffected by socially or culturally determined restrictions. Id basically represents an individual's natural urges and feelings. However, it cannot act on its own; it can only fantasize and force the person to satisfy the desires immediately. Id is largely childish, irrational, never-satisfied and always demanding.
- **Ego** is the logical, rational and realistic side of the personality. It keeps the Id in check and takes decisions rationally after evaluating the facts in a realistic and objective manner. The demands made by Id, of course, would be met but only at an appropriate time and in an acceptable manner.
- **Superego** is the moral side of the personality. It represents the noblest thoughts, ideals, feelings that are acquired by a person from his parents, teachers, friends, religion, organisation, and colleagues, etc. Labelled as the 'ego-ideal' it tells a person whether the action proposed by 'ego' is right or wrong so that the person acts in accordance with the values and standards set by the society. Acting as a kind of moral police, superego thus restricts the freedom enjoyed by the 'ego' and in some respects it is antithesis of Id. In actual world, the Id is striving for satisfaction, the ego is trying to delay it and the superego demands morality above all. If people violate the prohibitions set by superego, they may feel guilty and even indulge in self-punishment.



By nature, therefore, the Id, ego and superego will always be in a state of constant friction and tension. Conflicts between the *id* (the pleasure seeking element), the superego (the noble and idealistic element) and the ego (the compromising element) will often force people to develop certain defence mechanisms (such as aggression, regression, rationalization, denial and so on. Such defence mechanisms, according to Freud, are necessary to reduce the tension and anxiety caused by conflict between the three elements of personality.

Evaluation

The psychoanalytical theory proposed by Freud has undoubtedly revealed the importance of unconscious processes in human behaviour. Researchers have assigned a place of importance to the theory on account of four specific reasons discussed as follows:

1. **It is deterministic:** Behaviour is assumed to have been caused. Surprisingly, even unconscious slips are considered to exhibit or reveal a certain meaning.

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2. **It is dynamic:** It assumes that human action results from psychic energy called libido (i.e., life maintaining and pleasure-seeking energy that becomes attached to or withdrawn from various goals and objects).
3. **It is developmental:** Human development begins at birth and progresses through life.
4. **It is structural:** The three basic structures of personality are id, ego and superego. These three elements are interrelated and each cannot exist in isolation from others.



The idea of a person being motivated more by unseen influences than by conscious and rational processes is universally welcomed and is being used by behavioural scientists all over the globe. However, researchers have attacked the theory on methodological grounds. Scientific verification of what Freud has proposed through repeated experimentation is not possible because his constructs are difficult to define and are largely ambiguous.

4.5.2 Type Theories

The type theories try to bring some amount of order into the theories of personality, by classifying individuals into convenient categories. Sheldon's physiognomy theory and Carl Jung's extrovert and introvert theories are the two important type theories that merit attention here:

- **Physiognomy Theory:** According to Sheldon there is some relationship between the physique types (like the features of the face or body type) of individuals and their personality temperaments. He identified three body types – endomorphic, mesomorphic and ectomorphic. One pitfall of this theory is the inherent generalisation. There is almost unfailing tendency on the part of many people to pigeonhole every person into one category or another.
- **Extrovert-Introvert Theory:** According to Carl Jung an extrovert is sociable, lively, impulsive, seeking novelty and change, carefree and emotionally expressive. Introverts, on the other hand, are basically shy, prefer to remain aloof, and are unexpressive. They are quiet, introspective, intellectual, well-ordered, and value-oriented. Few persons are complete extroverts or introverts but a combination of the two types help capture a snapshot of an individual.

4.5.3 Trait Theories

A trait is an enduring attribute of a person that appears constantly in a variety of situations. The major components of trait theory are: (i) Traits distinguish one person from another, (ii) Traits can be measured, and used to summarise behaviour, (iii) Traits and the resultant behaviour patterns are said to be fairly stable over time. So, on the basis of trait theory, people can be described as aggressive, impulsive, sentimental or romantic and (iv) Although there are many traits that are common to most people, there are many other traits that are unique to an individual and are not shared by

other people. The problem with personality traits is that the list of individual traits is fairly long. In one study 17,953 individual traits were identified. Another researcher isolated 171 traits from out of which 16 primary traits were found to be most helpful in predicting behaviour patterns:

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Evaluation: Trait theories, on the negative side, suffer from the following limitations: (i) Traits may be too abstract. For example, the scale of measuring, anxiety may be abstract. (ii) Trait theory focuses attention on isolated traits without specifying how these traits are organised within a person. Without knowing which traits are more important and how they are related to other traits of an individual, it is not possible to come out with an appropriate description of an individual's personality. (iii) Another drawback of trait theories is that they are essentially descriptive rather than analytical.

4.5.4 Self Theory

According to the Self Theory, the individual himself is the centre of experience. His self-image is a reflection of how he looks at himself (Rogers terms this as "I") and his perception of how others view him (termed as "Me" by Rogers). Rogers has defined "Me" as social self and "I" as personal self. Personal self is nothing but one's own mirror image guiding our beliefs, thoughts and actions. Social self is the way a person appears to others or others appear to him. Behaviour is the outcome of the realisation of "Me" or is a reflection of inner self. "Me" is what "I" believe others expect from me. The relationship between "I" and "Me" shapes one's personality. As the individual interacts with his environment, his own concept of self-develops, grows and matures over a period of time. Positive responses from the environment would reinforce our self-image and likewise, any negative responses from the environment would lower our self-image creating tension and anxiety. As Rogers commented "the basic nature of the human being when functioning fully, is constructive and trustworthy. The self generally takes the initiative in improving the conditions in its environment so that the values of the self can be achieved."

Evaluation

The self theory is appreciated on the ground that it is organised around the concept of self. It is the one in which personality and behaviour are largely determined by the individual, whereas, in other theories, the individual is the only medium through which behaviour is elicited after having been acted on by elements over which one has no control. In analysing organisational behaviour, it would be beneficial for the manager to understand the self-concept because this concept influences the manner of applying various reinforcement, motivation and leadership techniques for achieving desired results. For instance, monetary rewards for performance, authoritarian leadership style and motivational strategies when applied to intelligent, independent, confident workers may prove to be ineffective. These techniques may yield fruitful results when applied to the unintelligent, insecure, indecisive workers.

4.5.5 Social Learning Theory

The main idea in Julian Rotter's Social Learning Theory is that personality represents an interaction of the individual with his or her environment. One cannot speak of a personality, internal to the individual, which is independent of the environment.

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Neither can one focus on behaviour as being an automatic response to an objective set of environmental stimuli. Rather, to understand behaviour, one must take both the individual (i.e., his or her life history of learning and experiences) and the environment (i.e., those stimuli that the person is aware of and responding to) into account. Rotter describes personality as a relatively stable set of potentials for responding to situations in a particular way. In fact, much of human learning is vicarious or observational. The social learning theory uses 'reinforcement and punishment' approach in understanding personality. For example, repeated failures caused by external circumstances may compel an individual to act tough and be aggressive. On the other hand, many acts of kindness that are rewarded by society in various forms may reinforce good behaviour. Thus, behaviour is caused by environment and is affected by environment in many ways.

Rotter sees personality, and therefore behaviour, as always changeable. Change the way the person thinks, or change the environment the person is responding to, and behaviour will change. He does not believe there is a critical period after which personality is set. But, the more life experience you have building up certain sets of beliefs, the more effort and intervention required for change to occur. Rotter conceives of people in an optimistic way. He sees them as being drawn forward by their goals, seeking to maximise their reinforcement, rather than just avoiding punishment.

4.6 IMPORTANCE OF MATCHING PERSONALITIES AND JOBS

Given the enormous amount of differences among individuals and among jobs, an important job of managers is to try to match a person and job characteristics so that work is carried out by people who are best suited for it. This requires that

- Managers be clear about what they expect employees to do.
- They should have a sense of the kinds of people who would succeed at work that needs to be executed.

The attempt to strike a rapport between the person and the requirements of the job is called *person-job fit*. When hiring and leading employees, managers should attempt to achieve person-job fit so that employees are more likely to contribute and remain satisfied. Whenever the nature of work changes, due to various reasons, managers should look into questions such as: how prepared are the employees? Are they going to voice their concerns? Will the employees be able to shoulder the additional burden? Personality, in the final analysis, does not lend itself to change. When person-job fit is poor, the manager must think of replacing employees or restructuring work. Research in this area indicates that job satisfaction is highest and turnover lowest when person-job fit is achieved. So, for fairly obvious reasons, social individuals should be in social jobs and conventional people should be in conventional jobs. Nowadays, researchers also point out the need to achieve the *person-organisation fit* as well, in order to show excellence. In a way, this means selecting people who fit better with organisational culture and get along with people easily.

4.7 APTITUDE, ABILITIES AND SKILLS

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Apart from having a positive personality, one needs to have the aptitude, ability and skills in order to achieve success at the workplace. Aptitude refers to a person's ability to learn something. Ability refers to a person's existing capacity to do various tasks using knowledge and skills to good effect. Skill refers to the dexterity in performing specific tasks – which, of course, comes through training and experience. Abilities are the knowledge and skills that a person possesses currently. Aptitudes, on the other hand, determine a person's potential abilities. Both terms are important in organisational behaviour, because of their impact on the performance of individuals in a firm. Generally speaking, two types of ability affect performance: intellectual ability – capacity to perform various cognitive tasks – and physical ability – capacity to perform various physical activities.

- ✓ **Intellectual abilities or simply intelligence:** The term 'intelligence' refers to one's capacity to understand complex ideas. If a person is able to understand the challenges associated with a task clearly, he or she is able to show good performance. Psychologists prefer to divide intelligence into two categories: cognitive intelligence and practical intelligence.
- **Cognitive intelligence:** It refers to the ability to understand complex ideas, to adapt effectively to the environment, to learn from experience, to engage in various forms of reasoning and to overcome obstacles by careful thought. There are eight types of cognitive ability that require close attention:
 - (a) *Verbal ability:* The ability to understand and use spoken and written language.
 - (b) *Numerical ability:* The ability to solve arithmetic problems and deal with numbers.
 - (c) *Reasoning ability:* The ability to come up with solutions to problems and understand the principles by which different problems can be solved.
 - (d) *Deductive ability:* The ability to reach appropriate conclusions from an array of observations or evaluate the implications of a series of facts.
 - (e) *Ability to see relationships:* This refers to the ability to see how things are related to each other and then apply this knowledge to other relationships and solutions.
 - (f) *Ability to remember:* This refers to the ability to recall things ranging from simple associations to complex groups of statements or sentences.
 - (g) *Spatial ability:* This is the ability to determine the location or arrangement of objects in relation to one's own position and to imagine how an object could appear if its position or space were altered.
 - (h) *Perceptual ability:* The ability to uncover visual patterns and see relationships within and across patterns.

Different jobs require various blends of the above abilities. One needs to take the call intelligently keeping information, things, situations, people in the background. This is where creativity comes to play a great role. Creativity refers to the ability to produce a good number of unique and novel responses to problems and opportunities.

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Practical intelligence: It refers to the ability to devise effective ways of getting things done on a daily basis. People differ not only in cognitive ability but also in physical ability. There are two types of physical abilities – motor and physical skill – that require elaboration here. A motor skill is the ability to physically manipulate objects in an environment – such as reaction time, manual dexterity, speed of arm movement, etc. The term physical skills refers to a person's fitness and strength – such as the ability to lift weights, stamina, etc.

Both cognitive intelligence and practical intelligence are determined by biological as well as situational factors. Cognitive intelligence is determined by the genes we inherit from our parents, whereas practical intelligence is gained through experience and learning while dealing with situations that confront us on a daily basis.

SUMMARY

- Personality is the sum total of unique ways in which an individual reacts and interacts with others.
- Each person is unique, has some stable patterns of behaviour and consistent internal states.
- The major determinants of personality are grouped under the following heads: biological, personality, cultural, family and social and situational.
- The big five personality dimensions are: extroversion, agreeableness, conscientiousness, emotional stability and openness to experience.
- Other important personality traits that managers need to be aware of in order to understand workplace behaviour are: locus of control, authoritarianism, Machiavellianism, Type A and Type B behaviour patterns, and the self-concept
- To get the best out of people and to ensure efficient and effective results, managers need to put the right man on the right job as well.
- In addition to possessing different personalities, employees also differ in their abilities, or what they are capable of doing. The two major types of ability are cognitive ability and physical ability. Emotional and social intelligence is what it takes people to the top of career ladder in most cases.

REVIEW EXERCISES

1. How do you define personality? What are its major determinants?
2. What is the role of personality in the study of organisational behaviour?
3. Briefly explain the various theories of personality. How will you integrate various theories to get a satisfying view of personality?
4. Describe the Type A and Type B behaviour patterns and describe the nature of Machiavellianism.
5. What are the major personality traits that managers need to be aware of in order to understand workplace behaviour?

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6. Write short notes on
 - The self-concept
 - Locus of control
 - Introvert vs. Extrovert
7. Personality is an organised whole, without which an individual would have no meaning. Comment on the statement.
8. Critically analyse the statement that "the various psychological processes can be thought of as pieces of jigsaw puzzle, and personality as the completed puzzle picture".
9. Why might two individuals whose personalities are very similar behave differently in a given situation?
10. Why is it important for managers to achieve person-job fit when they are hiring employees?
11. Think of an important event in your life. Do you believe that the success or failure of the event was your responsibility (internal locus of control) or the responsibility of outside forces or people (external locus of control)? Has your belief changed since the event took place? How does your locus of control affect the way you now view the event?
12. Do you think that a Type A person or a Type B person would be better suited to managing a health care facility? Why?
13. Have you ever known someone you considered to be high in extraversion? If so, what kind of jobs do you think they would perform best? Worst?

CASE STUDY Left or Right

Rajinder Kumar was a production worker at Competent Motors Limited (CML) which made components and accessories for the automotive industry. He had worked at CML for almost seven years as a welder, along with fifteen other men in the plant. All had received training in welding both on the job and through company-sponsored external programmes. They had friendly relations and got along very well with one another. They played volleyball in the playground regularly before retiring to the quarters allotted by the company. They were together in the company canteen together, cutting jokes on each other and making fun of everyone who dared to keep into their privacy during lunch hour. Most of the fellows had been there for some length of time, except for two men who had joined the ranks only two months back.

Rajinder was generally considered to be the leader of the group, so it was no surprise that when the foreman of the crew was transferred and his job was posted, Rajinder applied for the job and got it.

There were only four other applicants for the job, two from mechanical section and two from the outside, when there was a formal announcement of the appointment on a Friday afternoon. Everyone, in the group congratulated Rajinder. They literally carried him on their shoulders, and bought him snacks and to celebrate.

On Monday morning Rajinder joined duty as Foreman. It was company practice for all foremen to wear blue jacket and a white shirt. Each man's coat had his name badge sewn onto the left side pocket. The company had given two pairs to Rajinder. He was proud to wear the coat to work on Monday.

People who saw him from a distance went up to him and admired the new blue coat. There was a lot of kidding around calling Rajinder as 'Hero', 'Raja Babu' and 'Officer' etc. One of the guys went back to his locker and returned with a long brush and acted as though he were removing dust particles on the new coat. After about five minutes of horseplay, all of the men went back to work. Rajinder went back to his office to get more familiar with his new job and environment there.

At noon, all the men broke for lunch and went to the canteen to eat and enjoy fun as usual. Rajinder was busy when they left but followed after them a few minutes later. He bought the food coupon, took the snacks and tea and turned to face the open canteen. Back in from the left-side corner of the room was his old work group; on the right-hand side of the canteen sat all the other foremen in the plant – all observed in their blue coats.

At that point of time, silence descended on the canteen, suddenly, as both groups worked at Rajinder anxiously, waiting to see which group he would eat with.

Questions

1. Whom do you think Rajinder will eat with? Why?
2. If you were one of the other foremen, what could you do to make Rajinder's transition easier?
3. What would you have done if you were in Rajinder's shoes? Why?

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5. LEARNING

STRUCTURE

- 5.1 Introduction
- 5.2 Theories of Learning
 - Summary
 - Review Exercises

5.1 INTRODUCTION

To survive and flourish in a brutally competitive world, it is not enough to improve operational efficiencies, cut costs or keep abreast of the latest technological developments. Companies need to explore new ideas, concepts, processes through continuous learning. They need to learn from suppliers, customers, employees, competitors and from almost anyone who matters. 'Learning' may be defined as a relatively permanent change in behaviour or performance resulting from experience or practice. This definition contains many interesting points.



- **Bring about change:** Learning involves a change, though not necessarily improvement in behaviour. Learning may be good or bad from an organisational point of view. For example, bad habits such as reporting late for work, fighting with co-workers when the supervisor is away, careless and reckless use of facilities, etc., can be learned, especially, when management is viewed as weak or not very effective in enforcing discipline.
- **Results in relatively permanent change:** The change brought about by learning should be long lasting. Therefore, shortlived performance changes that typically occur prior to the visit of a top management team should not be confused with learning.
- **Arises out of experience or practice:** The change in behaviour should occur as a result of experience, practice, education or training. Any change in an individual's thought processes or attitudes, if not accompanied by change in behaviour should not be interpreted as learning.

- **Learning through reinforcement:** Reinforcement is the process by which an external reinforcer or reward produces and maintains a behaviour. Rewards for workers who are regular and sincere to their work, would induce others to learn such behaviours. Reinforcement increases the strength of response and tends to induce repetitions of the behaviour that precedes the reinforcement. The practice of learning, thus, must be reinforced in order that learning occurs. If reinforcement does not accompany the practice or experience, the behaviour will eventually disappear.
- **Differences in the learning process:** There are individual differences in the learning process. Two individuals who undergo similar experiences – for example, transfer of two professors working in Mumbai to two different locations, one to Lucknow and another to New Delhi probably will differ in terms of acquisition of skills, knowledge and ability to adapt appropriately to new challenges posed by such transfer (finding a school for kids, adjusting to local customs and traditions, etc.)

5.2 THEORIES OF LEARNING

Classical and Operant Conditioning

Operant Conditioning

*It's time for
Food. I should
press the lever.*



Classical Conditioning



*There goes
the bell. It's
time for Food.*



People learn new behaviours through one or more of the four learning processes – classical conditioning, operant conditioning, observational learning and cognitive learning.

1. **Classical Conditioning:** It is a simple form of learning in which a conditioned response is linked with an unconditioned stimulus (a stimulus is something that incites actions and draws forth a response). Ivan Pavlov, a Russian psychologist, developed classical conditioning theory based on his experiments to teach a dog to salivate in response to the ringing of a bell.

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Before conditioning

- When Pavlov offered meat (unconditioned stimulus) to the dog, he noticed a great deal of salivation (unconditioned response). Pavlov termed the food an unconditioned stimulus because food automatically led to salivation (that is, an unconditioned response) When the dog saw the meat, it salivated.
- On the other hand, when Pavlov merely rang the bell (neutral stimulus), the dog did not salivate.



Pavlov

After conditioning

- Pavlov subsequently introduced the sound of a bell (artificial stimulus or conditioned stimulus) each time the meat (unconditioned stimulus) was given to the dog. Thus, when the bell was paired with the meat, it produced a response. The dog eventually learned to salivate in response to the ringing of the bell even when there was no meat. (conditioned stimulus leading to conditioned response) Pavlov, thus, had conditioned the dog to respond to a learned stimulus. This is known as the "law of exercise" which states that behaviour can be learned by repetitive association between a stimulus and a response.

In organisations, however, only simple behaviours and responses can be learned in this way. For example, if the boss were to reprimand an employee for poor performance every Monday during a month, the next time the employee receives a call from the boss, he becomes extremely nervous, because of this association. Also, classical conditioning does not explain situations where people choose a course of action in a rational and objective manner. In actual practice, managers are more interested in how employees behave voluntarily and freely (as opposed to involuntary and reflex responses) in an organisational setting.

2. **Operant Conditioning:** Operant is defined as voluntary or learned behaviour (as against reflexive or unlearned behaviour suggested by classical conditioning) that produces effects. Operant conditioning, according to Skinner, is based on the premise that people learn to behave to obtain something they want or avoid something they do not want. Behaviour, thus, is a function of its consequences, and not a function of inner thoughts, feelings, emotions or perceptions as suggested by classical conditioning. People, in short,

Operant Conditioning: Learned Behaviour



Skinner

Operant behaviour, therefore, is something that is learned as against something that is reflexive or unlearned.



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learn to behave to get something they want or to avoid something they don't want. Operant behaviour, therefore, is something that is learned as against something that is reflexive or unlearned. The consequences of a given behaviour would ultimately decide whether the same behaviour is likely to occur in future or not. As a result, behaviours that are rewarded (or reinforced) get repeated and behaviours that are punished (or not reinforced) are avoided (known as the *Law of Effect*). An employee who receives a written disciplinary warning after submitting a report 24 hours late is more likely to submit the report on time next month. The consequences, according to Skinner, determine the likelihood that a given operant will be performed in future. If, as a manager, you want more of behaviour, you must make the consequences for the individual positive. Skinner's emphasis here is on consequences that can be manipulated rather than consequences inherent in the behaviour itself.

Features	Classical conditioning	Operant conditioning
• Type of association	• Between the stimuli	• Between a response and its consequences
• State of the subject	• Passive	• Active
• Focus of attention	• On what produces response	• On what follows response
• Type of response typically involved	• Involuntary response	• Voluntary response
• Range of responses	• Relatively simple	• Simple to highly complex
• Responses learned	• Emotional responses: fear, likes and dislikes	• Goal-oriented responses

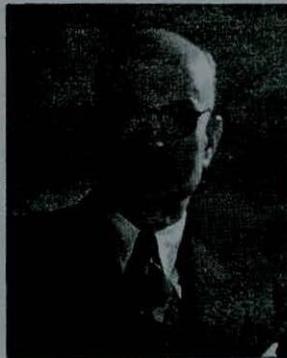
(S.E.Wood, E.G.Wood, *The World of Psychology*, Allyn and Bacon, Boston, 1996)

- 3. Cognitive Learning:** Cognition refers to an individual's ideas, thoughts, knowledge, interpretations, understandings, etc. about himself and his environment. According to Cognitive Theory—proposed by Tolman and Kohler—learning is considered to be the outcome of deliberate thinking about a problem or situation both intuitively and based on known facts and responding in an objective and goal-oriented way. Edward Tolman, using rats in his laboratory,

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explained how the rats learned to throw a complicated maze toward their goal of food. It was found that rats developed expectations at every choice point in the maze. They, thus, learned to expect that certain cognitive cues related to the choice point could ultimately lead to food. If the rat actually got the food, the association between the cue and the expectancy was strengthened, and learning took place. As against the S-R and R-S learning in the classical and operant approaches, Tolman's approach could be described as S-S (stimulus-stimulus or learning the association between the cue and the expectancy). The theory became highly popular in 1940s and 1950s and in fact several training programmes were designed along similar lines. The training programmes, basically, aimed at strengthening the relationship between cognitive cues (supervisory, organisational and job procedures) and worker expectations (incentive payments for good performance). The assumption was that the worker would learn to be more productive by building an association between taking orders or following directions and expectancies of monetary reward for this effort. Along similar lines, Kohler and his team were interested in finding how animals solved problems confronted by them. Chimpanzees were put in a cage with some fruit placed tantalisingly out of reach. A stick was kept in view, so that the chimpanzees employ the stick as a tool to bring the fruit into the cage. Expectedly, chimpanzees retrieved the fruit and Kohler proposed that the chimpanzees solved the problem through the use of insight.

Cognitive Learning



Edward Tolman

According to Cognitive Theory—proposed by Tolman and Kohler—learning is considered to be the outcome of deliberate thinking about a problem or situation both intuitively and based on known facts and responding in an objective and goal-oriented way. Edward Tolman, using rats in his laboratory, explained how the rats learned to throw a complicated maze toward their goal of food.



- 4. Social Learning:** People can learn through observation and direct experience (also known as vicarious learning which means capturing the lessons of others' experiences). Social learning takes place when people observe the behaviour of others, note their consequences and alter their own behaviour as a result. Thus, social learning is nothing but acquisition of knowledge through processing of information. Watching the boss reprimand someone for being late, would simply make you learn the importance of being punctual. People supposedly learn behaviours and attitudes at least partly in response to what others expect of them. Like operant conditioning, social learning theory also states that behaviour is a function of consequences.

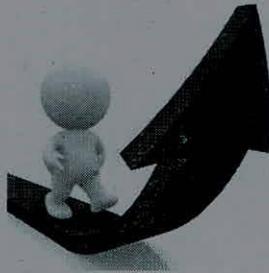
5.2.1 Elements of Social Learning

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1. **Modelling:** As noted above, people learn a lot by simply observing others and *modelling* those behaviours that seem to lead to favourable outcomes and avoiding behaviours that invite negative consequences. The person whose behaviour is imitated (usually, parents, teachers, peers, motion picture and television performers, bosses, etc.) is referred to as the model. In a social setting, when those at the head of the table at a formal dinner begin to eat, their actions let the other diners know that starting to eat is now appropriate. According to Bandura, for people to learn by observing models, several processes must occur:
 - **Attention:** The learner must pay careful attention to the model; the greater the attention, the more effective the learning will be.
 - **Retention:** The learner must have good retention of the model's behaviour. For fairly obvious reasons, the learner will not be able to remember complex behaviour patterns or complicated sequence of operations enacted or carried out by the model. The behaviour being observed and imitated must be relatively simple. We cannot learn from observing behaviour we do not even remember.
 - **Reproduction:** The learner must have the physical ability to imitate the behaviour observed. Even after watching the cricket ball being hit with tremendous speed and mesmerising skill on television again and again, we may not be able to send the ball to the fence like Sachin Tendulkar. Also, the behaviour observed must be concrete, not intellectual. We probably cannot learn through simple observation how to write computer software.
 - **Reinforcement:** Finally, the learner must have some motivation to learn from the model. Obviously, we don't emulate every behaviour we observe. Instead, we concentrate on those we have some reason or incentive to match – such as actions where others were praised and rewarded profusely.
2. **Self-efficacy:** According to Bandura, behavioural modelling enhances employees' self-efficacy. They gain more self-confidence when they observe others doing the job rather than merely told to execute the same using discretion. Research evidence also suggests that people who think they can perform well on a task (high self-efficacy) do better than those who think they will fail (low self-efficacy). People with high self-efficacy believe that they have the necessary ability for a given job, that they are capable of the effort required, and that no outside events will hinder them from attaining their desired performance level. In contrast, people with low self-efficacy believe that no matter how hard they try, they cannot manage their environment well enough to be successful. Through constructive pointers (a pat on the back, 'a thumbs up' sign, appreciative looks) positive feedback, rewarding small successes, etc. managers can help improve the self-efficacy of employees.

Self-efficacy

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Self-confidence in one's ability to accomplish and succeed in organisational task

According to Bandura, behavioural modelling enhances employees' self-efficacy. They gain more self-confidence when they observe others doing the job rather than merely told to execute the same using discretion.

3. **Self-control and Self-reinforcement:** This is the final element of social learning theory. Self-reinforcement occurs whenever an employee has control over a reinforcer but does not embrace the reinforcer without completing a self-determined goal, like, for example, the employee does not want to take any break before completing the assigned work, out of a strong, self-induced desire to complete the assignment to the best of his abilities. When employees begin to learn behaviours both on and off the job (like running a software package, carrying out performance appraisal, resolving pending customer complaints, etc. on their own, exercising what is called *self-control*, managers can spare themselves from the gruelling tasks of supervising and controlling from close quarters. In modern organisations, employees in supervisory roles have to inspire themselves through self-reinforcers because there is very little that they could get from "up-stairs" in the form of either positive reinforcement or punishment.

SUMMARY

- Learning is a relatively permanent change in behaviour or performance resulting from experience or practice. People learn new behaviours through one or more of the four learning processes – classical conditioning, operant conditioning, observational learning and cognitive learning.
- People learn a lot by simply observing others and modelling those behaviours that seem to lead to favourable outcomes and avoiding behaviours that invite negative consequences.

REVIEW EXERCISES

1. Describe the basic differences between classical conditioning and operant conditioning. Which type is most important for managers? Why?
2. Explain the concept of learning, supported by examples.
3. Outline the important elements of learning. Can learned behaviour be forgotten?
4. Explain the following briefly:
 - (a) Shaping
 - (b) Punishment
 - (c) Self-efficacy
 - (d) Law of effect

5. 'Learning theory can be used to explain behaviour and to control behaviour'. Examine the validity of the statement.
6. "Any observable change in behaviour is prima facie evidence that learning has taken place". Comment on the statement.
7. Discuss a situation wherein you have employed behaviour modification to influence someone's behaviour. What did you do actually and what was the outcome?
8. How can managers use social learning theory to achieve desired employee behaviours?
9. "Learning is involved in almost everything that everyone does". Explain.
10. "Behaviour is a function of its consequences". Do you agree? Why?
11. Discuss how behaviour modification operates to motivate people? Why is it still important to understand people's needs when using this approach?
12. Overall do you think that managers will be able to more effectively change their subordinates' performance by using reward or by using punishment? However, you answer what specific steps would you take to make these efforts most effective? Explain your recommendations.

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CASE STUDY **Difficult to Change People Indeed**

Raghu Ram's new job as safety and welfare manager with Maruti Construction Ltd (MCL) a large construction outfit from South India, was extremely challenging. Construction industry in India had one of the worst accident records of all industries in recent times, thanks to the pressure on construction companies to complete projects at an unbelievable pace to meet deadlines set by highly demanding customers. MCL's safety record was, of course, better than its counterparts but it was still a matter of great concern. Raghu's understanding of the situation made him believe that when it comes to safety, workers generally resort to short cuts. For example, when it was mandatory to use protective goggles, gloves and face masks while employing power cutter, workers ignored the same completely and felt it was an inconvenient and time wasting tactic. Since site managers and supervisors were under great pressure to meet predetermined targets, they also turned a blind eye to such unsafe practices. They were more interested in getting the work done on time.

Raghu examined the situation carefully and felt that changing workers' attitude toward safety practices through an education campaign might not work. He knew that to have any impact their behaviour need to change. He also knew that various previous attempts to improve safety, initiated by his predecessor, had failed. These included poster campaigns and lectures from safety experts and sometimes even from medical staff.

Raghu, without wasting much time, came to the conclusion that he should come down very heavily on those who indulge in unsafe acts. Site managers were also strictly instructed to this effect and were asked to reprimand people severely and cut the salaries of those not observing safety rules. Most of their reprimands were given to accident victims or (when it was not the victim's fault) others involved in causing the accident.

The policy seemed to work initially. The first few weeks of the campaign went off peacefully, with a perceptible decrease in accidents. When he discussed the issue with site managers in an excited mood, they did not share his pleasure. Immediately after the meeting, one of the site managers

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took Raghu to a nearby coffee shop and explained why the policy seemed to work the other way round. The operatives simply were not reporting normal accidents (unless they were really serious) to avoid punishment. As a result of this, the relationships between site managers and operatives had also deteriorated. Site workers did not like site managers reprimanding their unfortunate colleagues who were still shaken and in pain after an accident.

Questions

1. Using the concepts and terminology of behaviour modification, explain what went wrong and why.
2. Offer suggestions about how Raghu might have gone about changing his goal by a more successful route, using OB Mod scheme.

(Adapted from J. Arnold et. al., *Work Psychology*, Longman, London 1991)

6. MOTIVATION: CONCEPT AND THEORIES

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STRUCTURE

- 6.1 Introduction
 - 6.2 Importance of Motivation
 - 6.3 The Process of Motivation
 - 6.4 Theories of Motivation: Maslow's Need Hierarchy Theory
 - 6.5 Herzberg's Two-Factor Theory
 - 6.6 McGregor's Theory X and Theory Y
 - 6.7 William Ouchi's Theory Z
- Summary*
Review Exercises

6.1 INTRODUCTION

Motivation is the work a manager performs to inspire, encourage and impel people to take required action. It is a process of stimulating people to action to accomplish desired goals. "It is the process by which a person's efforts are energized, directed and sustained toward attaining a goal" (Robbins, 2010). A highly motivated person will put his heart and soul into a job and complete the same to the best of his abilities. The essential job of every manager is to attract and retain talent by striking a happy balance between what the new recruit wants and what the organisation can offer in terms of stimulating growth opportunities, incentives and rewards. The process of motivation is characterised by the following:

- **Motivation is an internal feeling:** Motivation points to energetic forces within individuals that drive them to behave in certain ways and to environmental forces that trigger these drives.
- **Motivation produces goal-directed behaviour:** Motivation has got a profound influence on human behaviour, it harnesses human energy to organisational requirements. There is the notion of goal-orientation on the part of individuals, their behaviour is directed towards something.
- **Motivation contains systems orientation:** What inspires people to commit themselves to assigned work is influenced by the nature of work, the mental make up of people and the environmental forces. One should look at all these influencing factors to find out why people are not putting their best foot forward.

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- **Motivation can be either positive or negative:** Positive motivation or the carrot approach, offers something precious to the person in the form of additional pay, incentives, praise, etc. for satisfactory performance. Negative motivation or stick approach emphasises penalties while controlling performance (reprimands, threat of demotion).
- **Motivation means bargaining:** Behaviour is what people do. Motivation is why they do it. Barnard explained motivation in the form of 'inducements-contribution' theory. It focuses on workers and organisations endeavouring to find what payouts (inducements) to workers in exchange for what degree of cooperation (contributions) from workers will be satisfactory to both parties. The problem of motivation then becomes one of arriving at compensation to workers that will coax them the output that is required.
- **Motivation is different from job satisfaction:** Motivation is the drive to satisfy a want or goal. It is concerned with goal-directed behaviour. Satisfaction refers to the contentment experiences when a want is satisfied. The term 'satisfaction, is used to analyse outcomes already experienced by an employee'. Satisfaction is a consequence of rewards and punishments associated with past experience.
- **Motivation is a continuous process:** Man is a wanting animal. As one need gets satisfied, another need arises causing a person to seek gratification. A variety of needs, therefore, influence people at different points of time. Managers, therefore, should initiate steps to meet these on a daily basis. Motivation is a never ending process.

6.2 IMPORTANCE OF MOTIVATION

The success of an organisation ultimately depends on how effectively managers are able to motivate their subordinates. In the words of Allen, '*poorly motivated people can nullify the soundest organisation*'. The following points bring out the importance of motivation in modern organisations:

1. **Productive use of resources:** Modern organisations work through physical, financial and human resources. The utilisation of physical and financial resources depends on the willingness of people to work. Motivation enables people to convert physical and financial resources into useful products. It helps management to get the best out of human as well as non-human resources.
2. **Increased efficiency and output:** Motivation enables people to work enthusiastically. As we all know, performance is a product of not merely ability to do a task but the willingness to do the same with zeal and enthusiasm. Motivation bridges the gap between the ability to work and the willingness to perform whole heartedly and thereby to increase the overall efficiency and output. This, ultimately, helps in reducing the cost of operations.
3. **Achievement of goals:** Motivation causes goal-directed behaviour. It helps people to move in a desired direction and earn rewards. In organisations where managers try to understand the needs of employees and institute appropriate incentive systems, accomplishment of goals is fairly easy. If people are not

properly motivated, no useful purpose can be served by planning, organising and staffing functions.

4. **Development of friendly relationships:** Motivation brings employees closer to the organisation. The needs of employees are met through attractive rewards, promotional opportunities, etc. Employees begin to take more interest in organisational work. Their morale would improve. They begin to think that the enterprise belongs to them and there is no difference between the interests of the enterprise and their own interests. This helps in developing cordial relations between management and workers.
5. **Stability in workforce:** Attractive motivational schemes satisfy the need of employees. As a result, their commitment to organisational work increases. Employees do their tasks loyally and enthusiastically. They are not tempted to leave the organisation. This means reduced employee turnover. Further, satisfaction on the job means reduced absenteeism. Employees attend to their work regularly and sincerely so as to earn rewards. The organisation benefits because it is able to maintain a stable workforce. The skill and competence of employees continue to be available to the organisation. This enhances the image of the firm and helps it to secure the services of competent people.

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6.3 THE PROCESS OF MOTIVATION

The way people get motivated is actually a complex process. As mentioned earlier, it is impacted by several forces. However, in a simple model of motivation people have certain needs that motivate them to perform specific behaviours for which they receive the reward that feedback and satisfy the original need.

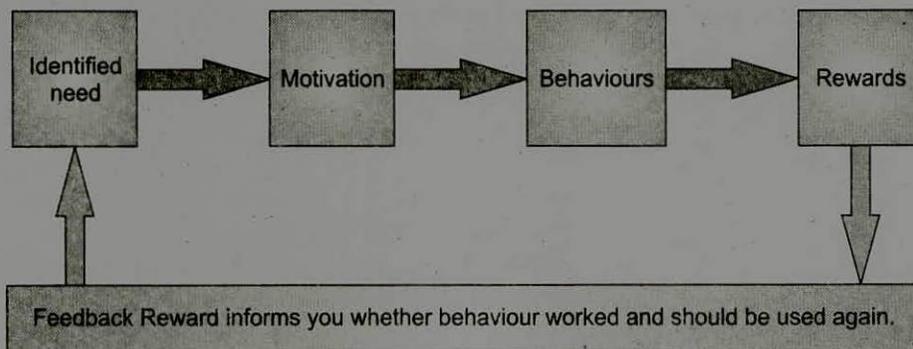


Fig. 6.1 A Simple Model of Motivation

For example, you find you are hungry (need) which impels you to seek food (motive). You buy a burger and eat it (behaviour) which provides satisfaction (reward) and informs you (feedback loop) that burgers will reduce hunger and so should be bought in future as well—whenever you are hungry. In an organisation as an hourly worker you may desire more money (need) which impels you (motivates) to work more hours (behaviour), which provides you with more money (reward) and informs you (feedback loop) that working more hours will fulfill your need for more money in the future.

6.4 THEORIES OF MOTIVATION: MASLOW'S NEED HIERARCHY THEORY

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Maslow's Hierarchy of Needs Theory proposes that people are motivated by multiple needs and that these needs exist in a hierarchical order. The essential components of the theory may be stated thus:



- Adult motives are complex. No single motive determines behaviour, rather, a number of motives operate at the same time.
- Needs from a hierarchy. Lower level needs must at least partly be satisfied before higher level needs emerge. In other words, a higher order need cannot become an active motivating force until the preceding lower order need is essentially satisfied.
- A satisfied need is not a motivator. A need that is unsatisfied activates seeking behaviour. If a lower level need is satisfied, a higher level need emerges. Higher level needs can be satisfied in many more ways than the lower level needs.
- People seek growth. They want to move up the hierarchy of needs. No person is content at the physiological level. Usually people seek the satisfaction of higher order needs.
- Human beings are influenced by deprivation-motivation-gratification cycle almost all the time. The deprivation of food, sex, safety, love, affection, etc. compels people to find ways and means to satisfy them—that is, their lack of satisfaction causes a deficiency that motivates people to meet these needs.

Maslow's hierarchy of needs – as shown in Fig. 6.2 – lists human drivers in order of relative importance. Stronger, instinctive, more animal-like drivers sit at the bottom of the hierarchy. The top of the list has weaker, but more advanced, human needs. Maslow says people generally move up the hierarchy; progressing up the list is the essence of motivation. Once people have enough to eat, they start to look around for physical safety. Once they have esteem they move towards self-actualization.



Fig. 6.2 Maslow's Hierarchy of Needs

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1. **Physiological needs:** These are the most basic human physical needs that preserve human life and include needs for food, clothing and shelter. They are the most basic of all human needs and must be satisfied at any cost. They take precedence over other needs when thwarted or not satisfied. Man lives by bread alone, when there is no bread. These needs are generally identified with a particular organ in the body (hunger—stomach, etc.). Physiological needs are essentially finite. An individual demands only a particular amount of these needs. (You do not have to eat all items of food at once) at any point of time (like 3 Rotis for lunch, another 2 for dinner, etc.). After reasonable gratification, they are no longer demanded and hence not motivational. They must be met repeatedly (morning, noon, evening, night time, etc.) within relatively short time periods to remain fulfilled. Satisfaction of physiological needs is usually associated not with money itself but what it can buy. The value of money diminishes as one goes up the hierarchy. Physiological needs are relatively independent of each other.
2. **Safety needs:** Once physiological needs are reasonably satisfied, a person begins to think about safety needs. These needs are concerned with protection from physical danger (fire, accident) and economic security (benefits, pension, insurance). People seek to get away with arbitrary, unpredictable managerial actions as well. They want to live in an orderly and safe work environment, and do not want to get stressed arising out of unacceptable managerial actions. Essentially, safety needs are concerned with protection from hazards of life; from danger, deprivation and threat. Safety needs are primarily satisfied through economic behaviour. Organizations can influence these security needs either positively – through pension schemes, insurance plans – or negatively by arousing fears of being fired or laid off. Safety needs too, are motivational only if they are unsatisfied. They have finite limits.
3. **Social or love needs:** After the lower order needs have been satisfied, the social or love needs become important motivators of behaviour. Man is a gregarious being and he wants to belong, to associate, to gain acceptance from associates, to give and receive friendship and affection. Social needs tend to be stronger for some people than for others and stronger in certain situations. Social needs have certain features in common: They provide meaning to work life. Individuals are not treated as glorified machine tools in the production process. People congregate because of mutual feelings of being beaten by the system. They seek affiliation because they desire to have their beliefs confirmed. Social needs are regarded as secondary because they are not essential to preserve human life. They are nebulous because they represent needs of the mind and spirit, rather than of the physical body. Social needs are substantially infinite. Social needs are primarily satisfied through symbolic behaviour of psychic and social content. Where these are not met, severe maladjustment is probable; where the hunger for companionship is assuaged, the mental health of the organism is once again on a better base.
4. **The esteem needs:** Esteem needs are of two types: self-esteem and esteem of others. Self-esteem needs include those for self-confidence, achievement, competence, self-respect, knowledge and for independence and freedom. 'Esteem of others' includes reputation, status and recognition. 'Satisfaction of esteem needs

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produces feelings of self-confidence, worth, strength, capability and adequacy, of being useful and necessary in the world'. (Maslow) Thwarting those results in feelings of inferiority, weakness and helplessness They do not become motivators until lower level needs are reasonably satisfied. These needs are insatiable; unlike lower other needs, these needs are rarely satisfied.

5. **The self-actualization needs.** These are the needs for realizing one's full potential and self fulfillment. "Self-fulfilling people are rare individuals who come close to living up to their full potential for being realistic, accomplishing things, enjoying life, and generally exemplifying classic human virtues." (For example, Gandhi, Nehru, Lincoln, Roosevelt, Einstein, etc.) Self-actualization is the desire to become what one is capable of becoming. A musician must make music, a poet must write, a general must win battles, an artist must paint, a teacher must teach if he is to be ultimately happy. What a man CAN be he MUST be. Self-actualization is a 'growth' need. Self-actualization needs have certain features in common:
 - The specific form that these needs take will vary greatly from person to person. In one person it may be expressed materially, in still another, aesthetically.
 - Self-realisation is not necessarily a creative urge. It does not mean that one must always create poems, novels, paintings and experiments. In a broad sense, it means creativeness in realising to the fullest one's own capabilities; whatever they may be.
 - The way self-actualisation is expressed can change over the life cycle. For example, Bjorn Borg, Rod Laver, and Pele switching over to coaching after excelling in their respective fields.
 - These needs are continuously motivational, for example: scaling mountains, winning titles in fields like tennis, cricket, hockey, etc. The need for self-realisation is quite distinctive and does not end in satisfaction in the usual sense.
 - These needs are psychological in nature and are substantially infinite.
 - The conditions of modern life give only limited opportunity for these needs to obtain expression.

Evaluation

Maslow's theory has been criticised on the following grounds:

1. **Theoretical difficulties:** The need hierarchy theory is almost a non-testable theory. It defies empirical testing, and it is difficult to interpret and operationalise its concepts. For example, what behaviour should or should not be included in each need category? What are the conditions under which the theory is operative? How does the shift from one need to another take place? What is the time span for the unfolding of the hierarchy? Maslow seems to have oversimplified a complex motivational process. The theory, over the years, not surprisingly has received little clear and consistent research support.
2. **Research methodology:** Maslow's model is based on a relatively small sample of subjects. It is a clinically derived theory and its unit of analysis is the individual. Maslow, recognising these limitations, presented the model "with apologies to those who insist on conventional reliability, validity, sampling, etc."

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3. **Superfluous classification scheme:** The need classification scheme is somewhat artificial and arbitrary. Needs cannot be classified into neat watertight compartments, a neat 5 step hierarchy. The model is based more on wishes of what man SHOULD BE than what he ACTUALLY IS. Some critics have concluded that the hierarchy should be viewed merely a two-tiered affair, with needs related to existence (survival) at the lower level and all other needs grouped at the second level.
4. **Chain of causation in the hierarchy:** There is no definite evidence to show that once a need has been gratified its strength diminishes. It is also doubtful whether gratification of one need automatically activates the next need in the hierarchy. The chain of causation may not always run from stimulus to individual needs to behaviour. Further, various levels in the hierarchy imply that lower level needs must be gratified before a concern for higher level needs develop. In a real situation, however, human behaviour is probably a compromise of various needs acting on us simultaneously. The same need will not lead to the same response in all individuals. Also, some outcomes may satisfy more than one need.
5. **Needs—crucial determinants of behaviour:** The assumption that needs are the crucial determinants of behaviour is also open to doubt. Behaviour is influenced by innumerable factors (not necessarily by needs alone). Moreover, there is ample evidence to show that people seek objects and engage in behaviour that are in no way connected to the gratification of needs. It is also worth noting that the Maslow's model presents a somewhat static picture of individual needs' structure. The fact that the relative mix of needs changes during an individual's psychological development has been ignored. In addition, a longitudinal view of needs is totally missing. The needs of workers change over time inevitably. According to one authority, in the 1940s and 1950s job security ranked as the most important thing that workers wanted from their jobs. In the 1960s and 1970s interesting work ranked first. Owing to these limitations, the need priority model provides, at the best, an incomplete and partial explanation of behaviour.
6. **Individual differences:** Individuals differ in the relative intensity of their various needs. Some individuals are strongly influenced by love needs despite having a flourishing social life and satisfying family life; some individuals have great and continued need for security despite continued employment with enormous fringe benefits. Young workers have greater esteem and self-fulfillment deficiencies than the older workers. Culturally disadvantaged employees may feel stronger deprivation of biological and safety needs, whereas culturally advantaged employees prefer satisfaction of higher order needs. Educated employees place a premium on challenging tasks. In comparison, less educated employees prefer routine and standardised jobs. The picture will be very confusing if we apply the theory in different countries with cultural, religious differences. In one case black managers had a greater lack of need fulfillment than their black counterparts in almost every category. Surveys in Japan and Continental European countries show that the model does not apply to the managers. Cultural, religious, environmental influences play a major role in determining the need priority in various countries.

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Maslow is not the final answer in work motivation. Maslow's model should be viewed at best as a general description of the average individual at a specific point in time; it must be viewed as a general theoretical statement, a hypothetical construct rather than an abstraction from field research. Even in its awkward form, the model seems to apply to underdeveloped countries. A survey of 200 factory workers in India points out that they give top priority to lower level needs'. According to other studies, the model seems to apply to managers and professional employees in developed countries like UK; USA. The need priority model is useful because of its rich and comprehensive view of needs. The theory is still relevant because needs no matter how they are classified, are important for understanding behaviour. It is simple to understand that it has a commonsense appeal for managers. It has been widely accepted—often uncritically, because of its immense intuitive appeal only. It has survived, obviously more because of its aesthetics than because of its scientific validity.

6.5 HERZBERG'S TWO-FACTOR THEORY

Herzberg analysed the job attitudes of 200 accountants and engineers who were asked to recall when they had felt positive or negative at work and the reasons why. From this research, Herzberg suggested a two-step approach to understanding employee motivation and satisfaction: The results indicated that when people talked about feeling good or satisfied they mentioned features intrinsic to the job and when people talked about feeling dissatisfied with the job they talked about factors extrinsic to the job. Herzberg called these Motivation and Maintenance factors respectively.

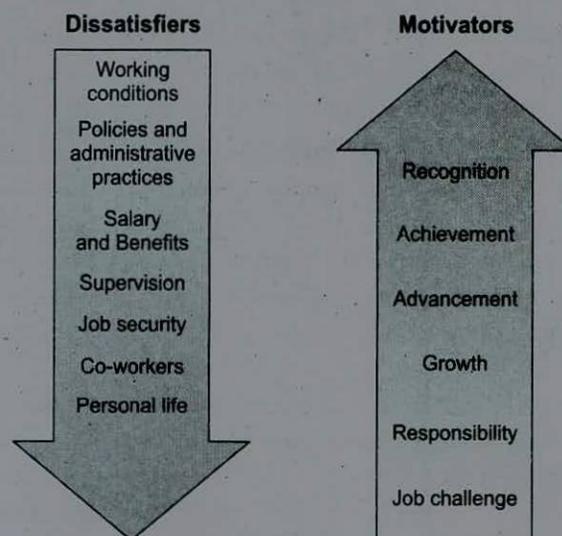


Fig. 6.3 Herzberg's Hygiene and Motivational Factors

- **Hygiene Factors (Maintenance Factors):** Hygiene factors represent the need to avoid pain in the environment. They are not an intrinsic part of a job, but they are related to the conditions under which a job is performed. They are associated with negative feelings. They are environment related factors, hygienes. They

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must be viewed as preventive measures that remove sources of dissatisfaction from the environment. Like physical hygiene they do not lead to growth but only prevent deterioration. Maintaining a hygienic work environment will not improve motivation any more than garbage disposal or water purification. Mr. Fictitious, who is in excellent health will not become any healthier by eating food but if he does not eat food he may become sick and die. Hygiene factors produce no growth in worker output, but they prevent loss in performance caused by work restriction.

- **Motivators:** Motivators are associated with positive feelings of employees about the job. They are related to the content of the job. They make people satisfied with their job. If managers wish to increase motivation and performance above the average level, they must enrich the work and increase a person's freedom on the job. Motivators are necessary to keep job satisfaction and job performance high. On the other hand, if they are not present they do not prove highly satisfying.
- **Managerial Implications:** The implications of the two factor theory for managers are quite clear. Providing hygiene factors will eliminate employee dissatisfaction but will not motivate employees to high achievement levels on the other hand, recognition, challenge, growth opportunities are powerful motivators and will promote high satisfaction and performance. The manager's role is to eliminate dissatisfies—that is, to provide hygiene factors sufficient to meet basic needs – and then use motivators to meet higher – order needs and propel employees toward greater achievement and satisfaction.

Departure from the Traditional View

Traditionally, job satisfaction and dissatisfaction were viewed as opposite ends of a single continuum, when certain things are present on a job—good pay, opportunity for growth, healthy working environment—the employee will be satisfied. When they are absent, he is dissatisfied. The absence of dissatisfaction is satisfaction.

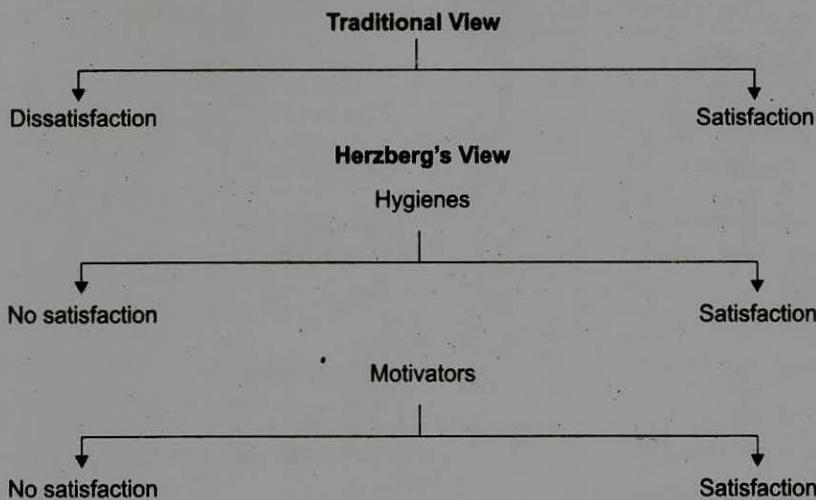


Fig. 6.4 Herzberg's View of Satisfaction and Dissatisfaction

Herzberg's findings indicate that dissatisfaction is not simply the opposite of satisfaction or motivation. One can feel no dissatisfaction and yet not be satisfied.

Satisfaction and dissatisfaction appear to be somewhat independent. They are **not** viewed as symmetrical items on a single scale, rather, they are viewed as **attributes** of different scales. The factors that cause dissatisfaction are different from those **that** result in satisfaction. Satisfaction is affected by motivators and dissatisfaction **by** hygiene factors.

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6.6 MCGREGOR'S THEORY X AND THEORY Y

Douglas McGregor proposed two distinct sets of assumptions about what **motivates** people—one basically negative (labeled as Theory X) and the other basically **positive** (labeled as Theory Y). The assumptions of both theories are summarised below:

Assumptions of Theory X and Y

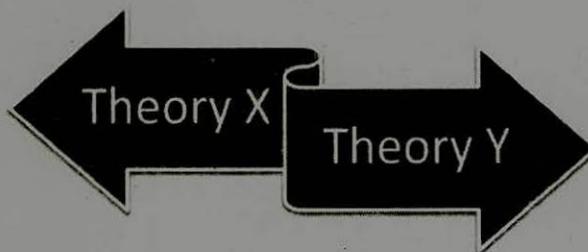
Theory X Assumptions	Theory Y Assumptions
Employees inherently dislike work and will try to avoid it.	Employees can view work as being as natural as rest or play.
Since employees dislike work, they must be coerced, controlled and threatened with punishment to achieve goals.	People will exercise self-direction and self-control if they are committed to the objectives.
Employees will shirk responsibilities and seek formal direction whenever possible.	Under proper conditions, employees do not avoid responsibility.
Most employees want security above all in their work and display little ambition.	People want security but also have other needs such as self-actualisation and esteem.

McGregor's Approach

Theory X	Theory Y
Production centered	Employee-centered
Autocratic	Democratic
External control	Internal control
A. Closer supervision Initiating structure Directive Management's role: Organising, directing	General supervision Consideration Supportive Challenging jobs, growth opportunities employee involvement in decisions
Emphasis on control coercion and punishment	Emphasis on growth, autonomy and reward
People are lazy, lack ambition like to be led, and are motivated strictly by personal economic concerns	People by nature enjoy work, want to do well, and are motivated by self-control and self-development

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- **Theory X:** Theory X contends that people have an inherent dislike of work and will avoid it whenever possible. Most people, being lazy, prefer to be directed, want to avoid responsibility and are relatively unambitious. They must be coerced, controlled, directed or even threatened with punishment to get them to work towards organisational goals. External control is clearly appropriate for dealing with such unreliable, irresponsible and immature people. Managers have to be strict and authoritarian if subordinates are to accomplish anything. Theory X thus, assumes that lower-order needs (Maslow) dominate human behaviour. Money, fringe benefits and threats of punishment play a great role in putting people on the right track under this classification scheme.
- **Theory Y:** Theory Y presents a much more optimistic view of human nature. It assumes that people are not, by nature, lazy and unreliable. They will direct themselves towards objectives if their achievements are rewarded. Most people have the capacity to accept, even to seek, responsibility as well as to apply imagination, ingenuity, and creativity to organisational problems. If the organisational climate is conducive, people are eager to work; and they derive a great deal of satisfaction from work, and they are capable of doing a good job. Unfortunately, the present industrial life does not allow the employees to exploit their potential fully. Managers, therefore, have to create opportunities, remove obstacles and encourage people to contribute their best. Theory Y, thus, assumes that higher-order needs (Maslow) dominate human behaviour. In order to motivate people fully, McGregor proposed such ideas as participation in decision-making, responsible and challenging jobs and good group relations in the workplace.



Some Puzzling Questions

McGregor seems to have played a "very disturbing little joke", unwittingly, by drawing a sharp line of demarcation, between the two distinct perspectives of administrative action. One is equated with tradition and the other is identified with change. One is labelled as autocratic, control-centered and the other is glamorised as the epitome of democratic governance. The impression that one might get from the discussion is that managers who accept theory X assumptions about human nature exhibit a built-in affinity for carrot and stick policies while theory Y managers exhibit a built-in devotion to participative, behaviour-centered policies.

- **Which theory is right?:** According to theory X, man is weak, sick and incapable of looking after himself. He is full of fears, anxieties, neuroses, inhibitions.

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Essentially he does not want to achieve but wants to fail. He, therefore, wants to be controlled. More dangerously it does not assume that people are lazy and resist work, but it assumes that the manager is healthy while everybody else is sick. It assumes that the manager is strong while everybody else is weak. It assumes that the manager knows while everybody else is ignorant. It assumes that the manager is right, where everybody else is stupid. These are nothing but "assumptions of foolish arrogance." (Drucker)

- Now let us turn our attention to the so-called democratic theory based on the needs of man, addressed to his managerial brethren by McGregor in a persuasive, yet, forceful manner. Theory Y gives us an impression that everyone is mature, independent and self-motivated. Most of the writers, no wonder, glamorised the vision of a so-called administrative democracy (simply because it is good?). The rationale behind this observation? Whatever is autocratic is 'bad' by definition. This may not hold good always. Sometimes, managers may have theory Y assumptions about human nature, but they may find it necessary to behave in a very directive, controlling manner with some people in the short run to help them 'grow' up in a developmental sense, until they are truly Y people. One interesting question can be posed in this connection.
- **Is it possible for a theory X person to become a theory Y person?:** Probably yes, but only through "a fairly significant growth or development experiences over a period of time". Theory X places exclusive reliance on external control of human behaviour while theory Y relies heavily on self-control and self-regulation. 'This difference is the difference between treating people as children and treating them as mature adults. After generations of the former, we cannot expect to shift to the latter overnight'. (McGregor) Another interesting question to explore may be:
- **Will a theory Y person be a good manager? (automatically):** Theory Y person, no doubt, will have a greater potential for being a good manager, especially, at higher managerial jobs but he must have the relevant training and experience for this potential to become real. Theory X person might be more suitable in some crisis, situations, and less appropriate in more routine and formalised situations. The essential point is that theory Y may be a more desirable and productive path, reflecting 'a more reality centered view of people', to follow. It may not be the best approach for all situations. The best approach, obviously, is one that is appropriate to the nature of the work done. Recognising this, McGregor stated later that it was not his intention 'to suggest more than that these (theory X' and theory Y) are examples of two among many managerial cosmologies'. For the present, let us say that under some conditions theory X works best and under other conditions, theory Y works best. Perhaps the optimum theory would be called theory Z and would take into consideration the manager's need to press into service both approaches at one time or the other.

6.7 WILLIAM OUCHI'S THEORY Z

William Ouchi, after making a comparative study of American and Japanese management practices, proposed Theory Z in early 80s. In the 80s the quality of



products manufactured by US companies was so bad that when a Japanese company ordered an American car, they had to disassemble those cars, remove the defects and rebuild them to meet Japanese standards. Rapid promotions, quick decisions, vertical progressions, pin pointed responsibility, control mechanisms characterised American management thinking. The Japanese on the other hand believed in collective responsibility, group decisions, slower promotions, life time employment, etc. The popular feeling was that Japan was miles ahead of other nations—in terms of quality, productivity, etc—due to these morale boosting measures.

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Differences in managerial thinking and philosophy (American vs Japan)

The different assumptions between American and Japanese management may be presented as follows.

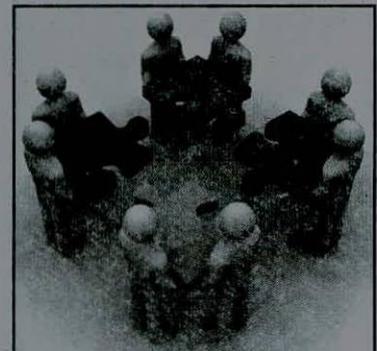
- **Job Security:** The Japanese Theory Z approach believes that people are a far too valuable resource to be lost when the economy has a downturn. In a recession, the Japanese don't fire people, they will reduce their hours until things pick up. By contrast, when a US company is in trouble, they waste no time laying people off and as a result lose all the knowledge, skills, and expertise that go with them.
- **Trust:** The Japanese feel that you should never give people a reason to distrust you. Loyalty is expected of all employees. In American companies, distrust and suspicion are endemic. If a person or supplier is not delivering, the company will go elsewhere for a better deal.
- **Decision-taking:** In Japanese companies, everyone gets involved in the decision-taking process as part of their commitment to the organisation. As a result, the process is slow. In the US, decision-taking is the responsibility of the few and so is quick.
- **Teamwork:** In Japan, organisational success is viewed as the result of team effort, so it is illogical to reward individuals. In the US rewards are based on effort and overall performance.
- **Motivation and target-setting:** The Japanese corporation rarely sets targets for individuals—as a way of motivating them. They believe that individual motivation comes from others in the team. Consequently, a Japanese employee would rarely get the first performance evaluation report during the formative years. It will take many more years, before he gets the first promotion. By contrast, the American corporation believes that the role of management is to set their subordinates targets and ensure that these are met, using evaluation and promotion as incentives and rewards.

Ouchi recognised these differences and decided to develop a hybrid, integrative model, containing the best of both worlds. It takes into account the strengths of Japanese Management (social cohesion, job security, concern for employees) as well as American management (speedy decision-making, risk-taking skills, individual autonomy, innovation and creativity) and proposes a 'mixed US' Japanese management system for modern organisations. Theory Z is an approach to management based

upon a combination of American and Japanese management philosophies and characterised by, among other things, long-term job security, consensual decision-making, slow evaluation and promotion procedures, and individual responsibility within a group context. The mixed/hybrid system has the following characteristics:

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- **Trust:** Trust and openness are the building blocks of Theory Z. The organisation must work toward trust, integrity and openness. One of the favourite quotes in Japan is that 'you should never give people reason to distrust you'. In such an atmosphere of mutual respect and admiration, the chances of conflict are reduced to the minimum. Trust, according to Ouchi, means trust between employees, supervisors, work groups, management, unions and government. In Japan it is not strange to find managers working side by side with their employees. Such close working relations help in developing open, friendly relations between labour and management.
- **Organisation-Employee Relationship:** Theory Z argues for strong linkages between employees and the organisation.
 - Long-term employment is one such measure that strengthens the relations between workers and management.
 - When faced with a situation of lay off, management should not show the door to unwanted people. Instead, it could cut down the working hours or ask stakeholders to bear with the temporary losses.
 - To encourage stable employment relationship, promotions could be slowed down. In fact, in a Japanese organisation a person is normally not promoted until he has served ten years with the company.
 - Instead of vertical progression, horizontal progressions may be laid down clearly so that employees are aware of what they can achieve and to what extent they can grow within the organisation, over a period of time.
 - To compensate slower promotions, companies can offer incentive to people who stay on. Such people can be asked to work closely with superiors on important projects/assignments. This way the company can make those employees think that their services are really wanted.
 - Employees may be asked to learn every aspect of work in every department. Through such rotating jobs, employees become versatile and remain useful almost everywhere.
- **Employee Participation:** Participation here does not mean that employees must participate in all organisational decisions. There can be situations where management may arrive at decisions without consulting employees (but informed later on); decisions where employees are invited to suggest but the final green signal is given by management. But all decisions where employees are affected must be subjected to a



participative exercise; where employees and management sit together, exchange views, take down notes and arrive at decisions jointly. The basic objective of employee involvement must be to give recognition to their suggestions, problems and ideas in a genuine manner.

- **Structureless Organisation:** Ouchi proposed a structureless organisation run not on the basis of formal relationships, specialisation of positions and tasks but on the basis of teamwork and understanding. He has given the example of a basketball team which plays together, solves all problems and gets results without a formal structure. Likewise in organisations also the emphasis must be on teamwork and cooperation, on sharing of information, resources and plans at various levels without any friction. To promote a 'systems thinking' among employees, they must be asked to take turns in various departments at various levels. Job rotation enables them to learn how work is processed at various levels; how their work affects others or is affected by others, it also makes the employees realise the meaning of words such as 'reconciliation', 'adjustment', 'give and take' in the organisational context.
- **Holistic Concern for Employees:** To obtain commitment from employees, leaders must be prepared to invest their time and energies in developing employee skills, in sharing their ideas openly and frankly, in breaking the class barriers, in creating opportunities for employees to realise their potential. The basic objective must be to work cooperatively, willingly and enthusiastically. The attempt must be to create a healthy work climate where employees do not see any conflict between their personal goals and organisational goals.

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Implications of Theory Z

Indian companies have started experimenting with these ideas in recent times, notably in companies like Maruti Udyog Limited, BHEL, by designing the workplace on the Japanese pattern by having a common canteen, a common uniform both for officers and workers, etc. Other ideas of Ouchi such as life-long employment, imbibing a common work culture, participative decisions, structureless organisations, owners bearing the temporary losses in order to provide a cushion for employees—may be difficult to find any meaningful expression on the Indian soil because of several complicating problems. The differences in culture (north Indian and south Indian), language (with over a dozen officially recognised ones), caste (backward, scheduled caste, scheduled tribe, economically backward), religion (Hindu, Muslim, Sikh, Jain, Christian, etc.), often come in the way of transforming the seemingly appealing Western rhetoric into concrete action plans.

Weaknesses in Ouchi's Management Philosophy

Some of the inherent weaknesses in Ouchi's management philosophy might be listed thus:

1. In a competitive scenario, it is not possible to offer life time employment or employment on a long-term basis to job seekers—howsoever talented they might be. This has happened in Japan too where companies had to cut down costs as a survival measure and compelled to show the door to employees. When the organisation is hit by a downturn, for a fairly long period, it cannot remain wedded to its people on a permanent basis.

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2. Participation may not always encourage people to give their best. Its **psychic** effects are open to doubt. In fact, the participative culture may itself become **a** bone of contention over a period of time. Listening to everybody on all matters goes against the principles that govern quick, efficient decisions.
3. Long lasting relationships between superiors and subordinates overcoming **the** caste, region, religion feelings is not an easy job.
4. Structureless organisations suggested by Ouchi may not always produce results. This may produce chaos and confusion among ranks, if people are not used to such culture. It may be difficult to pin point responsibility on any one in **a** structureless organisation.
5. Most often stakeholders may not like a situation of swallowing losses when **hit** by a downturn in economic activities. They may not like to keep unwanted hands for longer periods, as a goodwill gesture to please unions or workers.
6. The principles of Japanese Management do not seem to find universal acceptance. The very fact that most Japanese companies have not been doing very well during the last couple of years, bears ample testimony to this fact. Management, as **a** subject, is evolving.
7. The theories of motivation, likewise, require revision, modification, and at times, radical surgery. At times, they seem to produce outstanding results. At other times, they do not seem to work at all. The book *In Search Of Excellence* listed excellent organisations based on some well-known principles and practices **of** management. The authors, Peters and Waterman had to rewrite the story again (and even admitted that they faked the data) when many of those excellent organisations—Xerox, Wang Labs, NCR—turned negative performance for painfully longer periods of time.

How to Motivate Employees?

We have presented a number of theories and explanations in this chapter. If you are a manager concerned with motivating your employees, how do you apply these theories? The following suggestions offered by experts may help you in solving the puzzle to some extent:

1. **Recognise Individual Differences:** Employees are not homogeneous. They have different needs. They also differ in term of attitudes, personalities and other important variables. So, recognise these differences and handle the motivational issues carefully.
2. **Match People to Jobs:** People with high growth needs perform better on challenging jobs. Achievers will do best when the job provides opportunities to participatively set goals and when there is autonomy and feedback. At the same time, keep in mind that, not everybody is motivated in jobs with increased autonomy, variety and responsibility. When the right job is given to the right person, the organisation benefits in innumerable ways.



3. **Use Goals:** Provide specific goals, so that the employee knows what he is doing. Also, let people know what you expect of them. Make people understand that they can achieve the goals in a smooth way. If you expect resistance to goals, invite people to participate in the goal-setting process.
4. **Individualise Rewards:** Use rewards selectively, keeping the individual requirements in mind. Some employees have different needs, what acts as a motivator for one may not for another. So, rewards such as pay, promotion, autonomy, challenging jobs, participative management must be used keeping the mental make-up of the employee in question.
5. **Link Rewards to Performance:** Make rewards contingent on performance. To reward factors other than performance (favouritism, nepotism, regionalism, apple-polishing, yes-sir culture, etc.), will only act to reinforce (strengthen) those other factors. Employee should be rewarded immediately after attaining the goals. At the same time, managers should look for ways to increase the visibility of rewards. Publicise the award of performance bonus, lumpsum payments for showing excellence, discussing reward structure with people openly—these will go long way in increasing the awareness of people regarding the reward-performance linkage.
6. **Check the System for Equity:** The inputs for each job in the form of experience, abilities, effort, special skills, must be weighed carefully before arriving at the compensation package for employees. Employees must see equity between rewards obtained from the organisation and the efforts put in by them.
7. **Don't Ignore Money:** Money is a major reason why most people work. Money is not only a means of satisfying the economic needs but also a measure of one's power, prestige, independence, happiness and so on. Money can buy many things. It can satisfy biological needs (food, shelter, sex, recreation, etc.) as well as security, social and esteem needs.

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SUMMARY

- Motivation is the work a manager performs to inspire, encourage and impel people to accomplish desired goals. Properly motivated employees can produce excellent results by putting facilities to good use.
- Understanding the complexities involved in motivating people is not an easy job since human behaviour is unpredictable is the result of multiple causes.
- Three kinds of theories have evolved over the years to unravel the mystery surrounding motivation. Early theories of motivation offer insight into the needs of people in organisations and help managers understand how needs can be satisfied in the workplace. Important theories in this category include: Maslow's Hierarchy of Needs Theory, ERG Model, Achievement Motivation Theory, Two Factory Theory, etc.
- Contemporary theories focus on why people choose certain behavioural options to satisfy their needs and how they evaluate their satisfaction after they have satisfied these goals. Equity Theory, Expectancy Theory and Goal Setting Theory come under this classification.

REVIEW EXERCISES

NOTES

1. What do you mean by motivation? Explain the features of motivation.
2. Describe how Maslow's hierarchy of needs can be used to motivate?
3. Explain Herzberg's two-factor theory.
4. Discuss how Theory X and Theory Y manages approach motivation.
5. Define motivation and explain its objectives.
6. Explain the nature and significance of motivation.
7. Critically examine Ouchi's Theory Z of motivation.
8. Do you think Theory Z is the last word on motivation? Why or why not?
9. Critically examine the contributions of Maslow, Herzberg and McGregor towards the theory of motivation.
10. Present a comparative picture of motivation theories presented by Maslow and Herzberg.
11. Discuss the importance of Herzberg's motivation to an organisation.
12. Why, in the dual factor theory, are satisfiers and dissatisfiers considered separate and distinct from each other?
13. Is there a relationship between Maslow's higher order needs and Herzberg's motivation factors? Discuss.
14. Is an autocratic Manager likely to view his workers from a Theory X or Theory Y perspective?
15. Distinguish between motivators and hygiene factors. Why is it important to make this distinction?
16. "Theory Z is a comprehensive philosophy of management". Why or why not?
17. Is there a single best way to motivate the employees?
18. "Motivation simply means taking care of your people". How would you respond to this statement?

CASE STUDY Fool's Paradise

Mr Alok Banerjee is the Chief Executive of a medium-sized pharmaceutical firm in Calcutta. He holds a Ph.D in Pharmacy. However, he has not been involved in research and development of new products for two decades. Though turnover is not a problem for the company, Mr. Banerjee and his senior colleagues noticed that the workers employed on hourly basis are not working upto their full potential. It is a well-known fact that they filled their days with unnecessary and unproductive activities and worked only for the sake of a pay cheque. In the recent past, the situation has become quite alarming as the organisation began to crumble under the weight of uneconomical effort. The situation demanded immediate managerial attention and prompt rectificational measures. Mr Banerjee knew very well that the only way to progress and prosper is to motivate workers to peak performance through various incentive plans.

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One fine morning, Mr Banerjee contacted the Personnel Manager and enquired; "what is the problem with the workers on hourly basis? The wage bill shows that we pay them the highest in the industry. Our working conditions are fine. Our fringe benefits are excellent. Still these workers are not motivated. What do they require really?" The Personnel Manager gave the following reply: "I have already informed you a number of times, that money, working conditions and benefits are not enough. Other things are equally important. One of the workers in that group recently gave me a clue as to why more and more workers are joining the bandwagon of 'non-performers'. He felt bad that hard work and efficiency go unnoticed and unrewarded in our organisation. Our promotions and benefit plans are tied to length of service. Even the lazy workers, accordingly, enjoy all the benefits in the organisation which, in fact, according to the worker, should go to only those who work hard." Mr Banerjee then wanted the Personnel Manager to look into the problem more closely and find out a solution to the problems of workers hired on an hourly basis.

Questions

1. Explain the motivation problem in this case by relating it to Herzberg's theory.
2. What would be your response to Banerjee's last statement, if you were the Personnel Manager in the company?
3. Do you think the situation would change if promotions are linked to meritorious performance? Why? Why not?

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7. LEADERSHIP: STYLES AND THEORIES

STRUCTURE

- 7.1 Introduction
- 7.2 Importance of Leadership
- 7.3 Leadership Styles
- 7.4 Theories of Leadership
- 7.5 Path Goal Theory
- Summary
- Review Exercises

7.1 INTRODUCTION

Leadership is the process of influencing others towards the accomplishment of goals. It is the ability of a manager to induce subordinates to work with zeal and confidence (Koontz and O'Donnell). In short, it is the activity of influencing people to strive willingly for group objectives. These explanations contain many more important points such as:

- **Existence of Followers:** Leadership does not flourish in a vacuum. The essence of leadership is followership. Leadership implies that followers must consent to being influenced. Leaders gain their authority over a group by group consensus alone.
- **Interpersonal Influence:** Leadership envisages the idea of interpersonal influence. It is actually the knack of getting other people to follow you and to do willingly the things you want them to do. Without influence, there can be no leadership.
- **Uneven Power Sharing:** Leadership is a relationship between two or more people in which influence and power are unevenly distributed.
- **Common Goals:** The basic objective of leadership is to rally men and women toward common goals. It involves a happy reconciliation of personal and group objectives.
- **Situational:** Leadership is situational. The qualities, skills and characteristics of a leader are determined, to a large extent, by the demands of the situation in which he is to function as leader. Leadership is a matter of removing barriers in a situation so that subordinates work with freedom and independence.

- **Continuous Process:** Leadership, more importantly, is a continuous process of influencing behaviour. A leader breathes life into the group and motivates it towards goals. The lukewarm desires for achievement are transformed into a burning passion for accomplishment. It should also be noted that leadership is something a person does, not something he has. Leadership is something that emerges, that grows and that is achieved.

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The terms “manager and leader’ are often used interchangeably. However, leadership is not same as managership. Leadership can exist in unorganised groups, but managership requires an organised structure. A manager is more than a leader. By virtue of his position, a manager has to organise and control the activities of people toward the plan, accomplishment of objectives. Managership, thus, is a wider term. *All managers are leaders but all leaders are not managers.* The following table presents a summary of these viewpoints:

Leadership vs. Managership

Leadership	Managership
Narrow term	Wider term. A manager is more than a leader.
Exists in unorganised groups. No organised structure is needed.	Requires an organised structure.
Leadership is the activity of influencing people to strive willingly for group goals.	Managership implies exercising functions like planning, organising, staffing, directing and controlling to achieve group goals. Leadership is an aspect of one of these functions.
Leaders get authority by virtue of their skills, abilities and the situational demands. Followers must also consent to being influenced.	Managers get formal authority delegated from above.

Terry has captured the distinct characteristics of leadership by drawing the distinction between leadership and non-leadership thus:

Leadership vs. Non-leadership

Leadership	Non-leadership (Bossism)
• Inspires the employee.	• Drives the employee.
• Accomplishes work and develops the employee.	• Accomplishes work at the expense of employee.
• Shows employee how to do his job.	• Instils fear in employee by threats and coercion.
• Assumes obligations.	• Passes the buck.
• Fixes the breakdown for loss in production or sales.	• Fixes the blame on others for loss in production or sales.

7.1.1 Functions of Leaders

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Leaders perform a variety of functions while trying to realise the organisational goals. In fact, he sets goals, establishes priorities, commits resources, assigns work to others, coordinates effort and delivers results. While doing so, he takes people along by instilling confidence and by building trust through open and transparent actions. The most important functions performed by a leader may be stated thus:

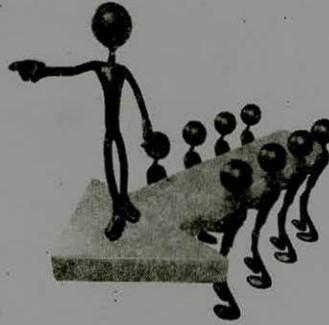
- **Leader develops teamwork:** The three vital determinants of teamwork are the leader, subordinates and the environment. These factors are interdependent. It is the leader's responsibility to make the environment conducive to work. He studies the employees individually and instills interest in them. By encouraging the inquisitive employees and by prohibiting insidious elements he creates a healthy environment. He inculcates the sense of collectivism in employees to work as a team. The resultant output will then be efficiency.
- **Leader is a representative of subordinates:** He is an intermediary between the work groups and top management. Leaders are called 'linking pins' by Rensis Likert. As linking pins they serve to integrate the entire organisation and the effectiveness depends on the strength of these linking pins. Leaders show personal concern for the employees. As representatives they carry the voice of the subordinates to the top management.
- **Leader is an appropriate counsellor:** Often, employees suffer from emotional problems. Inability to secure promotion, wage increase for showing good performance, obtain transfer to a good location: the reason could be any of these and many more. Such barriers keep the employees off the work track. Leaders perform a vital function here. They listen to the employees, try to remove the obstacles, offerwise counsel and keep the employees mentally happy.
- **Leader uses power properly:** If a leader is to effectively achieve the goals expected of him, he must have power and authority to act in a way that will stimulate a positive response from the workers. No leader is effective unless the subordinates obey his orders. Therefore, the leader uses appropriate power so that the subordinates willingly obey the orders and come forward with commitment.
- **Leader uses time well:** Time is precious but often overlooked in management. A leader uses his time productively by following time-preparation-charts, scheduling techniques, etc. Information, facts and statistical inputs are combined effectively so as to produce timely decisions.
- **Leader strives for effectiveness:** Leaders take certain conscious decisions in order to achieve goals effectively. In addition to the above functions, they carry out additional activities to reach the targets in time. They delegate work, invite participation from subordinates, offer proper rewards for good performance, mix up with subordinates and enforce discipline and control whenever necessary.

7.2 IMPORTANCE OF LEADERSHIP

Leadership helps an organisation in the following ways:

1. **Inspires employees:** A leader creates a strong urge in employees for higher performance. He lifts a man's visions to higher sights. By showing the proper

way to do a job, a leader helps employees to give their best to the organisation. As pointed out by Terry, leadership triggers a person's will-to-do and transforms lukewarm desires for achievement into burning passions for successful accomplishment'.



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- 2. Secures cooperation:** A dynamic leader breathes life into the group. He influences the behaviour of employees in such a way that they readily work for organisational objectives. He makes them realise that by translating plans into action, they can earn adequate rewards. He, thus, inculcates a sense of collectivism in the employees and forces them to work as a team. Leadership is essential to group action. Without sound leadership, cooperative action is impossible. Leadership provides character to the group and paves the way for integrated efforts at various levels.
- 3. Creates confidence:** Employees often suffer from emotional problems in organisations. They get frustrated because of their inability to do certain jobs, to secure promotions, to sharpen their skills, to get along with people, etc. A leader comes in here, renders wise counsel and tries to remove barriers (real or imaginary) and instils confidence in employees. He creates a wholesome attitude among employees for successful work accomplishment. He transforms potential into reality. He makes them realise their potential by showing the right way, clearing the paths and removing the hurdles.
- 4. Provides good working climate:** A leader provides a healthy work climate where individuals can work toward objectives happily. He initiates necessary changes and unifies efforts of employees. By making a judicious use of time and money, he takes up assignments on a priority basis. Important problems are tackled first through prompt actions. Subordinates are allowed to do things independently. Their problems are looked into and suggestions taken note of. He provides imagination, foresight, enthusiasm and initiative to employees and forces them to have an identity of interest, outlook and action.

7.3 LEADERSHIP STYLES

The behaviour exhibited by a leader during the supervision of subordinates is known as leadership style. There are probably as many different styles of leadership as there are leaders. Basically, three styles are listed out.

- 1. Directive, Autocratic or Authoritarian Style:** An autocratic leader is one who takes all decisions himself without consulting the subordinates. He centralises power and decision-making in himself. He oversees work from close quarters and exercises full control over subordinates. Orders are issued and subordinates are expected to

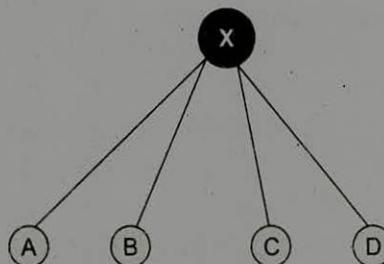


Fig. 7.1 Autocratic Style

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execute these without back-talk. The leader, thus, tries to develop obedient and predictable behaviour from group members. He permits very little freedom of action. Discipline is enforced by the use of rewards and threats of punishment. Communication tends to take a one-way route. Subordinates have to depend on the superior for everything (setting goals, determining priorities and implementing plans, etc., Figure 7.1: X = leader; A, B, C, D = subordinates)

Style Features

- Centralised power and decision-making
- Close supervision and control
- Discipline through rewards/punishment
- One way communication
- Total dependence of subordinates on superior

Advantages	Disadvantages
Decisions can be made quickly. Control can be centralised for orderly operations.	May result in low motivation. It is difficult to develop motivation when the leader makes all the decisions.
Well-developed leadership skills can be applied directly to group activities.	There is very little scope for developing the creative potential of people.
The leader can take direct control when there is a major problem or crisis. Best suited for crisis management.	Subordinates tend to develop defensiveness; they constantly look for ways and means to avoid responsibility.
Suitable for managing inexperienced, insecure and incompetent subordinates.	One way communication may lead to misunderstandings at various levels.
Offers consistence in goals and procedures by leader making decisions.	Subordinates tend to depend on leader for everything. Matters move slowly and it becomes difficult to adapt to change.

Example: The world, unfortunately is full of autocratic leaders who tried to bulldoze dissent and left their ugly imprint on corporate life exercising brute force. For example, Martha Stewart—the richest woman in entertainment industry at one point of time – built her empire with personal attention to every detail. Whether you liked her or not, she was meticulous and demanding. She was also very successful in her endeavors, and in using her autocratic management style. Many industry analysts might argue that it was Martha’s autocratically demanding style that allowed her to flourish in a competitive environment such as the entertainment industry. Others might argue that even more success might have awaited Martha Stewart if she had not relied so heavily on the autocratic style.

2. **Participative or Democratic Style:** The participative leader encourages his subordinates to participate in the decision-making process. He consults them before taking decisions. The suggestions put forward by subordinates are taken care of. There is open, two-way communication. Good rapport is maintained with members of the group. The leader does not dominate. He gives lot of freedom to

subordinates. The emphasis is on cooperation and participation to achieve the maximum potential of the group.

Box Style Characteristics

- Involves people in decision-making and goal setting
- Attitudes, feelings, suggestions of members considered while making decisions
- Freedom of thinking and action available to a reasonable extent
- Two way, open communication between members
- Opportunity to use one's potential in the service of organisation exists

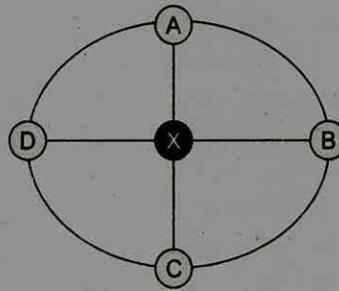


Fig. 7.2 Participative Style

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Advantages and Disadvantages of Participative Style

Advantages	Disadvantages
Motivates people to do better.	Individuals may dominate the participation or make disruptive contributions.
Knowledge and experience of group members can be used in decision making.	Very time consuming approach from the leader's point of view—quick decisions cannot be taken.
Individual abilities developed through participation.	Participation may be used as an instrument to 'pass the buck' to subordinate.
Members feel more committed to group goals. There is less resistance to managerial actions.	Decisions get diluted, when attempts are made to please everyone.
Members develop healthy attitudes toward the leader, the work and the organisation.	Participation may be viewed as a sign of inefficiency on the part of the leader. Subordinates may view the leader as incompetent to handle the job independently.
Two-way communication keeps members informed about what is going on and why.	Participation may be used to manipulate people to suit personal ends.

When to use Participative Style?

Participative style is most effective when, (i) the organisation has communicated its goals and objectives to all the subordinates and the subordinates have accepted them, (ii) the leader is genuinely interested in obtaining ideas and suggestions from subordinates, (iii) the subordinates are highly interested in participating in organisational decision-making, (iv) the subordinates have a reasonable amount

of knowledge and experience and finally, (v) the time for task completion allows participation to take place in a meaningful way.

Is Participative Style Superior?

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It is commonly believed that participative style helps subordinates to develop their talents fully. The participative leader is able to put them on the track easily and get the results without much difficulty, unlike an authoritarian leader. However, the superiority of participative style over authoritarian one is not supported by research. In one study, McCurdy and Efer investigated the effects of both these styles on subordinates' performance. The teams working under authoritarian leaders were told to simply obey orders, while those working under participative leaders were told to offer suggestions and not follow orders blindly. No difference in productivity between these two groups has been found by these researchers. In another study by Morse and Reine it has been found that democratic style results in higher job satisfaction to employees and autocratic leadership in greater productivity. If the goal is to increase output, autocratic style is appropriate and if the goal is to have a highly motivated workforce, a democratic approach is called for. According to Vroom, the choice of a particular style depends on employee expectations also. Participative style will give positive results when applied on subordinates wanting to do things independently.



Autocratic vs. Democratic Style

With the above information in the background, is it possible to draw the curtain between the autocratic and democratic styles now? The following table is developed for this purpose.

Autocratic vs. Democratic Leadership Style

Autocratic	Democratic
Manager using this style may be labelled as Theory X Leader.	Manager exhibiting this style may be labelled as Theory Y Leader.
The leader is task-oriented and restrictive.	The leader is follower-oriented and permissive.
Leader structures the work strives to find out better methods and keeps the employees busy on the task.	The leader is considerate of his subordinates, recognises their needs and respects their human dignity.
One-way communication	Two-way communication
Threads of control in the hands of one individual. Decision-making is centralised.	Pushes controlling power to subordinates to a reasonable extent. Decentralised decisions.
Quick decisions possible.	Take time.

Employee resistance may be high; getting them committed to goal is not easy.	Resistance from employees is minimum and hence commitment to objectives may be high.
Developing subordinates and preparing a training ground for future managers is difficult.	Develops the subordinate and prepares him for future managerial roles.

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3. Laissez-Faire or Free-rein Leadership Style

In the democratic style the leader encourages the group to think and develop a solution. The laissez-faire or free rein leader goes a step further and turns an entire problem or project over to subordinates. The subordinates are asked to set their own goals and develop plans for achieving them. The leader does not direct at all. He acts as a passive observer and does not exercise power. There is total abdication of responsibility. He offers advice when required. There is very little control over the group members.

Style Characteristics
<ul style="list-style-type: none"> • Group members set goals and decide things on their own • Leader is a passive observer of things • Leader does not decide, does not control or exercise influence over the group • Leader abdicates responsibility • Members operate in an unrestricted environment • Communication is open and can take any direction

The Figure show the leader passing on materials and information to group members on request. There is no attempt to regulate the course of events. Free-rein leadership may be suitable where the organisational goals have been communicated well in advance and are acceptable to subordinates. The subordinates, in turn, must be well-trained and highly knowledgeable concerning their tasks and willing to assume responsibilities. They must be highly motivated, sincere and duty-conscious. When these preconditions are met, free-rein style may yield good results.

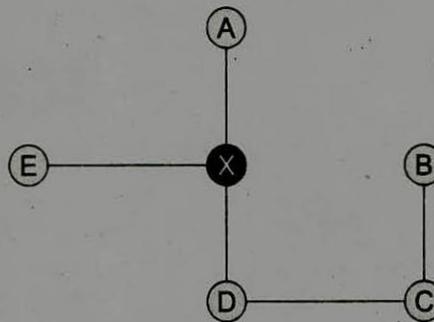


Fig. 7.3 Free-rein Style

Advantages or Disadvantages of Free-rein Style

Advantages	Disadvantages
Working independently can be motivational for some people	Activities may suffer owing to lack of coordination
May encourage suggestions, creativity and innovations	Group objectives may be ignored and individual objectives may dominate activities

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Group is flexible and can adapt quickly to change	Lack of control may lead to disruptive behaviour
Open and direct communication with opportunity for self-expression	Individuals may go their own ways resulting in confusion and chaos
May increase the 'quality of life' for some group members	

7.4 THEORIES OF LEADERSHIP

Leadership theories are broadly classified into three types: trait theory, behavioural theory, situational theory. Trait theory views leadership as a combination of a set of personality traits. Behavioural theory attempts to identify the individual behaviour of leaders associated with effective leadership. Situational theory tries to identify certain situational factors that determine how effective a particular leadership style will be.

7.4.1 Trait Theory

The trait theory is based on the great man theory, but it is more systematic in its analysis of leaders. Like the great man theory, this theory assumes that the leader's personal traits are the key to leadership success. However, unlike the greatman theory, trait theorists do not necessarily assume that leaders are born. Leaders, as per trait theorists, differ from their followers with respect to a small number of key traits and these traits remain unchanged across time. Ghiselli has provided a list of generally accepted traits that contribute to leader effectiveness.

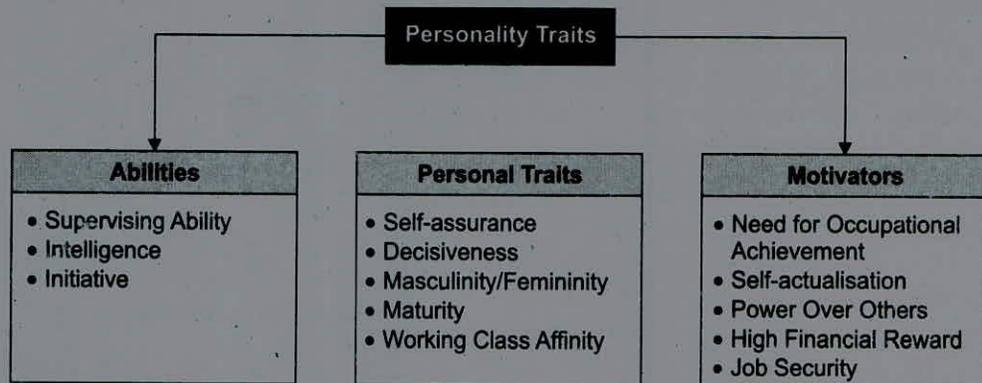


Fig. 7.4 Personality Traits

Keith Davis had pulled together the following four traits that are shared by most successful leaders:

- (a) **Intelligence:** Leaders tend to have somewhat higher intelligence than their followers.
- (b) **Social maturity and breadth:** Leaders tend to be emotionally mature and have a broad interest range. They are neither crushed by defeat nor over-elected by victory. They have high frustration tolerance.

- (c) **Inner motivation and achievement drive:** Leaders want to achieve things, when they achieve one thing, they seek out another.
- (d) **Human relations attitudes:** Leaders develop a healthy respect for people and realise that to accomplish tasks, they must be considerate of others.

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Criticism

Leaders who fail as leaders and individuals who never achieve leadership positions often possess some of the same traits as successful leaders. For example, although taller people may generally be more successful as leaders, many tall people have neither the inclination nor the capabilities to be the leaders. At the same time many short people have risen to leadership position. Trait theory is severely criticised on the following grounds.



1. The list of personality traits is painfully long and exhaustive. Although over one hundred personality attributes of successful leaders have been identified, no consistent pattern/patterns have been found.
2. Researchers often disagree over which traits are the most important for an effective leader. There is no universal list of traits for successful leaders.
3. Leaders cannot be markedly different from their followers. Extremes in personality are not usually associated with leadership.
4. It is difficult to define traits. When posed with the question of defining a trait, executives often come out with a bewildering variety of explanations, making a mockery of the trait theory.
5. It is often difficult to measure traits. The measurement tools employed to quantify traits (in ways that will make them useful to executives) are open to doubt. For example, some of the psychological attributes (intelligence, initiative) cannot be observed but can only be inferred from the behaviour.
6. How much of a trait a person should have remains a puzzling question. It is not clear how high score a person must achieve on a given trait to make it effective.
7. Effective leadership is not a function of traits alone. Executives often behave in a way they think is appropriate for their job. There is a wealth of scientific evidence pointing the significance of situational factors as determinants of leadership behaviour. Trait theory fell into disfavour because it did not consider the whole leadership environment.
8. Finally, leadership skills vary according to the type of work a person performs in the organisation. A leader may employ three different types of skills at different levels in the organisation: technical, human and administrative skills. It is ridiculous to assume that traits are uniformly distributed at all managerial levels.

7.4.2 Behavioural Theory

In contrast with trait theory, behavioural theory attempts to describe leadership in terms of what leaders do, while trait theory seeks to explain leadership on the basis of

what leaders are. Leadership according to this approach is the result of effective role behaviour. Leadership is shown by a person's acts more than by his traits. This is an appropriate new research strategy adopted by Michigan Researchers in the sense that the emphasis on the traits is replaced by the emphasis on leader behaviour (which could be measured).

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(a) The Michigan Studies

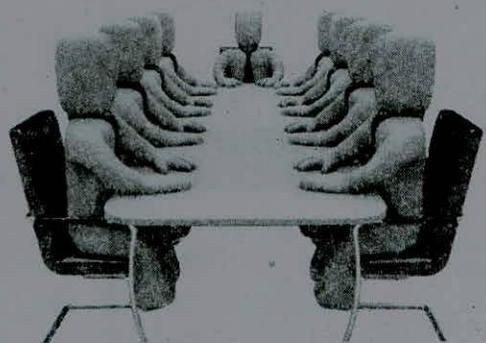
After studying numerous industrial situations, the Michigan researchers identified two leadership styles—employee-centred and production-centred—influencing employee performance and productivity.

Employee-centred Leader	Production-centred Leader
Treats subordinates as human beings.	Emphasises technical aspects of job.
Shows concern for their well being.	Focus on work standards close supervision.
Encourages and involves them in goal setting.	Employee seen as a tool in the production process.

They prescribed employee-oriented style of leadership to increase productivity. They contended that supervisory controls and production-centred leadership style will be frustrating to the employees; affects their morale leading to unsatisfactory performance on the job. The Michigan studies were more compatible with the prevailing system in 'post-Hawthorne America' and as such became very popular. Researchers were able to identify specific behaviours that influenced employee behaviour and productivity and advised scrupulously that a people orientation should come before a work orientation. These findings led to the widespread belief in the 1950s that the employee-oriented leadership style was always superior.

(b) The Ohio State University Studies

The Ohio State University studies identified two leadership behaviours—Initiating structure and Consideration—after analysing actual leadership behaviour in a wide variety of situations. Consideration (C) refers to the ability of the leader to establish rapport, mutual respect and two-way communication with employees. The leader is friendly, approachable and listens to the problems of employees and allows them to suggest. Initiating Structure (IS) refers to the extent to which the leaders structure and define the activities of subordinates so that organisational goals are accomplished.



During research, the Ohio State scholars have developed the Leader Behaviour Description Questionnaire (LBDQ) that contains 15 items regarding the consideration and an equal number referring initiating structure, to describe activities displayed by

the leader. Research Staff also developed a Leader Opinion Questionnaire (LOQ) that reflects the self-perceptions that the leaders have about their style of leadership.

The researchers found that IS and C were independent and distinct dimensions. A high score on one dimension does not necessarily a low score on the other. Leader behaviour was plotted for the first time, on two separate axes rather than on a single continuum. Four quadrants were developed to show IS and C in varying combinations.

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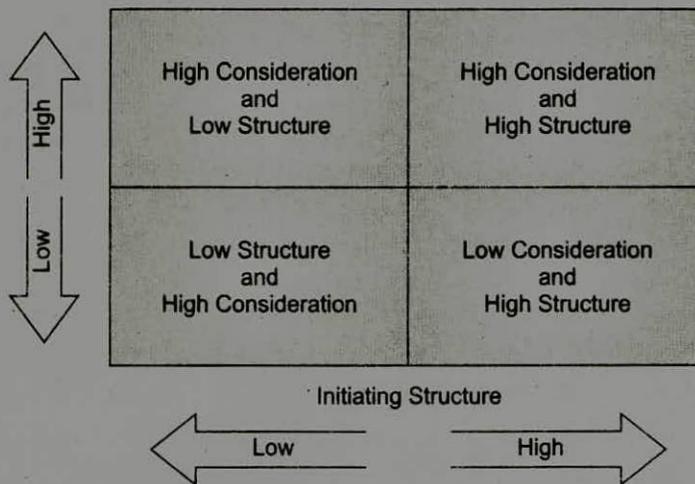


Fig. 7.5 Four Quadrants to Show IS and C in Varying Combinations

Evaluation. The two dimensional model became a 'best seller' overnight and made an epoch-making contribution to leadership studies afterwards. It has caught the imagination of the managers throughout the world due to its simple but powerful reasoning. The influence of the Ohio State studies has been extensive. The concepts of consideration and initiating structure have had a high intuitive appeal to practicing managers so that many training programmes have made use of them. It is easy to understand the intricacies of the model and 'practice' the leader behaviours. The logic behind the model appears quite reasonable and appealing.

(c) The Managerial Grid

The most significant and practical contribution to more effective management principles and organisation development to appear in many years is the Managerial Grid. The concept is created and developed by US Industrial psychologists R.R. Blake and Jane S. Mouton. The managerial grid is based on massive practical research into behavioural sciences in the industrial setting. Managerial grid is more than just a theory in human behaviour. It is a tested science of management theory employing systematic principles which can be taught and which may then be applied in the day-to-day situations. The exciting aspect of the managerial grid is its effectiveness in improving people's attitudes and behaviour throughout an entire organisation to the benefit of the organisation. It promises to turn the 'art' of managing into a 'science'. It has been successfully applied in industry and has contributed greatly to increased profits and union-management relations.

7.4.3 Crux of the Theory

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Behavioural scientists have, for a painfully long time, separated, isolated and frequently misconstrued the two concerns; the concern for production and the concern for people. According to Blake and Mouton these concerns are two sides of the same coin and should be utilised with maximum and integrated concern to achieve the objectives of the organisation. It is Blake and Mouton's assumption that people and production are complementary rather than mutually exclusive.

1. **Concern for production:** This is not limited to things only. Production may be assessed through the number of creative ideas that applied research turns into useful products, procedures or processes: quality and thoroughness of staff services, workload and efficiency and measurements as well as units of output.
2. **Concern for people:** It is not confined to narrow consideration of interpersonal warmth and friendliness. It covers a variety of concerns which can include concern for degree of personal commitment to complete a job for which one is responsible; accountability based on trust rather than force; self-esteem, desire for a sense of security in work; friendships with co-workers leading to a healthy working climate.

The visual aspect of the managerial grid is portrayed in the Fig. 7.7.

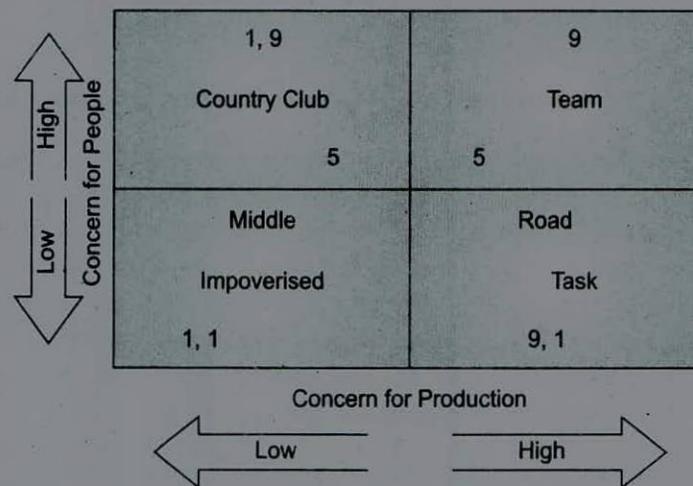


Fig. 7.7 The Visual Aspect of the Managerial Grid

Figure 7.6 shows the degrees of concerns for production and people and possible interactions between them. The horizontal axis represents concern for production while the vertical axis indicates concern for people. Each is expressed as a nine-point scale of concern. The number 1 in each instance represents minimum concern. The number 9 represents maximum concern.

- (a) **Impoverished:** Exertion of minimum effort is required to get work done and sustain organisation morale.
- (b) **Country club:** Thoughtful attention to needs of people for satisfying relationships leads to a comfortable, friendly organisation atmosphere and work tempo.
- (c) **Middle road:** Adequate organisation performance is possible through balancing the necessity to get work with maintaining morale of people at a satisfactory level.

- (d) **Task:** Efficiency in organisations result from arranging conditions of work in such a way that human elements interfere to a minimum degree.
- (e) **Team:** Work accomplishment is from committed people and interdependence through a common stake in organisation that leads to relationships of trust and respect.

Theoretically speaking there are eighty-one possible positions on the grid, reflecting as many leadership styles, but the focus usually centres around five basic styles. The 9,1 leader is mainly concerned with production and has little concern for people. This person wants to meet production schedules and get the task done at all costs. The 1,9 style reflects a minimal concern for production coupled with a maximum concern for people. The 1,1 leader has little concern for both people or production. The 5,5 style reflects a moderate concern for both. The 9,9 style is viewed as the ideal leadership style: it exhibits a maximum concern for both production and people. According to the managerial grid, of all, the 9,9 style is the optimum leadership approach, often called 'super leader style' and many organisations have used training programmes to develop 9,9 managers. Blake and Mouton assert that this is one best style of exercising most effective leadership; what changes with the situation is the tactics of application.

Evaluation: Grid approach is attractive, instructive and has a commonsense appeal. The grid helps managers to identify their own leadership styles. It serves as a useful framework for the leaders to use in assessing their styles before undertaking a rigorous training programme that is created to move them to the 9,9 style. The evidence from other sources such as Fiedler, does not square with the notion that the best leaders invariably tend toward an intense concern for both people and work. In fact, Bernadin and Alvares point out "a 9,9 orientation applied to the organisation as a whole will foster a kind of corporate Darwinism". Though the grid programme is popular among practitioners, it is highly controversial among the theorists and researchers because of its lack of empirical evidence.

Situational Theories

Leadership is a complex social and interpersonal process; and to understand it fully we need to see the situation in which a leader operates. The situational theme of leadership is highly fascinating, but is certainly a challenging orientation to implement. An effective leader must be flexible enough to adapt to the differences among subordinates and situations. Leadership effectiveness depends upon the fit between personality, task, power, attitudes and perceptions. On the lines of this new and sophisticated conception, some elegant theories have been developed. Let us examine two such theories in this section: Fiedler's contingency model and House's path goal model.

(a) Fiedler's Contingency Model

Fiedler's contingency model is one of the most serious and elaborate situational theories in leadership literature. Fiedler is probably the first researcher who recognised the need for a broader explanation of leadership phenomena anchored on situational variables. Fiedler's model is called a 'contingency' model because the leader's effectiveness is partially contingent upon three major situational variables.

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- **Leader-member relations:** It refers to the degree of confidence, trust and respect followers have in the leader. It indicates the degree to which group members like the leader and are willing to accept the leader's behaviour, as an influence on them. If followers are willing to follow because of charisma, expertise, competence or mutual respect, the leader has little need to depend on task structure or position power. If, on the other hand, the leader is not trusted and is viewed negatively by followers, the situation is considered less favourable.
- **Task structure:** It measures the extent to which the task performed by subordinates is routine or non-routine. Task structure refers to the degree to which the task requirements are clearly defined, (clarity of goals) the correctness of a decision can be easily verified (verifiability of decisions made) and there are alternative solutions to task problems (multiplicity of options to solve problems). In other words, task structure refers to how routine and predictable the work group's task is.
- **Leader position power:** The most obvious manner in which the leader secures power is by accepting and performing the leadership role. Position power in the contingency model refers to the power inherent in the leader's organisational position. It refers to the degree to which the leader has at his disposal various rewards and sanctions, his authority over group's members, and the degree to which this authority is supported by the organisation.
- **Favourableness of the situation:** Thus, depending on the 'high' and low' categories of these situational variables, Fiedler developed eight possible combinations ranging from highly favourable to unfavourable situations.

Fiedler's Classification of Situational Favourableness

Leader-member Relations	Good				Poor			
	High		Low		High		Low	
	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Task Structure								
Leader Position Power								
Situations	I	II	III	IV	V	VI	VII	VIII
	Very Favourable				Very Unfavourable			

Fig. 7.7 Fiedler's Findings on How Leader Effectiveness Varies with the Situation

A favourable situation is where the leader-member relations are good, the task is highly structured and the leader has enormous power to exert influence on the subordinates. The first cell in the table is identified with this high degree of favourableness. At the other extreme, an unfavourable situation is where the leader's power is weak, relations with members are poor and the task is unstructured and unpredictable. The last cell represents this situation. Between these two extremes lies the situation of intermediate difficulty. Fiedler states that a permissive, relationship-oriented style is best when the situation is moderately favourable or moderately unfavourable. When the situation is highly favourable or highly unfavourable a task-oriented style produces the desired performance.

Leadership Style

The fundamental question remains as to what type of leadership style is to be exercised by the leader in these situations? To determine the style of leadership (to answer this question) Fiedler has introduced a scale called LPC (esteem for Least Preferred Co-worker.) LPC is a set of sixteen adjective pairs and is quite often referred to as the 'heart' of his research programme. Leaders are asked to think of a person with whom he has worked least well. They are then asked to describe this person on a series of bipolar objective scales as shown below.

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Friendly	8	7	6	5	4	3	2	1	Unfriendly
Enthusiastic	8	7	6	5	4	3	2	1	Unenthusiastic
Cooperative	8	7	6	5	4	3	2	1	Uncooperative
Helpful	8	7	6	5	4	3	2	1	Frustrating
Interesting	8	7	6	5	4	3	2	1	Boring
Distant	8	7	6	5	4	3	2	1	Close

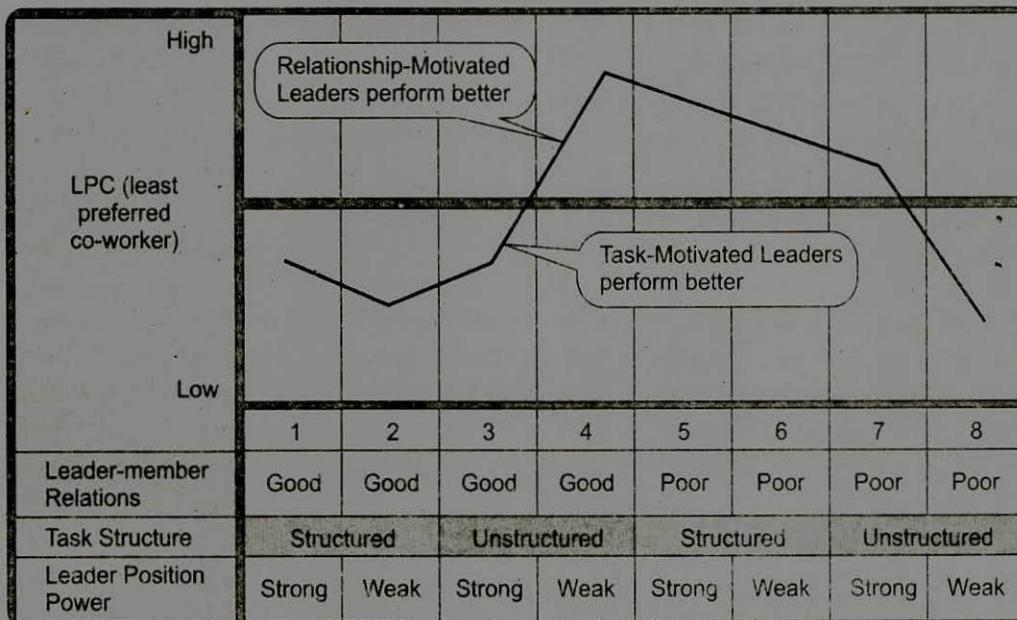


Fig. 7.8 Fiedler's Findings on How Leader Effectiveness Varies with, the Situation

In this bipolar scale '8' represents the most favourable perception of one's least preferred co-worker and '1' the reverse. The leader's responses so measured are then totalled and arranged. Fiedler interprets LPC score to be an index of motivational hierarchy or of behavioural preferences. A leader with high LPC sees good points in the least preferred co-workers and has his preference the desire to be 'related'. The leader seeks to have strong emotional and affective ties with others. According to Fiedler, a high LPC score represents that the leader has human relations-orientation and low LPC score indicates a task-orientation. What does this ultimately indicate? It means that leaders who rate their least preferred co-worker in a favourable light derive satisfaction through interpersonal relations. On the other hand, the leaders who rate their co-workers in a relatively unfavourable light are bound to get satisfaction

out of successful performance. Thus, the functionality of the Fiedler's model hinges on the socio-metric acceptability of the leader and the measurement of perceived psychological distance (how distant do followers feel they are from leader) between leaders and followers.

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7.4.5 Situational Factors Determining Leader Effectiveness

Having identified the situational factors and determined LPC score, Fiedler proceeded to see how the situational variables interact with leadership style to determine leader effectiveness. This is presented in a comprehensive diagram (see Fig. 7.9).

Horizontal axis in the diagram is represented by situational variables and the vertical axis by the correlation between the leader's LPC score and group performance. A point above the middle line shows that the relationship-oriented leaders (high LPC leaders) tended to perform effectively than the task-oriented leaders (low LPC leaders). Further, correlation below the line signifies the fact that the task-oriented leaders perform better than the relationship-oriented leaders.

1. Task-oriented leaders perform best at the extremes (where the control and influence they can exercise is very low or very high).
2. People centred leaders perform best in situations that are moderate (where the leader's influence and control is neither very high nor very low).

Implications of the Model

What are the implications of Fiedler's model for improving organisational effectiveness? Fiedler and his associates maintain that there is no single successful style of leadership. The most appropriate, leadership style depends upon the situation faced by the leader. Persons performing miserably in one situation may turn out excellent performance in other situations. The situation, in turn, is a function of the leader's relationship with the group, the task structure and the leader's position power. To improve organisational performance, it is highly essential to identify the situation in which specific leadership style would be most appropriate. Leader's performance depends on personality and situational favourableness.

Based on the contingency model, Fiedler developed the 'leader match' training programme to improve leader effectiveness. The basic assumption of the leader match is that the leader's situation is usually much easier to change than the fundamental style. Fiedler believed that it is an extremely difficult task to change leadership styles through training programmes. This is probably due to the fact that leadership style is more than a passing attitude; it is a deeply ingrained and closely held attitude which would respond only to intensive training efforts that are rarely available in the organisation. Moreover, organisations cannot afford expensive selection techniques to find able leaders that fit job specifications.

The question remains as to what is the alternative? The most feasible alternative, in Fiedler's view, is to "engineer the job to fit the manager". This involves a three-step process: Determine whether leaders are task or relationship-oriented; Classify the situational factors of leadership positions; and Select the appropriate strategy to bring about improved effectiveness.

Contingency model is not a bed of roses. It is criticised on the following grounds:

1. First of all, LPC as a measuring rod of leadership style is subject to serious criticism. LPC is a confusing concept. According to Fiedler, low score on LPC reflects a task-oriented approach and high score reflects a relationship-oriented approach. But a number of studies in which a leader's style on LPC scale were compared with the 'Consideration and Initiating Structure' scale of the LBDQ do not support this sort of relationship." Moreover, the reliability of the LPC scale is also open to question. For instance, in one study it has been found that the same person may obtain different LPC scores on different days.
2. Fiedler's model is criticised on the ground that it is unidimensional. He suggests that leaders can be either task-oriented or relationship-oriented, as the situation demands. Further, some researchers contend that Fiedler shapes his theory to fit known results.
3. Contingency model lacks a theoretical orientation. Since it has been developed from research data rather than from theoretical framework, it has predictive power, but lacks explanatory power. It thus becomes less of a theory and more of an empirical generalisation. Fiedler could not explain why one particular leadership trait is more desirable than others in a particular situation. Fiedler, further more, could not explain why the same style is appropriate and work equally well in both favourable and unfavourable situation.
4. There are some fundamental deficiencies in the model as pointed out by some researchers, of course, including the Fiedler himself. For example, a situation of high position power in one study might be considered to be one of low position power in another study.
5. The favourableness of a work situation is defined in terms of three variables: the quality of leader-member relations, the extent to which the task is structured, and the extent of leader's position power. Of these three factors, according to Fiedler, leader member relations is the most important variable followed by task structure and position power. But some researchers have found that of all the three, task structure is the only important situational factor.
6. Further, Fiedler considers only some situational variables. However, researchers have pointed out a number of other situational modifiers affecting the leadership style and subordinate performance. These include subordinates' expectations of leader behaviour, congruence of leadership styles among organisational levels, and the ability of the leader to influence his superior.
7. The model is highly complex and the procedures and statistical analysis that support the validity of the model are both brainstorming and frightening. Further, some behavioural scientists criticised the use of small samples in his research. Of course, Fiedler's colleagues in a follow-up study have made use of large samples and appropriate situational tests.
8. Finally, some criticism is also invited from the application of his model to actual practice of human resource management. Fiedler suggests that management would be better off to engineer positions so that the environment fits the leader instead of the traditional way of selecting the leaders to fit into the existing jobs. He contends that change in the job is preferable to change in the leadership style. But it is very difficult to change the situation to fit the leadership style.

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In spite of these criticisms Fiedler's contingency theory has proved to be an important addition to the paradigm of leadership research and literature. Its success may be because of two reasons—(i) it conveniently accommodates a number of personal and situational factors in the study of the leadership, and (ii) it operationalises the model into a set of actions that can be used to improve one's leadership effectiveness.

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Contribution

Even critics of contingency theory ungrudgingly accept that Fiedler's theory has made a promising breakthrough in leadership research. In spite of its complexity, there can be little doubt that the contingency model has already had major impact upon the knowledge of leadership and leader effectiveness. The model is and will probably remain a rich source of new ideas, propositions, and hypothesis about leadership style and effectiveness. It has set an important precedent for the mushrooming growth of contingency models, not only for leadership but for management concepts as well.

7.5 PATH GOAL THEORY

According to the Path goal theory, proposed by R. J. House, leaders should motivate subordinates by clarifying the path to personal rewards that result from attaining work goals. The path is clarified by eliminating confusion or conflicting ideas that the subordinate may hold. The leader should also increase the number and kinds of rewards available to subordinates. He should provide guidance and counsel to clarify the way in which these rewards can be obtained. In other words, it is the manager's task to provide the subordinate with a better fix on the job, to help clarify realistic expectancies and reduce barriers to the accomplishment of valued goals.

Leaders should, in a nutshell, (i) clear paths, (ii) clarify goals, (iii) provide support, (iv) provide rewards, and (v) analyze the situation, task and employee's needs.

Path Goal Theory: Brief Description

- It is about how leaders motivate followers to accomplish designated goals
- The stated goal of leadership is to enhance employee performance and employee satisfaction by focusing on employee motivation
- Emphasises the relationship between the leader's style and characteristics of the followers and the work setting
- The leader must use a style that best meets the followers motivational needs

Styles of Behaviour

Leaders can perform these strategic functions, according to the path goal model, by adopting the following styles of behaviour:

- (a) **Supportive:** Leader is friendly and approachable to the employees; shows concern for status, well-being and needs of the employees, treats them as his equals. This is similar to what Ohio State researchers labelled 'consideration'.
- (b) **Directive:** Leader here focuses on planning, organising, and coordinating the activities of subordinates. He defines the standards of performance, lets subordinates know as to what is expected of them. It is similar to the Ohio State researchers' 'initiating structure'.

- (c) **Participative:** Leader here consults the employees, solicits their suggestions, incorporates the good decisions.
- (d) **Achievement-oriented:** Leader adopting this style sets challenging goals; expects the employees to perform at their best, he continuously seeks increments in their performance, etc.

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The Situational Factors

The specific leadership style, according to House, that works unquestionably best, is determined by two types of situational variables:

- **Characteristics of subordinates:** The style selected by the leader should be compatible with the abilities, needs and personalities of the followers. If the followers are high in their ability, a supportive style would suffice; if they have low ability then a highly structured and directive type of style is necessary. Subordinates with high needs for affiliation will be satisfied with a considerate leader. But subordinates with a high need for achievement will probably prefer a task-oriented leader. Again, the personality of the subordinates is an important contingency variable in the path goal model. Internally-oriented employees, (internals) who believe they can control their own behaviour, prefer leaders who demonstrate more supportive behaviour. On the other hand, externally-oriented (externals) employees who believe that fate controls their behaviour prefer the directive leadership.

Path Goal Theory: Leadership Styles/Situational Factors		
Leadership Style	Subordinate	Environment
Directive	<ul style="list-style-type: none"> • Want Authority Leadership • External Locus of control • Low ability 	<ul style="list-style-type: none"> • Complex or ambiguous task • Strong formal authority • Good work group
Supportive	<ul style="list-style-type: none"> • Do not want Authority Leadership • Internal Locus of control • External Locus of control 	<ul style="list-style-type: none"> • Simple or structured task • Weak formal authority • No good work group
Participative	<ul style="list-style-type: none"> • Want to be involved • Internal locus of control • High ability 	<ul style="list-style-type: none"> • Complex or ambiguous task • Strong or weak formal authority • Good or no good group
Achievement Oriented	<ul style="list-style-type: none"> • Want authority leadership • External locus of control • High ability 	<ul style="list-style-type: none"> • Simple or structured task • Strong formal authority • Good or no good work group

- **Work environment:** The environmental variables include factors which are not within the control of the subordinate but which are significant to satisfaction or to the ability to perform effectively. These include the subordinates' tasks, formal authority system of the organisation and the primary work group.

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Any of the environmental factors can motivate or constrain the subordinate. For example, the subordinate could be motivated by the work group and gain satisfaction from co-worker's acceptance for sitting through the job according to the group norms. House asserts that if the subordinates are working on highly unstructured jobs characterised by high degree of ambiguity in roles, leader directiveness is necessary. In other words, when the task is unstructured, worker feels that his path to satisfaction is bumpy and prefers to be directed. Conversely, if the employees are working on structured and well defined tasks, leader directiveness is redundant and a supportive style will do.

The path goal proposes that leader behaviour will be motivational to the extent that it assists subordinates cope with environmental uncertainties. A leader who is able to reduce the uncertainties of the job is considered to be a motivator because he increases the subordinate's expectations that their efforts will lead to desirable rewards. The degree to which the subordinate sees certain job behaviours as leading to various rewards and the desirability of these rewards to the individual (preference) largely determine job satisfaction and performance. The path goal model compels the leader to consider the individual subordinates as well as the situation.

Evaluation

1. **Complicated:** It is a complicated situational theory. Empirical testing becomes difficult because of methodological complexities.
2. **Negligible support:** The path-goal theory is currently in the state of infancy, backed by a relatively little research (and so is too early to make any substantive assessment). Some researchers report that workers on highly structured tasks have high job satisfaction when their leader uses a supportive style. Conversely, workers on highly unstructured tasks are more productive when the leader uses a directive style but do not necessarily report more satisfaction. Some researchers find the entire theory to be sketchy in nature, requiring further refinement. Research by scientists like Weed, Mitchel, etc. do not conform some of the findings of House.
3. **Post Hoc theory:** Another serious limitation is that the Path Goal theory is a Post Hoc theory in the sense that some of the research evidence supporting the theory was also used to construct it.
4. **Incomplete picture:** The Path Goal theory is incomplete, in the sense that it does not explain the effects of leader behaviour on factors other than subordinates' acceptance, satisfaction and expectation. Rather, it provides a tentative explanation of the leadership style. Again the model does not consider the effects of personnel traits that may constrain the selection of leader behaviour. Another limitation is the assumption that leaders can change their behaviours to various leadership situations.

Despite these negative opinions, House's model is appreciated on the ground that it not only attempts to suggest what type of leader may be effective in a given situation but also attempts to explain why the leader is effective. The path-goal theory is somewhat more elaborate than Fiedler's, whose intuitive basis is not entirely clear, in that it takes into account the personality characteristics of subordinates as well as situational factors. It may also be noted that the strength of the path-goal theory is the limitation of Fiedler's contingency model and, vice versa. It is definitely a viable approach when

task-oriented variables such as role ambiguity, task autonomy and task uncertainty are confronted by followers and leaders. Further, the path-goal theory provides a heuristic framework for the new researchers in the field.

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SUMMARY

- Leadership is the process of influencing group activities towards the accomplishment of goals in a given situation. A leader performs several important functions while getting things done. He acts as a 'linking pin', counsels people, uses power properly, manages his time well and strives to achieve goals effectively.
- According to the Greatman theory, leaders are born not made. Successful leaders have certain great qualities that separate them from the 'Crowd'. The theory has lost most of its appeal ever since people began to realise that all are born equal in this world.
- The behaviour exhibited by a leader during the supervision of subordinates is known as leadership style. An autocratic leader takes all decisions himself without consulting subordinates. He permits very little freedom of action. The participative leader encourages his subordinates to participate in the decisions-making process. He does not dominate and encourages subordinates to communicate openly. A free-rein leader turns an entire problem or project over to subordinates. He does not direct at all and acts like a passive observer.
- Transformational leaders are those who recognise, exploit and satisfy the needs of followers while elevating them to higher levels of motivation and morality. Transactional leaders focus attention on achieving results in a practical way, clarifying things to subordinates.
- An effective leader must be flexible enough to adapt to the differences among subordinates and situations. The ability to understand the demands of the situation and act in an appropriate manner determines the success of a leader.
- Leadership theories may be broadly put into three types: Trait theory views leadership as a combination of a set of personality traits. It tries to explain leadership on the basis of what leaders are. According to the behavioural theory, leadership is shown by a person's acts rather than by his traits. According to situational theory the qualities, characteristics and skill required in a leader are determined to a large extent by the demands of the situation in which he is to function as a leader. An effective leader must be flexible enough to adapt to the differences among subordinates and situations. The ability to understand the demands of the situation and act in an appropriate manner determines the success of a leader.

REVIEW EXERCISES

1. "Perhaps the foggiest idea in the field of management is leadership. Yet, despite the fog that obscures its outline and hinders an understanding of leadership, all sorts of organisations are busy trying to develop it". Discuss it.

NOTES

2. What do you mean by leadership? How is it different from managership?
3. What do you understand by 'leadership style'? Can you explain leadership styles on a continuum? If so, how?
4. What are the major differences between autocratic, democratic, and abdicratic styles of leadership?
5. Explain trait theory of leadership. The results of thousands of studies exploring leadership traits were mildly successful. Do you agree with this statement?
6. Some people have stated that the trait approach is dead and buried. Is it true?
7. What are the major limitations of the trait theory of leadership effectiveness?
8. What are the two critical leader behaviours identified at Ohio State studies of leadership? Do you notice any similarity between Ohio studies and Michigan studies?
9. Explain in detail the managerial grid. Do you advocate grid training for modern managers?
10. Outline the basic theory of the Managerial Grid. Which leadership Style in the grid is most effective according to Blake and Mouton?
11. Critically examine the Fiedler's contingency theory of leadership effectiveness.
12. What background motivational, or personal factors do you think would make a leader high LPC or low LPC?
13. What do you mean by LPC scale? Critically examine this scale in relation to the leadership style.
14. How is the House's path-goal model is related to Vroom's expectancy theory of motivation? What are the basic propositions of the path-goal theory?
15. Path goal model allows for incorporation of many subordinates' and environmental factors in establishing a leader-situation match. Explain these factors.
16. Discuss elaborately the situational theory of leadership as propagated by Hersey and Blanchard.
17. What do you mean by the life cycle theory? Explain the concept of maturity in relation to the theory?
18. "Leadership is situational." Verify the truth in this statement.
19. Is there a single best style of leadership?
20. Present a summarised view of situational theories of leadership. Also, state how leadership potential and effectiveness could be improved?
21. Could someone be a manager but not a leader? A leader but not a manager? Both a leader and a manager? Explain.
22. How is it possible for a leader to be both task-oriented and relationship-oriented at the same time? Can you think of other forms of leader behaviour that are important of a manager?

CASE STUDY Choice of a Leader

Mr. Ranjan Kumar is the Managing Director of a Soaps Manufacturing Company. To increase sales, the Board of Directors wanted to start a full-fledged marketing department, Mr. Kumar is entrusted with the task of finding a suitable candidate to head the proposed marketing department. After considering a number of candidates, he has narrowed down his choice to two persons: Viswanath Dutt and Rajnarain.

Mr. Viswanath Dutt has an excellent track record in the company. During his fruitful association with the company, to be precise ten years, he has always shown a high degree of enthusiasm and initiative in his work. He is still young (35 years) dynamic and aggressive. He is result-oriented and is more interested in ends rather than means. One of the workers, testifying his leadership qualities, remarked thus : "Though he is harsh at times, you will know where you stand when you work with him. When you have done a good job, he lets you know it". Mr. Dutt is willing to shoulder additional responsibilities. He decides things quickly and when action is required, he is 'always on his toes'.

During his 15 years tenure in the Company, Mr. Rajnarain has endeared himself to all his colleagues by his superior workmanship and pleasing manners. He always believes in the principle of employee participation in the decision-making process. Unlike Mr. Dutt, he encourages his subordinates to come out with innovative ideas and useful suggestions. Before arriving at a decision he always makes it a point to consult his subordinates. Not surprisingly, all his subordinates are very pleased to work under him and praise his leadership qualities. They readily admit that the participative climate has encouraged them to use their talents fully in the service of the organisation. Company records also bear evidence for the increase in the production soon after Rajnarain became the head of his department.

Questions

1. Analyse the leadership qualities and styles of Mr. Dutt and Mr. Rajnarain.
2. Between the two people, whom would you recommend for the position of a marketing manager? Why?

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NOTES

8. GROUPS AND GROUP DYNAMICS

STRUCTURE

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|-----|-----------------------------|
| 8.1 | Introduction |
| 8.2 | Types of Groups |
| 8.3 | Stages of Group Development |
| | <i>Summary</i> |
| | <i>Review Exercises</i> |

8.1 INTRODUCTION

'A Group is a collection of two or more people who interact with each other and are interdependent on each other for a common purpose and perceive themselves and to be a group'. This definition reveals the following features of a 'Group'.

- **Two or More Persons:** For a group to exist, it must have at least two members. The members are all dependent on one another. In a work situation, each individual is aware that the overall job cannot be achieved without assistance from others.
- **Interaction:** Each member must interact with one more member of the group at least occasionally. Some form of communication must take place, *i.e.*, either face-to-face, over a telephone, or through a computer network.
- **Reasonable Size:** Groups could grow to any size. However, from an organisational point of view, we are concerned with groups of reasonable size. It is difficult for group members to interact with each other closely, when the size grows beyond a manageable number.
- **Shared Goal Interest:** Members of a group must have some common goals or shared interests. They need not agree with all the purposes of a group. If a group has a variety of goals or interests, each member of the group must share at least one of the group's interests.
- **Collective Identity:** Each member of the group must believe that he is a member of, is participant in some specific group. It is the awareness of each other that clearly differentiates a group from a mere collection of persons (passengers in railway compartment, students in a class, customers in a departmental store, etc.).

A group may, thus, be defined as two or more individuals interacting and interdependent, who have come together to achieve particular objectives. The term "Group Dynamics" is concerned with the interactions and forces among group

members in a social situation. More specifically, it refers to the (i) internal nature of the groups, as to how they are formed, (ii) what their structures and processes are, (iii) how they function and affect, individual members, other groups and the organisation. Groups perform three **functions** that are important to an enterprise's success.

- (a) **Socialisation of new employee:** The work group teaches the new employee the work norms, that is, how to behave at work. It orients and educates the new employees into the enterprise's work rules and norms and helps him under control.
- (b) **Getting the job done:** The work group teaches the employee how to cope with the job. Truly speaking, it is the organisation that provides the necessary training for employees to do the job, but in practice it is the work group within the organisation, that help the employees learn how to interact with the rest of the organisation and how to get the job done.
- (c) **Decision-making:** Well established groups that are operating effectively can contribute to organisational members by turning out better decisions. Two heads are better than one.

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8.2 TYPES OF GROUPS

There are many different kinds of groups and many different ways of classifying them. This chapter will concentrate on the formal and informal groups that exist in organisations.

8.2.1 Formal Groups

Formal groups may, primarily, be classified into two categories. Formal groups, as stated earlier, are created by managerial decision to accomplish the stated goals of the organisation.

- (i) **Command Group:** A *command group* consists of a supervisor and his or her subordinates. A university president and respective college deans, a head nurse and respective floor nurses, and a first-line supervisor and respective assembly line workers are all command groups. These command groups are a permanent part of the organisation structure. Even if a particular supervisor or subordinate leaves the group, the group itself remains intact.
- (ii) **Task Group:** A *task group* consists of employees who work together to complete a particular task or project, but who do not necessarily report to the same supervisor. For example, in many organisations there is a Safety and Accident Committee. This committee consists of individuals from different departments and divisions who coordinate the development of safety rules and monitor compliance with those rules. Being a member of a task group is not a full time assignment; it is a work assignment that temporarily takes individuals away from their command groups to work on a common problem.

A task group is often called a **committee, task force, or project group**. Although these terms are often used interchangeably, a distinction can be

NOTES

made among them. A *committee* is a group of employees whose purpose is to exchange information, advise management, or even make some decision. A *task force* is usually created to tackle a specific problem; it is more action oriented than a committee. A *project group* is similar to a task force, but the former tends to last longer than the latter.

- (iii) **Project Group:** A *project group* consists of individuals from many different areas or backgrounds. The group's purpose is to attain its objective within predetermined time, cost, and quality limits, after which the group is disbanded and everyone goes back to his or her regular department. Project groups are often used in building spacecraft, skyscrapers, bridges, and ships. They have also been employed in designing new products and solving particularly complex problems. Whatever the objective, however, a project group draws personnel from many different areas of expertise and combines their talents in hope of attaining the project goal.
- (iv) **Committees:** Committees are groups whose major responsibilities are to examine, analyse, and/or evaluate particular areas of organisational operations. Committees usually have only advisory authority. Recommendations resulting from their efforts are typically sent to managers who are responsible for implementing them. Most committees are *ad hoc*; in which case they go out of existence after they have finished their assignment. Some, however, are *standing committees*, such as the board of directors, in which case they continue to exist indefinitely.

8.2.2 Informal Groups

Informal groups are those in which membership is voluntary; they evolve gradually among employees with common interests. For instance, in many companies the female executives get together once or twice a month to discuss the particular challenges or problems they are facing in their jobs. A group of junior commercial loan officers in a bank might also constitute an informal work group. They might meet for lunch regularly to discuss common problems or to share work-related information. Employees may be members of several information groups. The following Table brings out the differences between formal and informal groups clearly.

Characteristics of Formal and Informal Groups

Characteristics	Formal Groups	Informal Groups
Objective	Task accomplishment	Member satisfaction
Origin	Management	Individual members
Structure	Formal	Informal
Orientation	Task-oriented	Relation-oriented
Influence	Formal authority	Personality
Leadership	Formal leader	Informal leader
Control	Formal controls	Social sanctions

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Informal groups may be classified into three categories:

- (i) **Friendship Groups:** Friendship groups are associations of people who like each other and who like to be together. They are formed because, members have something in common, such as social activities, political beliefs, religious values, or other bonds of attraction. Friendship group in organisations often extend their interactions to off-the-job activities, such as bowling leagues, softball teams, and bridge clubs.
- (ii) **Interest Groups:** Individuals who may not be members of the same command or task group may affiliate to achieve some mutual objective. Employees grouping together to present a unified front to management for more benefits and waitresses pooling their tips are examples of interest groups. Also, the objectives of such groups are not related to those of the organisation but are specific to each group.
- (iii) **Reference Groups:** A reference group is a special type of informal group that people use to evaluate themselves. Reference groups serve two important and related functions: social validation, which helps as justify and legitimate our attitudes and values; and social comparison, which helps us evaluate what we do by comparing ourselves to others.

8.3 STAGES OF GROUP DEVELOPMENT

Researchers have identified the following four phases of group development:

1. **Forming:** The first stage is called forming. During this period, group members discover those interpersonal behaviours that are both acceptable and unacceptable to others in the group. During this phase, each member relies on the others to provide cues regarding acceptable behaviour.
2. **Storming:** During the storming phase, there is often some degree of intra-group conflict as members attempt to develop a special place for themselves in the group and to influence the development of its norms and roles. At this time, members also try to develop some form(s) of inter-personal relationships with others in the group. In the process, each person tries to make off certain domains of authority or power. This stage is often a period of jockeying for position.
3. **Norming:** During norming stage, the in-fighting is basically over and group cohesion starts to develop. Most group members have now come to accept their fellow members. A unity of purpose has developed and this serves to unite them. At this point the group's development has basically matured and the members understand how they are to interact with each other. People joining the group at this stage often find themselves having to go back through stages one and two (forming and storming) in an effort to integrate themselves comfortably into the group's environment.
4. **Performing:** The fourth stage of group development is called performing. Here, group members agree on the basic roles each is to play. This concerns not only job behaviour but the ways in which each will interact with the others in getting things done. During this stage, task specialisation and personal needs and desires

and brought together. The formal needs of the organisation are integrated with the informal needs of the member. The result is that group members are able to make their jobs more interesting and enjoyable.

NOTES

As groups pass through these four phases their communication patterns change. The defensiveness and hostility that often characterise the early phases, give way to feelings of friendship, trust, confidence and openness. The interaction patterns among group members have been the favourite hunting ground for researchers. The research findings, for the sake of convenience, may be examined under the following headings:

8.3.1 Group Size

The size of a group can have profound implications on how the group behaves internally and with regard to other groups. It is an important factor determining the number of interactions of individuals in a group. In a small group, face-to-face interaction is quite easy and uncomplicated. Members can easily communicate with other group members. Research evidence confirms the fact that small groups are effective. On the other hand, in larger groups, members have a better chance of finding people they like to work with. The potential for greater variety of talents is also greater. But the disadvantages of size more than offset its advantages. Larger groups offer greater opportunities for differences between and among individuals. "The sheer volume of interactions then necessary would tend to make any concerted actions much more difficult. Larger groups tend to develop splinter groups whose goals may be divergent with those of the larger organisation. But then, how to achieve a happy balance? What is the correct size of group? The problem of defining the size of a small group is, particularly troublesome. Interaction is a necessary ingredient of small groups. As such, the minimum size of a group is always two people (dyad). The upper limit is usually specified by some rule of thumb. Prescriptions in this connection vary from situation to situation. Generally speaking, the size of a group depends to a large extent on the group's situation and purpose. However, some studies have come up with definite numbers: for example, 7 is the ideal maximum for a decision-making group and 14 is the maximum for a fact-finding group.

8.3.2 Status

All organisations have at least two status structures. The first is known as the formal system and follows the hierarchical structure of the organisation. In a college, a Principal has more status than a counter assistant, who in turn has a higher status than an attendant. Thus, in formal structures, status is closely related to the chain of command. The second status structure is called the informal system where the values and norms of the group determine the status of a particular member. Status may be informally acquired by such characteristics as education, age, sex, skill or experience. Anything can have status value if others in the group evaluate it as such.

How status develops in a group?

Every work group has a status system. The various jobs into which the work of the group is subdivided have different prestige value in the eyes of workers. Status develops in a group because a particular individual possesses or contributes values to the organisation that are highly regarded by members. A number of research studies

have shown that people can quickly identify status differences within groups. There are many cues and symbols: One's air, composure, dress, titles, even such things as parking space, number of tables, etc. convey status.

How Status Structures Influence Group Behaviour?

A peon with college education would find his job very uncomfortable in a place where illiterates are recruited for such positions. Unless able to play down the educational attributes, he is likely to be labelled as a city guy or the college kid. It will be difficult to gain full acceptance. Status incongruence creates psychological tension and this state is unpleasant and dissatisfying. It is, therefore, highly important for employees to believe that the organisation's formal status system is congruent. Status congruency is said to exist, when all the status attributes are ranked equally by all members of a group. Status congruency provides for more consistent and predictable behaviour.

1. Status incongruence can cause uncertainty and ambiguity. Low morale, high tension and high anxiety may be the result. William F. Whyte's famous studies on human relations in restaurant industry indicated that tension and conflict often resulted in between cooks and employees who served food at the counter. A common factor in these instances of conflict was that lower-status employees were giving orders regularly to higher status persons, communication patterns tend to emerge along status line. Persons of equal status tend to communicate with one another rather than with persons of different status.
2. Status structures may create excessive social distance between such personnel as physicians and nurses, professors and students who could benefit from closer interaction.
 - (i) For example, studies have shown that higher status workers rarely seek advice or assistance from those equal to or lower in status than themselves. Under certain conditions, they may also restrict free and open communication between individuals.
 - (ii) Behaviour is oriented toward preserving status hierarchies especially by people in high-status positions.
 - (iii) Behaviour is oriented toward improving one's position in the hierarchy—especially by people in lower positions.
 - (iv) Any change perceived as being destructive to the status hierarchy is considered threatening – especially by people in higher positions.
 - (v) Any change perceived as potentially blocking status equilibrium, is perceived as threatening.

Managerial Implications

Status is an important kind of cement that binds an organisation together. Loss of status is more than loss of its emoluments; it is more than loss of prestige. It is a serious injury to the personality. Therefore, it is highly important to achieve status congruency in the organisation. To meet this objective, it is necessary to distribute the rewards according to the perceived value of the skills demanded by the task. In this way, the status system is kept consistent with the reward system. Managers must also try to demolish the barriers erected by status structures by seeking information and opinions from lower-status people. In addition, the behavioural problems arising

NOTES

from status incongruence can be avoided by: (i) Selecting or promoting those people whose characteristics are all congruent with the job, or (ii) By changing the group's values about what leads to high status.

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8.3.3 Group Leadership

A major responsibility in working with groups is the recognition of leadership forces. Of course, the formal leader of a group is appointed by the management and he can exercise legitimately sanctioned power. The formal leader possesses the power to discipline and or fire members of his work group. Informal leaders, on the other hand, tend to emerge gradually as group members interact. They emerge from within the group according to the nature of the situation at hand.

Formal Vs Informal Leaders

	Formal leaders	Informal leaders
1.	Represents the organisation.	Represents the value of the group.
2.	Task oriented, gets the job done.	Group-oriented, welfare of the group.
3.	Attempts to dominate and impose.	Leadership role is based on group consensus and acceptance.
4.	Attempts to achieve goals by strict adherence to rules and regulations, (rules govern behaviour).	Prisoner of group values and norms, tries to achieve group goals without violating group norms.

What factors encourage other members to accept a person as leader?

Emergence of Informal Leaders

- The member who talks and participates most actively in the group activities is the one most likely to emerge as leader.
- The member who possesses more information enabling him to contribute more than members to solution of the group task tends to emerge as leader.
- The member who respects group norms and values and attempts to fulfil group's social needs by encouraging feelings of solidarity tends to emerge as leader.
- The member of the group who possesses the greatest technical knowledge, skills, qualities necessary to achieve in purpose, and accomplish the task of the group in a particular situation is likely to emerge as leader.
- The member who is able to perceive the values of the group, organise them into an intelligible philosophy and sell the same success fully to other groups and non-members is likely to emerge as leader.

Successful Leadership Behaviours

The primary function of an informal group leader (formal group leader) is to facilitate the accomplishment of group goals. He aids the group in accomplishing in goals. To survive, the group must gear its efforts to achieve its primarily goals. The cricket team that fails to win a single match ultimately loses its cohesiveness, its sense of togetherness and disintegrates. The informal group leader personifies the values and aspirations of group. He initiates action, provides direction and compromises

NOTES

differences toward the accomplishment of goals. He differs from followers in ability to initiate and sustain interaction with a wide range of personalities. "He protects the weak and encourages participation of less capable members, is tolerant of the deviate, and accepts rather than rejects a wide range of member personalities." He constantly evaluates, directs and motivates member behaviour toward overall goals. Thus, an informal group leader is an embodiment of the values of group, an initiator of group activities, a prisoner of group norms and a facilitator of group conflict.

Role Relationships and Group Behaviour

A role is a set of activities expected of a person occupying a particular position within the group. It is a pattern of behaviour that is expected of an individual when he interacts with others. Individuals play multiple roles adjusting their roles to the group in which they are part of, at the time. The expected role is more or less a formal role. It is what other people expect from an individual. The perceived role is how the individual thinks he or she should perform to fulfil the expected role. The enacted role is the behaviour that a person actually carries out. Much of what we do is determined by these roles.

Characteristics

1. Roles are impersonal. It is the position that determines the expectations, not the individual.
2. An organisational role is that set of expected behaviours for a particular position vis-à-vis a particular job.
3. It is fairly difficult to pin down roles in exact terms. It is the most complex organised response pattern, the human being is capable of making.
4. Roles are learned quickly and can result in major changes in behaviour.

Behavioural Problems

When an individual is confronted by divergent role expectations, and naturally, is not sure about which role to be played, behavioural problems result in. Role ambiguity may produce stress or anxiety in the role incumbent. Though some amount of ambiguity always exists, it is necessary to clarify roles. The degree of clarity can influence the quality of organisational life and emotional well-being of an individual. Lack of role clarity may lead to reduced performance. Since, it is not possible to achieve role clarity completely, a manager has to try to introduce the right amount of role ambiguity. Whatever the consequences of role conflict on individual and group behaviour? The research literature is fairly extensive and in agreement. Numerous studies have shown that conflict produces greater levels of tension anxiety, insecurity and lower levels of satisfaction and productivity. To avoid role problems, managers must conduct proper analysis of job, design them properly and select the right type of persons and provide necessary training.

8.3.4 Group Norms

Norms are shared ways of looking at the world. Groups control their members through the use of norms. A norm is a rule of conduct that has been established by group members to maintain consistency in behaviour. It tells an individual how to behave in a group. Norms are essential if a group is to be a viable unit. According to *Hackman*

NOTES

1. Norms summarise and simplify group influence processes. They summarise and highlight those things that the group feels it's important to control. Norms resolve impersonal differences in a group and ensure uniformity of action.
2. Norms apply only to behaviour—not to private thoughts and feelings. It will be sufficient if there is behavioural compliance from the members (officially). Private acceptance of norms by members is not necessary and can be detrimental to the survival of the group if it is enforced too rigidly.
3. Norms are generally developed only for behaviours which are viewed as important by most group members.
4. Norms usually develop gradually, but the process can be shortened if members so desire. If, for some reason, group members decide that a particular norm is now desired, they may simply agree to institute such a norm suddenly by declaring that 'from now on' the norms exists.
5. Not all norms apply to everyone. High status members often enjoy more freedom to deviate the 'letter of the law' than do other members.

Factors Influencing Conformance to Norms

Why members conform to group norms? Not every member conforms. Each group member, of course, has alternative choices before him: Generally speaking, a person characterised as intellectually average, unoriginal and low in ego strength and self-confidence and having dependent and distributed relationships with other people, would probably be a conformist. There can be complete conformity where the member accepts all the norms of the group (high conformist). Sometimes, he may accept all important norms but may reject other norms (selective individualism). At times, there may be a case of rebellion where he decides to leave or is expelled from the group. Thus, conformity to norms is not (automatic) usually blind, slavish and unthinking: nor is it only a function of the norms centrality. Conformity depends on the following factors.

1. **Personality factors:** Research on personality factors suggests that the more intelligent are less likely to conform than the less intelligent. They prefer selective individualism. Authoritarians conform more than non-authoritarians. Again, people characteristics of the situation: In unusual situations where decisions must be taken on unclear items, there is a greater tendency to conform to the group's norms. Under conditions of crisis, conformity to group norms is highly probable.
2. **Situational factors:** Group size (increasing size increases conformity behaviour) communication patterns (decentralised patterns enhance conformity behaviour) degree of group unanimity, etc.
3. **Intragroup relationships:** A group that is seen as being creditable will evoke more compliance than a group that is not.
4. **Compatible goals:** When group goals mesh with individual goals, people are quite willing to adhere to group norms of performance.

Enforcing Norms

Norms quite often, can vary from very simple rules to very complex set of prescriptions and prohibitions. So it is always not possible to enforce norms quite easily. Group employs several specific functions in order to ensure that individuals with the group comply with its standards. Enforcement of "the letter of the law" is achieved through the following steps.

- **Education:** Arouse a desire in members to remain in the group, show them how the group's standards contribute to the achievement of important goals. Increase each member's involvement in the group's work and ask the target person to give up individual gains in favour of the group's success. Present a right way of behaving to the members and admonish deviations.
- **Surveillance:** Adherence to group norms is essential to group survival. Detect deviance from group norms. If conformity of members cannot be detected directly, develop a means for determining whether members have done what the group's standards require.
- **Warning:** Make it known that any group-mate who does not conform to the group's standards will be removed from the unit. Issue a strict warning to the deviant. Provide a friendly and supportive contact to the deviate, to as to bring his behaviour back to compliance with group norms. Should he refuse to do so, stop the educational process and allow him to have a 'feel' of the negative consequence: razzing, argument, etc.
- **Sanctions:** This is the actual stage of enforcing discipline. Sanctions are imposed only when the deviant refuses to mind his ways. Sanctions take an ugly turn and many result in ostracism, physical violence, tempering with personal possessions, etc.

Implications for Managers

Among the manager's most important tasks, are learning the norms of the different groups, finding out which are critical and which are not, and determining the degree of conformity needed and degree of non-conformity allowed. Effective managers try to change norms that challenge the accomplishment of organisational goals.

8.3.5 Group Cohesiveness

Generally speaking, people join a group because they expect it to satisfy their needs. Cohesion develops if these hopes are realised. Group cohesiveness is an important indicator of how much influence the group as a whole has over the individual members. It can be thought of as the strength of the 'glue' which holds the group together. It is defined as the degree to which members are attracted to one another and share the group's goals. Cohesiveness causes more harmonious behaviour in group members. A cohesive group is able to act as one body to achieve its goals. According to Shaw, members of highly cohesive groups are more energetic in group activities, are less likely to be absent from group meetings and are happy when the group succeeds and sad when it fails, whereas members of less cohesive groups are less concerned about the group's activities; the members are not dedicated to the group and its purposes; their loyalty and support are mediocre or variable.

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Features of Cohesive Groups:

Those that are high in cohesion are likely to be groups:

- That have relatively few members.
- Whose members have similar interests and backgrounds.
- That have a high degree of status within the organisation.
- In which members have ready access to one another so that interpersonal communication is easy to maintain.
- That are physically remote or isolated from other groups in the organisation.
- In which the leader rewards cooperative behaviour.
- That are pressured or threatened by some common outside force and
- That have a history of past success.

NOTES**What Makes a Group Cohesive?**

There are numerous sources of attraction to a group. A number of factors determine the degree to which a group is cohesive:

- **Size:** Other things being equal, small groups have a greater probability of being cohesive than larger one. In larger groups, the necessary interactions are inhibited, communication between members is reduced to a feeble walk and there is the danger of formation of subgroups. Small groups offer frequent interaction opportunities leading to better understanding between members.
- **Location:** People who work closely together in the same geographical location have numerous opportunities to interact and exchange ideas resulting in highly effective and cohesive groups than do people who are geographically separated.
- **Outside pressure:** A favourite topic of novelists is to describe the plight of two warring individuals who, through some quirk of fate, find themselves dependent on each other for survival or gain. External threats create higher bounds between members. When the members perceive that the group is threatened by an external force, they strive together to combat the collective threat. In the face of a common enemy, members forget their common differences and become cohesive.
- **Status of the group:** A high status group that is successful in achieving its goals tends to have greater cohesiveness. Membership in such a group is highly rated than membership in a group widely denounced by all. It is better to be a "big fish in a little pond" or "a little fish in a big pond" than remain unnoticed as a "little fish in a little pond".
- **Success:** There is nothing like success to increase group spirit and cohesiveness. A near universal finding is that cohesiveness generally increases with success.
- **Other reasons:** Other reasons like compatible goals (goals of the group and the members are essentially alike and expressed in a clear language), attractive leaders (the group has a dynamic, energetic leader), collective power (people join groups to obtain personal power) also compel members to seek membership in well-knit groups.

Effects of Group Cohesion

Research has generally shown that a cohesive group is more productive than a less cohesive group provided the group's attitude aligns with the goals of the organisation. For example, if the group norm is a high level of performance, the more cohesive

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group is likely to influence each member toward high productivity. On the other hand, if cohesiveness is high but attitudes unfavourable, productivity declines. A highly cohesive group is like a 'time-bomb' in the hands of management. Where the group norms is not supportive of performance, cohesive groups are less productive. Resistance to organisational changes is greater and where proper leadership is not provide, such groups can restrict output severely. "If management wishes to maximise productivity it must build a cohesive group and give it proper leadership."

8.3.6 Group Think

Group think is an extreme form of consensus in which the group thinks as a unit rather than as a collection of individuals. It is a kind of consensus-seeking process that goes on in a cohesive group. When a group is too cohesive, new ideas may be rejected too quickly. Members are imbued with feelings of "We know best". There is a tremendous desire for unanimity. Seeking consensus becomes an end in itself. Free exchange of ideas is inhibited. Some members in a group may be timid or cowed down by dominating members imposing their ideas on others. At other times, the group members try to promote consensus at the possible expense of arriving at a more defective solution. Lack of critical thinking is at the heart of group think followed by the group's low-risk, conservative traditional and mediocre decisions Group members cease to think independently. Irving Jansis used the 'group think' to describe the unfortunate situation in which the desire to agree becomes so dominant in a cohesive group that it tends to override realistic appraisal of alternative courses of action. Members try to avoid being too harsh in their judgements of one another's ideas. They adopt a soft line of criticism. At their meetings, all the members are chummy and seek complete agreement on every important issue. As a result of little or no real criticism, the illusion of unanimity is created.

Symptoms of Group Think

Group think is characterised by a "deterioration of mental efficiency, reality testing and moral judgement that results from in-group pressures". The following symptoms have been identified with group think.

Symptoms of Group Think

Illusions of group invulnerability: Members of the group feel that it is basically beyond criticism or attack.

Rationalising unpleasant and disconfirming data: Members refuse to accept contradictory data or to consider alternatives thoroughly.

Belief in inherent group morality: Members of the group feel that it is "right" and the above any reproach by outsiders.

Stereotyping competitors as weak, evil, and stupid: Members refuse to look realistically at other groups.

Applying direct pressure to deviants to conform to group wishes: Members refuse to tolerate a member who suggests the group may be wrong.

Self-censorship by members: Members refuse to communicate personal concerns to the group as a whole.

Illusions of unanimity: Members accept consensus prematurely, without testing its completeness.

Mind guarding: Members of group protect the group from hearing disturbing ideas or viewpoints from outsiders.

Consequences of Group Think

Under group think conditions, the following consequences may be identified:

NOTES

- Discussion is limited to only a few alternatives.
- Once a decision is taken, re-examination is unlikely, even in the light of (valuable thought) new information.
- Little or no time is spent trying to find ways to overcome the problems that have made rejected alternatives seem undesirable.
- Little or no effort is made to obtain information from experts within the organisation.
- Facts are ignored unless they are supportive of the group.
- No contingency plans are developed by which to cop with foreseeable difficulties that could endanger the success of the group's chosen course.

The Remedy for Group Think

When group think does occur, positive action must be taken if the group is to be effective in performing its task. As we have seen, concurrence-seeking will smoothen objective consideration and evaluation of alternatives. The following steps are recommended by Janis to overcome group think tendencies:

- Encourage the group members to express doubts and criticisms of proposed solutions to problems. Permit critical evaluation of group ideas by members freely.
- Allow key members to adopt an initial impartial stance on solutions.
- Divide the group into subgroups to stimulate ideas. Then, have the subgroups confront one another to examine why they differ.
- Periodically invite qualified outsiders to challenge group views.
- Allow atleast one member to play a devil's advocate role to oppose the views of other group members.
- After arriving at a tentative decision in a particular way, allow the group to hold a second chance meeting wherein members fully describe every possible doubt they have about the solution reached.

1. Group Decision-making: Group decision-making is an activity that is based on the old adage that "two heads are better than one". It permits the coming together of people with heterogeneous characteristics who can understand the problems in a better way and hence, develop creative alternatives leading to effective group performance. Most decisions in organisation, no wonder, are made in a group context only. However, group decision-making is different in process and outcome from decision-making done by individuals in the following ways:

1. **Conformity:** Norms are established by a group as a means of achieving its goals. Over a period of time, these norms become standards of conduct accepted by participants in a small group. A group tries to enforce these norms ruthlessly and norm violators are punished in many ways. No wonder, decisions in groups move toward conformity.

NOTES

2. **Superiority:** The commonly said adage "Two heads are better than one" derives its strength from many sources. Groups have important problem-solving abilities. A group, with its faculty drawn from many disciplines, has got the capacity to generate more ideas than individuals. Groups "have better learning and recall, make fewer mistakes and detect mistakes quicker. Group forecasting and judgement likely are more accurate." Heterogeneous people with characteristics can bring a greater amount of information and expertise to bear on a problem, generate more creative alternative solutions and make it more likely that the solution will be understood, accepted and implemented.
3. **Risky shift:** The average risk-taking score tends to be higher in groups. There is considerable evidence to show that in some situations, groups make riskier decisions than individuals. Why do groups make riskier decisions than individuals? Four explanations can be offered: (1) Taking moderate risks is something that is highly rated in our society. Moderate risk has a strong cultural value than caution. (2) Risk-taking offers an opportunity for a group member to become the leader. Dominant and influential members generally occupy the leadership 'berths' in a group. (3) Groups are able to share information in an open environment. Members become more familiar with the problem being discussed. Initially, they encourage cautions, go-slow tactics and once the problem is familiarised, they are willing to take adventurous risky decisions. (4) If a project adopted by a group fails, buck-passing is easy and no one individual can be held wholly responsible. Group decisions dilute and thin out responsibility. So, whenever managers are forced to solve knotty problems, these are turned over to groups.

Assets and Liabilities of Group Problem Solving and Decision-making: Every group brings to the problem-solving task some assets and some liabilities. If the assets are utilised and the liabilities avoided, groups are better decision-making units than individuals. According to Maier, the decision-making assets of the group are:

1. **Greater knowledge and information:** A group has more information than an individual. Because many individuals are involved, more data and information can be brought to bear on the decision. The group provides specialised inputs in defining variables and suggests alternatives that the manager acting alone, would be unlikely to come up with. The tremendous amount of information and knowledge so generated might help in improved decision-making.
2. **More approaches to a problem:** A group can bring to bear a wider experience, a greater variety of opinion and a more thorough probing of facts than a single individual. Members not only bring new information to the problem but also generate more alternative solutions. "Since group members do not have identical approaches, each can contribute by knocking others out of ruts of thinking".
3. **Increased acceptance:** Participation in decision-making and problem-solving increases acceptance and commitment. Many studies have shown that when participation is given, people see the solution as 'their own' and acquire a psychological stake in its success.
4. **Better comprehension of the decision:** When a manager makes a decision individually he must relay it to those who carry it out. Failure to implement

decisions effectively can often be traced to garbled communication. When those who must execute the decision have participated in making it, the chance of communication failure is reduced. People understand the decision better because they saw and heard it develop.

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Decision-making Liabilities

1. **Time consuming:** Groups are notorious time wasters. In the meetings, minutes are taken but hours are wasted. The time spend in discussion, quite often, within committee may exceed the importance of the issue itself.
2. **Pressures to conform:** Groups create pressures toward conformity. Other infirmities like group think attack work groups and prevent them from being more effective. A clubby feeling of 'we-ness' compels members to become chummy and compromise on the first satisficing decision that emerges. The final decision may be so extremely watered down or 'compromised to death' that the horse does not turn out to be a camel. The decision arrived at, may not satisfactory to any one.
3. **Individual domination:** Group members are not as alike as peas in a pod. In many groups a dominant individual emerges and slices out more than his share of influence on the outcomes, even though his problem-solving ability may be poor. Thus, quite a good number of decision arrived at in group meetings, are, in fact, product of excessive compromise, logrolling and one-person domination. Domination is counterproductive; it puts a damper on the group's best problem solvers.
4. **Conflicting alternative solutions:** When groups are confronted with a problem, the major goal is to obtain the best possible solution. But as alternative solutions are put forward, group members may begin to view and defend their own from a 'win or lose' standpoint, instead of examining objectively the merit of each. "The clash of ideas that develops in a group can breed resentment and hurt feelings".
5. **The problem of responsibility:** The group is composed of several individuals and hence, it is easy to pass the buck in decision-making. Moreover, by spreading the responsibility for a decision, groups can occasionally come up with ill-conceived or irresponsible conclusions.

Improved Problem Solving

Improved problem solving is an important function of leaders. From this standpoint, a leader has one major task: to manage discussion so that the group engages in true problem solving. According to Maier, true leaders must forego the temptation to sell their own solutions through dramatic monologues during group sessions and rely on the resources of the entire group. Improved problem-solving demands the observance of the following points:

- The leader must call for a meeting only when there is a good reason to have one.
- Establish precise times for meetings to begin and end.
- Rather than emphasising the answer to a decision problem, emphasise defining the problem (like the Japanese).
- See that all group members participate actively, allow them to air conflicting views freely.

- Try to elicit ideas from the group; do not supply them.
- Discuss all the alternatives; look for a best solution rather than to sell a particular alternative.
- While resolving conflicting views, spot the trouble shooters promptly and prevent blow ups.
- Observe the following rules while conducting the meetings: control the garrulous; draw out the silent; protect the weak; encourage the clashes of ideas; watch out for the suggestion-squashing reflex; come to the most senior people last; close on a note of achievement.

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Improved Problem-Solving Techniques

When posed with the need to solve a problem or make a decision a group has a variety of problem-solving techniques from which to choose. Each has merits and demerits and since group decision-making is such a critical process, careful thought must be given to the selection of a particular technique. Tailor the technique to the situation. The following techniques help managers make better group decisions.

1. **Ordinary group interaction:** This is the conventional method where the chairman calls the meeting, explains the problem, controls who speaks when and tries to obtain a consensus. The discussion is somewhat unstructured and lengthy, social pressures exert considerable influence. Suboptimal decisions are often reached just to end the meeting. In order to improve decision-making abilities of the group, the leader must solicit inputs from members, clarify them and try to resolve the conflicting views satisfactorily. Proper agenda, management of time, effective participation to all members—these factors also determine how effectively the decisions are arrived at.
2. **Brainstorming:** In its simplest form, brainstorming means to use the brain to storm a problem. Today, brainstorming is an effective instrument in the creativity training programmes and is increasingly employed in all organisations to improve the problem-solving abilities of groups. In brainstorming session group members express themselves freely, regardless of how crazy or wild their ideas may appear to the other group members. The basic idea is to generate ideas spontaneously in a small-group setting. A group is assembled, presented with the problem and encouraged to produce as many ideas and solutions as they can. No criticism is allowed until the group members have run out of new suggestions. Any group member is free to 'piggyback' or 'hitchhike' upon the contribution of any other member of the group. The discussion is free; members are permitted to 'freewheel' as many alternatives as they can; even bizarre suggestions are welcomed; the climate is supportive and non-critical; refinements take place only at the end. Throughout the session, the manager's main function is to record the group's ideas only. With such an excellent background it is small wonder that the brainstorming sessions have proven fruitful in generating a large number of potentially useful ideas. For example, the name of a new product could be developed through a short brainstorming session where the members may be asked to say aloud every name that comes to mind and at the end a long list of names can be prepared and the 'best' one can be picked up.

NOTES

3. **The nominal group technique (NGT):** The nominal group technique restricts verbal interaction between members during the decision-making process. The nominal group is a 'paper group'; it consists of a number of individuals acting independently whose actions are then added together. The essential idea is to restrict inter-personal communication and the increase the deliberation and contributions of individual members. The nominal group follows a highly structured procedure involving several steps.

- Member of the target group are selected and brought together.
- The group leader outlines the problem.
- Each group member writes down his ideas silently and independently.
- Each member then presents a single (his best) idea at a time to the group, which is written on a blackboard or flip chart for all to see.
- A discussion is held to clarify and evaluate the ideas.
- The meeting concludes with a silent, independent vote on priorities through a rank ordering or rating procedure.
- The nominal group decision is the pooled outcome of the individual votes.

4. **The Delphi Technique:** Participants in the Delphi technique are physically dispersed and do not meet face-to-face for group decision-making. It does not require the physical presence of the group members. (The name Delphi indicates a shrine at which the ancient Greeks prayed for information about the future). The key to the Delphi process is the anonymous input. Communication between participants takes place through mail only. The anonymous input tends to eliminate the counter productive effects that status, intimidation, emotion, face-saving and argumentation can have in traditional interacting group decision-making procedures. The Delphi technique tends to take more time than other methods. It has the advantage of being able to involve people who are separated geographically in decision-making. The absence of face-to-face interactions insulates members from the undue influence of others. Like the NGT, the Delphi technique has an excellent track record. Many large companies employ the method to identify and solve problem.

SUMMARY

- Groups are an essential part of organisational life. Managers with exceptional communication and interpersonal skills are needed in order to handle groups that often seem to fight for space, resources, etc. in actual practice. A group is two or more persons who interact regularly to achieve a common goal.
- Managers need to understand how formal as well as informal groups function within an organisation. Among formal groups, committee form is most visible. The stages of group development include, forming, storming, norming and performing.
- The sociometric analysis, the interaction process analysis and the Homans model are the three important models of examining group behaviour that have emerged over the years.

NOTES

- The size of a group can have profound implications on how the group behaves internally and with regard to other groups. The homogeneity of the people in the group influences the interactions that occur and the productivity of the group.
- Status relationships are important factors in understanding behaviour. When individuals see a disparity between what they perceive their status to be and what others perceive it to be – the behavioural consequences are going to be serious enough to warrant attention from managers.
- Informal leaders emerge out of situations and events that surround day to day corporate life. Formal leaders are appointed by management to take care of organisational work.
- Norms assist people function and relate to each other in predictable and efficient ways. Generally speaking, compliance with norms is rewarded with social reinforcement and non-compliance is punished through carping, ridicule and criticism.
- From an organisational standpoint, highly cohesive groups are more effective than less cohesive ones. Of course, where cohesiveness is high and members have unfavourable attitudes, productivity decreases.
- The superiority of groups in decision-making is not clearly established, unless one is sure of the capabilities of members. Groups could prove to be notorious time wasters. Powerful members may exploit the platform to suit their personal ends.
- Brainstorming, the nominal group technique and the Delphi technique are some of the important ways to improve decision-making capabilities of a group.

REVIEW EXERCISES

1. What are the basic types of groups in organisation? Which type of group do you think is most significant? Why?
2. Discuss the nature of group dynamics which prevail in informal organisation and its impact on the effectiveness of organisation as a whole.
3. "The actual process of interaction among the individuals represented in the formal plan, cannot adequately be described solely in terms of its planned lines of interaction". Elucidate this statement.
4. How is cohesiveness related to performance? What implications does this relationship have for improving performance in organisations?
5. What are the key components in Homan's group behaviour model? Explain the model.
6. What can management do to improve group decision-making effectiveness?
7. What are the benefits that an individual member gains from group membership? What 'costs' are simultaneously incurred?
8. What are the social norms? In what ways might they make a manager's job easier? More difficult?
9. Are groups better than individuals in solving organisational problems? Explain.

CASE STUDY The New Employee

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Bharat Kumar recently completed trade school as an apprentice plumber and had several months of experience through working summers. He has just accepted a full-time job in the maintenance section of a chemical processing plant. The first day on the job, the supervisor assigned him to work with Raj Kapoor who had been working in the section for over 10 years.

The two were assigned to do some repair work on a storage tank two miles north of the maintenance station. As they drove to the area in a pick up truck, Kapoor stopped by a pump house to collect a bet on a ball game from the night before. Bharat was eager to get to work his first day, showed his impatience with Kapoor talking with his buddies, and got a disapproving look.

Once on the job Bharat climbed quickly into the truck to get the tools, and Kapoor said, "What's your hurry? That job's not gonna run away".

Several times during the morning, Kapoor ridiculed Bharat for his enthusiasm. After the morning break, as they got up to go back to work, Kapoor again asked why he was hurrying. When he sped back in the truck to get some materials from the warehouse, Kapoor said he acted as if he was being paid double time. When they had to wait 45 minutes for an electrician to change some electrical connections, Bharat wanted to start on other work, but Kapoor told him to "hold tight and do one job at a time."

At lunch Kapoor ate in the cafeteria with three other buddies and played cards. As Bharat looked around the cafeteria, he noticed that everyone was eating together in small groups, so he ate alone.

The afternoon went pretty much like the morning. Kapoor worked at a fairly steady pace all day as he kidded around with the same group of pals, griped about the lack of support provided by other departments, commented on the "dumb supervisors," and played tricks on members of the gang. Bharat learned quickly that if he went along and followed Kapoor, there would be no trouble. But as soon as he tried to go it alone, he was sure to get a put-down or a wisecrack from Kapoor.

Question

1. What group processes are taking place in this case?
2. If Bharat conforms, why will he do so?
3. What risks are there in his not conforming?
4. Is it possible for Bharat to change the fair day's work norm?
5. Is there anything the supervisor can do to capitalise on Bharat's enthusiasm and avoid his following the groups established work patterns? Should he?

9. POWER AND POLITICAL BEHAVIOUR

NOTES

STRUCTURE

- 9.1 Introduction
 - Summary
 - Review Exercises

9.1 INTRODUCTION

Power is the potential ability to influence the behaviour of others. It is the ability to make things happen or get things done the way you want. **Influence** is a behavioural response to the exercise of power. It is an outcome achieved through the use of power. People are "Influenced" when they act in ways consistent with the desires of someone else. If a person can convince another person to change his or her opinion on some issue (say let us vote for the Union enjoying the support of management) to engage in or refrain from some behaviour (let us award contracts to dependable friends/relatives who promise lucrative commission), or to view circumstances in a certain way, that person has exercised influence—and used power. Influence, it is interesting to note, has a positive connotation, suggesting that the individual who have been influenced have gone along somewhat willingly. Managers use power to achieve influence over the people in the work setting. Control is the ultimate form of influence wherein acceptable behaviour is specified and individuals or groups are prevented from behaving otherwise. For example, internal accounting procedures are designed to control financial transactions and prevent employee theft. Locked gates, hidden cameras, and other physical security devices are designed to control the flow of merchandise and prevent shoplifting.

9.1.1 Concept of Power

'Power' refers to the potential or ability to influence decisions and control resources. Precisely stated, it is "the capacity that A has to influence the behaviour of B, so B does something he would not otherwise do" (Robbins). This definition highlights the following points.

- *Potential*: A potential that need not be actualised to be effective: One can have power without actually using it. For example, a football coach has the power to bench a player who is not performing up to par. The coach seldom has to use this

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power because players recognise that the power exists and work hard to keep their starting positions.

- *Dependency:* A dependency relationship: The greater B's dependence on A, the greater is A's power in the relationship. A person can have power over you only if he controls something you desire.
- *Discretion:* The assumption that B has some discretion over his own behaviour: Usually job descriptions, group norms, organisational rules and regulations constrain the choices of employees. As a worker, you may be dependent on your supervisor for continued employment. But, in spite of this dependence, you may not join hands with the supervisor in stealing store items or petty cash.
- *Specific:* Another feature of power is that it is specific. It is specific in the sense that it can be exercised by some people, that too, in some circumstances. Power cannot be exercised by all people all times. The domain of power, i.e., the extent to which one has power over wide range of issues, however, is different for different people.
- *Reciprocal:* Power relationships, moreover, in an organisation are essentially reciprocal in nature. It is based on the two-way concept of influencing others and getting influenced in the process. Power is somewhat *elastic* in nature. People who are habituated to exercise power, tend to acquire more power and expand it.

Power vs. Authority

Authority is the formal power that a person has because of the position he holds in the organisation. Persons in higher positions have legal authority over subordinates in lower positions. The person at the top, thus, enjoys a legal right to exercise authority over subordinates. Of course, such an officially sanctioned privilege may or may not get the results. One may alternatively possess authority but have no power, possess no authority yet have power, or possess both authority and power. The first situation, authority but no power, occurred toward the very end of the Vietnam war when American soldiers refused to follow their officers into battle. Power but no authority can occur, for example, when employees respond to the wishes of the supervisor's spouse. Finally, a manager who gets employees to work hard on an important project has both authority and power. The essential differences between 'Power' and 'Authority' have been summarised through the table below.

Differences between Power and Authority

	Power	Authority
1.	<i>Ability:</i> Power is the ability of an individual to affect and influence others.	<i>Right:</i> Authority is the right to command and extract work from employees.
2.	<i>Leadership:</i> Power is generally associated with leadership.	<i>Managership:</i> Authority is vested with manager.
3.	<i>Broad:</i> Power is a broader concept and includes authority also in some sense. Authority is nothing but institutionalised power.	<i>Narrow:</i> Authority is a narrow concept. A manager may have considerable authority but still may be powerless.

NOTES

4.	<i>Two faces:</i> Power has two faces. Negative and positive. Personal domination at the expense of others is negative; socialised power is a praiseworthy positive face.	<i>Congruence:</i> We cannot make such markedly distinct faces of authority. And such distinction becomes ridiculous with regard to authority.
5.	<i>Personal:</i> Power is a personal quality.	<i>Positional:</i> Authority is mostly vested in the position. Legitimate power is similar to authority.

Authority, Power and Influence

Influence is an all-inclusive concept that covers both authority and power. It covers any means by which behavioural change is induced in individuals or groups. Influence process is multi-directional and includes a spectrum of ways—such as emulation, suggestion, persuasion, and coercion – to affect behaviour. Thus, a manager can influence through authority, power or both. Like power, influence does not rely upon formal position or sanctions in obtaining the agreement. The



influence has the power of choice with freedom to accept or reject. A Corporate President may or may not accept the advice of legal advisors while waging a legal battle. But in most cases the commonsense point 'knowledge is power' prevails and he is likely to be influenced. Subordinates can, at times, influence their superiors if they have the 'authority of knowledge'. Location also can have a bearing on the ability to influence behaviour. For example, the personal assistant to Principal in spite of being placed at a low level in the organisational ladder, may be wielding considerable influence due to proximity to an important position in the organisation. The relationships between authority, power and influence can be explained through.

One of the fundamental jobs of managers, as pointed out earlier, at all levels is to provide their subordinates with equal authority and power. When authority is exercised by a manager through the act of issuing orders and command, the authority is intended to guide the effort of subordinates toward organisational goals. At times, these commands may not be accepted by the individuals. To exact obedience and secure compliance a manager has to exercise power and use other means (such as persuasion, suggestion, discussion or coercion) as shown in the figure.

Authority and Competence

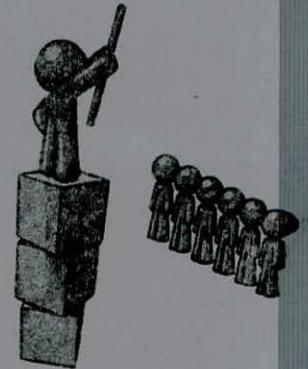
Authority is frequently used to reveal professional competence. For instance, Peter F. Drucker is an authority on management discipline; Professor Abbot is an authority in orthopaedics; Professor Gopi Nath is an authority in open-heart surgery, etc. Here, authority is used to recognise the prominence and prestige a person has or acquired in a field. It is a special kind of tribute or acknowledgement that a person is professionally competent. Recognition of professional competence encourages us to accept the opinions of experts and 'we accept it as a tribute to eminence rather than as an obeisance to authority.' On the other hand, authority implies issuing of orders as well

as the capacity to exact compliance. Submission is voluntary in competence whereas it is expected in authority. In other words, competence exerts influence; authority exacts obedience. The competence theory of authority is an excellent illustration of the acceptance theory.

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Authority and Leadership

Authority relationship is one of super-ordination and subordination; whereas leadership relation is that of dominance and submission. Leadership is primarily a function of influence; whereas authority is a function of power. In a leadership relation, the person is basic; in an authority relation the person is merely a symbol. A person who is performing leadership function is basic, whereas a person exercising authority is merely a symbol. With a change in person, leadership changes whereas authority will not change with change in the manager. It is because authority is positional in contrast to leadership which is personal.



Authority and Responsibility

People usually speak of authority and responsibility linking the words in that order (as though authority came first). But the sequence is the other way round i.e., the individual is given a responsibility for achieving certain specified objectives first, and then he is given authority in a right measure to achieve them. In other words, responsibility is the task to be done and authority is the tool needed to perform the task. It should be noted that authority must be carefully tailored to fit the responsibilities involved. Failure to strike a happy balance between the two may be frustrating to superiors and subordinates as well.

9.1.2 Sources of Power

The important sources of Power may be listed thus:

- **Legitimate Power:** It refers to the lawful right to make a decision and expect compliance from subordinates. It is the power that a manager enjoys by virtue of his position in an organisation. People at the higher levels in the organisation have more power than do people below them.
- **Reward Power:** The authority to give employees rewards—such as pay raises, bonuses, promotions, etc— for compliance is referred to as reward power. If a Divisional Manager can directly reward sales people with cash bonuses for achieving sales targets, this manager will exert considerable power.
- **Coercive Power:** It refers to the power to punish for non-compliance. It is based on fear. Coercive power is associated with the ability to assign distasteful tasks, withhold promotions, harass subordinates by not rewarding performance suitably, etc. Managers threaten the employees, when exercising this kind of coercive power, with the job-related punishments such as dismissal, demotion, reprimand, transfer, and discourage low performance, etc. Coercive power,

if used properly, can lead to strong leadership. If punishments are inflicted indiscriminately several dysfunctional consequences will automatically follow viz., damaging leader-member relations, frustration of the punished people, irreparable damage to the organisational setup, etc. The punished person may be totally frustrated that he retaliates by aggressive and violent responses which may prove to be very costly for the organisation in the end.

NOTES

- **Information Power:** A manager's access to important information and control over its distribution, often, help him influence the behaviour of subordinates. The greater a manager's access to and control over information, the greater is his or her information power. A sales manager who controls the leads from customer inquiries holds considerable power.
- **Personal Power:** All the bases of power referred to above—legitimate power, reward power, coercive power and information power—stem from a person's position in an organisation. There are three more sources of power that are associated with the characteristics or behaviours of the power actor. The sources personal power (because they are derived from the person and not the organisation) may be discussed thus:
 - **Expert power:** It is the ability to influence others through specialised knowledge, skills or abilities. Three conditions are essential to maintain expert power. Firstly, the experts must possess expertise that is perceived as relevant and competent. Those experts who become obsolete lose their expert power as well. Secondly, the organisation continues to need the expert's knowledge and skills. The expert power of many accountants and lawyers, basically, stems from complex laws and tax regulations. If these laws get simpler or disappear altogether, the expertise of accountants and lawyers would suddenly become unnecessary. Finally, individuals who are exerting expert power must prevent other experts from replacing them. In short, expert power can be maintained only if there is a critical need for the skills and knowledge of the expert that cannot be conveniently obtained elsewhere.
 - **Referent power:** Many individuals identify with and are influenced by a person because of the latter's personality or behavioural style. The charisma of the person is the basis of referent power. It comes through the identification of a subordinate with a superior who stands apart by virtue of his unique personality characteristics. In this sense, referent power is similar to the concept of charisma in that it often involves trust, similarity, acceptance, affection, willingness to follow and emotional involvement.
 - **Connection power:** It refers to the user's relationship with influential people. The user here depends upon the use of contacts or friends who can influence the targeted person. The right contacts and connections ensure power to the user or at least the perception of power. If people perceive that you are close to the Chief Minister they are ready to oblige any request from you. Connection power is derived through networking (means developing connections). To enhance your connection power, you need to expand your network of connections with important people who wield power.

9.1.3 Organisational Politics: The Use of Power

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Political behaviour is a general way of getting and using power for personal gain. One is able to exhibit political behaviour through the intelligent use of political skills. Political skill refers to the ability to effectively understand others at work and use that knowledge to influence others in ways that enhance personal and/or organisational objectives. **Organisational Politics** may be defined as those activities engaged in by people in order to acquire, enhance and employ power and other resources to achieve preferred outcomes in organisational setting characterised by disagreement or uncertainty about choices (Pfeffer). Broadly speaking, organisational politics can be seen as actions by individuals that are directed toward the goal of furthering their own self-interests. Keeping this in the background, let us examine the concept more closely thus:

- (a) *Not officially blessed*: Political behaviour is usually outside one's specific job requirements. However, there are two dimensions in political behaviour. Legitimate political behaviour which is a part of organisational life such as complaining to your boss, forming coalitions, opposing organisational rules and policies, bypassing the official chain of command, developing professional contacts with outside groups. The other side of political behaviour more dangerously goes beyond the rule book and consists of extreme activities such as sabotage, whistle-blowing, wearing unorthodox dress, etc. Most political actions fall in the first category. The illegitimate forms of political behaviour often put the errant member at the receiving end (loss of organisational membership, or promotions, bonuses, etc.).
- (b) *Self-serving*: Political behaviour is self-serving in nature. It is designed to benefit an individual or subunit often at the expense of the organisation in general.
- (c) *Intentional*: Political behaviour is intentional and is designed to acquire and maintain power. Individuals and groups engage in political behaviour knowing fully well that such behaviour is meant to further their respective goals.
- (d) *Not rational*: Politics is also concerned with the distribution of advantages and disadvantages within the organisation in an irrational way. Decisions are not made in a rational or formal way but rather through compromise, accommodation and bargaining. In the race to get ahead of others, people indulge in several irrational acts such as withhold information, restrict output, build empires, politicise their success, hide their failures, distort performance figures, leak secrets to outsiders, exchange favours with others in the organisation for mutual benefit, etc.

Reasons for Political Behaviour

Politics is a fact of life in organisations. The reasons are fairly obvious (Robbins):

Scarce Resources: To improve efficiency, organisations have to effect reductions in resources, from time to time. Competitive pressures may also force organisations to tighten the belt every now and then. As a result, the scarce resources have to be reallocated on a priority basis carefully. Threatened with loss of resources, people engage in political actions to safeguard what they have.

Limited Opportunities: Not many opportunities for vertical growth exist in every organisation. Promotional avenues are very limited especially in an environment characterised by change and uncertainty. Everyone wants to get ahead leaving others behind in the race. Such unhealthy competitive situations result in increased politicking.

Lack of Trust: Where the organisational climate is marked by mistrust and suspicion, people tend to rush ahead of the pack. They feel that honesty does not pay and sincerity will not work. They do not believe in equity, justice and fair play and hence try their level best to push others to a corner in an unfair manner.

Role Ambiguity: Where role descriptions are not clear, people overstep their authority, jurisdictional limits, and come in the way of others. The greater the role ambiguity, the more one can engage in subtle political activity.

Performance Evaluation: Performance appraisals often put employees in a spot. The subjective criteria set by the manager may defy logic and lead to greater ambiguity. If performance is evaluated on a single outcome measure, everyone would do whatever is required to look good on that measure often causing serious heart burn to others.

Delay in Feedback: There is, generally, time lag in the feedback. The lag is so long that by the time an individual's actions are compared with outcomes, he is likely to move to different positions in the organisation. People are moved, frequently, to another position or other positions before their contribution in the current job is actually assessed and fully appraised. By this they are sometimes forced to emphasise only visible actions, i.e. pseudo-performance, and get promotions by eye-wash tactics.

Pressure to Perform well: Tight schedules, strict deadlines and ambitious targets often compel people to give their best and stay ahead in the race. The more pressure that employees feel to perform well, the more likely they rush to politicking. Also, accountability for results compels people to do everything and anything to look good.

Employee's Participation in Decision-making: Decentralisation has made the present day organisation autocratic. Power-hungry managers find it hard to share their power with employees and in order to retain their power and establish their supremacy, they constantly try to engage in maneuvering and manipulating. Sometimes, an employee outclasses the manager by rendering valuable suggestions in decision-making and an intolerable manager resorts to politics and might discard the decision by saying that it is at the cost of company's welfare.

Politicking by Top Management: Politically active people often grab attention and get rewarded too. Unable to control such politically active people, top management may offer carrots temporarily (to put an end to the nuisance). This has an unhealthy influence on others' thinking. Subordinates try to adopt such tactics in an attempt to grab a superior position quickly.

Individual Factors: Individuals who are high self-monitors (sensitive to social cues and demands) possess an internal locus of control (they believe that they can control their own destiny) and have a high need for power, are more likely to engage in political behaviour.

Political Strategies and Tactics to Acquire Power

Various political strategies are pursued by individuals with a view to enhance their image and gain respect from others. Successful political behaviour involves keeping people happy, cultivating contacts and wheeling and dealing. Some commonly employed political strategies are given as follows: (Dubrin)

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- *Forming Alliances:* Maintain alliances with powerful people, especially those who are close to the most powerful person in the organisation.
- *Selective Use of Information:* Control the flow of important pieces of information to suit personal ends. Includes withholding unfavourable information from superiors, keeping useful information from competitors, interpreting information in a way that is favourable to oneself.
- *Scapegoating:* Ensuring that someone else is blamed for a failure. Skillful politicians make sure that they will not be blamed when something goes wrong and they will get credit when something goes right.
- *Image Building:* Skilled politicians know the importance of being viewed positively and go out of their way to create positive images of themselves. Includes dressing appropriately, highlighting one's successes, being enthusiastic about the organisation, adhering to group norms, etc. Also, they always try to present a conservative image of themselves. It can be disadvantageous to be seen as too radical an agent of change.
- *Networking:* Ensuring that one has many friends in positions of influence. Skillful politicians extend favours to cultivate rewarding relationships with others. They praise people and avoid critical, negative remarks about others. They are generally very cordial in their interpersonal dealings.
- *Compromise:* Giving in on an important issue in order to gain an ally who will be on your side when an issue of importance to you arises at a later date.
- *Rule Manipulation:* Refusing an opponent's request on the grounds that it is against company policy but granting an identical request from an ally on grounds that it is a 'special occasion.'
- *Fabianism:* Avoiding decisive engagement. This means going slow and easy—an evolutionary rather than a revolutionary approach to change. By not 'ruffling feathers', the power seeker can slowly but steadily become entrenched and gain the cooperation and trust of others.
- *One Step at a Time:* Skillful politicians take one step at a time instead of pushing whole project or reorganisation attempt at a time. One small step can be a foothold that the power seeker can use as a basis to get other, more important things accomplished.
- *Persuasion:* Another tactic is persuasion which relies on both emotion and logic. An operations manager wanting to construct a new plant on a certain site might persuade others to support his goal on grounds that are subjective and logical (land is cheap, tax concessions are great) as well as subjective and personal.

Managing Political Behaviour

Political behaviour, by its very nature, defies logical thinking and systematic handling. But managers can prevent excessive damage to organisational performance by initiating certain steps:

- *Define Job Duties Clearly:* It is better to define job duties to recognise individual contributions. This helps employees know what they are expected to do and provides a criterion for evaluation. As a result, they are less prone to use politics as a means to gain recognition.

- *Design Jobs Properly:* For another thing, design jobs to stimulate excitement and enthusiasm. If employees are busy and focus attention on getting things done, they may not have time for gossip and office politics.
- *Demonstrate Proper Behaviours:* The leader should set an example by not encouraging gossip. Better not to rely on reports from 'Yes-men' alone, and act hurriedly on inaccurate and one-sided information. Managers should avoid covert activities. Behind the scene activities give the impression of political intent even if none really exists.
- *Promote Understanding:* Discuss issues clearly, encourage divergent views, clarify doubts and present various options before the subordinates, every time an assignment is made. There is no use putting units and managers against each other, thus compelling people to engage in a permanent game of mutual recrimination and shifting of blame. The leader must encourage informal meets as well so as to gain a clear insight into what people feel about organisational activities. He should get disagreements out in the open so that subordinates will have less opportunity for political behaviour, using conflict for their own purposes.
- *Allocate Resources Judiciously:* Set a justifiable criterion for allocation of scarce inputs, giving no room for political battles later on. 'Firmly established policies and guidelines are mandatory, but managers must be careful to apply them consistently.' Competitive approaches always encourage empire-building tendencies at the sub-unit level, leading to street battles if things go out of hand. In such a scenario, teamwork and cooperation among units will not develop. For example, 'manufacturing might be acquiring resources that could be better utilised to enhance a firm's marketing network. Ultimately, the overall effectiveness of the firm is likely to suffer.'

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Manager's Rules for Winning at Office Politics

1. Find out what the boss expects.
2. Build an information network. Knowledge is power. Identity the people who have power and the extent and direction of it. Title doesn't necessarily reflect actual influence. Find out how the grapevine works. Develop good internal public relations for yourself.
3. Find a mentor. This is a trusted counsellor who can be honest with you and help train and guide you to improve your ability and effectiveness as a manager.
4. Do not make enemies without a very good reason.
5. Avoid cliques. Keep circulating in the office.
6. If you must fight, fight over something that is really worth it. Don't lose ground over minor matters or petty differences.
7. Gain power through allies. Build ties that bind. Create IOUs, obligations, and loyalties. Do not be afraid to enlist help from above.
8. Maintain control. Don't misuse your cohorts. Maintain the status and integrity of your allies.
9. Mobilise your forces when necessary. Don't commit your friends without their approval. Be a gracious winner when you do win.
10. Never hire a family member or a close friend.

Source: Adapted from David E. Hall, "Winning at Office Politics," *Credit & Financial Management*, 86 (April 1984)

SUMMARY

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- Power is the ability to make things happen or get things done the way you want. Influence, on the other hand, is an outcome achieved through the use of power.
- Managers employ various influence tactics to exercise their power over subordinates (e.g., Consultation, persuasion, appeals, pressure, rewards, etc.). They also try to enhance their power through networking, coalescing, co-opting, etc.
- The important bases of power include: expert power, charismatic power, reward power, information power, legitimate power, coercive power, etc.
- Organisational politics is the use of behaviours that enhance or protect a person's self-interest. Politics is a fact of life in organisations due to fairly obvious reasons including scarcity of resources, limited opportunities, ambiguous roles, unclear performance evaluations, tight schedules, etc.
- People generally employ certain tactics to enhance their political power in organisations. Managers have to define job duties clearly, design jobs properly, demonstrate friendly attitudes and allocate resources carefully with a view to avoid the formation of political groups in organisations.

REVIEW EXERCISES

1. Define authority. Draw the distinctions between authority, power and influence.
2. Identify the major types of individual power in organisations.
3. Write Short notes on:
 - Bases of Power
 - Empowerment
 - Strategies to Acquire Power
4. State the various types of power, giving relevant examples in support of your answer.
5. 'The political power game is very real in today's organisations'. Discuss.
6. Identify three or four of the political strategies that are discussed in the chapter. Explain how these might actually help someone acquire power in a modern organisation.
7. Define political behaviour. Why is politics a fact of life in organisations?
8. 'Organisation is a political field'. Discuss.
9. Can you imagine some dysfunctional political behaviours in organisations?
10. Examine the various behaviours that are common in organisational politics. Which of these could be used effectively in the classroom? Why not the others?
11. "More powerful managers are good for an organisation. It is the powerless, not the powerful, who are ineffective managers; do you agree or disagree with statement? Discuss.

12. You are a sales representative for an international software company. After six excellent years, sales in your region are off 35 per cent this year. Describe three defensive responses you might use to reduce the potential negative consequences of this decrease in sales.
13. As an increasing number of organisations empower their employees, what will happen to the job of manager? How will it change? Will these changes make it more desirable or less desirable than it is today?
14. Do you believe that organisational politics is inevitable or that it can be curtailed? Explain your position.
15. In your opinion, how much empowerment is too much in today's workplace?
16. Many people have asked the question "Isn't office politics just for incompetents?" What is your answer to this question?
17. Sometimes playing politics is a very effective way to achieve objectives. Why is this the case? Should organisations be concerned about it?

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CASE STUDY "Tough Guy"

As head of Bahe International Ltd. (BLL, a loss making company), Garjan Singh has acquired notoriety within a short span of time. BLL's balance sheet has nothing to boast of when Garjan has taken over the reins in 2000. To set things right, he had to initiate tough measures. He had to undertake drastic cost cutting steps to improve the bottom line of the company. By 1995, true to his reputation as a turnaround artist, things have improved dramatically. He has increased the value of shareholder equity by ₹ 20 crore. The company was back on the dividend list and the stock appreciated in the Bombay Stock Exchange, bringing cheers to the faces of millions of small investors. Despite all the ruthless steps undertaken during this period, Garjan has not lost the human side. Even his detractors point a picture of a man who can be sensitive to employees with illness or special requirements.

Still, former employees also describe Garjan as a boss who is so impatient to achieve these admirable results that he will do almost anything, including frequently humiliating employees in front of their peers. Garjan has a fiery temper, and he himself admits, "I am not very long on patience".

All BLL top executives come to meetings carrying note books with Do IT NOW! inserted on the front cover. If someone says or does something the CEO does not like, watch out. One former employee says that, according to a story making the rounds, Garjan lashed out at a meeting of executives from the plastic products division. Angered by their performance, he declared: "You people are spineless dogs. You are fit for nothing. How can your wives stand you?" At another meeting, he asked the general manager of leather products division, who had been there only a few weeks: "Have you fired someone yet?" he replied, "No" "Well" he said, 'You would better start firing people so they'll understand you are serious!' Remarks a manager at the meeting: "Garjan was not joking."

Where Garjan does show his patience is in the length of his meetings, which can start as late as 4 p.m. and run until midnight or 2 a.m. He also expends considerable energy keeping in touch with his people. One executive reports that he telephoned her 21 times over her recent failure to improve the sales of leather products in Mumbai. By the end of the weekend, she had quit. Garjan knows how to keep people off balance. A few years ago he called in one of

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his senior managers from out of town. After meeting with her, he said he needed to speak with her once more. The lady reports that she waited in the Delhi office for three days before he decided to see her again. The encounter lasted less than two minutes; after which she was sent home.

However hard he is on others, Garjan seems to have made peace with himself, sitting in his well-furnished, luxurious office smiling, he reflects, "I have yelled at people. I am not ashamed of admitting this. I have to manage the show efficiently. There is no room for a bunch of circus jokers here. I want results, not explanations. I want performance and nothing else. If you don't like this, better look for space outside my office."

Questions

1. Which influence tactic(s) does Garjan rely on the most? If you were a management consultant what advice would you give him about influencing others?
2. What is Garjan's primary power base? What are the long-term implications of his reliance on this power base.
3. "Garjan Singh has made me rich by getting results. The price of the stock has appreciated tremendously. If he has to be a tough guy to get results, that's fine with me". How would you respond to a BLL shareholder who made this statement?

10. ORGANISATIONAL CONFLICT & NEGOTIATION

NOTES

STRUCTURE

- 10.1 Introduction
 - 10.2 Meaning
 - 10.3 Conflict, Competition and Collaboration
 - 10.4 Three Distinct Views of Conflict
 - 10.5 Positive (Functional) vs. Negative (Dysfunctional) Conflict
 - 10.6 Stages of Conflict Episode
 - 10.7 Conflict and Organisational Performance
 - 10.8 Types of Conflicts
 - 10.9 Conflict Stimulation and Resolution
 - 10.10 Reactions to Conflict
 - 10.11 Conflict Management Strategies
 - 10.12 Negotiation
 - 10.13 The Negotiation Process
- Summary*
Review Exercises

10.1 INTRODUCTION

Conflict is an essential fact of organisational life. In fact, the very nature of an organisation guarantees the emergence of conflict. Firstly, organisations consist of people with divergent personalities, perceptions, and values. Secondly, these people are put on jobs with contrasting features that impart unequal degrees of status and frequently foster competition. Finally, organisations contain groups that often compete for scarce resources while trying to achieve assigned goals. In organisations, conflict can take many forms and can stem from many sources. If the fires are not put out in time, conflict has the potential to seriously disrupt organisational life.

10.2 MEANING

Conflict may be viewed as a clash between individuals arising out of a difference in thought process, attitudes, understanding, interests, requirements and perceptions. A

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conflict results in heated arguments, physical abuses and definitely loss of peace and harmony. A conflict can actually change relationships. Friends can become foes as a result of conflict within no time. Conflict, thus, implies opposing interests or goals and opposing or incompatible behaviour. Broadly stated, **it is a process that begins when one party perceives that another party has taken or will take actions that are incompatible with one's own interests.** This definition reveals the following features of conflict:

- **Incompatibility:** Conflict occurs when two or more parties pursue mutually exclusive goals, values or events. It is based on the assumption that there are two or more parties whose interests or goals appear to be incompatible.
- **Perception:** Conflict arises out of two perceptions. If X perceives his goals to be incompatible with those of Y there is conflict if, however X has no opportunity to frustrate the goal attainment of Y, there is no conflict.
- **Blocking:** Conflict refers to deliberate (blocking) behaviour. X deliberately tries to prevent Y from attaining his (Y's) goals. If interference is accidental, there is no conflict.
- **Scarcity:** Conflict arises, basically because of scarce resources. Possibilities for conflict expand when there are limited resources such as office space, equipment, training opportunities, operating funds and pay allocations.
- **Latent or overt:** Conflict can exist either at the latent or overt level, but generally speaking, conflict is a term that is limited to overt acts.
- **Verbal or non-verbal:** Conflict behaviour may be verbal or non-verbal. One can express opposition by words, by a shake of the head, by an indecent gesture, by writing a scathing memo, or by scratching the paint of a new car with a nail as it moves down the assembly line.
- **Active or passive:** Conflict behaviour may be active or passive. One can sometimes counter the behaviour of another by tactics such as 'dragging one's feet' or withholding information. It is implicit in what has been said that perception of a loss or of a potential loss, accurate or inaccurate, can create conflict.



Conflict is not limited to interacting groups alone, since it can also occur within groups and between individuals and between organisations. Conflict occurs when two groups have mutually exclusive goals and their interactions are intended to defeat, suppress or inflict damage on the other. *Organisational conflict results in when the goal directed behaviour of one person or group blocks the goal directed behaviour of another individual or group.*

10.3 CONFLICT, COMPETITION AND COLLABORATION

Conflict implies both, opposing interests/goals and opposing or incompatible behaviour. Competition on the other hand, may involve considerable commonality of interests or goals, and only a limited amount of opposing behaviours. Competition

occurs when two or more individuals or groups are structuring for a goal that can be achieved by only one. Fixed or limited resource base is one of the important features of a competitive situation. For example, the person with the maximum sales wins the sales contest; the bidder with the lowest quotation wins the contract; only one sales officer becomes the Head of Sales. In case of competition, the person who gets promoted, out of the two who applied for the post of Head of Sales is undoubtedly the winner. But the person who lost the race has other options as well including promotion into some other unit in the same or a different location. Such competition might be relatively friendly. However, if such a situation is marked by a great amount of antagonism, verbal battles and other negative behaviour, the situation might be more aptly called conflict. Competition, generally, has some ground rules that the parties have agreed to in advance. Parties are aware of how far they can gain or lose. Conflict, however, has few or no rules and when parties engage in a negative behaviour, they are not aware of how far the situation can escalate. The outcomes definitely have the potential to negatively impact one of the parties and sometimes, the whole system as well. Competitive rules are generally framed by authorities, for example, Top Management framing promotion policies, or a Chess Federation developing contest rules and schedules. Conflict, on the other hand, is more spontaneous and is outside of certain pre-planned set or rules and regulations.

As pointed out previously, groups come into existence with a view to achieve some common goal(s) depending on how they approach the goal, conflict or collaborations takes place. If members feel that the goal is unshakeable and can be achieved exclusively by only one, conflictful situations emerge. However, if they perceive that the goal is shareable and they can join hands to achieve it, collaboration is generated. Collaboration supplements what competition does. It performs several important functions. It helps individuals to respect and accept each other in the workplace. It allows people to see the brighter side of people more closely. When people join hands to achieve goals, they can think through various creative ideas in an atmosphere of cordiality. They can generate and evaluate alternative solutions without dissipating energies in arguments and counter-productive criticisms. They get feedback from colleagues immediately and this helps in reinforcing workable solutions. They can also give feedback to collaborating partners that helps in building strong team ties. Members can work more productively, generating as many ideas (or solutions) as possible. They can multiply their contributions through such synergetic behaviours. Members tend to work with zeal, enthusiasm and confidence as they think they are part of a cohesive team. They can exchange notes freely without any fear of leg-pulling and ultra-initial actions. They will be keen to go beyond the four walls and take initiative in taking responsibility for the actions of the group as a whole. All people, additionally, get a chance to participate in organisational activities and test their capabilities.

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10.4 THREE DISTINCT VIEWS OF CONFLICT

Over the years, three distinct views of conflict have been presented by management thinkers:

1. The **classical approach** viewed conflict as negative and is something that must be avoided at all costs. Organisations (with their clear policies, procedures and

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rules) should be known for discipline and order. There should be no room for conflicts of any kind. If conflicts erupt, management must put them to rest quickly and effectively. Conflict by definition is harmful and therefore needs to be put to rest immediately.

2. **Behaviouralists** also had a similar **jaundiced** view of conflict. They also believed that conflict, by definition, was harmful and should be avoided. Those who generated conflict were trouble-makers and were bad for the organisation. This view reflected a "popular pre-occupation with morals, human relations and cooperation, and the general value that peace is good and conflict bad". They, however, accepted the fact that conflict is a natural occurrence in all organisations. The interactionist views may be summarised thus:

- *Conflict is not an organisational abnormality. It is a fact of life that must be understood rather than fought.*
- *Conflict is inevitable. It is an inherent structural component in all social relations.*
- *Conflict is neither bad nor good for organisations. Perfect organisational health is not freedom from conflict.*
- *Conflict is not always caused by trouble makers. It is rather determined by structural factors like the design of a career structure, the physical shape of a building, etc.*
- *Conflict is integral to the nature of change. Conflict is not only inevitable but sometimes desirable.*

3. The emerging view of conflict, called as **interactionist view**. It recognises that in some cases conflict may be helpful, facilitative and functional. The interactionist views may be summarised thus: (i) Conflict is not an organisational abnormality. On the other hand, it is a normal aspect of social intercourse. It is a fact of life that must be understood rather than fought. (ii) Conflict is inevitable. It is an inherent structural component in all social relations. (iii) Conflict is neither bad nor good for organisations. Perfect organisational health is not free from conflict. (iv) Conflict is not always caused by trouble makers. It is rather determined by structural factors like the design of a career structure, the physical shape of a building, etc. (v) Conflict is integral to the nature of change. (vi) Conflict is not only inevitable but sometimes desirable.

10.5 POSITIVE (FUNCTIONAL) VS. NEGATIVE (DYSFUNCTIONAL) CONFLICT

The following are some of the *positive consequences* of conflict:

1. **Major stimulant for change:** Conflict spotlights the problems that demand attention, forces clarification of their nature and channels organisational efforts towards finding better solutions. It initiates a search for ways to polish and refine objectives, methods and activities.
2. **Group think is avoided:** Without strong vocal disagreement, group think could overpower a highly cohesive group, preventing it from making rational decisions based on facts. Conflict also counteracts the lethargy that often overtakes an organisation.

3. **Conflict fosters creativity and innovation:** It prevents stagnation; it stimulates interest and curiosity. In an atmosphere of open confrontation, people tend to put forward more imaginative solutions to problems. A climate to challenge compels individuals to think through their own ideas before airing them out. Conflict can help individuals to test their capacities to learn and develop.
4. **Cohesion and satisfaction:** Inter-group conflict and competition drives groups closer together. Under conditions of mild inter-group conflict, group membership can be very satisfying to members. The whole purpose and internal unity of athletic groups, for example, would disappear if there were no conflict. In the face of a common enemy, group members close ranks and put aside former disagreements. For example, petty conflicts between cricket team members are generally put aside before the big game.
5. **A minimum level of conflict is optimal:** Conflict is necessary for the internal stability of organisations. The occasional flareup of inter-group conflict serves to balance power relationships between departments. It also helps individuals in reducing accumulated ill-feelings and tensions between them. A good fight clears the air.

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The following are the **negative consequences** of conflict:

1. **Conflict creates stress in people:** Conflict exacts its toll on the physical and mental health of the combatants. Intense conflicts generate feelings of anxiety, guilt, frustration and hostility. Winners try to injure the feelings of the defeated. Losers feel defeated and demeaned. The distance between people increases. A climate of mistrust and suspicion develops. Discussion replaces cohesion. Losers indulge in non-cooperation and pay scant attention to the needs and interests of other group members.
2. **Diversion of energy:** One of the most dreadful consequences of conflict is the diversion of the group's time and effort toward winning the conflict rather than toward achieving organisational goals. Parties focus on their own narrow interests and tend to put their own aims above those of the organisation. Long-term goals begin to suffer as short-term problems become more important. Much energy is drained off in trying to put out the 'fires'. In extreme cases, sabotage and even illegal activities occur.
3. **Instability and chaos:** Under intense conflicts, collaboration across individuals, groups and departments decreases or vanishes. Tensions will continue to mount up and each new conflict will split organisation subunits further apart leading to communication breakdowns. In the heat of such an internecine warfare, the disputants squander away energy and resources that could be devoted to better use. The normal work-flow is disrupted; the moral fabric of the group torn apart and the whole system is skewed out of balance.
4. **Loss of productivity:** Conflict divides people. It turns friends into foes. Each party is on a constant look out to find faults with the other. When one commits a mistake, the other would magnify it beyond imagination. Cooperative and friendly relations vanish from the work spot. The interests of the organisation are discounted thoroughly. Communication links will break down between people and departments. Parties involved in a conflict would be more keen to teach a

lesson to the other party. Talented people may begin to leave the company—unable to take the tensions on a daily basis. When people lose their focus and tend to waste their energies on petty fights, the resultant productivity losses could sink an organisation.

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10.6 STAGES OF CONFLICT EPISODE

According to Pondy, conflict can be more readily understood if it is considered as a dynamic process. "Process" here indicates a series of events. Each conflict is made up of a sequence of interlocking conflict episodes. The model (Fig. 10.1) presents conflict as a series of stages namely, latent conflict, perceived conflict, felt conflict, manifest conflict and conflict aftermath.

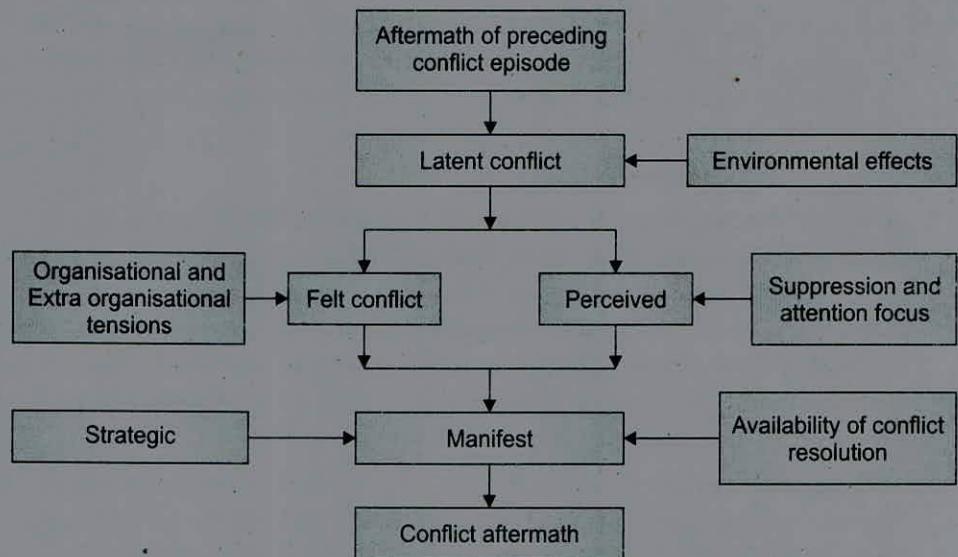


Fig. 10.1 Stages of Conflict Episode

1. **Latent conflict:** Each episode of conflict begins with a "latent conflict". Important sources of organisational conflict such as competition for scarce resources, divergence of subunit goals, competition for positions in the organisation, imply that role conflict are present, but the conflict has not yet emerged. Latent conflict provides the necessary antecedent conditions for conflict in organisations. Here, participants only anticipate conflict.
2. **Perceived conflict:** Here the basic sources of conflict like divergent goals, competition for scarce resources do not exist. Conflict results due to the parties' misunderstanding of each other's true position. Such a conflict can be resolved by improving communication between the parties.
3. **Felt conflict:** X and Y working in a departmental store are in serious disagreement over the interpretation of the policy "Customer is the King" and are arguing for hours together. If this episode does not make X tense or anxious and has no effect on X's relationship with Y then it can be safely concluded that conflict is not 'felt' by the parties. Even though people perceive that there is a basis for conflict, conflict will not arise unless the differences become personalised or internalised (felt).

4. **Manifest conflict:** This is the stage for open confrontation. It takes the form of conflictful behaviour, including open aggression, sabotage, apathy, withdrawal, letter perfect obedience to rules etc., all of which reduce organisation's effectiveness.
5. **Conflict aftermath:** The aftermath of a conflict may be either positive or negative for the organisation depending on how the conflict is resolved. If the conflict is genuinely resolved, it can lead to a more enduring and cooperative relationship between organisational participants; if the conflict is merely suppressed but not resolved, the latent conditions of conflict may be aggravated and explode in more violent and serious forms. This legacy of conflict is called "conflict aftermath".

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10.7 CONFLICT AND ORGANISATIONAL PERFORMANCE

The relationship between conflict and organisational performance is illustrated through the Fig. 10.2:

Organisational performance, as can be seen, is low when the level of conflict is either extremely high or extremely low, while moderate levels of conflict contribute to high organisational performance. At point A, where conflict is low, performance suffers because of a lack of arousal and stimulation. Individuals find their environment devoid of any challenge. They do not search for new ideas and the organisation is slow to adapt to environmental changes.

At point C, where conflict level is higher, performance suffers due to lack of coordination and cooperation. The organisation is in a state of chaos because of disruption to important activities. People spend more time defending themselves or attacking others rather than doing productive work. At point B, conflict is sufficient enough to provoke people to think creatively, act enthusiastically and achieve goals.

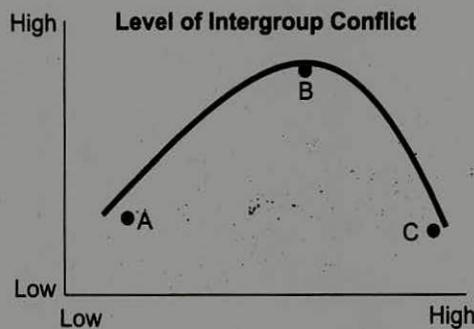


Fig. 10.2 Level of Intergroup Conflict—Relationship Between Conflict and Organisational Performance

10.8 TYPES OF CONFLICTS

Conflict can be studied, generally, under the following heads;

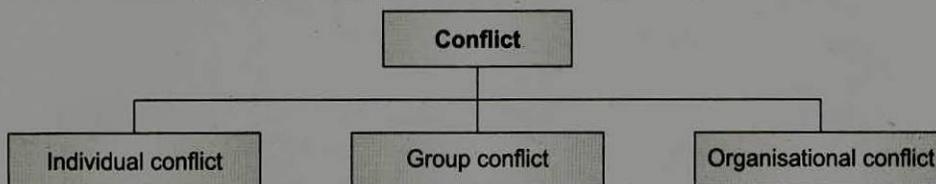


Fig. 10.3

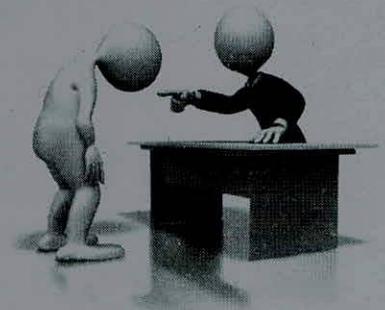
1. **Individual Conflict:** Individuals are often caught in a dilemma especially when confronted with competing goals and are made to play different roles. *Goal*

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conflict occurs when one is forced to make a choice that has both positive and negative features. A Delhi University teacher may be offered an excellent job in a bad location. In pursuing a challenging goal like obtaining First rank in the University, many students must make personal sacrifices (time, energy, away from entertainments etc.). Again, a worker may dislike his present job, but the alternative of leaving and looking for another job may be even less attractive. Role conflict occurs when a person is expected to play many roles that come with lot of expectations from others. Professors may slip into many roles such as teachers, researchers, consultants, wives or husbands, community leaders, etc. While enacting these roles, a professor might actually carry out things that are guided by his own conscience rather than look at what others expect from such roles. Role conflict is the result of divergent role expectations.

2. **Group Conflict:** In an organisation group level conflicts occur at two levels: at the interpersonal level or at the intergroup level. *Interpersonal conflict* involves two or more individuals fighting for a promotion, space, opportunities, etc. It arises due to personality differences, due to varied backgrounds (in terms of education, training, experience, etc.) and interests, power and status differences etc. *Intergroup conflicts* also are common in every organisation where different groups fight for space, authority, jurisdiction and resources. The primary sources of inter-group conflict may be presented thus:

- *Incompatible goals:* Quite often, the goals of one group are incompatible with those of other groups. Differences in group goals can easily lead to group conflict. Goal incompatibility implies that goal attainment by one or more other groups. The achievement of one department's goal often interferes with another departments' goal. Quite often, this is due to high horizontal differentiation and task specialisation.
- *Task interdependence:* Task interdependence refers to the dependence of one unit on another for resources or information. The relationship between mutual task dependence and conflict is not direct. But in general, it can be said that as interdependence increases, the potential for conflict increases.
- *Resource allocation:* Quite often resource allocation is a bone of contention between organisation members and groups. Recourses symbolise power, influence and are the means of accomplishing goals. As such, most of the departments in an organisation jockey for resources and power base. In their anxiety to achieve goals, groups try to cut a bigger slice out of the common pool. Generally, the more fixed the resources in terms of size, and the more parties competing for them, the more intense the conflict. Conflict may be minimised if the organisation is prospering and new resources are growing in allowing a greater share to each and every department.
- *Competitive incentive and reward system:* When jobs can be performed independently, competitive incentive plans based on individual excellence can be successfully



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implemented. However, when tasks are interdependent, competition can hurt cooperation among members and performance may actually decline. When all students in a group received the same grade regardless of individual contribution, coordination and communication was better and the quality of the group project was better. But when students were graded according to their personal contributions to the group, they try to succeed at the expense of others and were more frequently in conflict. Similarly, intergroup conflict is more likely to occur when the reward plan is tied to individual group performance rather than to overall organisational performance. If departments are regarded and judged only for departmental performance, managers are motivated to excel at the expense of others.

- *Line and Staff conflicts:* Today, line and staff differences are the most common type of intergroup conflict. This conflict is basically a clash of domain caused by dividing expertise, authority and roles. Dalton's study of line and staff conflict highlighted the following sources:
 - Line managers dislike to take advice from younger staff specialists. They fear being 'shown up'.
 - Line managers label "staff" as agents on trial. The staff, in turn, views himself as an expert.
 - Line managers feel that staff oversteps its authority.
 - Line people resent staff's highly academic and untested ideas.
 - Staff people feel that line managers are bull-headed and do not clothe staff with enough authority and resist new ideas.
 - *Differences in values or perceptions:* The differences in goals among the members of the various departments in the organisation are frequently accompanied by differences in attitudes, values and perceptions that can also lead to conflict. Young bank clerks with post-graduate qualification may resent being given routine work, while the older, higher level (less educated sometimes) may view such task as a necessary part of training. Engineering people may value sophisticated designs while manufacturing people may prefer simple designs. Many a time status differences also may spoil the show between two groups---for example group members of a prestigious project might perceive themselves as having higher status than others.
3. **Organisational level Conflict:** Conflict at the organisation level could occur at two levels within the same organisation-intra-organisational conflict or between two organisations (inter-organisational conflict). Conflict within the same organisation can take the shape of a horizontal conflict (between employees or departments at the same hierarchical level) or a vertical conflict (conflict between levels in an organisation such as the fight between senior and junior faculty in a college or between superiors and subordinates in an organisation. Interorganisational conflicts between two organisations are extremely common when they fight for limited opportunities.

10.9 CONFLICT STIMULATION AND RESOLUTION

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Conflict may be harmful to an organisation, but there are times when it is useful. It is for this reason that managers must learn to recognise the differences between constructive and destructive conflict situations. The way conflict is managed rather than suppressed, ignored or avoided, contributes significantly to an organisation's effectiveness.

Distinction between Constructive and Destructive Conflict	
Constructive conflict exists when	Destructive conflict exists when
1. Problems are brought out, identified and clarified.	Too much stress is created for individuals.
2. Group think is avoided.	Group decision-making is reduced to a 'feeble walk'.
3. Organisational lethargy is dissolved; creativity is promoted.	Cooperation is replaced by in-fighting.
4. More thought goes into ideas; individual effort is stimulated.	Focus on short range goals at the cost of long range goals.
5. Encourages group cohesiveness, and provides for a system of checks and balances within an organisation.	Goals are distorted and resolution of conflict is viewed as win-lose rather than win-win.

Since conflict has constructive and destructive consequences, it must be analysed and managed carefully. The manager should seek a level of conflict appropriate to the existing conditions. There are basically two approaches to deal with conflict in an effective way: *to create and stimulate constructive conflict and to resolve destructive conflict.*

Conflict Stimulation Techniques

Conflict stimulation might be required in organisations where there is too much lethargy, people turn into 'yes men' and do not ask any questions, when there is no competitive spirit between groups/individuals, when everyone tries to arrive at a consensus at any cost etc. S. P. Robbins had offered certain guidelines to stimulate conflict in an organisation thus:

Communication

Managers can manipulate messages in such a way as to stimulate conflict. Ambiguous or threatening messages encourage conflict. Information that a plant will close, that a department is to be wiped out or that a lay-off is certain can reduce apathy and force members to confront their differences to stimulate new ideas and force re-evaluation of current practices, etc. Sometimes, a manager can also redirect messages and alter channels to encourage conflict. Intelligently planted rumours in the informal channels can also serve a useful purpose.



NOTES

1. **Bringing in outsiders:** A commonly used method of 'shaking up' a stagnant unit or organisation is to bring in people whose backgrounds, attitudes, values and managerial styles vary significantly from the prevalent norms. Introduction of heterogeneous people into the organisation helps in disturbing the status quo (for example, suggesting innovative ideas, offering divergent options, demonstrating originality, etc.) bringing back life a stagnant organisation.
2. **Restructure the organisation:** Changing the structure of an organisation is an excellent way of creating conflict. Breaking up old work groups and departments to reorganise them so that they have new entrants or responsibilities will create uncertainties that call for readjustments immediately. Conflict that develops during this period may ultimately lead to improved methods of operation as members try to adjust to new circumstances.
3. **Encouraging competition:** The use of bonuses, incentive pay and awards for excellent performance will stimulate competition. Such incentives, when administered properly, foster a competitive spirit among individuals and groups. Conflict will be productive as one group struggles hard to out do the other.

10.10 REACTIONS TO CONFLICT

The most common reactions to conflict are avoidance, accommodation, competition, collaboration and compromise. Managers can resolve conflicts taking different postures and adopting different styles—depending on the requirements of the situation. These may be listed thus:

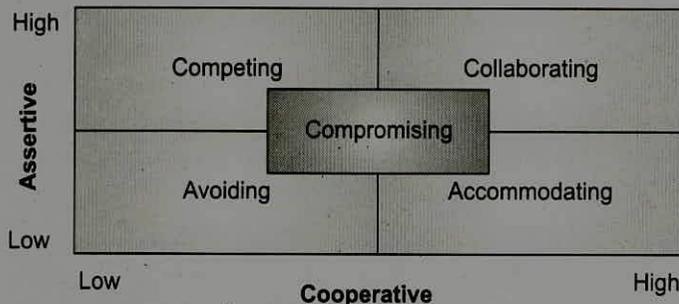


Fig. 10.4 Five Types of Reactions to Conflict/Conflict Resolution Styles

1. **Avoiding (withdrawal):** The user of this style attempts to passively ignore the conflict rather than resolve it. Important issues are not properly addressed. It is childish to argue, so you detach yourself from the conflict believing that it is a more mature approach. The person stays out of conflicts, ignores disagreements takes no position on the issues involved, and may even be hesitant to talk about the situation. A lose-lose situation may arise because the real issues do not get resolved. The avoiding style is appropriate to use when (i) the conflict is trivial, (ii) your stake in the issue is not high, (iii) confrontation will seriously dent a important relationship, (iv) you simply do not have time to resolve the conflict and (v) emotions are at a pretty high level. Avoiding confrontation, of course, is not the answer in most cases because when things turn ugly you end up yelling

NOTES

at other people. Such a passive-aggressive behaviour tends to make the situation by impacting human relationships.

2. **Accommodating (smoothing):** The accommodative style is low in assertiveness and high on cooperativeness. The user of this style attempts to resolving conflict by passively giving in to the opposing side. When you make use of this style, you are being unassertive but cooperative. You are trying to satisfy the needs of others, and in the process, completely discounting your own needs. You are allowing others to get their own way. You are trying to maintain relationships by doing things other people's way. You simply end up doing things that you really do not want to do. The real problem with this style is that others tend to take you for granted over a period of time. The accommodating style is appropriate to use when (i) you enjoy being a follower, (ii) maintaining the relationship outweighs all other considerations, (iii) the changes agreed to are not significant to you but are to the other person, (iv) there is very little time to resolve the knotty issues involved, and (v) the other person you are in conflict with uses the dominating style.
3. **Competition (dominance):** The competitive style is high on assertiveness, and low on cooperativeness. The user of this style attempts to resolve conflict by using aggressive behaviour to get his own way. You are prepared to do whatever it takes in order to win at the expense of others. Dominating managers often use authority and power to make others submit to their demands. They threaten, intimidate and call for majority rule whenever they are sure of winning the game. When the manager proves right, this style might lead to better organisational results. One clear disadvantage is that overuse of this style breeds resentment and hostility toward its user. Forcers end up getting labelled as heartless people with very poor interpersonal skills. The dominating style can be put to use when (i) unpopular action needs to be taken on important issues, (ii) people do not resist doing what you want them to do (or their resistance is not going to impact the results), (iii) maintaining relationships is not very important, or (iv) the conflict needs to be resolved urgently.
4. **Collaboration (with-win, problem-solving style):** The user of collaborating style assertively attempts to resolve conflict by working together with the other person to find an amicable solution. You assert yourself and join hands with the other party in order to find an acceptable way. The focus is not on one's own interests or preferences but find the best possible answer to the problem that would meet the requirements of parties involved in the conflict. Collaborators, unlike forcers, are willing to adapt and change, whenever they find a better solution. Collaboration is built around honest and open communication between parties. Parties openly share information, attempt to listen and develop empathy. There is an attempt to depersonalise the issue. Parties debate the issue bringing together all relevant information, consider full range of alternatives and try to solve the problem rather than merely trying to accommodate different points of view. Through sharing and communicating the problem is mutually defined. Questions of who is right or wrong; who wins or loses are avoided. All parties are seen as playing a constructive role. Of course, this style is difficult to practise as it clearly demands skill, effort and time of parties drawn into the conflict.

Characteristics of Problem Solving Style

- Conflict is viewed as a non-zero sum game.
- Other party is seen as a mutual problem solver.
- Parties propose joint outcomes.
- Issues are looked at objectively.
- Open, honest sharing of information.
- Flexibility.
- Tries to solve the conflict in a way that will benefit both the parties.

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The collaborating style is appropriate when (i) you are facing an important issue that demands an optimal solution, (ii) people are willing to place the group goal before self-interest, (iii) maintaining relationships is important, (iv) time is available, and (v) the conflict is between peers. (R.N. Lussier, *Management Fundamentals*, Cengage, New Delhi, 2012)

5. **Compromising/Negotiating Style (lose-lose):** This is a traditional method of resolving conflicts. There is no distinct winner or loser because each party is expected to give up something of value for a concession. It is commonly used where the conflict involves differences in goals, attitudes or values. It is effective when the sought after goal (for example, resource sharing) can be divided. In this style, the emphasis is on the process of compromise and bargaining. It is based on a simple give-and-take process and typically involves negotiation and a series of sacrifices. The amount given up by each party in conflict, however, will be in direct relation to its strength. The compromising style is appropriate to use when (i) the issues are complex and critical and there is no simple and clear solution, (ii) parties have about equal power and are interested in different solutions, (iii) a solution will be only temporary, and (iv) time is short.

10.11 CONFLICT MANAGEMENT STRATEGIES

There are many ways to handle conflict at the organisation level:

- **Ignoring the Conflict:** If the conflict is not too severe and the consequences are not very serious, managers tend to ignore it and pretend that it does not exist. Some managers think conflicts speak badly about an organisation, so they ignore the conflict and hope it will eventually resolve itself. Because the sources of conflict are neither identified nor resolved, this strategy fails to put out the fires in time. Eventually, the situation may go from bad to worse.
- **Physical separation:** If the warring factions or parties are physically separated, the likelihood of open hostility and aggression is reduced. Parties, however, may continue to indulge in sabotage and occasional acts of aggression unless the source of conflict is eliminated. Physical separation may work when the two groups are not required to interact while achieving targets. If they need to interact, however, separation may not solve the issue.

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- **Withdrawal:** Another way may be to withdraw from a conflict it when it takes place. The withdrawal may be from the situation (fighting for resources, for promotion, etc.) or from the relationship with the other group (one party may sever connection with the other as in the case of Proctor and Gamble and Godrej Soaps Ltd).
- **Dominance:** Quite often, managers use *positional authority* to fire a lower ranking subordinate they consider to be a trouble-maker. Conflicting parties are told to maintain a calm composure, an appearance of grace and drop their fight and get on with the job.
- **Appeal procedures:** Here parties involved in a conflict seek help from a higher authority in order to resolve a knotty issue. For example, if the faculty members could not decide on the allocation of work load, they may refer their disagreement to the principal of the college for a final, binding decision.
- **Compromise:** Parties involved in a conflict arrive at a solution through a compromise formula. For example, management may offer to increase wages by 4 per cent, while the union may be seeking 8 per cent. Both may finally agree on a figure of 6 per cent. Compromise can be used very effectively when the goal sought (e.g. money) can be divided equitably. If this is not possible, one group should be prepared to give up something of value as concession. Compromise may also involve third-party interventions as well as total group or representative negotiating and voting.
- **Liaison group/intermediaries/integrators:** To arbitrate differences between two warring fractions, a full-time integrator can be appointed who can speak the language of both the parties. The integrator has to use expertise and persuasion to achieve coordination and get people together. He must understand each group's problems and able to rally both groups toward a mutually agreeable solution.
- **Forcing people to assume another role/position:** Inter organisational activities, sometimes, help in reducing conflict. Exchange of people between interdependent departments creates an atmosphere where the newcomer can exchange his views with others. It helps him see the big picture and his role in it. As group members understand each other better they tend to lessen some of their perceptual distortions. Role reversal or empathy helps them in "shaking up" their narrow perspectives, departmental loyalties and misunderstandings created by the organisational boundaries.
- **Reduce interdependence:** The potential for conflict is very great in situations where two departments have to work in an interdependent fashion and share scarce resources. As a result of this mutual dependency there are more occasions for disagreement and conflict. One way to resolve conflict is to reduce interdependencies by moving from reciprocal to sequential or from sequential to pooled interdependence. Departments may be provided with resources and inventories that are independent of those provided for other departments (known as "**decoupling**") However, decoupling is an expensive proposition; it increases costs because of duplication of effort and equipment. To avoid this, large 'buffers' (inventories) are created. For example, department A might send its output into the buffer inventory and department B might be allowed to process goods from

this inventory independently. Sometimes, formal integration departments may also be created to facilitate coordination and smoothen work flow.

- **Procedural and Structural Changes:** Conflict can be put to rest if procedures are changed to facilitate effective delivery of a service. Instead of asking the cashier to prepare the draft, every bank executive may be empowered to handle customer requests for making drafts quickly. The arrangement of physical facilities can also be changed to eliminate barriers that come in the way of executing work. For example, when known antagonists are seated in conference directly across from each other, the amount of conflict increases. When they are seated side by side, the conflict tends to decrease.
- **Super ordinate goals:** A super ordinate goal is a common goal that appeals to all the parties involved and cannot be accomplished by the resources of any single party separately. Super ordinate goals demand interdependence and cooperation between departments. It is believed that the possibilities for achieving harmony are greatly enhanced when disagreeing parties are brought together to work towards overriding goals which are real and compelling to all concerned. For example, national leaders use the ploy of claiming that their countries are about to be attacked in order to bring about (at least) a temporary unification on the opposing factions in their own countries.
- **Identifying a common enemy:** "A strong enemy is a great unifying force. If the parties are made to perceive that their very existence depends on how they tackle a conflictful situation, they work unitedly to realise the goal. The threat of Hitler, for example, produced an alliance between the Western powers and Russia that fell apart as soon as the common threat disappeared.
- **Integrated problem solving:** Another conflict management strategy tries to find a solution that incorporates the requirements of both parties. Both parties work together to define the problem and identify mutually satisfactory solutions. They freely exchange task-related information. A minimum level of trust between parties is essential for this strategy to produce results. Since it takes time for parties to resolve issues through healthy interaction, there should be no pressure for a quick settlement of contentious issues. Problem solving is a healthy approach for it recognises that usually neither party is completely right or wrong. Creating a concession is not interpreted as a sign of weakness. Neither party feels that it has to win every battle to maintain self-respect.
- For conflicts resulting from misunderstanding or language problems, the problem solving or confrontation method has yielded good results. For solving more complex problems (e.g. conflicts where parties have different value systems), the method has not been very successful.



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10.12 NEGOTIATION

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Negotiation is the process of bargaining between two or more interdependent parties to reach a solution that is mutually acceptable. It is usually a give and take process. There is no room for threat or coercion. Both parties come to the table not to shake hands but to arrive at a solution that is mutually beneficial. Both expect the outcome to be a win-win solution. There is also an implicit belief that each party is willing to listen, to make sacrifices in order to get meaningful outcomes that are fair and equitable. Parties are willing to shift their focus and attention on protecting self-interests in the interest of a joint, mutually agreeable solution. Another important assumption surrounding the negotiation process is that both parties have equal strength. If one party tries to dominate the other by showing brutal force, negotiations fail inevitably. The possibility of one party throwing its weight on the other is ruled out, at least on theoretical grounds at the beginning of a negotiation process. Parties are also aware of the fact that other options to come to an agreement exist but they have come to the table believing in the process of give and take to be a superior alternative. (Saiyadain 2007)

Essential Features

Negotiation is the process that takes place when two or more parties, each of whom is seen as controlling some resource which the other desires, confer to reach an agreement on mutual exchange of the resources. For negotiation to happen, transactions between a minimum of two individuals or groups must take place. Parties, having a conflict of interest, present their proposals and counter proposals for division and/or exchange of resources in a mutually helpful manner. A fair share of the pie is all that the parties want. The focus on narrow self-interests and individual issues gets diluted as parties begin to focus on finding a solution through joint effort. Negotiation, thus, is a process of building on common interests and reducing differences in order to arrive at an agreement, which is, at least, minimally acceptable to all parties concerned. Parties get together with a view to resolve differences and find solutions. People conduct negotiations to get workable agreements. To this end, parties put forward their proposals and counter proposals. Feelings, attitudes, beliefs and values gain the upper hand while proposals find their way into negotiation chambers. People do not always act in perfectly rational and expected ways. People with superior power may try to bulldoze others into submission. Weak hands may get united and come out with outrageous demands—as in the case of labour-management negotiations. It all depends on the bargaining strategies that are pressed into service to meet the specific goals of negotiating individuals/groups.

Distributive Bargaining

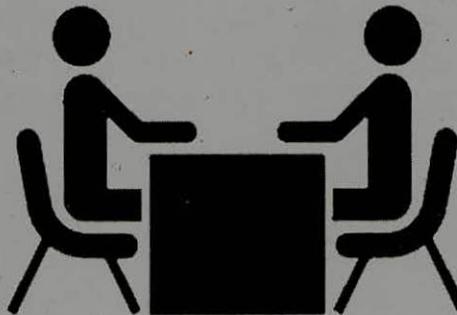
Distributive bargaining is all about the pieces to be cut from the pie (a zero sum game where either side gains at the expense of the other). The method seeks to find the size of the slice for each party that reflects each side's power and ability to harm the other, without totally disrupting the relationship. Each side tries to inflate its projected power and readiness to absorb injury while attempting to find the other's true minimum position.

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In a soft approach, one of the parties may give in to the other or compromise in which case both give up something of value in order to reach an agreement. Each party may decide to split the difference between the original positions equally. Still, parties may not be happy because they are still deprived of what was originally demanded. Most labour management bargaining falls in this category. In a typical labour management dispute regarding wage hikes, workers may demand minimum wage of say 8000 for unskilled labour and 12000 for skilled. Management may start with 5000 for unskilled and 8000 for skilled. When we split the difference between the two, equally unskilled may get 6500 and skilled 10000, still away from the original demand. Confusion, obfuscation and deception are inherent and necessary in this process. Closely associated with distributive bargaining is the commonly used positional bargaining approach. This strategy typically involves successfully taking, and then giving up a sequence of positions (e.g. what happens when one haggles in an open market).

Bargaining Zone Model for Negotiations

Bargaining zone is the range between one party's minimum reservation point and other party's maximum reservation point. X, an MBA from a premier management institute may be willing to work for a minimum monthly salary – minimum reservation point, or the lowest outcome of negotiations that is acceptable (also called resistance point)—of ₹ 35,000 but may quote ₹ 45,000 as her preferred salary (called as the initial offer point). The recruiting firm might actually offer initially ₹ 30,000 but has a maximum reservation point of ₹ 40,000 per month in mind. The bargaining zone, accordingly, is ₹ 40,000-45000. 40,000 is the resistance point beyond which recruiting firm will call of negotiations, likewise a monthly salary of ₹ 30,000 is the resistance point for X below which he will not take up the offer. At this point, parties are not willing to make further concessions. Both parties start off with an initial offer, knowing fully well that the scene will change quickly. As negotiations proceed further, each will come to know the resistance point of the other. To what extent they can push forward without breaking off negotiations—each party will come to know during negotiations and this knowledge helps them settle down to work out a solution accordingly.



Integrative Bargaining

In contrast to the distributive bargaining approach, there is the integrative bargaining approach that uses problem-solving techniques to find win-win outcomes. This process does not reject conflict because the parties still must look out for their own interests. Rather, it transcends conflict by shifting from bargaining to problem solving. The focus shifts from reducing demands to "expanding the pie" (resources); from how the small pie is to be sliced toward how to bake a larger pie, so that both sides can increase their welfare. Ideally, the new satisfactions are bigger than the original demands so

that whatever concessions the parties must make are perceived not as defeats but as "sacrifices to the common cause".

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In a conflict bargaining situation, such mutually satisfying agreements do not come by easily. Usually, the person who does not demand is taken for a ride. People tend to 'walk over the fool' who leaves himself vulnerable. Bargaining often tends to concede small initial concessions and keeping this in mind, parties in a conflictful situation should proceed cautiously. In general, a combination of a 'cautious trust' showing readiness to extend cooperation and a firmness preventing partners from exploiting the cooperativeness seems to characterise persons who hammer out joint agreements in competitive situations. For integrative bargaining to flourish, certain conditions, however, should be present. These include parties, who are open with information, and can did about their concerns, a sensitivity by both parties to each other's needs, the ability to trust one another and willingness by both parties to maintain flexibility. Effective bargaining, above all requires cool rationality rather than emotional game-playing.

10.13 THE NEGOTIATION PROCESS

Negotiation requires demands preparation, hard work and the ability to foresee the moves of the adversary and respond appropriately. One needs to have a game plan before one undertakes the journey. Such a game plan, inevitably, would involve the following steps:

Preparation

- **Set realistic goals and the bargaining zone:** At the outset you should be clear about what you want to achieve. This may mean three things: the best achievable outcome, the lowest—still acceptable—outcome and a realistic outcome which would compel you to settle for—as indicated in the bargaining zone model. When you are not losing much, you can be generous. You may in fact try to help the other party feel satisfied with the outcome. When you happen to lose lots of ground, you need to be firm and willing to say 'quits'. In negotiations, firmness and clarity of thought are the essential prerequisites. If you get confused or get angry too early, you may end up losing the grip over the issue completely. Those who have very little tolerance for ambiguity end up losing in a big way.
- **Assess the adversary:** Research evidence suggests that people having a similar background in terms of religion, caste, etc. or subscribing to the same ideology tend to cooperate with each other. Cultural differences may come in the way of understanding each other's moves. If you are able to get sufficient information about the other party's objectives, needs and interest in advance, you will be able to respond better.
- **Tactics:** Where to negotiate may be the first question to be answered. A neutral local location is preferable, because most negotiators prefer to conduct the show in places where they have a grip or feel comfortable. You need to pay attention to secretarial help and also seating arrangements, too, at this stage. Next issue is

about the timing. Provide a time frame for everything. There must be sufficient time for critical analysis, discussion, and agreement. Always avoid starting negotiations on the spur of the moment. To be effective, the negotiators need a common understanding of what is to be discussed and why. The subject, scope and purpose, therefore, need to be agreed upon before negotiations kick off.

NOTES

Discussion

- **Give the mike to the other party:** The very beginning is perhaps the most important element of any negotiation because it sets the tone for all that follows. It is a good idea to allow the other party to open the discussion. Before negotiations begin, you can come out with a brief sketch of the issue in question. Based on the opening moves made by the adversary, you can find whether the mood is cooperative or competitive. To this end, pose a lot of questions. The more information you can get from the other side the better. Look for factual errors, faulty logic, statistical misrepresentation, hidden agenda, etc.
- **Your sales pitch:** The convention is that you always demand more than you expect to get and offer less than you expect to give. Your opening position must leave enough time and space for you to manoeuvre subsequent moves to your advantage. As a matter of abundant precaution, you should resist the temptation of accepting the early offers made by the other party—however attractive they might be. At the same time you cannot be too liberal or too conservative in advancing your initial offers. When you turn extremely generous, people try to extract more juice out of you to maximise their own gains. When you hold up everything, it may take painfully long time to reach the comfortable zone where both parties are willing to settle the issue.
- **Clarification and justification:** After the initial offers get exchanged and parties begin to look at each other more closely, the period of clarification and justification begins. Both must try to explain, amplify, clarify, bolster and justify original demands in an accommodating and non-confrontational style. Both must try to inform and educate each other with lots of clarity, empathy and understanding.
- **Frequency and size of proposals:** Frequency refers to the number of times proposals are advanced and size refers to the quantity/value of the proposals. You can straightaway make a large initial concession followed by several small concessions. Another way is to come out with several small concession followed by one big concession at the final stage. Alternatively, you can make uniform concessions throughout where size remains the same but the frequency is large. Better to avoid a high frequency of offers and counter offers, because that would confuse the parties and compel them to think about the next offer that's in the queue. When parties exhaust their gun powder after an emotional battle lasting several hours or days, they tend to make a concession, change their stand a bit and impatiently shout at the other: "Take it or leave it." Skilful negotiators drop names of influential people, use their expertise in coming out with novel solutions, and pin pointedly present the benefits of reaching an agreement or the prohibitive costs of not moving towards a solution. If the other party is equally tough and is not afraid to face the music and resists every move with a powerful counter move, then parties end up shaking their head in frustration.

Deadlock

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When negotiations breakdown, both parties may quit the field and a deadlock may raise its ugly head. **Deadlock** or stalemate can arise due to a variety of reasons:

- Both parties have widely divergent objectives
- One party interprets firmness as rigidity and impatiently declares its unwillingness to make further concessions—even to keep the negotiation 'alive'
- As a deliberate tactic during a negotiation to force the other party to reconsider its position and make concessions
- You can overcome such painful outcomes by advancing a last minute offer unilaterally aimed at closing the deal, or seek third party intervention as in the case of labour management negotiations. When both parties fail to resolve issues to mutual satisfaction—third party intervention in the form of government officials, judiciary, general public, etc. step in to close the deal.

When parties realise that the outcomes are really beneficial to both parties, they may try to dissolve their differences and overcome last minute hurdles and move towards reaching an agreement. After all, the basic purpose of negotiation is to reach an agreement, not to score points in arguments. However, quick settlements may not put out fires easily. They may often favour someone who is skilful and experienced and the party that is at the receiving end may start the battle all over again.

Post-negotiation

Both parties must come out of the negotiation room in a positive frame of mind. The sacrifices made, the concessions extracted and the agreement reached and in fact every outcome that is likely to emerge out of the room is mutually agreed upon and beneficial to all. It is not a "tough guy" or "nice guy" approach but a kind of **win-win approach** where both parties have worked together to find ways that are mutually rewarding in the long run. Once the agreement comes in black and white, an action plan should take care of every aspect that has been agreed upon in terms of commitment of resources, careful monitoring and evaluation.

SUMMARY

- Conflict may be defined as a process in which one party perceives that another party has taken or will take actions that are incompatible with one's own interests.
- Traditionally, conflict was looked as essentially bad and hence, avoided or suppressed at all costs. The modern view of conflict is that it is neither good nor bad for organisations. In fact, a minimum level of conflict is essential to spur people to action.
- Conflict triggers can cause either constructive conflict or destructive conflict. Organisational performance suffers when the level of conflict is extremely high or extremely low. Moderate levels of conflict generally contribute to high organisational performance.

- Conflict can be examined from three broad angles: at the individual level, at the group level or at the organisational level.
- Intrapersonal conflict deals with conflict that is basically related to competing goals that an individual pursues and divergent role expectations.
- Interpersonal conflicts result in such cases where each person is jockeying to possess a scarce resource which may be a material thing or an immaterial state such as status, prestige, power, etc.
- Intergroup conflicts over authority jurisdiction and distribution are also exceedingly common in modern organisations.
- In addition to these conflicts, between organisations such as management-government; union-government; unions-management also show their ugly face time and again for various reasons.
- To put out fires, five different conflict resolution styles are followed: competing, avoiding, accommodating, compromising and collaborating depending on situational requirements.
- Negotiation is the process of bargaining between two or more interdependent parties to reach a solution that is mutually acceptable.
- Negotiation demands preparation, hard work and the ability and willingness to foresee the response of the adversary.
- To be useful, all agreements need to be implemented with lot of sincerity and commitment.

NOTES

REVIEW EXERCISES

1. 'Some people feel that conflict is necessary for organisational activity'. Explain why?
2. Bureaucracies are mechanisms that simultaneously resolve and stimulate structural conflicts. Do you agree or disagree? Discuss.
3. Discuss the benefits and wastes of interdepartmental conflicts. At what level of conflict do these benefits and wastes appear?
4. Is conflict at the organisation level inevitable? Why or why not?
5. Identify the various types of conflict.
6. How could a manager stimulate conflict in his department?
7. Under what conditions might conflict be beneficial to a group?
8. What are the components in the conflict process model?
9. Write short notes on:
 - (a) The process of negotiation
 - (b) Conflict resolution styles
 - (c) Line and staff conflicts
 - (d) Inter-Group conflict
10. Explain what you mean by distributive bargaining and constructive bargaining. Why isn't integrative bargaining more widely practised in organisations?

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11. Would you consider an argument in which you disagreed with someone on which movie to go to a conflict? Use the conflict model to explain why or why not.
12. How do the traditional assumptions about organisational conflict differ from the modern assumptions? What implications do these new assumptions have for the management of organisational conflict?
13. Identify an organisational conflict situation of which you are aware the trace the causes?

CASE STUDY It's The Same Story Everywhere

Prakash hails from a hard-working, immigrant family. Right from his childhood, he wanted to achieve something and acquire power for himself. Unfortunately, he could secure only a low-paid job in the assembly line in a large manufacturing firm. It is a charmless job having no promotional opportunities. Since he had to support a large family, he needed a well-paid job and all his efforts in this direction had gone waste. To blow on his steam and to relieve himself from worldly woes, he started living in a "fool's paradise" and spent most of his days in day-dreaming. Not surprisingly, he fell a prey to drinking and other vices. After exhausting his meagre financial resources, he would get depressed and start worrying about his family.

It has been a vicious circle and he wants to come out of it. Unable to bear with this miserable situation, one fine morning, he wanted to seek advice and counsel from his supervisor. But since his relationship with his supervisor is not too intimate, he sought help from his union leader. The union leader has listened to Prakash's woes patiently. He told Prakash in a sympathetic tone: "There is no use working in this company. We have innumerable problems, and not a single problem is solved by management so far. The working conditions are pathetic. Our salary is too low. And let's not talk about our benefit plans. After our contract finishes let's unite together and fight with management for better salary and working conditions".

Questions

1. Analyse the nature of role conflict experienced by Prakash in this case.
2. What type of conflict resolution strategy is the union leader suggesting in this case?
3. How do you advice Mr. Prakash?

CASE STUDY Student Novelist

Mr. Ram Sharma was a doctoral student in the Department of Telugu, in one of the reputed Universities in Andhra Pradesh. Unlike other students, he joined the Ph.D. Programme at the age of 36 years. He was nearly 10 years older than most of the other students in the department. He did not receive any fellowship from any financial agency. However, he was rich enough to stand on his legs during the programme.

Sharma's background was quite well known. After obtaining M.A. degree in Telugu, he joined as a lecturer in one of the colleges in Hyderabad. During his leisure time, he used to write short-stories. At the age of 26 year, he could publish his first novel which was highly acclaimed by the public. Thousands of the copies of the book were sold. His second novel was published after two years. With this, he could establish himself in the market firmly. This novel, too, had enjoyed phenomenal popularity. His third novel was the best-seller. The copyrights of the book were sold for a hefty sum.

Mr. Sharma, however, was not happy with his achievements. He had developed an aspiration for academic excellence. He wanted to become a professor in a University and loved constant interaction with young brains so as to share his thoughts and feelings. To this end, he wanted to complete the Ph.D. programme by joining the University Department as a full-time research scholar.

Life was not easy in the Department. His professors could neither relish his ideas nor his popularity. He had to struggle a lot while collecting information for his doctoral programme. He had to cross several hurdles and impediments thrown in his way by faculty members. One professor, after a heated argument with Mr. Sharma burst out "You don't deserve a place here. You've no talent. You may be popular as a novelist but you don't deserve the doctoral degree, I'll see that you never get it".

Sharma's frustration knew no bounds. He wondered why all faculty members are tossing brickbats against him. It is true that he is a popular novelist. But that has nothing to do with his academic pursuits. Like any other student, he is humble, sincere and hardworking. It is now clear to him that his success in the department is critically dependent on his relationship with professors alone.

Questions

1. What is the actual conflict that Mr. Sharma was undergoing?
2. Analyse the situation in terms of inter-personal conflict.
3. How can Mr. Sharma overcome the problem to obtain his degree?

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11. GRIEVANCE AND STRESS MANAGEMENT

STRUCTURE

- 11.1 Introduction
 - 11.2 Grievance Handling
 - 11.3 Work Stress
- Summary*
Review Exercises

11.1 INTRODUCTION

Grievance is a kind of conflict between aggrieved party and those who caused the reason for grievance. Grievance handling procedure is generally talked about with reference to industrial relations where an employee may have a genuine grievance, against other employees including the supervisor. A grievance is defined as a deviation from expected. A person is appointed in an organisation on the basis of a contract which is the appointment letter containing terms and conditions as well as job contents. Once the employee signs the copy of this letter, this becomes a contract between employer and employee and the employee is supposed to full fill the stipulation given in the letter of appointment. Sometimes, an employee may feel that he is asked to do things which are not stipulated in the letter and he may have a grievance—a genuine complaint.

11.2 GRIEVANCE HANDLING

The 2010 amendment of The Industrial Dispute Act, 1947 provides that every industrial establishment employing 20 or more workers should have a Grievance Redressed Committee to settle disputes arising from grievance. The functions of this committee are presented below:

- (a) The Grievance Redresser Committee (GRC) shall consist of equal number of members from the employer and workman.
- (b) The chairperson of GRC shall be selected form the employer and from among the workmen alternatively on rotation basis every year.
- (c) The total number of members of GRC shall not exceed more than six.

- (d) The setting up of GRC shall not affect the right of the workman to raise disputes on the same matter.
- (e) The GRC may complete the proceeding within 30 days on receipt of a written application by or on behalf of the aggrieved party.
- (f) The workman may prefer an appeal to the employer against the decision of GRC and the employer shall within one month from the date of receipt of such a appeal, dispose of the same and send a copy of his decision to the workman concerned.

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11.3 WORK STRESS

Organizational life has become very tough these days. The nature of work has changed quite dramatically in recent years. You have to deliver results and emerge as a winner. Otherwise, the company is pushed out of the map. To meet deadlines you have to put everything on the fast track. To complicate issues, you are forced to spend the day with ultra-critical bosses and incompetent subordinates. Almost every day you seem to carry a full briefcase of problems back home. If you have a working partner, then there are additional stressors waiting to burn your candle of energies. Stress at work can lead to poor performance on the job, excessive use of alcohol or other drugs, poor attendance or even overall poor health. In fact, there is growing evidence that undue stress is related to the diseases that are major causes of death – coronary heart disease, stroke, hypertension, diabetes, cancer, cirrhosis and also suicide.

Stress may be defined as *an individual's physiological and emotional response to external stimuli that place physical or psychological demands on the individual and create uncertainty and lack of personal control when important outcomes are at stake.* (Bruce Cryer et al, *Pull the Plug on Stress*, Harvard Business Review, July, 2005) These stimuli called stressors produce some combination of frustration (such as the inability to meet an important deadline because of inadequate resources) and anxiety (such as the fear of being disciplined for not meeting deadlines). Work related stress occurs when there is a mismatch between the demands of the job and the resources and capabilities of the individual worker to meet those demands. The following points relating to the above definition require further elaboration at this stage:

- **Demands/opportunities/threats:** Individuals may experience stress when certain demands cannot be met, or opportunities cannot be exploited or some threats cannot be put aside. An opportunity is something that has the potential to benefit a person – say learning a new skill that could help in securing promotion. A threat is something that has the potential to harm a person – say when a company declares layoffs which would impact the lives of workers.
- **Important value:** Stress may also be experienced when some constraints come in the way of achieving something that has significant value for a person. For example, one gets impacted by traffic jams almost on a daily basis. But if you have an important deadline to meet, say receive an award from the President of India, the tension mounts up and the heavy traffic certainly causes stress to the person who has to receive the award.

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- **Different from pressure:** There is a difference between pressure and stress. Pressure can be positive and a motivating factor, and is often essential in a job. It can help us achieve our goals and perform better. Stress occurs when this pressure becomes excessive – like the person caught in the traffic jam with an important event requiring his presence. Stress is a natural reaction to too much pressure.
- **Uncertainty:** The person who is experiencing an important opportunity or threat is not sure whether he or she can effectively deal with it. For example performing a routine eye operation does not cause stress to a surgeon, but when the patient's health condition is poor and the operation is a complicated one where the odds do not favour the patient, then the operation has the potential to cause stress to the surgeon.
- **Perception:** The last aspect of the definition relates to the perception of the person experiencing a threat or an opportunity. Whether people experience stress depends on how they perceive potential opportunities and threats and how they perceive their capabilities to deal with them. One might look at the transfer to a new location as an opportunity to outshine others in a new place and another might view the same negatively – leading to relocation problems leading to failure. It all depends on how you look at the whole issue. If you are confident, you will face challenges head on and show your mettle. If not, you will run for cover elsewhere.

Individual Differences and Stress

The response to stress, interestingly, varies from individual to individual. Depending on personality characteristics, past experiences, and the ability to meet challenges with courage, etc. individuals either fight it out or choose to get out of the situation. Let us examine this more closely:

- **Fight or flight is a matter of perception:** Whether X picks up the fight or flight response is something dependent on personality make up and the way he perceives the whole thing. If he has high self-esteem, for example, he may choose to face challenging situations head on.
- **Type of personality:** Persons with poor self-esteem may look at difficult task assignments in a different way. They may find it extremely difficult to cross the barriers that confront them on a daily basis and get greatly stressed.
- **Type A or Type B?:** People who are calm and composed (the typical Type Bs) might take things—howsoever tough they may look like—easily when compared to the people who are aggressive and like to rush through everything quickly (the typical Type As).
- **Locus of Control?** Employees with an internal locus of control may experience less stress than those with an external locus of control because they feel that they can influence what happens to them.
- **Past experience:** If an individual is well trained and has faced difficult situations in past, he is less likely to be stressed greatly when compared to someone who has very little exposure to demanding and trying situations.
- **Ability:** When employees lack the necessary abilities (like inexperience or lack of training cited above) to perform assigned jobs, they get stressed greatly. New

hires remain anxious and nervous during the initial period due to inexperience, lack of training and unfamiliar surroundings. Once they gain experience and are used to do things in a routine way, they gain a grip over the job and do not feel stressed greatly.

NOTES

Constructive and Destructive Stress

Constructive stress or Eustress has a positive influence on performance. A certain amount of enthusiasm and excitement is needed to put people on the job. Moderate doses of stress would provoke people to face challenges head on. Functional stress helps people to be more creative and helps with problem solving, which in turn inspires people to meet deadlines or achieve something. Too little stress might make people docile and unproductive. With no stress, such as an important target to meet or an examination to pass, people tend to just take it easy and waste time. While a certain amount of stress is needed to make people realise their dreams, too much stress can impair relationships and put people on the stretcher. Dysfunctional stress or too much stress (known as distress) can cause people to be overwhelmed with anxiety, tension and/or pressure. From an organisational point of view, dysfunctional stress results in employee dissatisfaction, absenteeism, turnover and lower levels of productivity. It can lead to burnout (a constant lack of interest and motivation to perform one's job) – which is being discussed later in the chapter.

Managers seek the positive performance edge provided by constructive stress. At the same time, they must also pay attention to destructive stress and its likely impact on people and work performance in a negative way. One of the most difficult tasks here is to ascertain the optimum level of stress for yourself and for the person you supervise in the workplace.

As Fig. 11.1 suggests, when employees are put under low stress, their performance is likely to be low – because of lack of challenge, they get bored and slip into a state of depression as well over time. When exposed to highly stressful situations, again employees experience anxiety, remain extremely tense leading to health problems. When employees get exposed to moderate doses of stress, they remain excited, get provoked to achieve the targets and show good performance.

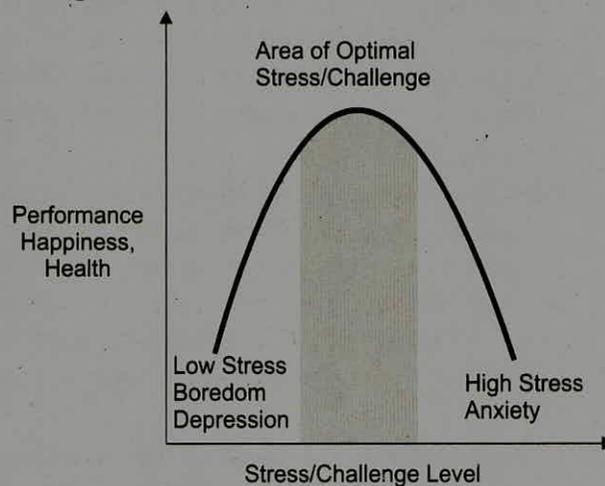


Fig. 11.1

The General Adaptation Syndrome

Individuals can have a variety of reactions to job stress. They can react *emotionally* by feeling frustrated or anxious, happy or excited, bored or depressed. They may experience mental blocks, be hypersensitive to criticism or have trouble concentrating. People can also respond to stress *behaviourally*; they may eat more, drink more; lose their appetites; or stop going out socially and mix with people freely. People can also

respond to stress *psychologically*, as explained by Hans Selye in his famous book, *The Stress of Life*, 1956.

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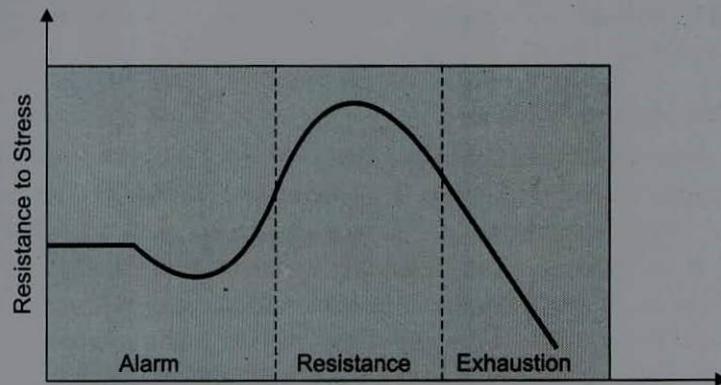


Fig. 11.2 The General Adaptation Syndrome Model

Selye considered stress a non-specific response to any demand made upon an organism. He called the three phases of the defense reaction that a person establishes when stressed as the General Adaptation Syndrome (GAS).

The three distinct phases are known as: alarm, resistance and exhaustion.

- **Alarm stage:** In the alarm phase of stress, an outside stressor jolts the individual, insisting that something must be done. It may help to think of this as the fight-or-flight moment in the individual's experience. If the response is sufficient, the body will return to its resting state after having successfully dealt with the source of stress.
- **Resistance stage:** If the stressor continues, the GAS proceeds to the resistance stage. The signs of resistance stage include: tension, anxiety and fatigue. The person is now fighting the stressor. While resistance to a specific stressor may be high during this period, resistance to other stressors may be low. A person has only finite sources of energy, concentration, and ability to resist stressors. Individuals are often more illness-prone during periods of stress than at other times.
- **Exhaustion stage:** Exhaustion occurs if the stressor continues and the body exhausts its ability to adapt. The symptoms of this stage are similar to the alarm reaction. If the stress persists unduly, severe wear and tear will occur, resulting in damage to a local area or death to the organism as a whole. This is, more or less, a 'fight or flight' response. Here, the autonomic nervous system makes dozens of immediate responses to prepare the body for physical action. When pedestrians are crossing the street and suddenly see a car speeding towards them, the alarm reaction prepares their bodies to quickly get out of the way.

Symptoms of Stress

There are a number of biological, psychological and behavioural changes which can be symptomatic of individual stress.

- **Biological:** These include lack of appetite, craving for food when under pressure, frequent indigestion or heartburn, constipation or diarrhoea, insomnia, constant tiredness, tendency to sweat for no good reason, nervous twitches, nail-baiting,

headaches, cramps and muscle spasms, nausea, breathlessness without exertion, fainting spells, frequent crying or desire to cry, impotency or frigidity, inability to sit still without fidgeting, high blood pressure.

- **Psychological:** A number of psychological changes can be symptomatic of excessive or persistent stress. These include negativism, expression of boredom, dissatisfaction, irritability, anger over unimportant issues, feelings of persecution, apathy, resignation, fantasy, forgetfulness, inability to concentrate, procrastination, inability to make decisions, uncertainty about whom to trust, inner confusion about duties or roles, intolerance toward ambiguity, problems in dealing with new or strange situations, a tendency to misjudge people, etc. Common general psychological stress symptoms include anxiety and depression.
- **Behavioural:** These include constant irritability with people, feeling unable to cope with situations, lack of interest in life, constant or recurrent fear of disease, a feeling of being a failure, a feeling of being bad or of self-hatred, difficulty in making decisions, a feeling of ugliness, lack of interest in other people, awareness of suppressed anger, inability to show true feelings, a feeling of being the target of other people's animosity, loss of sense of humour, feeling of neglect, dread of the future, a feeling of having failed as a person or parent, a feeling of having no one to confide in, difficulty in concentrating, the inability to finish one task before rushing on to the next, an intense fear of open or enclosed spaces or of being alone. Among the more common indicators are the sudden changes in weight, smoking habits, or use of alcohol. Changes in appearance such as dress, complexion, or hairstyle may occur during a stressful period.

NOTES

Sources of Stress

Stressors are the things that cause stress. They can be studied under two headings, namely, hindrance stressors and challenge stressors. **Hindrance stressors**, for example, are those that come in the way of personal accomplishment or goal attainment—such as equipment breakdown, office politics, red tape, etc. **Challenge stressors**, on the other hand, demand individuals to complete assignments within a time frame. They make stressful demands that people perceive as opportunities for learning and growth. They can be completely exhausting but they often trigger positive emotions such as pride and enthusiasm. The following are the sources or causes of stress.

Organisational Factors

The main sources or causes of an organisational stress are:

1. **Job demands:** Some jobs are more stressful than others. Jobs that require constant monitoring and working against tight deadlines in unsafe working conditions pose significant challenges to job holders. Too many people working near dangerous machines could be another source of stress. Difficulties in meeting predetermined, rigorous standards, too many tedious meetings, etc. could add fuel to the fire.
2. **Role demands:** Conflicting role demands cause lot of stress. If the performance expectations are sky high and the job holders do not know the way, the resultant stress can impair the health of the job holders. Frequent fights, emergency calls at odd hours, vague performance expectations, unclear standards, etc. complicate the issue further.

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3. **Role ambiguity:** Role ambiguity occurs when position holders are uncertain about limits of their authority and that of others, company rules, job security and the methods used to evaluate their work. Research studies have indicated that the more ambiguity a person reported, the lower the person's utilisation of intellectual skills, knowledge and leadership skills. It was also found that role ambiguity was significantly related to low job satisfaction and to feelings of job related threats to mental and physical well-being.
4. **Role overload:** Imagine for a moment about an executive who is attempting to dictate a letter, talk on three phones, conducting an interview and writing a report all at the same time. There is no use trying to do too much in too little time. Constant interruptions, changing hats every five minutes, a constant stream of visitors, a mountain of files and papers to process and a number of subordinates looking up to his valuable advice and guidance—all increase the quantitative and qualitative overload. Persons who experience such conditions show clear signs of stress and report health problems.
5. **Role underload:** At the other extreme, having nothing to do or being asked to do too little in one's work can also be quite stressful. Sales people in a store with no customers, standing around all day with nothing to do could be said to experience role underload. Assembly line workers also generally experience role underload; rarely do they perform more than one or two tasks day after day. Ironically, role underload can lead to many of the same problems as role overload; low self-esteem, increased frequency of nervous symptoms and complaints, increased health problems. One of the most unfortunate outcomes of role underload is passivity. Workers with role underload report that they feel both physically and psychologically weary; even when they are not at work, they do not show much interest in social activity or physical exercise. Two factors succinctly explain the relationship between underload and stress. Most persons wish to feel useful and needed. Thus, when they find that they are doing very little and achieving next to nothing in their jobs, their self-esteem may be threatened. Secondly, people want stimulation. They do not like the idea of staring blankly into space all the time. They prefer to interact with the world around them and do something worthwhile. No wonder, jobs that demand too little can be unpleasant, boring and stressful.
6. **Work relationships:** Many jobs demand regular contact with other people at work. Poor or unsupportive relationships with colleagues and/or supervisors can be a potential source of pressure. In addition, pressure can occur if individuals feel isolated or unfairly treated. Poor work relationships can be a result of aggressive and dominating bosses, lack of support from colleagues, isolation at work, ultra-critical supervisors, stealing credit away from the individual, etc.
7. **Ineffective communication:** Stress can result from a lack of communication or from a lack of the right kind of communication at the right time. We begin to see the world differently and we tend to interpret communication efforts differently. For example, there is nothing more stressful than finding that you have arrived at an appointment with your boss at the wrong time. You misunderstood the appointed time, your boss is upset and you are edgy.
8. **Responsibility:** Any type of responsibility can be burdensome for some people. Different types of responsibility function differently as stressors. One way of classifying this variable is in terms of responsibility for people versus

responsibility for things. The more responsibility for people reported, according to one research study, the more likely the person was to smoke heavily, have high blood pressure and show higher cholesterol levels. On the contrary, the more responsibility for things the employee reported, the lower these indicators were.

9. **Job change:** Individuals and work undergo constant changes as organisations try to become more competitive and aggressive in the marketplace. These changes can cause stress for the job holder. For example, a bank may computerise its accounting function. As a result, a job that did require certain decisions and calculations may become merely a data collection and entry position for the computer. As with most changes, job change entails a certain amount of uncertainty that may ultimately lead to stress. Change can be especially stressful for individuals afraid of losing their jobs
10. **Organisational Politics and Climate:** Employees can also experience stress when they feel that they should get more money for their work, or if company restrains them from doing things they feel they must do to be effective in their job. For example, a manager wishes to assign a few extra duties to an individual for a special project but union regulations do not permit it. Stress can also result from prohibitive physical settings such as heat, cold, safety hazards, air pollution, uncomfortable spatial arrangements, shift work, etc. Apart from the physical surroundings, the psychological climate within a company is also important. When day-to-day life in an organisation is characterised by unfriendly, hostile exchanges, employees feel the tension all around. They do not trust each other and do not express their concerns openly. They are unsupportive of each other and spend little time helping each other with problems. Likewise, if employees are not encouraged to participate actively in organisational activities, stressful situations may develop. Employees may feel 'left out' and neglected, because they have no opportunity to influence important events relating to their jobs. Additionally, factors like insufficient authority (where a manager does not receive the backing needed from management to carry out its directives), pressures towards conformity (where members are expected to follow established norms whether they like them or not), faulty job designs also produce lot of stress for people working within a company.

NOTES

Personal Factors

The main causes or sources of stress at the individual level may be listed thus:

- **Life Changes:** Traumatic experiences in life (death of a loved one, divorce, loss of family estate, etc.) can have significant impact on the psychological well-being of an individual. Research studies have also indicated the fact that when individuals undergo extremely stressful changes in their lives – such as death of spouse, loss of employment, divorce, imprisonment – their personal health often does suffer.
- **Type-A and Type-B personalities:** Cardiologists Friedman and Roseman have identified several personality characteristics of people who are most prone to stress. Such people, called as Type-A personalities, gravitate towards occupations that encourage heavy work. They are frequently found to be heavy smokers. They are ambitious, hard-driving and set tough targets for themselves. They are willing to oppose others to get what they want. They take on increasing amounts of work and work at incredible speed in order to meet deadlines. They are fiercely

competitive and would like to win all the time. Some of the typical characteristics of Type-A personalities may be listed thus:

NOTES

Characteristics of Type-A Personalities

- Always moves, walks and eats rapidly
- Feels impatient with the pace of things, hurries others, dislikes waiting
- Does several things at once
- Feels guilty when relaxing
- Tries to schedule more and more in less and less time
- Uses nervous gestures such as clenched fist, banging hand on table
- Does not have time to enjoy life

Type-B, on the other hand, work at a steadier pace. They do not work against the clock. They set reasonable targets for themselves and do not feel the pressure. They are likely to 'let things roll off their backs' rather than fight every issue. Some of the typical characteristics of Type-B personalities may be stated thus:

Characteristics of Type-B Personalities

- Is not concerned about time
- Is patient
- Does not brag
- Plays for fun, not to win
- Relaxes without guilt
- Has no pressing deadlines
- Is mild mannered
- Is never in a hurry

The type-A could be compared to a racehorse and the type-B to a turtle. Though the recent studies question the relationship between type-A behaviour pattern and stress, it has been generally agreed that type-As are more prone to stress than type-Bs.

- **Externals vs. internals and the belief in external locus of control:** A person's belief in locus of control is related to susceptibility to job stress. People with an internal locus of control feel that their fate is pretty much under their control. Externals look to outside forces as controlling their fate. They generally feel that their fates are determined by events and forces beyond their control. Internals generally describe their jobs as less stressful than externals. The underlying cognitive mechanism seems to be that if people believe that they can control potential adverse forces in their job environment, they are less prone to the stressor of worrying about them.
- **Other reasons:** In the race to the top, many aspirants who do not make it ultimately, experience feelings of failure, frustration and resentment. Family responsibilities sometimes clash with organisational demands. People experience role conflicts because work and family place overlapping demands upon their

limited time. Excessive rules and regulations could also act as powerful forces of stress. Young managers with great ideas and ideals often find the organisational environment too restrictive and overbearing. When they fail to get their ideas or ideals translated into action, they may experience a great amount of stress.

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Management of Stress

It is not true that employees do not want any stress at work. As the current research evidence indicates, employees are energised and motivated by moderate amounts of stress. What most people want in the workplace is a challenging job assignment followed by moderate doses of competitive spirit, constructive conflict and a zeal to get ahead of others. There are a variety of ways in which individuals cope or deal with stress at work. Broadly, these could be classified into two categories: Individual coping strategies and Organisational coping strategies. Let's examine these in detail.

Individual Coping Strategies

Why do some people seem to experience more stress than others or seem to experience stress in situations that leave other people unaffected. Take a moment and answer the following questions to.

Time Management Assessment

How do you manage your time?

Yes No

- Are you constantly doing more than one thing at a time?
- When travelling do you feel the travel time is wasted?
- Do you get angry when things do not run smoothly?
- Do you feel you never get to really finish one thing before moving on to the next?
- Are you constantly being told you work too hard?
- Do you work more than 10 hours on a workday?
- Are you too busy to develop a creative hobby like gardening, bird-watching, painting, etc.?
- Do you take only 10 minutes to finish your meals or skip them?
- Are you too busy to go outside during the day for at least ½ an hour?
- Do you get less than 7 hours of sleep at night?

(if you have a majority of 'yes' as answers then it is recommended that you attend courses in time management)

1. **Time management:** Inability to manage time could create stressful situations on the job quite frequently. Unfinished work, critical remarks from boss and colleagues, comments from subordinates in hushed tones, misplaced papers, may all make the life of an executive quite miserable. To overcome such situations, one must pay attention to the following ideas suggested by the leading trainer Sanjeev Duggal in *The Global Manager*, 1997.

Time Thoughts

NOTES

- You cannot control how much time you have but you can control how to use it.
- Time is finite and it needs utilisation when it is available.
- Writing a daily plan, listing priorities that require attention help us save lot of time while at work.
- Time cannot be managed like other resources, rather you have to manage yourself in relation to time.
- Time is money. Time and tide wait for none. And every moment, utilised or not, is gone with the wind. It cannot be retrieved.

Tips for Time Management

- Carry your 'to do' list with you at all times
- Put all the tasks you need to remember, however small, on the list
- Delegate or choose not to do some tasks
- Review the list in the evening
- Write a new list every day
- Ask yourself "is this important?"
- Check if you need to do a task at all.
- Ask yourself, "would anything terrible happen if I didn't do it?" If the answer is 'no', think if you need to do it at all
- Do the most difficult part first
- Do it now
- Look consciously for tasks which you can delegate
- Praise the results after you have delegated the tasks
- Provide action plans for moments when problems might arise
- Open your mail near the wastebasket and discard the envelopes
- Enter the key details of meetings immediately in your diary.

Time Wasters: Causes & Solutions

Time wasters	Causes	Solutions	
1.	Can't say no	<ul style="list-style-type: none"> • Wants to be a nice guy all the time • Don't know how to say no • Fear of saying 'no' to the boss 	<ul style="list-style-type: none"> • You can't please everyone all the time. Better to assert yourself. • When saying 'no', give reasons, suggest alternatives and solutions. Assert yourself. • Say 'no' and explain priorities and agreed actions; if pushed, adapt but explain what you feel will not get done.

NOTES

2.	Attempting too much	<ul style="list-style-type: none"> • Having capabilities which are in demand • An excessive desire to appear over cooperative • Over corresponding • Excessive ambition and need to achieve 	<ul style="list-style-type: none"> • Overcome personal insecurities, share your knowledge and skills with colleagues. • Control yourself; if others can handle the situation do not entangle yourself. • Do not keep saying yes because of your 'nice guy' hang-up. • Stop killing yourself, keep perspective.
3.	Poor communication	<ul style="list-style-type: none"> • Insufficient feedback • Disorganised use of method 	<ul style="list-style-type: none"> • Gather and analyse on feedback; have meetings to get feedback from others. • Don't be defensive to constructive criticism. • Don't just use a method; think which method (letter, phone, conference, etc.) would be the best. • Adapt your communication to the needs of others.
	Telephone	<ul style="list-style-type: none"> • Not able to terminate Interruption conversations • Lack of delegation • No organisation or plan for handling 	<ul style="list-style-type: none"> • Define pre-set time limits (I can talk for a couple of minutes.) Pre-handle (before we hang up). Be frank and assert that you would like to end now. • Set time for taking calls. Have a screening methodology.
	Unplanned travel	<ul style="list-style-type: none"> • Unclear purpose • Poor use of travelling time 	<ul style="list-style-type: none"> • Set objectives, evaluate alternatives like phone call, letter or conference call. • Take early flights to, late flights out. Keep reference diary/folder in hand-baggage, keep it on the top.

NOTES

		<ul style="list-style-type: none"> • Not delegating while you are away. 	<ul style="list-style-type: none"> • Define what can be done by others while you are out.
	Meetings	<ul style="list-style-type: none"> • Lack of objectives. • Too many/too few • Failure to summarise or follow up. 	<ul style="list-style-type: none"> • Don't meet without a purpose or agenda. • Only involve those who are needed. • Identify which areas need meeting and which don't. Set time limits. • Always summarise conclusions and take commitments.
	Visitors un-announced	<ul style="list-style-type: none"> • Expecting subordinates to check with you excessively. • Wanting to be informed on everything. • No prioritising or planning of your own non-availability. 	<ul style="list-style-type: none"> • Implement 'quiet hour', 'no meeting hour', etc. • Be available but on a need basis. Stand up when people come in, keep standing.
	Lack of self-discipline	<ul style="list-style-type: none"> • Lack of standards • Lack of setting deadlines. • Leaving tasks unfinished. 	<ul style="list-style-type: none"> • Set personal standards for all your key areas (conditions which will exist when the job is well done). • Set deadlines for yourself and for others. • Remember people focus on what you inspect, not expect, including you. • Complete tasks once started.
	Socialising	<ul style="list-style-type: none"> • Desire for change in environment • Thinking it is important for your business. 	<ul style="list-style-type: none"> • Take breaks where no one is working. • Control yourself. • Distinguish between necessary socialising and needless socialising.

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<p>Procrastination</p> <p>Personal disorganisation-Excessive use of paper-work</p>	<ul style="list-style-type: none"> • Doing the easy things first and leaving the difficult for later. • "I will work under pressure," syndrome. • Fear of forgetting. • Fear of loss of control. • "I" syndrome. 	<ul style="list-style-type: none"> • Attack the difficult first, the easy is easy. Recognise this as 'rationalisation'. • "Just do it". • Use a planner. Follow a 'to do list'. Don't try to remember what can be retrieved. • Have systems to provide need based information, do not clutter yourself with all the information and file. • Recognise that excessive power also indicates indecision, procrastination and insecurity.
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2. **Exercise:** Physically inactive individuals have a higher incidence of heart attacks and death than do active individuals. Exercise, as most of the studies indicate, reduces depression, anxiety and phobias. When you do the exercise regularly, the day-long tension on the job is given a decent burial. You focus more on your body than on your mind. Not surprisingly, many organisations nowadays encourage their executives to be physically fit and active. Companies like Infosys Technologies, Escorts, NIIT, Tata group companies have created in-house physical fitness facilities for the benefit of employees.
3. **Meditation and relaxation:** Mind gets the needed relaxation when we engage in a creative hobby like painting, reading, gardening, etc. The wonderful effects of prayer as a relaxation measure have been well-documented in our ancient scriptures. Meditation also helps in putting our nagging thoughts to rest. Meditation is a way of focusing on something in a relaxed state in a serene and quiet environment. You can focus on muscular relaxation, an image, an object, a symbol, a point or anything you like. The advocates of Transcendental Meditation™ have scientifically proved the beneficial impact of the technique on human brain in recent times. The practice of TM involves the use of a meaningless sound called a 'mantra'. A trained instructor individually assigns the mantra to the meditator, and proper use of the mantra is said to automatically reduce the level of excitation and disorderly activity of the nervous system and to quiet the mind while maintaining its alertness. One can sit comfortably with closed eyes and repeat the mantra for about 20 minutes twice a day.

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Biofeedback is another popular relaxation technique. This technique uses sophisticated equipment to observe some of the internal body processes and to report this in observable ways. The equipment is used to measure skin temperature, muscular tension, heartbeat and blood pressure. This information is given to the person in the form of sounds, lights or wavy lines on a graph. When you look at your brain waves or blood pressure, you can begin to control them by observing the internal and external conditions that caused them to change. Once you are aware that your internal body responses are in a state of stress, you can begin to make adjustments by altering the environment or your own frame of mind to reduce your anxiety, tension, stress levels, etc.

An article published in the *Hindustan Times*, dated 31.1.1998 catalogues other individual coping strategies thus:

- *Keep a Pet:* There is nothing funny about keeping a pet. Research has indicated that keeping a pet can be a very effective stress killer. Families that have a dog or a cat or for that matter any kind of pet, suffer from fewer stress related afflictions than families without pets. And you don't require a pedigreed pet to fight stress, even a mongrel is capable of giving you the love and companionship you need to destress yourself. People living in small houses can even settle for a parrot or a goldfish.
- *Say Your Prayers:* Being religious helps in controlling stress. Prayers and meditation done in private often provide cathartic release. Research has proved that faith and religion do wonders for individuals under stress. It could be the comfort, hope and spirituality that come with religious feelings that alleviate tension. 'Don't believe it?' Try singing hymns or bhajans in a group. Not only will you forget your worries, you will come out feeling 'cleansed', refreshed and rejuvenated.
- *Sing Aloud:* It doesn't matter if you don't sound too good or the neighbours object. Singing gives that release of emotions (and power to the lungs) which helps you live with fewer frowns. Shy? Well, one can always start in the bathroom and then graduate to the living room. Singing is an acknowledgement of the wonders of creation, the joy of living and a vocalisation of inner feelings.
- *Laughter, The Elixir!:* Break into laughter and see the tension dissolve around you. A good laugh relaxes the mind, exercises facial muscles, reduces blood pressure and improves circulation. Laughing heartily is one of the best ways of getting rid of the frustration and tensions of modern existence. Develop a sense of humour: it will work wonders for you as well as your family.
- *Sleep Right:* A sleeping beauty is less likely to be prone to stress than a workaholic. Napping and dozing can refresh and relax. Catching those 40 winks is a sure way to peace and tranquility. People with chronic sleep problems tend to get tired and stressed more often than those who manage to grab adequate sleep.
- *Be Good at Loving:* A good lover definitely means leading a good and healthy sex life. Fulfilling and satisfying sex is the key to many problems and is one of the most effective stress busters ever invented. Aerobics, workouts and other forms of exercise can't bring the same amount of benefit and happiness as a good sex life. It can drive away the tensions, relax and soothe as well as exercise the heart too.

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- *Spend Time with Children:* Children have a therapeutic effect on people who spend time playing with them. Their innocence, joie de vivre and capacity for happiness can be infectious. An hour spent with children can bring loads of relaxation and happiness. Parents should spend more time with their children. You'll see stress thinning out once you start interacting with kids. And it doesn't cost too much either.
- *Take a Walk:* Walk in the mornings, walk in the evenings, walk just about anytime. Walk with friends or walk alone but do try long walks for cutting down on stress. Walking is one exercise which doesn't have a cut-off age. It has no side effects, doesn't need any special equipment and can be done anytime. It is also a refreshing exercise which works on almost all major muscle groups.
- *Make Friends:* Friends are for all times, especially when you are down in the dumps and need a shoulder to cry on. They are great sounding boards for your worries and tensions. But one must take care to have a few reliable and good friends instead of several fair weather ones. So go all out and make friends who can help you just as you can help them.
- *Enjoy the Idiot Box:* Watching one's favourite sitcom on TV can be a great relaxant. No matter what people say about the idiot box, it does have some good effects. And one of them is helping you unwind. Put your feet up on a stool, your favourite drink in hand and let the magic of the small screen take over and cast a spell over you. It'll make you forget all the worries and tensions of a long day.
- *Cultivate Interests:* An interesting pastime is one of the greatest anxiety busters. It could be gardening, playing an instrument, reading, writing, cooking, just about anything that interests you. Plants have a very relaxing effect on most people, music too. Some people swear by their books and yet others dabble with paints and brushes. Take up any hobby, let it be one that pleases you most. It need not be a compulsion but an outlet for your creative instincts and energies.
- *Dare to Dream:* Everyone has secret dreams and ambitions. They may be simple or complex but they are closest to our hearts. Most of us don't want to share our dreams with people lest they laugh at us. But the truth is that it is these dreams that keep us going. They add colour to our lives, give us hope and the drive to carry on. And if you find someone to share your dreams with, nothing like it.

Organisational Coping Strategies

Stress management includes stress prevention also. This is best achieved through certain organisational coping strategies. These include:

1. **Role clarity:** Define employee roles clearly. Employees must have a clear understanding of the job. They must know what the company expects and be confident that they can meet these expectations. Stress, most often, occurs when employees are not very sure about their work roles or fear they cannot do their jobs. When excessive stress is present in a role, management can initiate steps such as:
 - Redefining the person's role
 - Reduce overload by redistributing the work
 - Set up procedures to prevent hindrances to work
 - Arrange for a meeting of all those involved in a messy situation and try to find a way out
 - Make the job intrinsically meaningful, challenging and rewarding.

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2. **Supportive climate:** Factors such as freedom to think and act independently, a certain amount of informality with key employees, clear communications, participative decision-making, friendly conversations – all help in reducing stress levels in an organisation. If practised regularly, they also reveal a supportive organisational climate where everybody is willing to contribute his best and share the rewards thereafter. There is very little room for disruptive political games, and conflicts to occur, vitiating the whole atmosphere. A friendly, supportive climate builds trust and confidence among employees and they will be quite happy to extend a helping hand to management, whenever required.
3. **Clear career paths:** To reduce uncertainty, each employee must be sure of where he is heading for, say after 5 years within the same organisation. A clear career path and the job rewards and benefits that follow committed service would go a long way in preventing or reducing stress levels greatly.
4. **Company-wide programmes:** A variety of programmes can be used to manage work stress. These include:
 - Job enrichment
 - Employee counselling
 - Training and development programmes
 - Establishing autonomous work groups
 - Establishing variable work schedules
 - Setting up health clubs and offering health facilities
 - Service benefits including marriage gifts, birthday bonus, transport subsidy, long service bonus (NIIT for example, offers this to those employees who stay with the company for more than 5 years. Infosys Technologies offers the stock option plan to all employees who remain committed and loyal etc.) family planning gifts, health club memberships, credit cards, housing/ car loans, etc.

Management can help reduce stress in the work environment by holding team meetings, using proper management techniques, employing effective communication system, and reducing uncertainty among employees.

Summary

- Grievance is a kind of conflict between aggrieved party and those who caused the reason for grievance. Grievance handling procedure is generally talked about with reference to industrial relations where an employee may have a genuine grievance, against other employees including the supervisor. A grievance is defined as a deviation from expected.
- Stress may be defined as an individual's physiological and emotional response to external stimuli. that place physical or psychological demands on the individual and create uncertainty and lack of personal control when important outcomes are at stake.

- Constructive stress or Eustress has a positive influence on performance. A certain amount of enthusiasm and excitement is needed to put people on the job. Moderate doses of stress would provoke people to face challenges head on. Functional stress helps people to be more creative and helps with problem solving, which in turn inspires people to meet deadlines or achieve something.
- While a certain amount of stress is needed to make people realise their dreams, too much stress can impair relationships and put people on the stretcher. Dysfunctional stress or too much stress (known as distress) can cause people to be overwhelmed anxiety, tension and/or pressure.
- Individuals can have a variety of reactions to job stress. They can react *emotionally* by feeling frustrated or anxious, happy or excited, bored or depressed. They may experience mental blocks, be hypersensitive to criticism or have trouble concentrating. People can also respond to stress *behaviourally*; they may eat more, drink more; lose their appetites; or stop going out socially and mix with people freely.
- **Hindrance stressors**, for example, are those that come in the way of personal accomplishment or goal attainment.
- **Challenge stressors**, on the other hand, demand individuals to complete assignments within a time frame.

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REVIEW EXERCISES

1. What is the meaning of grievance handling? According to the 2010 Amendment of the Industrial Disputes Act, 1947 every industrial establishment should have a Grievance Redressed committee to settle up disputes. What are their functions?
2. What is the meaning of stress? How do you differentiate between pressure and stress?
3. What is perception? Explain uncertainty.
4. Explain constructive stress and destructive stress? What is dysfunctional stress?
5. Explain the Generation Adaptation Syndrome Model.
6. Explain the main sources or causes of an organisational stress.
7. State a few essential tips of Time Management.
8. How does one change one's own frame of mind to reduce anxiety, tension and stress levels?
9. Stress management is best achieved through certain organisational coping. What are they?
10. Explain few time wasters: Causes and Solutions.

NOTES

12. ORGANISATIONAL CHANGE

STRUCTURE

- 12.1 Introduction
 - 12.2 The Process of Planned Change
 - 12.3 Forces for Change
 - 12.4 Responses to Change
- Summary*
Review Exercises

12.1 INTRODUCTION

Everything in this world is subject to change. Technologies change rapidly. Competition springs up surprises almost every day. New products hit the markets in quick succession turning even successful products into obsolete ones. Economic shocks occur every now and then. Regulatory mechanisms may hit companies from any corner. Workers and unions might come up with a new charter of demands without giving any notice. Too much is changing too fast for an organisation or its managers to be complacent. Today, as never before, organisations are facing an environment that is undergoing rapid changes and the primary job of managers is to help organisations respond and adjust to the changes taking place. To be successful and to play a long innings, organisations have to adapt and change continually in order to stay ahead of others in the competitive race. (M. Beer)

Organisational Change

Organisational change may be defined as '*the adoption of a new idea or behaviour by an organisation*' (Daft). It is a way of modifying an existing organisation—any alteration of people, structure or technology. The purpose of undertaking such modifications is to increase organisational effectiveness, i.e., the extent to which an organisation achieves its objectives. Organisational change is largely structural in nature as it brings about modifications in organisational structure, methods and processes. Most managers agree that if an organisation has to be successful, it must change *continually* in response to significant developments such as customer needs, technological breakthroughs, economic shocks and government regulations. It is not sufficient today to simply react to change. Managers need to anticipate change and ideally be the creator of change. Managers who undertake appropriate changes at a right time achieve success and put

their organisations ahead of others in the race. World-class companies, in fact, turn in extraordinary performance by putting things in place in sync with changing conditions. They change continuously, driving for progress via adaptability, experimentation, trial and error, entrepreneurial thinking and fast action. They do not focus on beating the competition; they focus primarily on beating themselves.

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How Samsung had to Destroy its Own Products to Change for Better!

Remember how Samsung changed over the years! It is a pretty interesting story. In early 1970s, Samsung began selling black and white televisions in Korea. Twenty years later Samsung chairman Kun-Hee-Lee visited Los Angeles to find where the company products stand in comparison to rivals. Sony, Nokia and Motorola products were going off-the-shelves in a brisk manner and Samsung products were pushed to a corner. Even sales clerks labelled the company products as low quality knockoffs, suitable only for the bargain bin. Back home, things were no better. To celebrate the company's survival skills for over two decades, Lee distributed mobile phones to friends and colleagues. Many complained that the phones were defective. Humiliated, Lee ordered that \$50 million worth of inventory be destroyed in broad daylight in front of employees. As workers watched smashing of phones, fax machines and other electronic products, there is a growing realisation that the company must innovate and change. It must focus on innovation and not imitation. Over the years, it has changed for better and better and is occupying a place of pride in most countries where its products are being sold currently.

Source: Bill Breen, "The Seoul of Design", Fast Company, 2005

The Dilemma of Change

Stability vs. Change

Organisations desire change in order to remain competitive, in order to remain in harmony with the ever-changing environment. Organisations also want to achieve internal stability because of the predictability and certainty it provides. As such, organisations sit on the horns of a dilemma with reference to change. Organisations handle the *stability-change dilemma* depending on the amount and type of innovation required. The organic organisation is, for example, suitable when frequent technological changes are required. The organic organisation is always oriented towards change rather than stability. Mechanistic organisation, on the other hand, is oriented towards technological stability. Organisations, thus, resolve the stability-change dilemma by structuring in an organic way when the organisation needs new ideas and frequent changes, and by structuring in a mechanistic way, whenever possible, to obtain efficiency. The point is that to resolve the dilemma, organisational change process must be managed. To the extent change is planned, uncertainty and unpredictability is reduced.

What Type of Change?

Changes can be seen in a variety of ways. This poses another major dilemma.

- **Evolutionary Changes:** Some changes are evolutionary in nature and do not greatly violate the traditions and *status quo* expectations. They are usually

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piecemeal, take place one by one. Because they are adjustments within the *status quo*, they seldom promote great enthusiasm, arouse deep resistance, or have dramatic results. Since they do not constitute significant departures from the past practices, they are unlikely to provoke resistance. One limitation of such changes is that they are very slow and organisation may fall behind the requirements.

- **Revolutionary Changes:** Changes sometimes may be cataclysmic. The revolutionary changes result in overturning the status quo arrangements, cause violations, rejections or suppression of old expectations. The revolutionary churning generally pose strong resistance and sometimes only an exercise of power can order the implementation of such changes. Revolutionary changes are rarely introduced except where situation becomes highly intolerable having no other acceptable options. The main instruments of revolutionary change are reengineering, restructuring and innovation (discussed earlier in other chapters).
- **Reengineering:** It is the radical redesign of organisational processes to achieve major gains in cost, time and provision of services. It forces the organisation to start from the scratch to redesign itself around its most important processes rather than beginning with its current form and making incremental changes.
- **Restructuring:** Restructuring typically involves reconfiguring the distribution of authority, responsibility and control in an organisation. An organisation that resorts to restructuring usually attempts to simplify its organisational structure by eliminating divisions, departments or levels in the hierarchy, and downsize (planned elimination of jobs in a firm) employees with a view to lower operating costs. Thus, when Hewlett-Packard spun off its medical and instruments business, creating Agilent, it used structural redesign to create a radical organisational change.
- **Innovation:** Innovation is the process of creating and implementing a new idea. It is the successful use of skills and resources to create new technologies or new goods and services so that an organisation can change and better respond to the needs of customers. Apple Computer, for example, changed the face of the computer industry when it introduced its personal computer. Honda changed the face of the small motorbike market when it introduced small 50cc motorcycles. Innovations demand attention, energy and resources. They are difficult to manage when the companies fail to run the show in sync with changing expectations of customers. Cell phone users have started demanding new features—such as calendars, colour screens, word processing games, digital cameras built into their phones—and the early entrants like Nokia, Motorola responded to those demands very late—only to find their market being take away by players like Sony, Apple, Samsung, etc.
- **Planned changes:** A new and scientific way of viewing change is “the planned alteration in the existing organisational system”. Planned organisational change is the intentional attempt by an organisation to influence the *status quo* itself. Planned changes are made by the organisation with the purpose of achieving something that might otherwise be unattainable, or accomplishable with great difficulty. Through planned changes organisations reach new frontiers and progress more rapidly toward a given set of goals and objectives.

Starbucks Way of Retaining its Customers

Starbucks, the coffee house giant, is demonstrating its proactive stance by examining various ways to retain its current customers and attract the next generation of young coffee drinkers. It has gone so far in its consumer assessment methods—as to hypnotize a group of 20+ year olds to try to find out what they really think about Starbucks. Among the early results of such assessment is the company's establishment of Starbucks Express, which allows customers to e-mail their orders to the stores they patronise, which then will have their coffee waiting for them in personalized cups when they arrive.

Source: S. Holmes, "Planet Starbucks", September 9, 2002.

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Planned change has two important goals. First, it seeks to improve the ability of the organisation to adapt to changes in its environment. Second, it seeks to change employee behaviour. To survive in a competitive world, the organisation must respond to changes in an intelligent way (stimulate innovation, empower employees, create work teams, find new products, etc.). It must also make employees learn new ways of doing things by changing their behaviour.

Features of Planned Change

- It is deliberate, systematic and intentionally undertaken.
- It takes place in all organisations at varying speeds and degrees of importance.
- It takes place in all parts of an organisation.
- It challenges the *status quo* and sets the organisation on a new path.
- It can have positive as well as negative impacts. When viewed positively, employees accept and undertake change enthusiastically. If employees look at it in an unfavourable way, they tend to oppose it vehemently.
- Planned change may focus on organisation's technology, products, markets, processes, people, etc.
- Planned changes are difficult to bring about, costly and time consuming.

Reactive Change versus Proactive Change

Reactive change implies making changes in response to problems or opportunities as they arise. It occurs when an organisation is forced to change in response to some event in the internal or external environment. New strategic moves initiated by competitors and new scientific or technological discoveries are oft cited reasons for reactive change. Declining organisational performance is another trigger for reactive change. In 2006 **Bausch & Lomb**, the Rochester, New York maker of eye care products faced one of the worst problems in its life. The contact lens users developed a peculiar fungal eye infection when they used B&L's contact lens cleaner—leading to blindness. When over 100 cases were brought to the notice of public health care officials, they examined the company's South Carolina plant to see whether the public outcry against the product was justifiable. In the interim B&L continued to sell the product. Looking at the possibility of endless lawsuits that could threaten its future, the company finally announced a full United States recall, followed by a global withdrawal. Four months later B&L lost considerable market share, was facing legal costs related to the recall,

and had slashed its 2006 revenue forecast by 80 per cent. Reactive responses of this nature, of course, did not go well with consumers and it took a painfully long time for the company to come out of the negative image.

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Proactive change takes place when managers make organisational modifications in anticipation of possible or expected problems or opportunities. The best run organisations generally look for better ways to do things in order to stay ahead of competition. They constantly fine tune their policies and practices, introduce technological improvements and establish benchmarks for customer satisfaction. Visionary leaders invest their time and energies in such fruitful exercises even when there is no apparent crisis. Because there is no crisis, the change can be planned meticulously and introduced gradually. It is worth noting here, proactive change is the change initiated by an organisation because it is identified as desirable (i.e., it is not forced on the organisation). On the other hand, reactive change is the change implemented in an organisation because it is made necessary by outside forces.

There is no close agreement among the researchers about the extent to which organisation change occurs. Perrow describes change as "glacial", whereas Griener considers change as 'revolutionary', rather than 'evolutionary'. But change is 'real' and organisations must cope with it or fail to survive. The following summarises the major types of organisational change (D.A. Nadler)

Major Type of Organisational Change

- **Anticipatory (proactive) Changes:** They are systematically planned changes intended to take advantage of expected situations.
- **Relative Changes:** They are those changes that are forced on the organisation by unexpected environmental events or pressures.
- **Incremental Changes:** They involve sub-system adjustments needed to keep the organisation on its chosen path. Intel and other chip producers must continually upgrade their manufacturing equipment just to remain competitive.
- **Strategic Changes:** They alter the overall shape or direction of the organisation. For example, adding a night shift to meet unexpected demand for the company's product is an incremental change. Switching from being a software trainer to being a software developer would be a strategic change (NIIT, for example).

12.2 THE PROCESS OF PLANNED CHANGE

According to Kurt Lewin, a person's behaviour is the product of two opposing forces. One force would seek to preserve the status quo (restraining force) and the other force pushes for change (driving force). When the two opposing forces are approximately equal (equilibrium) current behaviour is maintained. For behavioural change to take place, the forces maintaining the status quo must be overcome. This can be achieved by increasing the forces for change or by weakening the forces for status quo or by a combination of these actions. For example, a manager may believe that not giving any relaxation time to employees during lunch and tea breaks might bring more discipline and improved performance (driving forces). But the employees may turn

hostile, develop distrust and offer greater resistance (restraining forces). Therefore, the natural tendency of the manager would be to explain and go slow in a step-by-step manner till he is able to secure compliance to such an order. Driving forces, generally, activate their own restraining forces. Decreasing the restraining forces, as explained above, is a more effective way to encourage change. Lewin's model reminds us to look for multiple causes of behaviour rather than relying on a single cause. The equilibrium also reveals that organisations have forces that keep from falling too low, as well as forces that keep it from rising too high.

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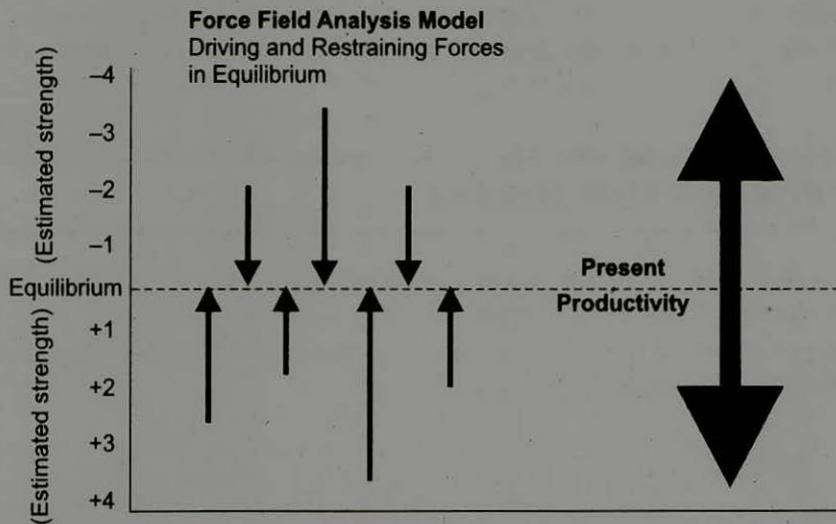


Fig. 12.1 Kurt Lewin's Force Field Analysis Model

To initiate planned changes, managers have to remove or weaken the restraining forces and work toward creating or strengthening the driving forces that exist in organisations. Lewin also studied the process of bringing about effective change. Usually, individuals experience two obstacles to change: (i) they are unable or unwilling to alter long established attitudes and behaviour for various reasons; (ii) they may try to do things differently but return to traditional ways after a short time. To overcome this, Lewin proposed a three-step sequential model of the change process.

- **Unfreezing:** Unfreezing is the process by which people become aware of the need for change. It involves breaking down of the existing mores, old taboos and traditions. The key point here is to make people understand the need for change and why the orthodox and conventional methods need to be discarded in favour of a new dynamic behaviour that is most appropriate to the situation. Eliminating the rewards for current behaviour is one way of making people realise that such behaviour is not valued. The essence of this unfreezing phase is that the individual is made to realise that his beliefs, feelings and behaviour are no longer appropriate or relevant to the current situation in the organisation.
- **Changing:** It is the phase where new learning occurs. When the individuals are convinced that their behaviour is inappropriate, they happily come forward to accept the change. In order to change, it is not enough to sense that the current behaviour is inadequate. The necessary condition is that various alternatives or behaviour must also be made available in order to fill the vacuum created by unfreezing phase. During this phase of 'changing' individuals learn to behave in

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new ways; the individuals are provided with alternatives out of which to choose the best one. The rationale for the change may be explained. Training may be offered to help employees develop new skills they need. To obtain best results, the new behaviours must be carefully and sensitively taught.

- **Refreezing:** During this phase, individuals internalise the new beliefs, feelings and behaviour learned in the 'changing' phase. That is to say a person accepts the new behaviour as a permanent part of his behaviour repertoire. He has to practice and experiment with the new method of behaviour and see that it effectively blends with his other behavioural attitudes. Refreezing happens when the changes made are incorporated into employees' new ways of doing things and the organisations' ways of operating.

12.3 FORCES FOR CHANGE

Organisational changes do not occur spontaneously. They occur when the forces encouraging change become more powerful than those resisting change. These forces to change can be either internal (emanating from within an organisation) or external forces (coming from outside an organisation).

Internal Forces

1. **Increased Size:** Increased size is followed by major shifts in internal structure (increased specialisation, growing complexity, etc). As organisations prosper and grow in size, they generate more resources. These resources help them seize new opportunities, enter new markets, experiment with novel ideas, etc. They tend to be more flexible and open to change.
2. **Performance Gaps:** When there is a gap between set targets and actual results in terms of market share, profits and employee productivity—it's time to change, innovate and go ahead. If companies do not change hats and switch gears quickly, they may go off-the-track and reach a dead-end, too soon. Like success, thus, disappointing performance can be a stimulus for change.
3. **Employee Needs and Values:** Effective organisations have to tune their policies and procedures in line with employee needs and values. Attractive financial incentives, challenging assignments, vertical growth opportunities are all part of the same game. If employees change their attitudes toward financial rewards and expect more freedom and autonomy at work followed by flexible schedules, organisations, too, must follow the suit.
4. **Change in the Chief Executive:** One of the frequently cited reasons for major changes in an organisation is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Managerial behaviour is always subjective so that a newly appointed manager might favour different organisation design, objectives, procedures and policies than a predecessor. The newly appointed manager or the newcomer usually begins by examining the structure below him to see whether it corresponds to his ideas. If it is not so, he indulges in making sweeping changes. Thus, the filling of the top vacancies

where the new person comes in from outside presents a strategic opportunity for re-examination of the entire structure and explanation of the changes to the people who are affected. The point to note here is that the managerial differences cannot be overlooked, for inevitably they will influence task performance.

External Forces

Technology

The pace of technological change is increasing and literally wiping out businesses every day. Advancements in technology can dramatically affect organisation's products, services, markets, suppliers, distributors, competitors, customers, manufacturing processes, marketing practices and competitive position. New products could hit the market with electrifying speed. New markets could sprout up from nowhere. The emergence of low-cost, 'Nano' car from Tata Group in recent years had virtually compelled every player in the automobile industry to look at the entry-level car segment more closely. Technological changes can reduce or eliminate cost barriers between businesses, create shorter production runs, lead to shortages in technical skills and could even turn the customers against the company if it fails to meet expectations. No company, unfortunately, is insulated against emerging technological developments (F.R. David).

Technology as a Source of Competitive Advantage

The technology of an organisation's input, conversion, and output processes is an important source of a company's competitive advantage. Why is Microsoft the most successful software company? Why is Toyota the most efficient car manufacturer? Why McDonald's is the most efficient fast-food company? Each of these organisations excels in the development, management and use of technology to create competences that lead to higher value for stakeholders.

Organisations with outdated technology are either shown the door or decimated quickly. Furthermore, technological change in recent times has become increasingly diverse and complex. Its pace is stepping up, making the executives more and more concerned with the adequacy of organisation structure (and new forms of organisation) to meet and match the needs. New technology will affect organisations in ways we cannot yet predict. It is not entirely without reason that mass customization is gaining popularity among leading firms too. You can now buy clothes cut to your proportions, supplements with the exact blend of the vitamins and minerals you like, CDs with the music tracks you choose and textbooks whose chapters are picked out by your professor. Companies are able to make these bold moves because they are able to organise around a dynamic network of relatively independent operating units. The Internet and the World Wide Web are changing the way companies and individuals communicate, market, buy, and distribute faster than organisations can respond.

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Experts are unanimous in their opinion about IT and its impact on organisations. They are of the opinion that IT:

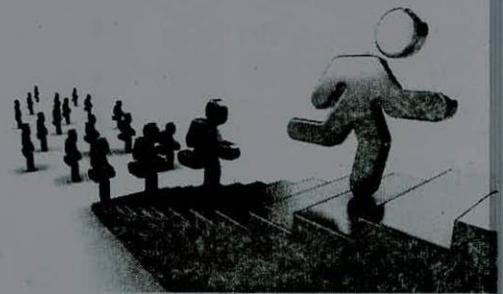
- Changes almost everything about a company—its structure, its products, its markets and its processes.
- Increases the value of invisible assets, such as knowledge, competencies, and training.
- Democratizes a company because employees have more information and can talk to anyone in the company.
- Increases the flexibility of work by allowing more people to work at home, on the road, or at hours that suit them.
- Allows companies to unify their global operations and to work 24-hour day spanning the world. (Hellriegel and Slocum)

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Competition

Competition in virtually all industries is intense and sometimes cut-throat. Most companies are fighting a *do-or-die* battle for survival. The rising oil prices, stock market crash, internet bubbles, collapse of banks and financial institutions, crashing real estate markets, rising unemployment, corporate crimes and scandals have complicated matters

further, especially after 2007. Cash-hungry companies are finding it difficult to experiment with new ideas. Companies with heavy debt burden find it very tough to carry out business in the traditional way. Customers have begun to question the way a shampoo is priced, a car is manufactured and service warranty is written for say, an air conditioner. Any company that is not able to run the race in terms of price, quality, speed, efficiency, etc., is shown the door without any mercy. To survive in this economic jungle, companies are trying every trick in the book to woo customers away from competitors through cost-effective, high-quality innovative products and services. To this end, factories are organised around products—working with self-managed teams taking appropriate decisions at the shop floor level itself while actually doing the job, instead of relying on top management. Quality, speed and flexibility are the new corporate mantras. *Lean manufacturing* is the order of the day. Lean manufacturing is based on a commitment to making an operation both efficient and effective; it strives to achieve highest possible productivity and total quality cost effectively by eliminating unnecessary steps in the production process and continually striving for improvement. New alliances are formed, sometimes even with rivals just to withstand economic shocks and stay afloat. Cooperative agreements between competitors, not surprisingly, are gaining popularity in recent times.



Social and Political Changes

Cultural, social, demographic, political and environmental changes have a significant impact upon virtually all products, services, markets and customers. Social trends keep changing, thanks to the ever-changing consumer tastes and preferences and

the heightened competition in the marketplace. People share information in Internet chat rooms. The percentage of women in the workforce is rising steadily. Workforce diversity in terms of race, religion, region, educational background, age, skills, etc., is something that every company must look into carefully and adjust its antennae accordingly. Consumers keep chasing discount stores in order to maximise their return as well as satisfaction. There is, of course, the growing realisation that business cannot survive without consistent support and continued blessings from government. Many new legal provisions in the corporate sector get introduced every time, affecting the organisations. For example, changes in patent laws, anti-trust legislation, tax rates and lobbying activities can impact firms significantly. The increasing global interdependence among economies, markets, governments, and organisations make it imperative that firms consider the possible impact of political variables on their internal policies and strategies. In short, organisations cannot afford to be rigid and inflexible in the wake of environmental pressures; they must be dynamic and viable, so that they survive.

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Certain Other Forces: The Domino Effect

Another main source of change is the change itself. Domino effect is one in which one change touches off a sequence of related and supporting changes. For example, creation of a new department may cause the introduction of new managerial positions, changes in assignments within other departments, reallocation of tasks, etc. Other departments might have to realign their structure, tasks, missions and staffing. Most of the managers fail to consider the potential domino effects. Such an oversight might lead to the problems of coordination and control. Before any significant change is made, the possible consequences of that change must be evaluated and examined to see whether undesirable chain reactions occur.

12.4 RESPONSES TO CHANGE

The response to change depends on the perception of the employees about change. Perception, in turn, depends on attitudes. Different individuals react differently to a given change depending on their attitudes. It should, however, be noted that though people react individually and differently to change, they sometimes unite through social actions to make a uniform response (in such situations as slowdown or walk out). Therefore, one important task of a manager introducing change is to study and understand employees' attitudes so as to create a positive response. A manager can understand human attitudes by studying the factors on which these attitudes depend. According to psychologists, a person's attitude depends on three sets of factors—psychological, personal and social factors. Evaluation of change in the light of these factors leads to one of the four basic reactions—rejection, resistance, tolerance and acceptance. A comprehensive view of these attitudes and reactions is presented in Fig. 12.2.

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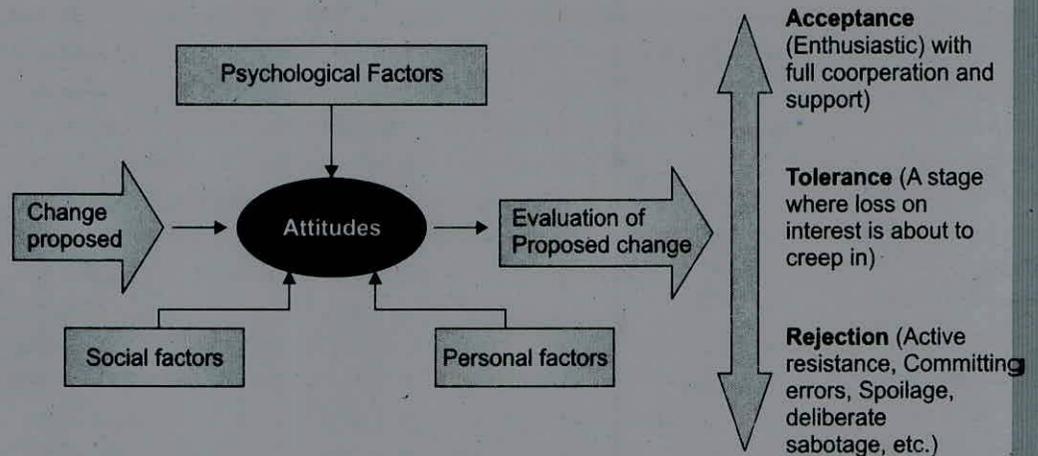


Fig. 12.2 Responses to Change

If an employee perceives himself as capable of adjusting to change without an overwhelming degree of personal sacrifice, and if he views the outcome of the change as largely beneficial, he may psychologically adopt a positive attitude towards the change. On the other hand, if the worker feels incapable and insecure and fails to notice many personal benefits forthcoming from change, his psychological attitude may be negative and in opposition to change.

Types of Planned Change

The next question is what can a change agent or manager change? The options fall into four categories: Structure, Technology, Task and People.

1. **Structural change:** Structural change is change aimed at increasing organisational effectiveness through modifications in the existing organisational structure. The structure-focused change efforts may include:
 - (i) Changing the number of organisational levels.
 - (ii) Altering the span of management.
 - (iii) Changing from one base of departmentation to another base (functional to product type).
 - (iv) Altering the line and staff, and functional authority relationships,
 - (v) Bringing in more rules and procedures to increase standardisation, etc.
 A manager's strategy here, sometimes, is reorganisation. Reorganisation involves entirely redesigning of the organisation structure. It also calls for remarkable changes in the departmentation, span of control and coordination. Reorganisation has proved to be an effective and most widely used strategy in the case of serious problems.
2. **Redesigning Tasks:** Here change efforts focus on increasing the scope or diversity and depth of the job. By job scope, we mean the number of operations performed by the job holder and the frequency of the operation of the job cycle. Instead of only sorting the incoming mail by department, for instance, a mail sorter's job could be enlarged to include physically delivering the mail to the various



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departments. Thus, job enlargement extends the worker's present job to include more tasks of a job. The process of upgrading, enlarging and enriching a job is called vertical job loading or job enrichment, increasing the depth of a job). Vertical job loading entails redesigning jobs to give greater responsibility, autonomy, and a sense of challenge and achievement to the job holder. To this end, change agents may modify job descriptions, introduce flexible working hours, change compensation system, bring in performance-based rewards, etc.

3. **Changing Technology:** A technology change is concerned with organisation's production process—how the organisation does its work (efficiently or not). Competitive forces often compel managers to introduce new equipment, tools or operating methods. Efficient handling equipment, furnaces, and presses have been introduced to reduce the cost per tonne of steel. Computerisation and automation have changed the face of automobile manufacturers, process industries, etc. everywhere now. Technology-focused changes comprise of: (i) Changing problem-solving and decision-making procedures. (ii) Introduction of computers to facilitate managerial planning and control. (iii) Converting from unit production to mass production technology, and, (iv) Introduction of sophisticated management information systems.
4. **Culture/People change:** People change emphasises increasing organisational effectiveness by changing attitudes, skills, perceptions, expectations and values of organisation members. Managers generally initiate such a change when the performance gaps occur due to employee-related problems. Competitive wages, performance-based bonuses, creating promotional avenues, offering training programmes, are all steps intended to bring about positive changes in the attitudes of employees. OD interventions are basically meant to change people and improve their working relationships.

A strategic change often requires changing the culture of an organisation. A culture change refers to a change in employees' values, norms, attitudes, beliefs and behaviour. Fuji-Xerox, for example, took several steps to implement such cultural change. It created a new set of "heroes", individuals and teams who were publicly congratulated whenever their behaviour reflected Fuji's new values of quality, teamwork and customer focus. Leaders, often, play a great role in coaching the values that they want to emphasise. For example, Wal-Mart's founder Sam Walton embodied the values of hard work, honesty, neighbourliness and thrift that he wanted Wal-Mart employees to follow. Although one of the richest men in the world, he drove a pick-up truck, a preference he explained by asking, "If I drove a Rolls Royce, what would I do with my dog?" Much the same way, the Former Chairman and Managing Director of Infosys Technologies, N R Narayana Murthy lead the company by example, setting impossible targets, putting in 70-90 hours each week, sharing wealth with all employees, and sticking to personal values that he often preaches (such as not using company resources for personal use, sharing information with all, never violating laws, having a simple down-to-earth life style, sending children by bus, not employing a domestic help, not allowing his IIT-gold medallist wife to set foot in his office, travelling economy class and staying in budget hotels, etc.). He believes that "leadership is about making what seems impossible. It's about changing the perception of what reality is".

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Culture is something which is created by the actions of leaders; it is institutionalised by leaders; and when it becomes dysfunctional, leadership is required to change it. According to Schein, what a CEO needs most is an understanding of how culture can help or hinder the organisation in attaining its mission and the skills to make the appropriate changes.

Resistance to Change

Resistance to change may be individual or organisational. People resist change for a variety of reasons: fear of losing job, obsolescence of skills, disturbance in the status quo and social relationships, etc. Organisations, too, resist changes because of resource constraints, difficulty in bringing about structural, technological changes, etc. Let's examine these in greater detail.

Economic Reasons

1. **Fear of economic loss:** Employees often feel insecure about loss of employment and economic benefits such as: (i) Fear of technological unemployment, (ii) Fear of reduced work hours and consequently less pay, (iii) Fear of demotion and thus, reduced wages and (iv) Fear of speed-up and reduced incentive wages. Machines, computers and Robots have destroyed thousands of jobs in the recent past. Employee fears in this regard, therefore, seem genuine and well-founded.
2. **Obsolescence of Skills:** Change may render existing employee skills and knowledge obsolete. What they have been doing for ages together might be under threat. If employees feel that they do not possess requisite skills that are currently in demand, they resist changes quite seriously.

Personal Reasons

1. **Fear of Unknown:** Change is resisted often because of its unknown consequences. When people do not know exactly the consequences of change, they are likely to resist it with all their might. For example, a bank employee may resist posting to a rural branch because of the anxiety of unknown area. Female clerks in Indian banks often refuse promotions because promotion requires relocating. In all such cases, employees do not know how a change will affect them and worry about whether they will be able to meet the demands of a new procedure, technology, or location.
2. **Status quo:** People like *status quo* because they have adjusted to the demands of a job over a period of time. Change would render all such experience, knowledge and learning somewhat useless. When introduced, change would require people to learn new or even difficult ways of doing things. This means loss of expected rewards, convenience and comforts. This kind of emotional turmoil forces them to embrace *status quo* arrangements passionately. Why to rock the boat and invite trouble?
3. **Self-interest and Ego-defensiveness:** Employees typically resist a change they believe will take away something of value. A proposed change in job design, structure or technology may lead to a perceived loss of power, prestige or company benefits. Many impending changes threaten the self-interests of some managers in the organisation. A change may diminish their power and influence

within the company, so they fight it. Again, a sales person's suggestion to expand sales by offering seasonal discounts may be turned down by the branch manager who thinks the sales executive might steal the credit (different perceptions).

Social Reasons

1. **Social Displacement:** Change often causes social displacement of people by breaking informal groups and friendly relationships. Employees get emotionally upset when friendships breakdown. They dislike new adjustments, new groupings and new relationships brought forward by change efforts and resist vehemently.
2. **Peer pressure:** People may resist change because of peer pressure. As individuals they may like computerisation, but refuse to accept it for the sake of the group. Any change that upsets group norms is likely to be opposed, even if it is known to have a positive impact.

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Organisational Issues

1. **Threats to Power and Influence:** Some people consider change as a potential threat to their position and influence in the organisation. Novel ideas and the new use of resources can disrupt the power relationships and therefore, are often resisted at organisational level. Especially people who are occupying the top place in the organisation resist some changes because any change might threaten their existing power. That is to say people resist change on the ground that it might affect their position-power.
2. **Organisation structure:** Some organisational structures have inherent forces acting against change. In a bureaucratic structure, for example, jobs are narrowly defined, lines of authority are clearly spelt out, information flows from top to bottom. In such an organisation, novel and innovative ideas do not find favour and are screened out. The structural inertia favours stability and *status quo* rather than change and innovation.
3. **Resource Constraints:** An organisation, many a time, operate under some resource constraints. If the resources with which to operate are available in abundance there will be no problem of introducing change. But the necessary financial, material and human resources may not be available to the organisation to make the needed changes.
4. **Sunk Costs:** The plight of some companies is such that heavy capital is blocked in the fixed assets. If an organisation wishes to introduce change then difficulty arises because of these sunk costs. Sunk costs are not restricted to physical things alone; further, they can be expressed in terms of people also. For instance, some members in the organisation retain their jobs by virtue of enough seniority, though they do not significantly contribute to the organisation. Unless they are motivated properly to higher performance, the payments for their services (for example, fringe benefits, salaries, and other payments) represent the sunk costs for the organisation.

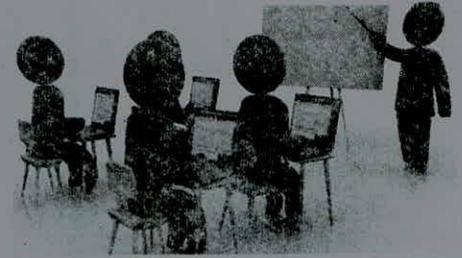
Overcoming Resistance to Change

Some of the approaches, at the individual level as well as group level, designed to reduce resistance to change may be listed thus:

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1. **Education and Communication:**

One of the easy ways to overcome resistance to change is to help employees understand the true need for a change as well as the logic behind it. Tell them clearly as to what is going to occur and why to dispel their fears. To this end, A manager



should specifically explain things like: (i) What the change is. (ii) When it is to be introduced. (iii) How it will be implemented. (iv) Why the change is required. (v) What is the basic purpose of change. (vi) How the change is going to help them. When employees realise the need for change and understand the logic behind it, they tend to accept it easily. However, it is a very time consuming approach. Managers have to explain everything patiently in order to gain acceptance from employees.

2. **Participation and Involvement:** Participation is another key concept in gaining acceptance. If people participate in what is happening, they will be more likely to go along. They get a chance to express their opinions freely, get their doubts clarified and understand the perspective of others. As a result, uncertainty is reduced; self-interest and social relationships are less threatened. Involving users and potential resisters in the change process has other benefits also. It helps managers identify potential problems and understand the differences in perceptions of change among employees. After a series of discussions, any change effort that is likely to be made is going to be accepted wholeheartedly. People generally support what they help create. People who participate will be committed to implementing change. However, it is a time consuming and costly exercise.

3. **Facilitation and Support:** Change agents can offer a range of supportive efforts to reduce resistance. Compassionate and sympathetic listening may be used to reduce employee's fears and anxieties. Managerial support can also come in the form of special, new-skills training; job stress counselling and compensating time-off. The approach, obviously, rests on the belief that people have the ability to solve their own problems with the help of a sympathetic listener. The role of the manager as a facilitator is one of understanding and perhaps advising rather than passing judgement. This requires a somewhat permissive and friendly atmosphere.

4. **Negotiation and Agreement:** Sometimes management can neutralise potential or actual resistance by exchanging something of value for cooperation. It can offer rewards to those who go along with the change. It can also agree to protect those who will potentially be damaged by the change. Every attempt can be made to see that people do not lose their face in the change process. Unions and their representatives who bargain for their members should be allowed to air

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their opinions freely so as to have a clear picture of what they stand for. When management is able to strike a deal by offering something of value, an agreement is reached. Negotiation as a tactic works when resistance comes from a powerful source. Its cost can be quite high when the field is wide open to several contending groups. As commented by Robbins, "there is the risk that, once a change agent negotiates with one party to avoid resistance, he or she is open to the possibility of being blackmailed by other individuals in positions of power".

5. **Manipulation and Cooptation:** Manipulation occurs when managers selectively withhold undesirable information, create false rumours, distort facts to get potential resisters accept the change. In cooptation, the change agent seeks to buy off the leaders of a resistance group by giving them a key role in the change process. This method, however, is not a form of participation because the change agent does not really want advice from those co-opted. In this sense, cooptation would prove to be a non-productive, self-defeating exercise. People who feel that they have been tricked, are not being treated fairly, or are being lied to, are likely to respond negatively to a change. Once the co-opted members discover the tactics, the change agent's credibility may nosedive.
6. **Coercion:** In coercion, managers use formal power to force employees to change. Resisters are told to accept the change or lose rewards (threats of transfer, loss of promotions, negative recommendations) or even their jobs. This approach may not pay in the long-run because employees feel like victims, are angry at change agents and may even sabotage the changes. In critical situations where an urgent response is required, coercion works.
7. **Group Dynamics:** Forces operating within groups can be used to overcome resistance to change. A group can be very effective in changing members' attitudes, values and behaviour especially in those areas as are related to the purpose of the group. In a group where members share perception that change is required, change can be easily implemented. The source of pressure for change lies within the group. Likewise, open communication with group members helps in resolving knotty issues amicably and implement the change smoothly.



Management of Change

In large-scale organisations, changes seldom occur without a bit of chaos. Usually change agents try to minimise it by imposing some order on the change process. Change becomes orderly when it is planned and implemented in a systematic way. The process of planned change comprises the following steps.

1. **Identify the Need for Change:** First of all, the manager should identify the forces demanding change. These forces, thus, may be internal or external. Internal forces

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include: (i) Employee turnover, (ii) Change-related role conflicts, (iii) Mounting problems from its growing size, and (iv) Any other internal changes (for example, introduction of new department due to expansion in sales, production, etc.). External forces demanding change, on the other hand, include: (i) Technological changes, (ii) New marketing strategies, (iii) New production techniques, etc. These forces may not demand change but some may require immediate and careful attention of management. The minor forces, therefore, must be isolated and the focus must shift to the major ones. Feedback information, control mechanisms generally help in identifying where major gaps have occurred between the desired performance and the actual performance in key areas. A performance gap is the difference between what the organisation wants to do and what it actually does. A careful examination of performance reports would help the manager put the finger on the problem causing trouble.

2. **Diagnose the Problem:** This step involves the identification of the root cause. "Most organisational problems have multiple causes; seldom is there a simple and obvious cause and seldom does only one perspective needs to be considered." Several techniques may be used, therefore, for diagnosis, e.g., interviews, attitude surveys, team meetings, questionnaires, etc. Where the problem can be traced to a single department, the focus of diagnosis is limited to that area. If the problem has wider implications and affects a large number of departments, organisational analysis is required. Organisational analysis includes exhaustive study of organisational goals, principles, practices and performance at a macro level. After such an exhaustive analysis, the change agent would be in a position to identify the areas where modifications have to be made. It must be realised here that a change in one part may affect other parts of the organisation (as shown in Fig. 29.3 through the arrows connecting the type of change). A new product may require changes in technology, and a new technology may require new people, skills or a new structure.

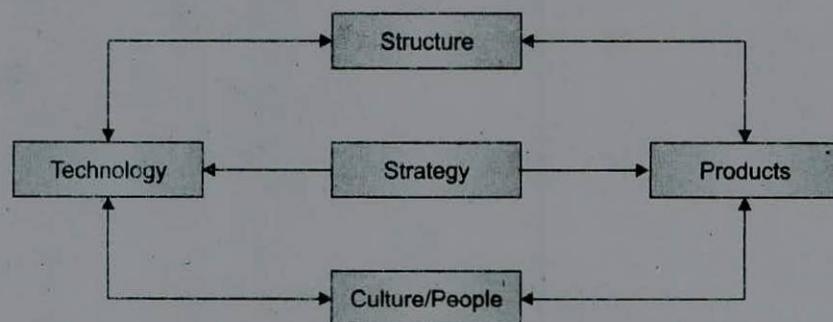


Fig. 12.3 Types of Organisational Change

3. **Plan the Change:** This is a crucial step in the management of change. It involves answering three important questions: (i) when to bring the change (timing); (ii) how to bring the change (methods); and (iii) who will introduce the change (Change agent). While introducing change, reactions from people must be carefully assessed. People affected by change must be consulted; the likely impact should be explained patiently; sufficient time to pick up new skills should be given and adequate rewards to those who follow change should be indicated.

As a rule, individuals should get information that will help them answer the following change-related questions (Kotter). (i) Will I lose my job? (ii) Will my old skills become obsolete? (iii) Am I capable of producing effectively under the new system? (iv) Will my power and prestige decline? (v) Will I be given more responsibility than I care to assume? (vi) Will I have to work for longer hours? And (vii) Will it force me to betray or desert my old friends? In addition, selection of an appropriate method is essential to bring about changes in technology, products, structure, strategy or people. Changing structure involves reorganisation of the departments, re-specification of span of control, decentralisation, etc. Changing task includes job enrichment, job specification and specialisation, and job redefinition or any other changes concerned with the task of employees. Changing technology involves introduction of new lines of production, installing new control system, instituting new selection and recruitment, etc. And finally, changing people comprises of training, meetings, development activities, etc. The question as to who will bring the change involves the selection of a change agent, who initiates necessary steps for bringing about change. These may include (Schein):

- Make clear the need for change or provide a climate in which group members feel free to identify such needs.
 - Permit and encourage relevant group participation in clarifying the needed changes.
 - State the objectives to be achieved by proposed changes.
 - Establish the broad guidelines for achieving the objectives.
 - Leave the details for implementing the proposed changes to the group in the organisation or to the personnel who will be affected by change.
 - Indicate the benefits or rewards to the individuals or groups that are expected to accrue from the change.
 - Materialise the benefits or rewards, i.e., keep the promises made to those who made the change.
4. **Implement the change:** While implementing any change programme, managers encounter three programmes (Nadler and Tushman)—resistance, power and control. As explained previously, there is the problem of resistance to change. Again change may undermine the balance of power in the organisation and disrupt the existing control system.

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Implementation of Change: Action Steps

Problem	Implication	Action Steps
Resistance	Need to motivate	<ul style="list-style-type: none"> • Invite participation from people • Offer appropriate rewards • Encourage open communication • Explain why change is essential

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Control	Need to manage the transition	<ul style="list-style-type: none"> • Use multiple and consistent leverage points • Develop organisational arrangements for transition • Build in feedback machinations
Power	Need to shape the political domain	<ul style="list-style-type: none"> • Assure the support of key groups • Use leader behaviour to get support of change • Use symbols and language.

Source: D. Nadler, "Concepts for Management of Organisational Change."

Regardless of the approach used (to change technology, design, task or people), the ability to sustain change depends primarily on how well the organisation reinforces newly learned behaviours during and after the change effort. A combination of money, pats on the back, and stimulating job/growth opportunities help create a climate that reinforces new behaviours. Where the rewards are perceived to be fair, employees commit themselves to the 'new ways of doing things' wholeheartedly.

5. **Follow up and Feedback:** Management of change is incomplete without proper follow-up. Organisation must evaluate the effects of change. Objectives must be present and be compared with the performance to see the degree of success in change. End results should be operationally defined and measurements must be done both before and after the implementation of change. This enables change agent to compare the performance after the introduction of change with the one prior to it. The change agent must make sure that the change is implemented in such a fashion as to maximise the benefits to the organisation by the effective changes.

SUMMARY

- If an organisation wants to get ahead and win the competitive race, it must proactively initiate changes at a right time. There is no use taking rest on past laurels. Organisations can challenge the status quo through planned changes.
- Learning organisations go beyond merely adapting to change; instead, they strive to anticipate and learn from change. They try to add value to customers by identifying new needs and then develop innovative ways to satisfy those needs.
- The process of change involves three steps: (i) unfreezing the status quo (ii) moving to a new condition, and (iii) refreezing to create a new status quo. The forces for change can be either internal (emanating from within an organisation) or external forces (coming from outside an organisation).
- Re-engineering is the radical redesign of all aspects of a business to achieve major gains in cost, service or time. It is occasionally required to offset entropy. It demands organisational members to think about what work should be done, how it is to be done, and how best to implement these decisions.

- To meet growing customer expectations and face competitive challenges head-on, organisations are moving toward reorganisation and corporate restructuring in a big way, especially after the 1990s.
- People tend to resist change because of uncertainty, threatened self-interests, different perceptions and feelings of loss. Participation, education, communication, facilitation and negotiation are methods for overcoming this resistance.

NOTES

REVIEW EXERCISES

1. What is change? What are the most frequent causes of change?
2. Discuss the change and its effects on employees and organisations.
3. How individual employees react to change?
4. Explain Kurt Lewin's force-field analysis.
5. "In our rapidly changing technological society, resistance to change is a normal result of psychological, economic, or social factors or a combination of these three" (Jack Halloran). Comment on this statement.
6. What are the six management strategies for dealing with human resistance?
7. Discuss how a manager manages change effectively.
8. A company has recently purchased equipment that, when installed, will do the work of 100 employees. The workforce of the company's is very concerned and is threatening to take some kind of action. If you were the human resource manager, what would you try to do to satisfy all parties concerned? Why?
9. Carefully planned change often is assumed to be effective. Do you think unplanned change can sometimes be beneficial to an organisation? Discuss.

CASE STUDY Hilton's Transformation

Twenty years ago, Hillton was a small city (about 70,000 residents) that served as an outer suburb to a large Mid-west metropolitan area. The city government treated employees like family and gave them a great deal of autonomy in their work. Everyone in the municipal organisation, including the two labour unions representing employees, agreed implicitly that the leaders and supervisors of the organisation should rise through the ranks based on their experience. Few people were ever hired from the outside into middle or senior positions. The rule of employment at Hillton was to learn the job skills, maintain a reasonably good work record, and wait your turn for promotion.

Hillton has grown rapidly since the mid-1970s. As the population grew, so did the municipality's workforce to keep pace with the increasing demand for municipal services. This meant that employees were promoted fairly quickly and were almost assured guaranteed employment. Until recently, Hillton had never laid off any employee. The organisation's culture could be described as one of entitlement and comfort. Neither the elected city councilors nor city manager bothered the departmental managers about their work. There were few cost controls because the rapid growth placed more emphasis on keeping up with the population expansion. The public gradually became somewhat more critical of the city's poor service, including road construction at inconvenient times and the apparent lack of respect some employees showed taxpayers.

NOTES

During the expansion years, Hillton put most of its money into "outside" (also called "hard") municipal services. These included road building, utility construction and maintenance, fire and police protection, recreational facilities, and land use control. This emphasis occurred because an expanding population demanded more of these services and most of Hillton's senior officials came from the outside services group. For example, Hillton's city manager was formerly a road development engineer. The "inside" workers (e.g., taxation, community services) tended to have less seniority and their departments were given less priority.

As commuter and road systems developed, Hillton attracted more upwardly mobile professionals into the community. Some infrastructure demands continued, but the new suburban dwellers wanted more of the "soft" services, such as libraries, social activities, and community services. They also began complaining about the way the municipality was being run. The population had more than tripled between the 1970s and 2000, and it was increasingly apparent that the organization needed more corporate planning, information systems, organisation development, and cost-control systems. In various ways, residents voiced their concerns that the municipality was not providing the quality of management that they expected from a city of its size.

In 2006 a new Mayor and Council replaced most of the previous incumbents, mainly on the election platform of improving the municipality's management structure. The new council gave the city manager, along with two other senior managers, an early retirement buyout package. Rather than promoting from the lower ranks, the council decided to fill all three positions with qualified candidates from large municipal corporations in the region. The following year several long-term managers left Hillton and at least half of those positions were filled by people from outside the organisation. In less than two years Hillton had eight senior or departmental managers hired from other municipalities who played a key role in changing the organisation's value system. These eight managers became known (often with negative connotations) as the "professionals." They worked closely with each other to change the way middle- and lower-level managers had operated for many years. They brought in a new computer system and emphasized cost controls where managers previously had complete autonomy. Promotions were increasingly based on merit rather than seniority. These managers frequently announced in meetings and newsletters that municipal employees must provide superlative customer service, and that Hillton will become one of the most customer-friendly places for citizens and those who do business with the municipality. To this end, these managers were quick to support the public's increasing demand for more "soft" services, including expanded library services and recreational activities. And when population growth flattened out in the late 2000, the city manager and other professionals gained council support to lay off a number of outside workers due to lack of demand for hard services. One of the most significant changes was that the "outside" departments no longer held dominant positions in city management. Most of the "professional" managers had worked exclusively in administrative and related inside jobs. Two had master of business administration degrees. This led to some tension between the professional managers and the older outside managers. Even before the layoffs, managers of outside departments resisted the changes more than others. These managers complained that their employees with the highest seniority were turned down for promotions. They argued for an increased budget and warned that infrastructure deterioration would cause liability problems. Informally, the outside managers were supported by the labour union representing outside workers. The union leaders tried to bargain for more job guarantees whereas the union representing inside workers focused more on improving wages and benefits. Leaders of the outside union made several statements in the local media that the city had "lost its heart" and that the public would suffer from the actions of the new professionals.

Questions

1. Contrast Hillton's earlier corporate culture with the emerging set of cultural values.
2. Considering the difficulty in changing organisational culture, why does Hillton's management seem to be successful at this transformation?
3. Identify two other strategies that the city might consider to reinforce the new set of corporate values. *(Adapted version of the case by Steven L. McShane. This case is a slightly fictionalised account of actual events in a municipality.)*

13. ORGANISATIONAL CULTURE

NOTES

STRUCTURE

- 13.1 Introduction
- 13.2 Strong Vs. Weak Cultures
- 13.3 How Employees Learn Culture?
- 13.4 Stories
- 13.5 Rites, Ceremonies or Rituals
- 13.6 Symbols
- 13.7 Language
- 13.8 Values
- 13.9 Assumptions
- 13.10 Practices
- 13.11 Types of Cultures
- 13.12 Creating and Sustaining Culture
- 13.13 Socialisation
- 13.14 Changing Organisational Structure
- 13.15 Ethical Behaviour and Influence of the Leader
- 13.16 Building a Positive Organisational Culture
- 13.17 Workplace Spirituality and Organisational Culture

Summary

Review Exercises

13.1 INTRODUCTION

Simply stated, *it is the shared values, principles and traditions and ways of doing things that influence the way organisational members act.* It is all about the set of important assumptions, often unstated, that members of an organisation share in common. It speaks about the personality a company has and the style in which it does things. Celebrations are one way, for example, Southwest Airlines differentiates itself from the competition and provides a family-like environment that cares for its people; its customers, and its communities in a fun, loving way.

Important elements of the above definition may be stated thus

- **Shared values and practices:** Established by the founders, nurtured over time and perpetuated through repeated practice, these shared principles and

NOTES

values have actually stood the test of times. Members are well aware of what their organisation stands for, and how they should behave. The more clearly an organisation's shared perceptions and values are defined the more strongly people can associate with their organisation's mission and feel in important part of it.

- **Perceived meaning:** Organisational culture is the set of important assumptions, values, beliefs and norms that members of an organisation share in common. The common understanding of what to do or not to do, has developed over time, based on what they have seen, observed or experienced. There are no rule books explaining appropriate employee behaviours in black and white. The values that make up an organisation's culture are often taken for granted. Everything has come through an implicit understanding of what the organisation stands for—in terms of a set of shared, enduring beliefs—and how the employee should act in a situation. Organisational culture captures the subtle, elusive and largely unconscious forces that shape a workforce.

Here is the story of what an employee at Ritz-Carlton did to live up to the reputation of delivering unmatched service to customers – based on his own interpretation of the situation and instantaneously acting on his own, unmindful of consequences. A family arrived at the Bali Ritz-Carlton with special eggs and milk because of their son's allergies, but the food had spoiled. The manager and dining staff couldn't find replacements in town, so the executive chef called his mother-in-law in Singapore and asked her to buy the necessary products and fly with them to Bali! (Carmine Gallo, "How Ritz-Carlton maintains its Mystique." *Business Week*, February 13, 2007).

- **It's the way we do things around here:** The key themes and dominant values of an organisation surface themselves in more than one way. The culture of an organisation manifests itself, over the years, to one and all without much of a difficulty. Thus McDonald's stands for QSCV—quality, service, cleanliness and value; Procter & Gamble stands for outstanding product quality; Sony Corporation "lives and breathes" new product development; 3M stands for innovation, Infosys Technologies stands for ethics, etc. The organisation leader, of course, is primarily responsible for developing, sustaining and changing organisational culture.
- **Cultural products:** Cultural products include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, symbols, heroes and heroines. Managers often make use of these products to shape the thinking and guide the actions of employees directly or indirectly.
- **Descriptive:** Organisational culture is descriptive. It's concerned with how members perceive the organisation, not with whether they like it. It describes rather than evaluates.
- **Organisational Culture is different from Organisational Climate:** Organisational culture is the means through which members in an organisation learn and communicate what is acceptable or unacceptable; what is appropriate or inappropriate. It is based on the history and traditions of the organisation. The focus is on values and norms about employee behaviour. Organisational climate,

on the other hand, refers to current situations in an organisation and the linkages among work groups, employees and work performance. Managers can easily manipulate organisational climate to bring about changes in the behaviour of employees.

- **Culture has an important role in organisations:** It separates one organisation from the other. Working for Southwest Airlines, for instance, is a unique experience, because the company is entirely different from other carriers. It gives members an identity. At Southwest Airlines top executives constantly reinforce the company's message that workers should be treated like customers and they continually celebrate employees whose contributions go beyond the call of duty. The funny, jovial atmosphere makes employees feel part of a large happy family and remain committed to their jobs. Culture has a mesmerising impact on employee commitment. Consider 3M, one of whose corporate values is to be a "company that employees are proud to be part of". As one executive puts it: "I'm a 27-year 3Mer because, quite frankly there's no reason to leave. I've had great opportunities to do different jobs and to grow a career. It's just a great company". It promotes social system stability. The more effectively conflict and change are managed within an organisation and the more that employees perceive the work environment to be positive and reinforcing, the more stable the social system within the organisation. At 3M, social stability is encouraged by promoting from within, by hiring capable college graduates in a timely manner and by offering displaced workers six months to find new jobs. Further, it shapes behaviour by helping employees make sense of their surroundings. The culture helps employees understand why the organisation does what it does and how it intends to accomplish its long-term goals. Culture, in fact, clarifies and reinforces standards of behaviour. From an employee's standpoint, culture is highly useful because it reduces ambiguity. It clears the fog, puts the employee at ease – especially the new recruit—learn the tricks of the trade slowly and get going.
- **Multiple cultures:** Organisations contain not one but several cultures. An organisation may have one dominant culture and several distinct cultures. A dominant culture is a set of core values shared by a majority of the organisation's members. Most employees of Southwest Airlines seem to subscribe to such values as hard work, company loyalty and delivering unmatched service to customers. At Hewlett-Packard, most of the employees seem to share a concern for innovation, product quality and responsiveness to customer needs. Such strong values guide the efforts of members on a day to day basis. On the other hand, subcultures, typically, are a result of problems or experiences that are shared by members of a particular department or unit. The marketing department, for example, can have a subculture that is uniquely shared by members belonging to that department. It will include the core values of the dominant culture plus additional values unique to members of the marketing department. Subcultures that come about as a result of the demographic characteristics of employees include those based on age, gender and ethnicity. Sometimes, units separated by distance develop subcultures of their own, based on distinct characteristics of the region and members working therein. Again, when two organisations merge, the subcultures of the original firms may become subcultures within the new organisation. The presence of numerous subcultures would make it difficult to members to draw the curtain between appropriate and inappropriate behaviour.

NOTES

NOTES

Many companies that have merged with or acquired foreign companies have to deal with language and custom-based cultural differences. Generally speaking, subcultures can weaken and undermine an organisation they are in conflict with the dominant culture (known as countercultures) and/or the overall objectives. Of course, they will keep the dominant culture going overboard and help whistle-blowers keep a healthy balance between diametrically opposite views advanced by numerous cultures prevailing within an organisation. A strong organisational culture can be a dangerous thing in the hands of owners or managers who do not behave ethically or legally. Subcultures would also encourage constructive conflict and more creative thinking about how the organisation should conduct itself, keeping societal interests in mind.

13.2 STRONG VS. WEAK CULTURES

Not all cultures have an equal influence on employees' behaviours and actions. In strong cultures, employees are passionate about key values and exhibit tremendous zeal to uphold them. The Walt Disney culture, for example, encourages employees to show extraordinary devotion to customer service; the culture at Apple Inc encourages innovation. Employees in these companies don't need rule books to specify how they act, because these behaviours are conveyed as 'the way we do things around here'; they are rooted in their company's cultures. In strong culture companies, often, the values and behavioural norms are so deeply rooted that they don't change much when a new CEO takes over. Of course, they can erode over time if the CEO ceases to nurture them. Three factors are generally responsible for the development of strong cultures.

- A founder or other strong leader who establishes values, principles and practices that are in sync with changing customer needs, competitive conditions and strategic requirements.
- A passionate commitment to long held norms and practices that guide member behaviour and shape organisational actions time and again.
- A genuine concern for customers, employees and shareholders. (Kotter and Heskett)

Strong Vs. Weak Organisation Cultures	
<i>Elements of strong cultures</i>	<i>Elements of weak cultures</i>
1. Values widely shared	1. Values shared by a few, usually top management
2. Members know what is important	2. Members not very clear about what is important
3. Most employees can tell stories about company history/heroes	3. Employees possess little knowledge of company history or heroes
4. Employees strongly identify with culture	4. Employees have little identification with culture
5. Strong linkage between shared values and behaviour	5. Little connection between shared values and behaviours

(S.P. Robbins and M. Coulter, *Management*, New Delhi, Pearson, 2008)

In weak-culture companies, members do not have any set of enduring values to rely upon, simply because they have never been preached or shared widely. Top management does not espouse these values nor show any commitment to a particular philosophy. A company, in the absence of any definable character of its own, simply becomes a place to work and make money. Members do not exhibit interest nor show commitment to the work and look at their jobs with scant respect. "There is neither passion about the company nor emotional commitment to what it is trying to accomplish". (Thompson et. al.) Some cultures turn unhealthy because of the presence of certain counterproductive traits that could impact the work climate and company performance quite significantly. The following three traits are particularly unhealthy:

- A highly charged political environment where issues get resolved on the basis of which group has got the maximum political clout
- Hostility to change and a general weariness of people who champion new ways of doing things
- Members becoming averse to looking outside the company for best practices, new managerial approaches or innovative ideas.

In a fast changing environment, change-resistant cultures have no place. Every company, necessarily, must be open to new ideas and ways of doing things.



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13.3 HOW EMPLOYEES LEARN CULTURE?

Culture is passed on to employees in numerous ways. The most significant ones may be listed thus:

Cultural Products

- *Rites*: Relatively elaborate, dramatic planned sets of activities that consolidate various forms of cultural expressions into one event carried out through social interactions, usually for the benefit of audience
- *Ceremonial*: a system of several rites connected with a single occasion or event
- *Ritual*: a standardised detailed set of techniques and behaviours that manage anxieties but seldom produce intended technical consequences of practical importance
- *Myth*: a dramatic narrative of imagined events usually used to explain origins or transformations of something
- *Saga*: a historical narrative describing the unique accomplishments of a group and its leaders, usually in heroic terms
- *Legend*: a handed down narrative of some wonderful event that is based on history but has been embellished with fictional details
- *Story*: a narrative based on rare events, sometimes a combination of truth and fiction
- *Symbol*: any object and event, quality or relation that serves as a vehicle for conveying meaning usually by representing another thing

NOTES

- **Language:** a particular form or manner in which members of a group use sounds and written signs to convey meanings to each other
- **Values:** life directing attitudes that serve as behavioural guidelines
- **Metaphors:** shorthand of words used to capture a vision or to reinforce old and new values
- **Belief:** an understanding of a particular phenomenon
- **Heroes/Heroines:** individuals whom the organisation has legitimised to model behaviour for others

(H.W.Trice and J.M.Beyer, "Studying Organisational Culture through Rites and Ceremonials," *Academy of Management Review* 9, October 1984)

13.4 STORIES

Every company has its own share of myths, legends and true stories about important past decisions and actions that convey the company's main values. The stories typically cover company's heroes who possessed the admirable qualities that have helped the company grow from strength to strength. Then there are stories of those who invented new ways of doing things at amazing speed, of those who ran that extra mile to meet customer expectations, etc. As they are told and retold, members in an organisation get a fairly vivid picture of what they must do when confronted with novel problems. They inspire people to give their best. Companies with strong cultures are enthusiastic collectors of stories, anecdotes and legends in support of basic beliefs.

- An example is the one told at Home Depot about the irate customer who called the Tampa store a couple of days before Christmas to complain that they had delivered a carpet that was way too small. The store delivered the right size of carpet via air freight the next day – which happened to be December 24th – and the installation was completed by midday, just in time for Christmas Eve. (R. Jacob, 'Corporate Reputations', *Fortune*, March 6, 1995)
- The story of Art Fry, a 3M employee, is quite popular. According to the story, Fry became frustrated when the bits of paper he used to mark pages in a hymnal kept falling out. To solve the problem he needed an adhesive that would stick long enough to keep his pages marked without leaving a residue on the hymnal. When such an adhesive was found in one of 3M's labs, he suggested the idea of marketing the product that eventually became Post-It Notes. Subsequent market surveys yielded negative results and failed to capture the true potential of the product. Undaunted, Fry gave out samples to 3M secretaries and executives. Eventually, everyone – at 3M and elsewhere – was hooked on Fry's new product. Fry was elevated to the highest technical position later on. The moral of the story is that as an employee one should look for new ideas and when the idea is great, one must show monumental patience to turn it successful. (D. Hellriegel and J.W.Slocum, *Organisational Behaviour*, Bangalore, Thomson, 2006)
- Reinforcing organisational folklore signifies many things to employees. For example, at Procter & Gamble there is a story about the outstanding brand manager who was shown the door for overstating the features of a product. The moral of the story is that ethical claims are important than making money.

- New employees at Nike are told stories that reflect and transmit the company's core values. New employees are told that the founder Phil Knight was a middle distance runner, who started the business by selling shoes out of his car. Knight's running coach and company co-founder Bill Bowerman, developed the famous 'waffle sole' by pouring rubber into the family waffle iron. The late Steve Prefontaine, coached by Bowerman, battled to make running a professional sport and was committed to helping athletes. To ensure that these inspiring tales of Nike's Heritage are kept alive, the company takes new hires to the track where Bowerman coached and the site of Prefontaine's fatal car crash. The company requires sales people to tell the Nike story to pass on the message to employees at various retail stores that sell its products.
- Again, at AT & T there are numerous stories about field employees who made sacrifices to keep the phones working and operators who stayed on the line when people called in and asked for emergency help because they had suffered a physical calamity. The moral of such stories is that these types of sacrifices are all in the line of duty for telephone employees, who must view their primary responsibility as that of helping the customer (Luthans).



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13.5 RITES, CEREMONIES OR RITUALS

Rituals are repetitive sequences of activities that express and reinforce the endearing values of an organisation. Rites and ceremonies that sustain organisational culture include rites of passage (basic training, Indian Army), rites of degradation (firing an employee); rites of enhancement (company ceremonies) and rites of integration (such as office party). In many organisations, ceremonies are used to recognise special achievements and honour the retiring employee(s).

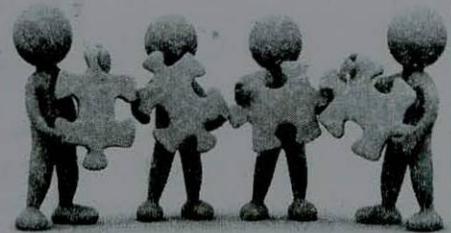
- Mary Kay, Inc., for instance, annually hosts five back-to-back conventions attended by 50,000 independent Beauty Consultants to recognise and reward its top producers for outstanding achievements in sales and recruiting. The founder, the late, Mary Kay would personally present the best sales people with jewelry, trips and pink Cadillacs – items still awarded today. (R. Farnham, 'Mary Kay's Lessons in Leadership', *Fortune*, Sep. 20, 1993)
- Wal-Mart's annual meeting is usually an important cultural ceremony. Thousands of shareholders along with company associates (employees) and analysts attend the annual meeting. The meeting would commence by 10 am but most people start arriving by 7 am in order to be part of the extravaganza. The whole scene reminds one of a big family reunion. Associates who go the extra mile for customers are recognised and rewarded in a big way.

13.6 SYMBOLS

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Symbols are the most basic observable way of expressing the culture of a company. They may take the form of logos, architecture, uniforms, awards and many other tangible expressions. Nike's trademark 'swoosh' is proudly tattooed above the ankles of some Nike employees. Southwest Airlines uses symbols to convey its core values in more than one way. During its early years the airlines stressed its customer service value by using the heart symbol (the low fare airline) and love bites (peanuts). Another theme, fun, is also conveyed in many ways. Flight attendants wear sports clothes in corporate colours. Low fares are fun fares and weekend getaways are fun packs. The aircraft is painted to resemble Shamu – the whale – to convey its fun image. Some companies use impressive buildings to convey their strength and importance, indicating that they are large and stable places. The way the company is furnished also provides useful insight into its culture. Offices where there are lots of plants and flower arrangement convey a friendly, person-oriented culture; whereas those in which waiting areas are adorned with awards and trophies are indirectly revealing their passion for achievement. Sometimes, the very design of the building itself is a symbol of an organisation's values.

- For example, Walt Disney hired famed Japanese architect Arata Isozaki to design the Team Disney Building, which houses Disney's "Imagineering unit", in Orlando, Florida. This building's contemporary and unusual design featuring unusual shapes and bright colours conveys the importance of imagination and creativity to the Walt Disney Company and to the people working in it.
- In GM, the executive suite on the top floor of their Detroit headquarters is isolated from the rest of the building and open only to top GM executives. Material symbols, thus, often reveal to employees who matters most, the degree of equality desired by top management and the kinds of behaviour that are expected and desirable.



Cultural Symbols of McDonald's

- Located in rectangular buildings with large windows to let the sun in and with neatly kept surroundings
- Large parking lots
- Rarely any visible litter
- Drive in window to facilitate speedy service
- Golden arch sign that towers over the building
- Bright colours and plants creating a homely atmosphere

13.7 LANGUAGE

Organisations often develop special terms to describe key personnel, customers, suppliers, equipment, processes or products related to its business. The acronyms

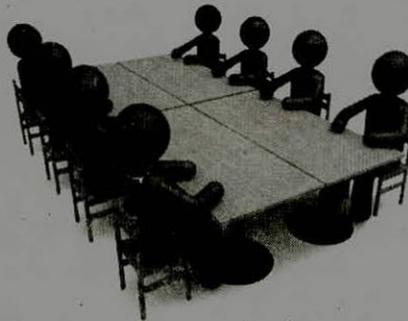
and jargon that get exchanged between members often mesmerise new recruits and compel them to listen carefully, go beyond the obvious and catch the real meaning. After a while, everything becomes part of their language. Once learned, everyone becomes part of a well-knit group exchanging notes, opinions, feelings, sentiments through the unique, special language.

- At Cranium, a Seattle board game company, 'Chiff' is used to remind employees of the need to be incessantly innovative in everything they carry out. 'Chiff' stands for 'clever, high-quality, innovative, friendly, fun'.
- Employees at the Container Store compliment each other about 'being Gumby' meaning that they are being as flexible as the once-popular green toy – going outside their regular job to help a customer or another employee. In fact, a human sized Gumby is displayed at the retailer's headquarters, Coppell, Texas.
- Home Depot maintains a 'stack it high and watch it fly' slogan, which reflects its approach to sales. Yum Brands Inc, which owns Pizza Hut, Taco Bell, KFC and other fast food restaurants, expects employees to be 'customer maniacs' – language that conveys its culture for customer interaction.

NOTES

13.8 VALUES

Values such as freedom, honesty, self-respect, equality, etc. are perceptions about what is good or bad; right or wrong. They tend to be broad views of life and are influenced by parents, teachers, peer groups and associates. A firm's values and how it promotes and publicises those values can also affect how workers feel about their jobs and themselves. While a vision articulates a firm's purpose, values offer a set of guidelines on the behaviours and mindsets needed to achieve that vision. Wal-Mart founder Sam Walton summarised the core of the retailer's culture in three simple words: respect for the individual, service to customers, and striving for excellence. McKinsey & Company, for example, has a clearly articulated set of values that are prominently communicated to all employees and involve the way that firm vows to serve clients, treat colleagues, and uphold professional standards. In a way, values are important building blocks of company culture. They are deep-seated and enduring. They motivate behaviour and emotional responses. They underpin the very way people approach their work, make choices and decisions and deal with each other.



13.9 ASSUMPTIONS

Assumptions are the deeply held beliefs that guide behaviour and tell members of an organisation how to perceive and think about things. Such beliefs are so ingrained that employees simply act on them almost blindly. They represent the deepest and

NOTES

least observable part of a culture and may not be consciously apparent, even to organisational veterans. Talking about the safety aspect in an engineering firm, Edgar Schein, one of the prominent scholars on the topic of organisational culture, states: "in an occupation such as engineering, it would be unconceivable to deliberately design something that is unsafe; it is taken for granted assumption that things should be safe". Whatever a company's underlying assumptions are, its hidden beliefs are, those that are the most likely to dictate employee behaviour and affect employee attitudes. They are also the aspects of an organisational culture that are the most long-lasting and difficult to change.

13.10 PRACTICES

Values and assumptions do not serve any purpose unless they are enshrined in a company's practices. If the company claims 'people are our greatest assets' it must be ready to invest in people in visible ways. If a company heralds values like 'caring', 'respect' and 'fairness' and promises new hires a 'job they'll love' – it needs to follow this up through admirable human resource practices. If a company values 'flat' hierarchy, it must encourage junior team members to express themselves freely without any fear of punishment. And whatever an organisation's values, they must be reinforced in review criteria and promotion policies, and baked into the operating principles of daily life in the firm.

13.11 TYPES OF CULTURES

Each organisation culture is unique. However, four general types of organisational culture that are useful for comparing organisations are bureaucratic, clan, entrepreneurial and market cultures. They are basically characterised by differences in formal control and focus of attention.

- **Bureaucratic Culture:** In a bureaucratic culture, the behaviour of employees is governed by formal rules and standard operating procedures and coordination is achieved through hierarchical reporting relationships. To secure compliance, ensure discipline and obtain performance, the duties, responsibilities of all employees are clearly spelled out. Employees are made to follow the rule book, operating procedures and established practices. Bureaucratic cultures often are found in organisations that produce standardised products and/or services. Most government organisations find bureaucratic structure very useful because one can conveniently take shelter behind a mountain of rules and regulations, in case something goes wrong.
- **Clan Culture:** In a clan culture, the behaviour of employees are guided by tradition, loyalty, personal commitment, extensive socialisation, and self-management. New hires are guided by experienced mentors and role models readily available within an organisation. Members understand the company's unique history and have a shared image of its style and functioning. They understand the importance of working together to produce results. There is lot of peer pressure

to adhere to important norms of the company. Members share feelings of pride in membership and subscribe to the view that without teamwork, participation and consensus decision-making, it is difficult to produce excellent results.

- **Entrepreneurial Culture:** In an entrepreneurial culture, risk-taking, dynamism and creativity are given lot of importance. There is commitment to experimentation, innovation and being on the leading edge. It suits a company very well in the formative years. Small- and medium-sized outfits also find it very supportive.
- **Market Culture:** It is a culture characterised by hard-driving competitiveness and a profit-orientation. The achievement of measurable and demanding goals such as sales growth, profitability, market share etc., is given topmost priority. You have to push yourself to the limits-utilising scarce corporate resources to best advantage. The relationship between individual and organisation is contractual. What you are supposed to deliver is agreed upon initially. Rewards follow performance, as per the agreement. The organisation expects performance (at the same time, does not guarantee job security) and the individual seeks rewards (at the same time does not promise loyalty). "Rather than promoting a feeling of membership in a social system, the market culture values independence and individuality and encourages members to pursue their own financial goals".

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13.12 CREATING AND SUSTAINING CULTURE

The Role of Founder

The founders of an organisation have a major influence on the organisation's initial culture because of their values and beliefs. They usually pick up people who think and feel the same way they do; those who believe in the dream of the founders and are willing to follow their footsteps scrupulously and religiously. People, who turn out to be misfits, tend to leave the organisation. Those who stay on become more and more similar and tend to have values and interest similar to the founder's. With the passage of time, members buy into the founder's vision and perpetuate the founder's values in the organisation. The founder himself educates members as to how to get ahead to achieve his dreams. Through indoctrination and socialisation, members begin to embrace the values held in his esteem by the promoter and develop behaviours espoused by the promoter time and again. In fact, the founders' own behaviour acts as a role model that inspires employees to get along, internalising their beliefs, values and assumptions. When the founder achieves success, his vision turns into a concrete reality and others try to emulate the same with passion and devotion. The promoter acquires a kind of cult status and becomes a powerful role model for others to follow.

Ray Kroc built McDonald's on four basic concepts: quality, cleanliness, service and price. He believed that McDonald's fast food concept would sweep the nation (United States) and pay rich dividends, and with this dream in view he bought the rights to franchise McDonald's units from Dick and Maurice McDonald brothers. To ensure that customers get the best product at the best price, Kroc required franchisees to attend McDonald's university where they are taught how to manage their business. The cultural values of McDonald's and the way to run the business are also taught to

NOTES

ensure that franchisees run the show in the same manner. Kroc's videotaped messages are passed on to new employees so as to make them learn and follow McDonald's philosophy. These included messages on cleanliness: "If you've got time to lean, you've got time to clean"; on competition: "If they are drowning to death, I would put a hose in their mouth" and on market expansion, "when you're green, you grow; when you're ripe, you rot". Kroc died several years ago, but the indelible impact that he left behind is still very much alive in McDonald's restaurants in every part of the globe till date.

Keeping a Culture Alive

The founder, as the above examples show, sets the tone and keeps the spirit of an organisation alive through his own outstanding effort and innovative ways of thinking – while trying to position the organisation ahead of competition. To ensure success and to reinforce culturally acceptable behaviour, he has to establish policies and procedures – such as hiring those who believe in his dream, encouraging the new hires to give their best by offering requisite training, rewarding excellent performance, showing the door to those who lag behind or those who are declared as 'misfits', promoting a fun-oriented, family atmosphere to make everyone feel at home; empowering people to take actions independently, sharing the gains of success with employees, etc. every attempt must be made to make people buy into the founder's vision and perpetuate the founder's values in the organisation. Consequently, the people inside the organisation become more and more similar, the values of the organisation become more and more parochial, and the culture becomes more and more distinct from that of similar outfits. Ultimately, it's the people – with strong work values and tremendous commitment to the ideals for which they work – who convert ordinary organisations into extraordinary institutions delivering value for money to customers all over the globe.

Role of Founder in Creating and Sustaining an Organisation's Culture

- Establish enduring values
- Create vision
- Reward performance
- Select people who fit in with culture
- Set excellent standards based on exemplary personal character and conduct
- Reinforce appropriate behaviour
- Inspire people to give their best
- Indoctrinate and Socialise so that new hires comfortably adapt to culture, internalize its core values, put the learned behaviours to good effect and produce results

13.13 SOCIALISATION

Socialisation is a process through which a new recruit begins to understand and accept the values, norms and beliefs held by others in the organisation. HR department representatives help new recruits to "internalize the way things are done in the

organisation". Orientation helps the newcomers to interact freely with employees working at various levels and learn behaviours that are acceptable. Through such formal and informal interaction and discussion, newcomers begin to understand how the department/company is run, who holds power and who does not, who is politically active within the department, how to behave in the company, what is expected of them, etc. In short, if the new recruits wish to survive and prosper in their new work home, they must soon come to 'know the ropes'.

NOTES

Orientation Programmes as Effective Socialisation Tools

Orientation programmes are effective socialisation tools because they help the employees to learn about the job and perform things in a desired way. **Orientation** is the task of introducing the new employees to the organisation and its policies, procedures and rules. A typical formal orientation programme may last a day or less in most organisations. During this time, the new employee is provided with information about the company, its history, its current position, the benefits for which he is eligible, leave rules, rest periods, etc. Also covered are the more routine things a newcomer must learn, such as the location of the rest rooms, break rooms, parking spaces, cafeteria, etc. In some organisations, all this is done informally by attaching new employees to their seniors, who provide guidance on the above matters. Lectures, handbooks, films, groups, seminars are also provided to new employees so that they can settle down quickly and resume the work.

Socialisation, in fact, is a three-step process

- **Pre-arrival stage:** The pre-arrival stage explicitly recognises that each individual arrives with a particular set of values, expectations and attitudes. The employees undergo some kind of training wherein they will be taught how to behave in different situations, in work organisations.
- **Encounter stage:** In the second stage, individual encounters the possible dichotomy between his expectations about the job, his co-workers and the organisation in general. If the expectations prove to be compatible with the needs of organisation, the individual is able to handle the job well and get along with his co-workers smoothly. But where expectations and reality differ, the new hire must undergo socialisation that will detach him from his previous assumptions and replace them with another set that the organisation deems desirable. **Reality shock** occurs when new hires perceive discrepancies between their pre-employment expectations and on the job reality. The larger the gap, the stronger the reality shock. Reality shock, of course, is quite common in many organisations. The employer might fail to put the new hire on a challenging assignment, as promised. Resources and information required to do the job satisfactorily may not be forthcoming. Of course, at the extreme, a new recruit may become totally unconvinced and disillusioned with the realities of his job and eventually resign. Proper selection would greatly reduce the chance of occurrence of the latter type.
- **Metamorphosis stage:** Finally every new hire has to undergo the metamorphosis stage. If the new members work out problems during the encounter stage, then they have to go through changes in due course of time. When everything is complete, that is, when new hires internalise the learned behaviours – making them feel at home, understand how to handle the jobs and get along with people well – then socialisation process is said to have come to an end. Successful metamorphosis will have a positive impact on employee productivity and commitment.

NOTES

Organisational socialisation is thus, a process of learning and adjustment, where new hires get to know each other, understand policies and procedures, learn the tricks of the trade, move closer to other members of the organisation, adjust to the new environs and carry out work without violating norms or rubbing people on the wrong side. For some people, as research evidence indicates, the adjustment process is fairly rapid. In any case, new hires with diverse work experiences seem to adjust better than those with limited previous experience, because they seem to possess a larger toolkit of knowledge and skills to make the adjustment possible.

Perpetuating the Culture

Once established, company cultures may be perpetuated:

- By screening and selecting new employees that mesh well with the culture
- By systematic indoctrination of new hires in the culture's fundamentals
- By the efforts of senior management to reiterate core values in daily conversations and pronouncements
- By the telling and retelling of company legends and stories
- By regular ceremonies honouring members who display desired cultural behaviours and
- By visibly rewarding those who display cultural norms and penalizing those who don't.

(J.P. Kotter and J.L. Heskett, *Corporate Culture and Performance*, New York, Free Press, 1992)

13.14 CHANGING ORGANISATIONAL STRUCTURE

Organisational Culture, as stated previously, is generally stable. However, it is not immutable. Culture is something which evolves over a period of time – in response to changes in environment, particularly changes in composition of workforce, changes in top management, changes brought about by mergers and acquisitions, deliberate attempts to change the structure of an organisation, changes brought about by a crisis, etc. In any case, there is growing evidence suggesting likely change in organisational culture due to the occurrence of any of the following (Kilmann *et. al.* and P.J. Frost *et. al.*).

- **A dramatic crisis:** This is the shock that weakens the status quo and makes people start thinking about the relevance of the current culture. Examples include unexpected financial loss, the loss of a major customer or a dramatic technological innovation by a competitor.
- **Leadership changes hands:** Senior managers working at the top level with an alternative set of key values may be perceived as being more capable of responding to the crisis than the old leaders were.
- **Young and small organisations:** The younger the organisation, the less entrenched its culture. Likewise, it's easier for managers to pass on new values in a small outfit than in a large one.
- **Mergers and acquisitions:** Another dramatic source of culture change is mergers and acquisitions – events in which one organisation purchases or otherwise absorbs another. Life in companies with incompatible cultures tends to be conflict-ridden

and highly disruptive often resulting in arguments and considerable uncertainty about what to do. Culture clashes have led to the premature death of many companies in the past and unless such fires are put out quickly, even sound companies may begin to feel the pinch.

- **Weak culture:** The more widely held the values and the higher the agreement among members on those values, the more difficult it will be to change. Conversely, weak cultures are more receptive to change than are strong ones.
- **Responding to the revolution brought about by Internet:** Thanks to the revolution brought about by Internet, companies are compelled to be agile, fast paced and receptive to new solutions. The traditional brick and mortar models may have to be converted into click and mortar businesses. When structural changes occur, culture changes will have to follow suit.

NOTES

13.15 ETHICAL BEHAVIOUR AND INFLUENCE OF THE LEADER

It is usually the top managers who uphold the shared values and set the ethical tone. If they pursue and encourage a culture of "the end justifies the means," then you are virtually sending an open invitation to trouble. If managers at lower levels were to observe top level people sexually harassing others, falsifying expense reports, diverting shipments to preferred customers, misrepresenting financial health and other forms of unethical behaviour, they tend to take it lightly and perpetrate similar crimes without any fear. What the top managers do is far more important than what they do. If they begin to offer rewards to their friends, use company facilities for personal use and inflate their travel and medical bills—it conveys many things to many people. Likewise, if they do not punish the guilty and reward the efficient, the wrong signals catch the attention of many inside and outside the company.

The fall of mighty Enron Corp—once one of the most valuable companies in America—was a collapse of mind boggling proportions. Everything, in the end, traceable to unethical behaviour of people at the top. Managers who have espoused values such as growth at any cost, personal ambitions above team objectives, aggressive territorial invasion in place of doing what you know best have paid a heavy price in the end. At Enron, former chief financial officer Andrew Fastow and his wife pleaded guilty to falsifying the company's books so that they could siphon off tens of millions of Enron's money for their own use. Even though they knew Enron was collapsing, in the days before, its top managers decided to award themselves over \$80 million in compensation for their "work". In 2002 a judge in Houston opened the way for representatives of its shareholders to go after this money and other money its top executives had extracted from the company. Enron, remember; too had an extremely detailed 60-page ethics code!

To be fair, the code of ethics must be prepared taking inputs from relevant stakeholders. It should not be a product of top management thinking. top managers should stand by what they say and serve as visible role models—in terms of exemplary character and conduct—for others to emulate. They must always communicate ways and means

NOTES

that are in sync with what has been stated in black and white. Seminars, workshops and other training programmes must be conducted frequently to encourage ethical behaviour on the part of employees. There is, of course, the debate whether ethics and ethical behaviour could be passed on to employees through formal teaching methods, since most people come to the workplace with their own set of ethical values and behaviours learnt and groomed since childhood. As research studies have indicated, repeated reinforcements (rewards for correct ethical conduct) and constant threatening postures (punishing the guilty for violating the ethical codes) would certainly help employees to put their behaviours on the paths espoused by top management. Ethics training certainly increases awareness of ethical issues in an organisation and makes each one realise what practices are and are not acceptable. In fact, top managers should encourage people working at all levels to report illegal, immoral or illegitimate organisational practices without any *fear*. Remember the famous memo sent by Sherron Watkins to her boss, Kenneth Lay of Enron: "I am incredibly nervous that we will implode in a wave of accounting scandals"? Watkins seven page memo has become the smoking gun in an unfolding investigation of alleged financial misdealing at Enron and Arthur Anderson.

13.16 BUILDING A POSITIVE ORGANISATIONAL CULTURE

Building a positive organisational culture is not an easy task. It requires determined, conscious effort to make things happen. The leader should be willing to give competent employees a free hand and allow them to run the show – putting their strengths to effective use. Part of creating a positive organisational culture is 'catching employees doing something right'. He should recognise meritorious performance and reward the same promptly. The whole exercise, according to Kate McFarlin, may involve the following steps: (www.chron.com)

- **Articulate the vision:** Create a clear vision statement for your company. Employees like to know that the job they are doing is making a difference. By creating a vision statement about where you want your company to be in the future and how you want it to make the world a better place creates an air of striving for betterment in the workplace. This lays the foundation for a positive work culture.
- **Hire people with positive attitudes:** Look for positive attitudes while hiring. Negative people can quickly sour an entire workplace. When hiring employees, look for a friendly smile and an upbeat disposition. Ask questions of new hires to determine how they handle conflict and interactions with others. If you already have negative employees on staff, take them aside to discuss their attitudes and make it clear that you are creating a positive work culture and negativity will not be tolerated.
- **Mingle with people and allow them to express freely:** Make an open-door policy. When the boss is inaccessible and distant to employees, they may not feel as though their opinions matter. Establish an open-door policy and encourage