Organization and Management
Process
**SYLLABUS**

**Introduction to Management**
Nature and Scope; Historical Evolution of Management Thought; Approaches and Systems of Management; Social Responsibilities of Management; Case Study- Regarding Scope of Creativity

**Functions of Management**
Planning: its Need, Principle, Types and Steps Involved; Managerial Decision Making: Types and Steps Involved in Decision Making Process; Organizational Design: Elements and Types; Staffing; Directing; Controlling Concepts

**Human Resource Management**
Human Resource Planning; Recruitment, Selection and Socialization; Training and Development; Performance Appraisal

**Systems Approach to Management**
Management Development; Scientific Management Approach; Fayol’s Principles of Management; Behavioral Approach; Human Resources Perspective; Communication: Functions and Direction of Communication; Choice of Communication Channel.

**Behavior of Individuals**
Nature of Organizational Behavior; Learning: Basic Nature of Learning, Theories, Classical Conditioning, Reinforcement; Individuals and Physical Ability; Theories of Perception and Personality; Measures of Personality

**Motivation and Leadership**
Introduction; Motivational Factors; Motivational Theories; Applications of Motivation in Organizations; Leadership and Approaches to Leadership; Management and Leadership.

**Group Dynamics**
Types of Groups; Group Structure; Groups and Teams; Stages of group Development; Group Decision Making Techniques; Understanding Work Teams; Types of Teams; Group Dynamics and Organizational Politics

**Organizational Culture**
Introduction, Nature and Functions of Organizational Culture; Cultural Control Mechanisms; Culture: Conceptual Framework

**Organizational Issues**
Typology and Evolution of Organizational Culture; Forces and Key Roles; Behavioral Resistance to Change; Work Stress and Stress Management
Suggested Reading:

1. Organizational Behaviour by Stephen P. Robbins & Tim A. Judge, Publisher: Prentice
2. Hall of India Private Limited
3. Organizational Behaviour by Fred Luthans, Publisher: McGraw Hill
4. Organizational Behaviour by Aswathappa K, Publisher: Himalaya Publishing House
5. Principles of Management by T. Ramasamy, Publisher: Himalaya Publishing House
6. Organizational Theory by Mary Jo Hatch, Publisher: Oxford University Press
INTRODUCTION TO MANAGEMENT

Structure

1.1 Nature, Scope and Evolution of Management

1.2 Approaches and Systems of Management

1.3 Social Responsibilities of Management – The Modern Challenges

1.4 Case Study on Scope of Creativity

1.5 Review Questions

1.1 NATURE, SCOPE AND EVOLUTION OF MANAGEMENT

Students, let us begin with first understanding what management is all about. In order to understand management, we will first define who a manager is? A manager is someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals – Robbins & Coulter. Which means that Managers work in organizations. Now let us try to understand what is the concept of an organization? An organization is a systematic arrangement of people brought together to accomplish some specific purpose – Robbins & Decenzo. Organizations are social arrangements for the controlled performance of collective goals.

According to Buchanan & Huczynski every organization has a purpose and is made up of people who are grouped in some fashion. The distinct purpose of an organization is typically expressed in terms of a goal or a set of goals. All organizations are put together and kept together by a group of people who are responsible for helping them achieve their goals. These people are called managers. What do managers do in organizations? Managers practice management. According to Peter Drucker Managers give direction to their organizations, provide leadership, and decide how to use organizational resources to accomplish goals.

This brings us to the question what is Management? According to Mary Parker Follet Management is the art of getting things done through people. Management refers to the process of getting things done, effectively and efficiently, through and with other people. Efficiency means the ability to do things right, and refer to the relationship between inputs and outputs. In the context of the organization, it refers to the proper utilization of resources. These input resources are Men (people), Materials, Machinery (equipment), and Money. Effectiveness means doing the right things. In an organization, that translates into goal attainment.

Efficiency and Effectiveness in Management: Does it mean that everyone who works for an organization is a manager? Everyone who works for an organization is not a manager.
Operatives are people who work directly on a job or task and have no responsibility of overseeing the work of others. They are not managers. Managers direct the activities of other people in the organization. However, some managers have operative responsibilities themselves.

Scope of Management: We will now delve deeper in order to understand what is the scope of the activities performed by managers in organizations? Managers must make decisions to establish the purpose of the organization and to perform a variety of activities to make the goal a reality. All organizations have collective or shared goals, over and above the individual goals of their members, for the achievement of which the organization is responsible to its owners and stakeholders. The collective goals of the organization can be achieved by controlling the activities being performed by the individual members of the organization. This controlled performance means:

- That the collective goals are known and understood by all members known as planning;
- The necessary resources are obtained and utilized efficiently which is implementation;
- The performance can be controlled and measured to determine the extent of reaching the goals which is considered as control.

In order to implement the plan by utilizing obtaining and utilizing the necessary let us now classify managers in the organization. Managers are customarily classified vertically in organizations as top, middle, or first-line managers.

- **First-line Managers:** They are usually called supervisors. They are responsible for directing the day-to-day activities of operative employees.

- **Middle Managers:** They manage other managers and possibly some operative employees and are typically responsible for translating the goals set by top management into specific details that lower-level managers can perform.

- **Top Managers:** They are responsible for making decisions about the direction of the organization and establishing policies that affect all organizational members.

The other major difference in management jobs occurs horizontally across the organization. Functional managers are responsible for departments that perform a single functional task and have employees with similar training and skills. Functional departments include manufacturing, marketing, finance, and human resources. Line managers are responsible for the manufacturing and marketing departments that make or sell the product or service. Staff managers are in charge of departments such as finance and human resources that support line departments. General managers are responsible for several departments that perform different functions. Project managers also have general management responsibility, because they coordinate people across several departments to accomplish a specific project.

The Process of Management: We have now reached the stage where we can describe and categorize what exactly managers do in organizations and exactly how they do this. In the early twentieth century, the French industrialist Henri Fayol wrote that all managers perform five management activities of planning, organizing, commanding, coordinating, and controlling.
referred to as management process or functions of management. Planning encompasses defining an organization’s goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities. Organizing includes determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made. Fayol called commanding as ‘maintaining activity among the personnel’. It involves instructing and motivating subordinates to carry out tasks. Coordinating is the task of harmonizing the activities of individuals and groups within the organization, reconciling differences in approach, and timing and resource requirements in the interest of overall organizational objectives. Controlling is the task of monitoring the activities of individuals and groups, to ensure that their performance is in accordance with the plans, standards and objectives set for them. Deviations must be identified and corrected.

1.2 APPROACHES AND SYSTEMS OF MANAGEMENT

Here we shall understand the various approaches to management; the systems approach to management and the social responsibilities of management. Management covers a wide variety of activities. Theorists and academic authors have contributed to the study of management and one can see a huge volume of writings on the management. The various approaches to management and number of differing views have only added to the confusion of what the management is all about. It isn’t surprising to know that a highly respected author had called the situation as “the management theory jungle”.

Analysis of management from various view points have to lead to different approaches. The Characteristics of the approaches have been summarized as the following:

- **Empirical/Case Approach:** Knowledge based on experience through case studies. No concrete principles.

- **Group Behavior Approach:** Importance on people as groups and their behavior.

- **Cooperative Social Systems Approach:** Concept includes any cooperative group with a purpose and is concerned with both interpersonal and groups too broad a field for the study of management behavioral aspects.

- **Interpersonal Behavior Approach:** Concentrates on interpersonal behavior, leadership, motivation and human relations.

- **Systems Approach:** According to this approach, unlike the earlier ones there is nothing new about this approach to management concepts such as planning organizing and controlling which are given due importance. Interaction with the external environment is also considered.

- **Socio Technical Systems Approach:** Technical systems such as production and office operation have great effect on social system such as personal attitudes and group behavior.
• **Mathematical Approach:** In this concept managing is treated as mathematical processes. It is viewed as a purely logical process and is expressed in mathematical symbols and relationships.


• **Contingency Approach:** Managing different situations and circumstances is influenced by the organizational behavior.

• **Operational Approach:** This approach draws concepts, techniques and knowledge

• **Decision Theory Approach:** Focuses on making of decisions and decision-making process

• **Managerial Roles Approach:** Original study consisted of observations of only five chief executives.

Analysis of management from various view points have to lead to different approaches. The **Limitations** of the approaches have been summarized as the following:

• **Empirical/Case Approach:** No concrete principles of limited value for developing management theory.

• **Group Behavior Approach:** Generally differs with management concepts, theories and techniques. Closer integration with organization is needed.

• **Cooperative Social Systems Approach:** This approach overlooks the managerial concepts and is too broad a field for the study of management

• **Interpersonal Behavior Approach:** This approach too like the earlier ones ignores managerial concepts such as planning, organizing and controlling.

• **Systems Approach:** There is nothing new about this approach to management.

• **Socio Technical Systems Approach:** This concept places importance on labor and lower-level office work and ignores other managerial knowledge.

• **Mathematical Approach:** Managing is not a pure science and hence cannot be completely modeled

• **Mckinsey’s 7-s Framework:** Though the concept is of practical value, the terms used are not discussed in detail.
• **Contingency Approach:** There is no one answer to a problem. There can be more than one best way to do a thing. Calls for creativity and can be very complex.

• **Operational Approach:** Does not, as some authors say, identify “coordination” as a separate function.

• **Decision Theory Approach:** This concept is too bounded i.e. either it is too narrow or at times it is too wide. Management consists of more than making decisions.

• **Managerial Roles Approach:** Sample was very small and some activities considered are not managerial.

In the above, we have seen that the operational approach integrates all other approaches. It tries to integrate the concepts, principles and techniques that form basis of managing. The operation approach is also often called “management process” school since it emphasizes on the functions of the managers.

**Systems Approach to Management:** Just as human body is formed of different interdependent systems so is also an organization. A change in any one of these systems may affect all or some other systems to varying degrees. This ‘ripple effect’ influences the effectiveness of the organization. To understand the interactions and the consequences between the various systems of the organization the managers should possess the ability to get a perspective view. Treating an organization as formed of different systems is known as systems approach. Systems theory was first applied in the fields of science and engineering. It also has found wide acceptance in the practice of management. A system can be defined as essentially a set or assemblage of things interconnected or interdependent, so as to form a complex unity. Cars, computers, television and radio sets are some examples of systems. There are two major types of systems: closed and open.

- **A Closed** system has definite boundaries; it operates relatively independently and is not affected by the environment outside the system. Stand by generator is an example of a closed system. With its different systems working together in perfect harmony the generator continues to supply power as long as it has sufficient fuel supply without much regard to the external environment.

- **An Open** system as the name implies, is characterized by its interaction with the external environment. Clearly, any business or other organization must be described by an open-system model that includes interactions between the enterprise and its external environment.

The figure 1.1 below is self explanatory. One important mechanism which makes the system to adapt and adjust to the changing conditions of its environment and to exercise control over its operations is ‘feedback’. As explained thus far, systems approach of management provides an integral approach to management. It views management in its totality. It helps in seeing the problems of the organization in wider perspective. This approach is more useful in managerial decision-making. Based on the systems approach, Talcot Parsons has suggested three meaningful levels in the hierarchy of complex organizations: Technical, Organizational and Institutional.
• The **Technical Level** is concerned with the actual production and distribution of products and services. It also includes activities like research and development, operation research and accounting.

• The **Organizational Level** coordinates and integrates work performance at the technical level. It is concerned with obtaining the continued flow of inputs into the system and maintaining the markets for the outputs from the system.

• The **Institutional Level** is concerned with relating activities of the organization to environmental system. It involves relating the organization to the needs of the environment.

![Figure 1.1 Open System](image)

### 1.3 SOCIAL RESPONSIBILITIES OF MANAGEMENT – THE MODERN CHALLENGES

According to Keith Davis, “Social responsibilities refer to the businessman’s decisions and actions taken to reasons at least partially beyond the firm’s direct economic or technical interest”. To quote according to Andrews, “by social responsibility, we mean intelligent and objective concern for the welfare of society that restrains individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and leads in the direction of positive contribution to human betterment variously as the latter may be defined”. The concept of social responsibility is not new. Although the idea was already considered in the early part of the 20th century, the modern discussion of social responsibility got a major impetus with the book Social Responsibilities of the Businessman by Howard R.Bowen. He suggests that business managers are bound to “pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society”. In other words businesses should consider the social implications of their decisions. As one may expect, there is no complete agreement on the definition of social responsibility. A survey conducted on the matter revealed “**Corporate social responsibility** is seriously considering the impact of the company’s actions on society”. In a broad sense, business owes a lot to the various
groups such as customers, employees, shareholders, government and the community at large in which it exists. As one argues for business involvement in social activities, there are also arguments against it, as follows:

**Arguments for and Against Social Involvement of Business:** Let us consider the arguments for Social Involvement of Business:

- Public needs have changed, leading to changed expectations. Business, it is suggested, received its charter from society and consequently had to respond to the needs of society.
- Improvement of the social environment benefits both society and business. Society gains through better neighborhoods and employment opportunities; business benefits from a better community, since the community the source of its work force and the consumer of its products and services.
- Social involvement discourages additional government regulation and intervention. The result is greater freedom and more flexibility in decision making for business.
- Business has a great deal of power which, it is reasoned, should be accompanied by an equal amount of responsibility.
- Modern society is an interdependent system and the internal activities of the enterprise have an impact on the external environment.
- Social involvement may be in the interest of stockholders.
- Problems can become profits. Items that may once have considered waste (for example, empty soft drink cans) can profitably used again.
- Social involvement creates a favorable public image. Thus, firm may attract customers, employees and investors.
- Business should try to solve the problems which other institutions have not been able to solve. After all business has a history of coming up with novel ideas.
- Business has the resources. Specifically, business should its talented managers and specialists, as well as its capital resources to solve some of society’s problems.
- It is better to prevent social problems through business involvement than to cure them. It may be easier to help hard-core unemployed than to cope with social unrest.

Now, Let us consider the arguments for Social Involvement of Business:

- The primary task of business is to maximize profit buy focusing strictly on economic activities. Social involvement could reduce economic efficiency.
- In the final analysis, society must pay for the social involvement of business through higher prices. Social involvement would create excessive costs for business, which cannot commit its resources to social action.
- Social involvement can weaken the international balance of payments. The cost of social programs, the reasoning goes, would have to be added to the price of the product. Thus American companies selling in international markets would be at a disadvantage when competing with companies in other countries which do not have these social costs to bear.
- Business has enough power and additional social involvement would further increase its power and influence. Business people lack the social skill to deal with the problems of
society. Their training and experience is with economic matters and their skills may not be pertinent to social problems.

- There is a lack of accountability of business to society. Unless accountability can be established, business should not get involved.
- There is not complete support for involvement in social actions. Consequently, disagreements among groups with different viewpoints will cause friction.

**Different Approaches and Systems of Management:** Students, you should know that the year 1911, the year Frederick Winslow Taylor’s Principles of Scientific Management was published, is generally considered as the year in which management scientific method to the development of knowledge. The scientific method involves the determination of facts through observation. This results in the formulation of concepts and principles. Concepts are mental images of anything formed by generalization from particulars. When these generalizations or hypotheses are tested for accuracy and appear to be true that is to reflect or explain reality, they are called principles. Theory is a systematic grouping of interdependent concepts and principles, which give a framework to, or tie together, a significant area of knowledge. Formally, a theory is a coherent group of assumptions put forth to explain the relationship between two or more observable facts. In the field of management the role of theory is to provide a means of classifying significant and pertinent management knowledge. Why is theory important?

- Theories provide a stable focus for understanding what we experience. A theory provides criteria for what is relevant.
- Theories enable us to communicate efficiently and thus move into more and more complex relationships with other people.
- Theories make it possible for us to keep learning about our world.

After understanding the importance of theory or the theoretical approach, let us now understand the evolution of management theory. Adam Smith in his Wealth of Nations (1776) introduced the concept of division of labor. Smith concluded that division of labor increased productivity by increasing each worker’s skill and dexterity, by saving time that is normally lost in changing tasks, and by the creation and better use of laborsaving inventions and machinery. The general popularity today of job specialization in service jobs as well as on assembly lines is undoubtedly due to the economic advantages cited over 200 years ago by Adam Smith. In 1832, Charles Babbage, a mathematician and a teacher, wrote On the Economy of Machinery and Manufactures, in which he applied his principles to the workshop. This early work introduced the idea of using scientific techniques to improve the managing process. The theoretical foundations of management lie in the classical approach to management, which sought to formulate rational principles that would make organizations more efficient. The classical approach to management consists of two subcategories:

- **Scientific Management Approach:** This looked at the field from the perspective of how to improve the productivity of operative personnel.
- **General Administrative Approach:** This was concerned with the overall organization and how to make it more effective.
**Scientific Management Approach:** Most writers agree that the origin of the concentrated study of management was the work performed by Frederick W. Taylor and his associates during the scientific management movement that developed around 1900. Frederic W. Taylor (1865-1915) pioneered scientific management, which suggested that systematic investigation could indicate proper methods, standards and timings for each operation in an organization’s activities. The scientific management method proposed by Taylor was based on the notion that there was a single “best way” to fulfill a particular job. The responsibility of management was to select, train, and help workers to perform their jobs properly. The job of management was to plan and control the work. The responsibility of workers was simply to accept the new methods and perform accordingly. The practical application of this approach was to break each job down into its smallest and simplest component parts or ‘motions’ each single motion in effect became a separate specialized’ job’ to be allocated to a separate worker. Workers were selected and trained to perform such jobs in the most efficient way possible, eliminating all wasted motions or unnecessary physical motion.

Henry L. Gantt (1861-1919), a contemporary and associate of Taylor emphasized the psychology of the worker and the importance of morale in production. Gantt devised a wage payment system, which stimulated foremen and workers to strive for improvement in work practices. Gantt also developed a charting system for scheduling production, the “Gantt chart” that remains the basis for modern scheduling techniques. Frank and Lillian Gilbreth (1868-1924 and 1878-1972) the husband-and-wife team made their contribution in fatigue and motion studies to eliminate wasteful hand-and-body motions. The Gilbreths also experimented with the design and use of the proper tools and equipment for optimizing work performance. The Gilbreths were among the first to use motion picture films to study hand-and-body motions. The Gilbreths also devised a classification scheme to label 17 basic hand motions, which they called rherbligs.

**Contributions of Scientific Management:**

- Assembly lines concept to produce large quantities faster.
- Initiated the careful study of tasks and jobs.
- Today’s reengineering concept is similar.
- Demonstrated importance of compensation for performance.
- Its efficiency techniques are applied to tasks even today.

**Limitations of Scientific Management:**

- Regarded workers as uninformed and ignored their ideas.
- Dehumanization of workers.
- More stress on quantity rather than quality.
- Did not appreciate the higher needs of workers.
- Did not acknowledge differences among individuals.
- More importance to method rather than skill.

**General Administrative Approach:** Henri Fayol (1841-1925) was a French industrialist who put forward and popularized the concept of the universality of management principles, the idea that all organizations could be structured and managed according to certain rational principles.
Fayol divided a commercial organization’s activities into the six basic elements of technical, commercial, accounting, financial, security, and management. Fayol described the practice of management as distinct from the other business activities. He argued that management was an activity common to all human undertakings that is in business, in government, and even in the home. In his most significant work, General and Industrial Management, Fayol discussed 14 general principles of management which he felt could be applied in any organizational setting. Several of these principles are part of management philosophy today. Before Fayol, it was generally believed that “managers are born, not made.” Fayol insisted, however that management was a skill like any other – one that could be taught once the principles of management were understood.

Fayol’s 14 Principles of Management: It includes:

- **Division of Labor:** The most people specialties, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.

- **Authority:** Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.

- **Discipline:** Members in an organization need to respect the rules and agreements that govern the organization. To Fayol, discipline results from good leadership at all levels of the organization, fair agreements (such as provisions for rewarding superior performance), and judiciously enforced penalties for infractions.

- **Unity of Command:** Each employee must receive instructions from only one person. Fayol believed that when an employee reported to more than one manager, conflicts instructions and confusion of authority would result.

- **Unity of Direction:** Those operations within the organization that have the same objective should be directed by only one manager using one plan. For example, the personnel department in a company should not have two directors, each with a different hiring policy.

- **Subordination of Individual:** Interest to the Common Good. In any undertaking, the interests of employees should not take precedence over the interests of the organization as a whole.

- **Remuneration:** Compensation for work done should be fair to both employees and employers.

- **Centralization:** Decreasing the role of subordinates in decision-making is centralization; increasing their role is decentralization. Fayol believed that managers should retain final responsibility, but should at the same time give their subordinates enough authority to do their jobs properly. The problem is to find the proper degree of centralization each case.
• **The Hierarchy:** The line of authority in an organization often represented to day by the neat boxes and lines of the organization chart – runs in order of rank from top management to the lowest level of the enterprise.

• **Order:** Materials and people should be in the right place at the right time. People, in particular, should be in the jobs positions they are most suited to.

• **Equity:** Managers should be both friendly and fair to their subordinates.

• **Stability of Staff:** A high employee turnover rate undermines the efficient functioning of an organization.

• **Initiative.** Subordinates should be given the freedom to conceive and carry out their plans, even though some mistakes may result.

• **Esprit de Corps.** Promoting team spirit will give the organization a sense of unity. To Fayol, even small factors should help to develop the spirit. He suggested, for example, the use of verbal communication instead of formal, written communication whenever possible.

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### 1.4 CASE STUDY ON SCOPE OF CREATIVITY

We have now understood the nature, scope and process of management and its evolution and different thoughts. In order to make our understanding clearer let us discuss a case study. The case we shall look at presents us with lot of scope for creativity. So let us form a group of five and discuss the case for 20 minutes. Then each group will present its views one after the other. Here is your case.

Deepak Mathur, the founder and chairperson of Airway Express, has been hailed in his attempt to build a more humane organization. But his leadership style was changing as the organization grew. Managers at Airway Express had a distinct managerial style: hard-working, but giving employees a great deal of freedom. All employees are expected to carry out a great variety of tasks. Thus, pilots help out in handling the baggage. Even top executives rotate from job to job to learn the major aspects of the business. Fulltime employees must buy stock in the company, although they receive a large discount. After the company expanded and experienced its first losses, its emphasis on participative management changed. With the acquisition of First Airlines Pvt Ltd, Airway Express became the fifth largest airline in the country only 5 years after its formation in 1990. With its growth, however, the firm changed its character from a family-style organization to a more traditional one. Critics maintain that within the company it is even risky to ask unpopular questions. One of the original managing directors, Priyanka Tandon, who was one of the architects of lifetime employment at Airway Express, was unexpectedly fired. She thinks now that asking Mathur challenging questions was risky and probably was a mistake. Another director, Amit Saxena, who did not like being told that he had to be at work from 7.00 am to 8.00 pm regardless of work load, quit and formed his own airline (Janata Airways Pvt Ltd) applying many of Airways Express’s managerial practices. What do you think of Mathur’s way
of firing an officer, although the company has an implied policy of great job security? Should a company be managed the same way regardless of its size or its profitability?

1.5 REVIEW QUESTIONS

1 “Organizations are products of environment”. Discuss.
2 Analyze the various changes that have taken place in the Indian business environment in the recent past.
3 What are the major social responsibilities of business or government managers? Have these responsibilities changed over the years? How?
FUNCTIONS OF MANAGEMENT

Structure

2.1 Planning
   2.1.1 Need for Planning
   2.1.2 Types of Planning
   2.1.3 Principles of Planning
   2.1.4 Steps in Planning

2.2 Managerial Decision Making

2.3 Organizational Design
   2.3.1 Process of Organizing
   2.3.2 Types of Organizational Design
   2.3.3 Situational Influences on Organization Design

2.4 Staffing

2.5 Directing

2.6 Controlling Concepts
   2.6.1 Steps in Control Process
   2.6.2 Designing Control Systems
   2.6.3 Principles of Effective Control

2.7 Review Questions

PLANNING

Planning is determining the objectives and formulating the methods to achieve them. It is more simply said than done. A job well planned is half done. During planning one needs to ask oneself the following:

- What am I trying to accomplish i.e. what is my objective?
- What resources do I have and do I need to accomplish the same?
- What are the methods and means to achieve the objectives?
- Is this the optimal path?
2.1.1 Need for Planning
As we saw in the beginning i.e. in Unit I ‘management’ had begun as people started forming groups to achieve their goals. They were quick to realize that managing is necessary to ensure proper coordination of all the individuals in the group. If the group effort is to be successful then its every member must know exactly what is expected of him. This is the fundamental function of planning. This is a basic function of the manager. Planning is the most crucial part of the functions of the manager. The importance of planning cannot be over emphasized. It has been rightly said, “Failure to plan is planning to fail”. Most of the organizations very often fail due to poor planning. Whatever be the resources one may have, without planning one cannot move ahead.

Good and effective managers are positive in their approach and are optimistic and yet prepare themselves for the worst. Though one cannot foresee the future but should learn anticipate. No one can wait till the problems develop before preparing to tackle them. This is rather being proactive. And proaction is an essential ingredient of planning. Planning needs choosing the best course of action among many alternatives and decision making. If one is left with no alternatives then there is no scope for planning i.e. choosing. It is essentially an intellectual process requiring knowledge, experience and intelligence. Planning is needed to make things happen or to cope up with the changes, otherwise, one has to simply be spectator and watch things happen.

2.1.2 Types of Planning
We have seen that planning is essential for the success and survival of any organization. One should also understand that there exist many different types of plans. One can plan effectively only if one understands the different types of plans and its purposes. Plans can be classified as

- Purposes or missions,
- Objectives,
- Strategies,
- Policies,
- Procedures,
- Rules,
- Programs
- Budgets.

Purpose or Mission of an organization is its basic function. It is like the purpose of the university is teaching and research that of Courts is the interpretation of laws and their application and so on.

- **Objective:** It is the ultimate goal towards which the activities of the organization are directed at. Like, say we take the University for example again, teaching, research and enlightening the students are the objectives of the university, whereas, the objective of the Examination Department of the university is to conduct the exam in a fair and reliable manner and declare the results in time. Though the objectives of the departments are different they are consistent with the purpose. One department alone is not capable of accomplishment of the purpose.
• **Strategy:** It is, in George Steiner’s words, “the process of determining the major objectives of an organization and the policies and programmes that will govern the acquisition, use and disposition of resources to achieve those objectives”. In other words strategy is the general program of action and deployment of resources to attain comprehensive objectives. Thus, an entrepreneur needs to decide what kind of business he is going to do? A strategy may also be policy such as selling on cash only. Treatment of strategy as a type of plan is justified by its usefulness in practice and importance in guiding.

• **Policy:** Koontz et al defined it as general statement or understanding which guide or channel thinking in decision making. Policy defines an area within which a decision is to be made and ensures that the decision will be consistent with and contribute to the objective.

• **Procedure** is a subdivision of policy. It states a series of related steps or tasks to be performed in a sequential way. In common parlance it is called ‘Standard Operating Procedure’ (SOP).

• **Rule** is also a plan that prescribes a course of action and explicitly states what is to be done under a given set of circumstances. Take note to observe the differences in rules, procedures and policies. Whereas the policies are to guide decision making and allow the managers to use their discretion, rules and procedures allow no such discretion.

• **Programme** is a broad term. Terry and Franklin define it as a “comprehensive plan that includes future use of different resources in an integrated pattern and establishes a sequence of required actions and time schedules for each in order to achieve stated objectives”. Thus a programme includes objectives, policies, procedures, methods, standards and budgets. Launching of a satellite is a programme.

• **Budget** is a statement of expected results expressed in numerical terms. It is a quantitative expression of a plan. It varies in accuracy, detail and purpose. Master budget contains the consolidated plan of action of the whole enterprise and is in a way the translated version of the overall business plan of the organization. Production budget is the plan of the production department and capital expenditure budget, raw, material budget, labor budget etc which are budgets of the production department. Some budgets vary according to the organization’s level of output; these are called variable or flexible budgets. Government departments prepare programme budgets in which the agency and the departments identifies goal, develops detailed programmes to meet the goals etc. A combination of the variable and the programme budget is the zero-base budget. In this approach the programmes are started as though from scratch or zero base.

2.1.3 **Principles of Planning**

One should keep in mind the following principles while planning in order make it effective.

• **Take Time to Plan.** Plan in haste and repent in leisure? No. You may save some time in quickly developing a plan. But, in the event of things going wrong, if you have not
considered all the factors in a hurry, you are under pressure of both the time and resources. This is sure recipe for trouble – not only for you, but also for the organization.

- **Planning can be Top to Down or Bottom to Top.** Generally, the top management of the organization prepares plans. However, some times the plans are evolved from the information coming from the lower levels. These are called bottom to top approach.

- **Involve and Communicate with all those Concerned.** Such an exercise commits people concerned with the achievement of goals. Participation in the process of planning gives a sense of pride and binds them to the objectives.

- **Plans must be Flexible and Dynamic.** Vision is the art of seeing things invisible. So too are the plans. They should include the factors unexpected or at least should have enough scope for maneuvering in the event of an unforeseen change in the environment.

- **Evaluate and Revise.** Evaluate the plans at regular intervals to make sure that it is contributing to the objectives in the expected manner.

### 2.1.4 Steps in Planning

There is no fixed formula or methods for planning. It is carried out as per the need of the organization. However one would broadly follow the following steps in planning.

- **The First Step:** It is determining the goals or objectives for the entire organization. If one fails to set correct or meaningful goals then one cannot make effective plans. Although goal setting is the first step in planning, the real starting point is the identification of the opportunity or the problem itself. This is very important because the manager should know where they are, what opportunities or problems they wish to handle and why and what they expect to gain.

- **The Second Step:** It is determining the planning premises. Planning premises in simpler words is the assumptions that are made about the various elements of the environment. It is important for all the managers involved in planning to agree on the premises. Internal premises include sales forecasts and policies of the organization. External premises are those factors that are outside the organization such as technological changes, general economic conditions etc.

- **The Third Step:** This would be to decide the planning period. While operational planning focuses on the short term, the strategic plans focus on the long term.

- **The Fourth Step:** This step in planning is to search for and examine alternative courses of actions. There is rarely a need to plan for where there exist no alternatives and generally an alternative that is not obvious proves to be the best.

- **The Fifth Step:** It is evaluating the alternatives. After having identified the number of alternatives and examining their strong and weak points it is logical to evaluate them against the planning premises and objectives.
• **The Sixth Step:** It is the real point of decision making. Here, from the many alternatives available a one is chosen i.e. the plan is adopted.

• **The Seventh Step:** It is to make derivative plans. The plan chosen after a thorough analysis is seldom complete without derivative plans. The plan, to make it operational, is split into departmental plans. Plans for the various operational units within the departments have to be formulated. The plans thus developed for the various levels down the organization are called derivative plans.

After the decisions are made and plans are set and are rolling, in order to reach the desired goal the plan has to be reviewed periodically. Such a review helps in taking corrective action, if necessary, when the plan is in force. We have now understood planning, the need for planning, different types and the steps involved in planning.

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**MANAGERIAL DECISION MAKING**

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Now we shall discuss the types of managerial decisions as well as steps in decision making process. Also we are going to discuss a managerial function that encompasses all the other functions of management that is, making decisions.

• A decision is a choice made from available alternatives.
• Decision-making is the process of identifying problems and opportunities and selecting a course of action to deal with specific problem or take advantage of an opportunity.
• Managers often are referred to as decision makers.
• Managerial decision-making differs from personal decision making in the systematic, specialized attention that managers give to decision-making.
• Decision-making is not easy. It must be done amid ever-changing factors, unclear information, and conflicting points of view.
• Good decision-making is a vital part of good management, because decisions determine how the organization solves its problems, allocates resources, and accomplishes its goals.
• Although many of their important decisions are strategic, managers also make decisions about every other aspect of an organization, including structure, control systems, responses to the environment, and human resources.
• Plans and strategies are arrived at thorough decision making; the better the decision making, the better the strategic planning.
• Managers scout for problems and opportunities, make decisions for solving or taking advantage of them, and monitor the consequences to see whether additional decisions are required.
• Decision-making deals with problems. A problem arises when an actual state of affairs differs from a desired state of affairs. Examples of problem situations are: A deviation from past experience; a deviation from a set plan; other people’s problems or decisions; the performance of competitors.

In many cases, a problem maybe an opportunity in disguise. It is not always clear whether a situation faced by a manager presents a problem or an opportunity. David B. Gleicher, a
management consultant, defines a problem as something that endangers the organization’s ability to reach its objectives, and an opportunity is something that offers the chance to exceed objectives. According to Peter Drucker, opportunities rather than problems are the key to organizational and managerial success. Drucker observes that solving a problem merely restores normality, whereas the exploitation of opportunities leads to progress.

**Types of Managerial Decisions:** The first classification of personal and organizational decisions was suggested by Chester Barnard in his classic book: “The functions of the Executive”. In his opinion, the basic difference between the two decisions is that “personal decisions cannot ordinarily be delegated to others, whereas organizational decisions can often, if not always, be delegated”. Thus, a manager makes organizational decisions that attempt to achieve organizational goals and personal decisions that attempt to achieve personal goals. Personal decisions can affect the organization, as in the case of a senior manager deciding to resign. Another common way of classifying types of decisions is according to whether they are basic or routine. Basic decisions are those which are unique, one-time decisions involving long-range commitments of relative permanence or duration, or those involving large investments. Examples of basic decisions in a business firm include plant location, organization structure, wage negotiations, product line, etc. Most top management policy decisions can be considered as basic decisions. Routine decisions are the everyday, highly repetitive management decisions which by themselves have little impact on the overall organization. However, taken together, routine decisions play a tremendously important role in the success of an organization. Examples of routine decisions include an accounting entry decision and a salesperson’s decision on what territory to cover. Finally, most management decisions typically fall into one of two categories:

- Programmed
- Nonprogrammed.

**Programmed Decisions:** It involves situations that have occurred often enough to enable decision rules to be developed and applied in the future. Programmed decisions are used for dealing with recurring organizational problems, whether complex or uncomplicated. If a problem occurs repetitively and routinely, and a specific approach can be worked out for handling it, then it may be a candidate for programmed decision making, predicted, and analyzed, a manager does not need to go to the trouble and expense of working up an involved decision process. Programmed decision making is relatively simple and tends to rely heavily on previous solutions. Programmed decisions limit freedom because managers have less latitude in deciding what to do. However, programmed decisions save time and cost less (since discretion consumes time and money), allowing managers to devote attention to other, and more important activities.

Lower-level managers essentially confront familiar and repetitive problems; therefore they most typically rely on programmed decisions such as policies, standard operating procedures, and rules. Examples of programmed decisions are inventory of a given product to be maintained, salary range of a newly hired employee, and handling of customer complaints, poorly defined and largely unstructured, and have important consequences for the organization.

**Nonprogrammed Decisions:** It deals with unusual or exceptional problems. If a problem has not come up often enough to be covered by a policy or is so important that it deserves special
treatment, it must be handled as a nonprogrammed decision. Also, when a manager confronts an ill-structured problem, a custom-made, nonprogrammed response is required. Most of the problems that top managers of an organization confront are nonrecurring and ill structured. Hence, as a manager moves up the organizational hierarchy, the ability to make nonprogrammed decisions becomes important. Deciding whether to acquire another organization or to sell off an unprofitable division, deciding which markets offer the most potential, or deciding how to allocate an organization’s resources are examples of nonprogrammed decisions.

Another classification of decisions relates to: Complexity of the problem in terms of the number of factors associated with it and the extent of certainty that can be placed with the outcome of a decision. Based on these two dimensions, four kinds of decision modes can be identified: Mechanistic, Analytical, Judgmental, and Adaptive.

- **A Mechanistic Decision**: It is one that is routine and repetitive in nature. It usually occurs in a situation involving a limited number of decision variables where the outcomes of each alternative are known. Most mechanistic decision problems are solved by habitual responses, standard operating procedures, or clerical routines. In order to further simplify these mechanistic decisions, managers often develop charts, lists, matrices, decision trees etc.

- **An Analytical Decision**: It involves a problem with a larger number of decision variables, where the outcomes of each decision variable can be computed. Management science and operations research provide a variety of computational techniques like linear programming and statistical analysis that can be used to find optimal solutions. Many production and engineering problems are complex, but solutions can be found.

- **A Judgmental Decision**: It involves a problem with a limited number of decision variables, but the outcomes of decision alternatives are unknown. Many marketing, investment, and resource allocation problems come under this category. Good judgment is needed to increase the possibility of desired outcomes and minimize the possibility of undesired outcomes.

- **An Adaptive Decision**: It involves a problem with a large number of decision variables, where outcomes are not predictable. Because of the complexity and uncertainty of such problems, decision makers are not able to agree on the nature or on decision strategies. Such ill-structured problems usually require the contributions of many people with diverse technical backgrounds. In such a case, decision and implementation strategies have to be frequently modified to accommodate new developments in technology and the environment.

**Decision Making Under Different States of Nature**: Every decision situation can be organized on a scale according to the availability of information and the possibility of failure. The four positions on the scale are certainty, risk, uncertainty, and ambiguity. Decision making under certainty occurs when a manager knows the precise outcome associated with each possible alternative or course of action. In such situations, there is perfect knowledge about alternatives.
and their consequences. The probability of specific outcomes is assumed to be equal to one. A manager is simply faced with identifying the consequences of available alternatives and selecting the outcome with the highest benefit or payoff. Decision making under risk is when a single action may result in more than one potential outcome, but the relative probability of each outcome is unknown. Decisions under conditions of risk are perhaps the most common. In such situations, alternatives are recognized, but their resulting consequences are probabilistic and doubtful. In practice, managers assess the likelihood of various outcomes occurring based on past experience, research, and other information. Decision making under uncertainty happens when a single action may result in more than one potential outcome, but the relative probability of each outcome is unknown. In such situations a manager has no knowledge whatsoever on which to estimate the likely occurrence of various alternatives.

Decisions under uncertainty generally occur in cases where no historical data are available from which to infer probabilities or in instances which are so novel and complex that it is impossible to make comparative judgments. Managers may have to make assumptions from which to forge the decision. Managers may have to come up with creative approaches to alternatives and use personal judgment to determine which alternative is best. Selection of a new advertising program is an example of such a decision. Decision making under ambiguity means that the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define, and information about outcomes is unclear. Such problems, referred to as “wicked” decision problems are associated with managerial conflicts over goals and decision alternatives, rapidly changing circumstances, fuzzy information, and unclear linkages among decision elements. In such cases managers must conjure up goals and develop reasonable scenarios for decision alternatives in the absence of information. After studying the basic concepts of decision-making and the environments in which the decisions are made, we will now discuss how decisions should be and are made in practice.

Steps in the Decision-Making Process: Models of decision making process. There are three suggested models of how decisions are made:

- The econological or economic man model.
- The bounded rationality or administrative man model.
- The implicit favorite or gamesman model.

The Econological or Economic: It is otherwise known as Man model. It represents the earliest attempt to model decision process. This model rests on two assumptions: It assumes that people are economically rational and that they will select the decision or course of action that has the greatest advantage or payoff from among the many alternatives. It also assumes that people attempt to maximize outcomes in an orderly and sequential process by going about the search for the best alternative in a planned, orderly, and logical fashion. A basic econologic decision model suggests the following orderly steps in the decision process: Discover the symptoms of the problem or difficulty; Determine the goal to be achieved or define the problem to be solved; Develop a criterion against which alternative solutions can be evaluated; Identify all alternative courses of action; Consider the consequences of each alternative as well as the likelihood of the occurrence of each; Choose the best alternative by comparing the consequences of each alternative with the decision criterion and Act or implement the decision. The economic man
model represents a useful prescription of how decisions should be made, but it does not adequately portray how decisions are actually made. This model is unrealistic since it makes the following assumptions about human beings: People can have complete information; They can accurately recall any information any time they like; People can manipulate all this information in a series of complex calculations to provide expected values; and, People can rank the consequences in a consistent fashion for the purposes of identifying the preferred alternative.

**Steps in the Decision-Making Process:** The Bounded Rationality or Administrative Man Model has been presented by Simon. As the name implies, this model, does not assume individual rationality in the decision making process. Instead, it assumes that people may seek the best solutions usually settle for much less because the decisions they confront typically demand greater information processing capabilities than they possess. They seek a kind of bounded (or limited) rationality in decisions. The concept of bounded rationality attempt to describe decision processes in terms of three mechanisms:

- **Sequential Attention to Alternative Solutions:** Instead of identifying all possible solutions and selecting the best, the various alternatives are identified and evaluated one at a time.

- **Use of Heuristics:** Decision makers use heuristics to reduce large problems to manageable proportions so that decisions can be made rapidly. They look for obvious solutions or previous solutions that worked in similar situations. A heuristic is a rule which guides the search for alternatives into areas that have a high probability for yielding satisfactory solutions.

- **Satisfying:** Whereas the econological model focuses on the decision maker as an optimizer, this model sees her or him as a satisfier.

An alternative is optimal if there exists a set of criteria that permits an alternative to be compared; and the alternative in question is preferred, by these criteria, to all other alternatives. An alternative is satisfactory if there exists a set of criteria that describes minimally satisfactory alternatives; and the alternative in question meets or exceeds all these criteria.

**The Bounded Rationality Model:** This decision making process is outlined below:

1. Set the goal to be pursued or define the problem to be solved.
2. Establish an appropriate level of aspiration or criterion level (that is, when do you know that a solution is sufficiently positive to be acceptable even if it is not perfect?).
3. Employ heuristics to narrow problem space to a single promising alternative.
4. If no feasible alternative is identified (a) lower the aspiration level, and (b) begin the search for a new alternative solution (repeat steps 2 and 3).
5. After identifying a feasible alternative evaluate it to determine its acceptability.
6. If the identified alternative is unacceptable, initiate search for a new alternative solution (repeat steps 3-5).
7. If the identified alternative is acceptable implement the solution.
8. Following implementation, evaluate the ease with which the goal was (or was not) attained and raise or lower level of aspiration accordingly on future decisions of this type.

In contrast to the prescriptive econologic model, it is claimed that the bounded rationality model is descriptive; that is, it describes how decision makers actually arrive at the identification of solutions to organizational problems.

**Implicit Favorite or Gamesman Model:** It was developed by Soelberg (1967). In this process, an implicit favorite is identified very early in the choice process during the generation of alternatives. The search for additional choices is continued and quickly the best alternative candidate is selected, known as the confirmation candidate. Next, decision rules are generated to demonstrate unequivocally that the implicit favorite is superior to the alternative confirmation candidate. This is done through perceptual distortion of information about the two alternatives and through weighing systems designed to highlight the positive features of the implicit favorite. The decision rules are designed to contain only those one or two dimensions in which the implicit favorite can be shown to be superior to the confirmation candidate. The following are the steps in the process of this model:

1. Set goal;
2. Identify implicit favorite;
3. Compare and rank implicitly rejected alternatives;
4. Identify confirmation candidate;
5. Establish decision rule or criterion;
6. If decision rule does not justify implicit favorite repeat steps and/or 5;
7. Otherwise, announce decision; and,

**Steps in the decision making process:**

1. Recognition of decision requirement.
2. Diagnosis and analysis of causes.
4. Evaluation of alternatives.
5. Selection of desired alternative.
6. Implementation of chosen alternative.
7. Evaluation and feedback.

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### 2.3 ORGANIZATIONAL DESIGN

An organization is a pattern of relationships many interwoven, simultaneous relationships through which people, under the direction of managers, pursue their common goals. Goals are the products of the decision-making processes in planning. Members of an organization need a stable, understandable framework within which they can work together toward organizational goals. The managerial process of organizing involves making decisions about this type of
framework so that organizations can last from the present well into the future. Managers must take into account two kinds of factors when they organize:

- They must outline their goals for the organization, their strategic plans for pursuing those goals, and the capabilities at their organizations for carrying out those strategic plans.
- Simultaneously, managers must consider what is going on now, and what is likely to happen in the future, in the organizational environment.

At the intersection of these two sets of factors-plans and environments-managers make decisions that match goals, strategic plans, and capabilities with environmental factors. This crucial first step in organizing, which logically follows from planning, is the process of organizational design. The specific pattern of relationships that managers create in this process is called the organizational structure. Organizing is important because it follows from strategy. Strategy defines what to do; organizing defines how to do it. Organization structure is a tool that managers use to harness resources for getting things done. Organizational structure is a framework that managers device for dividing and coordinating the activities of members of an organization. Because strategies and environmental circumstances differ from one organization to the next, there are a variety of possible organizational structures. Organizing is the deployment of organizational resources to achieve strategic goals. The deployment of resources is reflected in the organization’s division of labor into specific departments and jobs, formal lines of authority, and mechanisms for coordinating diverse organization tasks. When managers develop or change the organization’s structure, they are engaging in organization design. This process involves making decisions about: How specialized jobs should be allocated, the rules to guide employee behavior, and, at what level decisions are to be made.

**Organization Design Decisions are Typically made by Senior Managers:** The process of organizing consists of breaking down the required work into individual departments and jobs, and then providing the necessary coordination to ensure that these departments and jobs fit together. For very small jobs, the process of organizing is not very complicated. But for larger jobs, such as managing a hospital, the process of organizing can become quite complex. It involves dividing the work of the organization into departments; delegating authority; and establishing coordination and control systems to ensure that everyone is working in unison to fulfill the organization’s goals.

**2.3.1 Process of Organizing**
Organizational design involves the following six key elements which also formulate the process of organizing:

- **Determine what is to be done/ Division of Work:** Adam Smith’s Wealth of Nations advocated that jobs should be divided into smaller parts. A job is broken down into a number of steps, and each step is completed by a separate individual leading to work specialization. In essence, individuals specialize in doing part of an activity rather than the entire activity. Installing only the motherboards and hard-disk drives in a computer assembly line is an example of this. Division of work creates simplified tasks that can be learned and completed relatively quickly. This fosters specialization, as each person becomes expert in a certain job. And, because it creates a variety of jobs, people can
choose or be assigned to positions that match their talents and interests. In most organizations, some tasks require highly developed skills; others can be performed by those who have lower skill levels. If all workers were engaged in all the steps of, say, a manufacturing process, all would have the skills necessary to perform both the most demanding and the least demanding jobs. Thus, except when performing the most highly skilled or highly sophisticated tasks, employees would be working below their skill level. In addition, skilled workers are paid more than unskilled workers, and, because wages tend to reflect the highest level of skill, all workers would be paid at highly skilled rates to do easy tasks-an inefficient use of resources. That is why you rarely find a cardiac surgeon closing up a patient after surgery. Doctors doing their residency in open-heart surgery and learning the skill usually stitch and staple the patient after the surgeon has performed bypass surgery. This division of work by skill-level work specialization leads to increased productivity. Work specialization also has its disadvantages. If tasks are divided into small, discrete steps and if each worker is responsible for only one step, then alienation—the absence of a sense of control—may easily develop. This can lead to boredom, fatigue stress, low productivity, poor quality, increased absenteeism, and high turnover.

- **Assign Tasks: Departmentalization:** Work specialization creates specialists who need coordination. This coordination is facilitated by putting specialists together in departments under the direction of a manager. These departments are typically based on the work functions performed, the product or service offered, the target customer or client, the geographic territory covered, or the process used to turn inputs into outputs. The method or methods used should reflect the grouping that would best contribute to the attainment of the organization’s objectives and the goals of individual units. To keep track of the complex web of formal relationships in an organization, managers typically draw up an organization chart to depict how work is divided.

- **Link Departments: Hierarchy Development:** Chain of command and span of control. Since the early days of industrialization, managers worried about the number of people and departments one could effectively handle. This question pertains to the span of management control (frequently shortened to span of control or span of management). The span of management control refers to the number of people and departments that report directly to a particular manager. Once work is divided, departments created, and the span of control chosen, managers can decide on a chain of command—a plan that specifies who reports to whom. The result of these decisions is a pattern of multiple levels that is called a hierarchy. Wide spans, in contrast, create flat hierarchies, with fewer management levels between top and bottom. One of the most noticeable trends in recent years is a move toward flatter organizational hierarchies. Early management writer tried to determine the maximum number of people one manager could supervise, and many concluded that the universal maximum was six. However, several writers did acknowledge level in the organization as a contingency variable. They argued that as a manager rises in an organization, he or she has to deal with a greater number of illustrated problems, so top managers need a smaller span than do middle managers, and middle managers require a smaller span than do supervisors. Many organizations today are increasing their spans of control. The span of control is increasingly being determined
by looking at contingency variables. It is obvious that the more training and experience employees have the less direct supervision they need. Managers who have well-trained and experienced employees can function with a wider span. Other contingency variables that will determine the appropriate span include similarity of employee tasks, the complexity of those tasks, the physical proximity of employees, the degree to which standardized procedures are in place, the sophistication of the organization’s management information system, the strength of the organization’s value system, and the preferred managing style of the manager. The chain of command is an unbroken line of authority that links all persons in an organization and shows who reports to whom. It is associated with two underlying principles. Unity of command means that each employee is held accountable to only one supervisor. The scalar principle refers to a clearly defined line of authority in the organization that includes all employees. Authority and responsibility for different tasks should be distinct. All persons in the organization should know to whom they report as well as the successive management levels all the way to the top.

- **Decide how much Authority to Designate/ Authority, Responsibility and Delegation:**
  The chain of command illustrates the authority structure of the organization. Authority is the formal and legitimate right of a manager to make decisions, issue orders, and allocate resources to achieve organizationally desired outcomes. Authority is distinguished by three characteristics: 1. Authority is vested in organizational positions, not people. Managers have authority because of the positions they hold, and other people in the same positions would have the same authority. 2. Authority is accepted by subordinates. Although authority flows top down through the organization hierarchy, subordinates comply because they believe that managers have a legitimate right to issue orders. The acceptance theory of authority argues that a manager has authority only if subordinates choose to accept his or her commands. 3. Authority flows down the vertical hierarchy. Positions at the top of the hierarchy are vested with more formal authority than are positions at the bottom. Responsibility is the duty to perform the task or activity an employee has been assigned. Typically, managers are assigned authority commensurate with responsibility. When managers have responsibility for task outcomes but little authority, the job is possible but difficult. They have to rely on persuasion and luck. When managers have authority exceeding responsibility, they may become tyrants, using authority toward frivolous outcomes. Accountability means that the people with authority and responsibility are subject to reporting and justifying task outcomes to those above them in the chain of command. Accountability is the mechanism through which authority and responsibility are brought into alignment. Subordinates must be aware that they are accountable for a task and accept the responsibility and authority for performing it. Delegation is the process where managers use to transfer authority and responsibility to positions below them in the hierarchy. Most organizations today encourage managers to delegate authority to the lowest possible level to provide maximum flexibility to meet customer needs and adapt to the environment. Line and Staff Authority is also an important distinction in many organizations is between line authority and staff authority, reflecting whether managers work line or staff departments in the organization’s structure. Line departments perform tasks that reflect the organization’s primary goal and mission. In a manufacturing organization, line departments make and sell the product. Staff departments include all those that provide specialized skills in support of line
departments. Staff departments have an advisory relationship with line departments and typically include marketing, labor relations, research, accounting and human resources. Line authority means that people in management positions have formal authority to direct and control immediate subordinates. Staff authority is narrower and includes the right to advice, recommend, and counsel in the staff specialists’ area of expertise. Staff authority is a communication relationship; staff specialists advise managers in technical areas. For example, the finance department of a manufacturing firm would have staff authority to coordinate with line departments about which accounting forms to use to facilitate equipment purchases and standardize payroll services.

- **Decide the Levels at which Decisions are to be made / Centralization vs. Decentralization:** Centralization and decentralization pertain to the hierarchical level at which decisions are made. Centralization means that decision authority is located near the top of the organization. With decentralization, decision authority is pushed downward to lower organization levels. Organizations may have to experiment to find the correct hierarchical level at which to make decisions, that is, the degree of centralization. This means that no organization can be either completely centralized or completely decentralized. Early management writers proposed that centralization in an organization depended on the situation. Their objective was the optimum and efficient use of employees. Traditional organizations were structured in pyramid, with power and authority concentrated near the top of the organization. Given this structure, historically centralized decisions have been the most common. However, organizations today have become more complex and are responding to dynamic changes in their environments. As such, many managers believe that decisions need to be made by those individuals closest to the problems faced regardless of their organizational level. In fact, the trend has been a movement toward more decentralization in organizations. Today, managers often choose the amount of centralization or decentralization that will allow them to best implement their decisions and achieve organizational goals. What works in one organization, however, won’t necessarily work in another. So managers must determine the amount of decentralization for each organization and work units within it. Factors that typically influence centralization versus decentralization are as follows: 1. Greater change and uncertainty in the environment are usually associated with decentralization. 2. The amount of centralization or decentralization should fit the firm’s strategy. 3. In times of crisis or risk of company failure, authority may be centralized at the top.

- **Decide how to Achieve Coordination:** Coordination is the process of integrating the activities of separate departments in order to pursue organizational goals effectively. Without coordination, people would lose sight of their roles within the total organization and would be tempted to pursue their own departmental interests at the expense of organizational. The extent of coordination depends on the nature of the tasks performed and the degree of interdependence of the people in the various units performing them. When these tasks require or can benefit from communication between units, then a high degree of coordination is best. When information exchange is less important, work may be completed more efficiently with less interaction between units. A high degree of coordination is likely to be beneficial for work that is non-routine and unpredictable, for work in which factors in the environment are changing, and for work in which
interdependence is high. In addition, organizations that set high performance objectives usually require a higher level of coordination. Coordination can also occur among people working at different organizations. Coordination is a complement, even a counterbalance, to the division of work and job specialization. Specialization tends to separate people in organizations, because jobs are, by definition, separate identifiable collections of activities. Coordination involves bringing people back together to ensure that work relationships between people with different but related jobs can contribute to organizational goals.

Managers use many techniques for achieving coordination. The main ones include:

- **Coordination by Rules or Procedures**: If the work that needs to be done is predictable and can be planned for in advance, you can specify ahead of time what actions your subordinates will take. Rules and procedures are thus useful for coordinating routine, recurring activities. They specify in detail, ahead of time, what course of action each subordinate should take if some situation should arise. Thus a restaurant manager could have a rule that “buyers will buy tables as soon as a customer is finished eating.” This helps ensure that the table is clear before the next course is served, and that the work of the waiters and buyers is coordinated.

- **Coordination by Targets or Goals**: Most managers assign subordinates targets or goals to facilitate coordination. For example, a president might tell his or her sales vice president to sell 10,000 units next year, the production vice president to produce 10,000 units, and the finance vice president to finance 10,000 units next year. Then, if each vice president achieves his or her goal, their efforts should be coordinated since the company will sell, produce, and be ready to finance 10,000 units.

- **Coordination through the Hierarchy**: In addition to using rules and targets, all managers use the chain of command to achieve coordination. Thus, when situations arise that are not covered by rules or targets, subordinates are trained to bring the problem to the manager.

- **Coordination through Departmentalization**: Some forms of departmentalization facilitate coordination better than do others. For instance, suppose a company is organized functionally, with separate departments for production, finance, and sales. These departments are highly interdependent, which means the president must work hard to coordinate production, finance, and sales for all the company’s products. Now suppose the company switches to a product-type departmentalization. Now there are separate managers for each of the company’s products, each of whom has his or her own production, finance, and sales group. The president does not have to work as hard coordinating the work of the product divisions, because they are not as interdependent as were the production, finance, and sales departments that previously reported to him. At the same time, having a single manager and department for each product helps ensure that all the work needed to produce, finance, and sell each product is tightly coordinated. As a rule, functional departmentalization creates additional demands for coordination, since the functional departments are so interdependent. Product departmentalization
reduces the interdependence, and the need for coordination. Switching to a matrix departmentalization also improves coordination. This is because the matrix approach means each project has the continuous and undivided attention of its own project manager and project team.

- **Using a Staff Assistant for Coordination:** Some managers hire an “assistant” to make the manager’s job of coordinating his or her subordinates easier. When subordinates bring a problem to the manager, the assistant can compile information on the problem, research the problem, and advise on what alternatives are available. This effectively increases the manager’s ability to handle problems and coordinate the work of his or her subordinates.

- **Using a Liaison for Coordination:** When the volume of contacts between two departments (like production and sales) grows, many managers appoint a special liaison person to facilitate coordination. For example, the sales department might appoint one salesperson to be its liaison with the production department. This person would be based in the sales department but would travel frequently to the production plant to learn as much as possible about the plant’s production schedule. Then when an order comes in to the sales department, the sales manager could quickly determine from this liaison person what the production schedules are, and whether the order can be accepted and delivered when promised.

- **Using a Committee for Coordination:** Many managers achieve coordination by creating interdepartmental committees, task forces, or teams. These are usually composed of representatives of five or six interdependent departments, and they meet periodically to discuss common problems and ensure interdepartmental coordination.

- **Using Independent Integrators for Coordination:** An independent integrator’s job is to coordinate the activities of several interdependent departments. Integrators differ from liaison personnel in that integrators are independent of (not attached to) the departments they coordinate. Independent integrators may be either individuals or departments. This coordination technique has proved useful in high-technology companies where the work of several interdependent departments must be coordinated under rapidly changing conditions. In the electronics industry, for instance, developing new products involves close coordination between research, engineering, sales and production departments in a situation where competitors are constantly introducing new and innovative products. Here, a successful firm might decide to establish a new product development department. This department’s entire role is to coordinate (or “integrate”) the research, marketing analysis, sales, and production activities that are necessary for developing and introducing a new product.

- **Coordination through Mutual Adjustment:** Mutual adjustment achieves coordination through informal communication. This is a simple coordinating approach, and is thus used in the simplest of organizations for example, by two people moving a heavy log. Here coordination could be achieved by just having two persons count “one, two, three, lift” at which time both people lift the object in unison. Paradoxically, mutual adjustment
is also used in the most complex of situations, where the situation changes so quickly and
where the work to be done is so unpredictable that standard procedures and organizations
will not suffice. We will now delve into the different organizational design approaches
and the situational influences on the organizational designs.

2.3.2 Different types of Organizational Design

Organizational design, as we have seen, is the decision-making process by which managers
choose an organizational structure appropriate to the strategy for the organization and the
environment in which members of the organization carry out that strategy. Organizational design
thus has managers looking into two directions simultaneously: inside their organization and
outside their organization. Initially, organizational design processes were concentrated on the
internal workings of an organization. Gradually, the external outlook of the organizational design
aspect has been given more and more managerial attention.

• **The Classical Approach:** Early managers and management writers sought the “one best
way” a set of principles for creating an organizational structure that would work well in
all situations. Max Weber, Frederick Taylor, and Henri Fayol were major contributors to
the classical approach. They believed that the most efficient and effective organizations
had a hierarchical structure in which members of the organization were guided in their
actions by a sense of duty to the organization and by a sense of rational rules and
regulations. When fully developed, according to Weber, such organizations were
characterized by specialization of tasks, appointment by merit, and provision of career
opportunities for members, routinization of activities, and a rational, impersonal
organizational climate. Weber called this a bureaucracy. Weber praised bureaucracy for
its establishment of rules for decision making, its clear chain of command, and its
promotion of people on the basis of ability and experience rather than favoritism or
whim. He also admired the bureaucracy’s clear specification of authority and
responsibility, which he believed made it easier to evaluate and reward performance.

• **The Task-Technology Approach:** Different set of variables internal to the organization
are prominent in the task-technology approach to organizational design that emerged in
the 1960s. “Task-technology” refers to the different kinds of production technology
involved in making different kinds of products. Classical studies conducted in the mid-
1960s by Joan Woodward and her colleagues found that an organization’s task-
technology affected both its structure and its success. Woodward’s team divided about
100 British manufacturing firms into three groups according to their respective task
technologies: 1. Unit production refers to the production of individual items tailored to a
customer’s specifications custom-made clothes, for example. The technology used in unit
production is the least complex because the items are produced largely by individual
craftspeople. Small-batch production refers to products made in small quantities in
separate stages, such as machine parts that are later assembled. 2. Large-batch and mass
production refer to the manufacture of large quantities of products, sometimes on an
assembly line (such as computer chips). 3. Process production refers to the production of
materials that are sold by weight or volume, such as chemicals or drugs. These materials
are usually produced with highly complex equipment that operates in a continuous flow.
Woodward’s studies led to three general conclusions: 1. the more complex the
technology-ranging from unit to process production—the greater the number of managers or managerial levels. In other words, complex technologies lead to tall organizational structures and require more supervision and coordination. 2. The span of management for first-level managers increases as we move from unit to mass production, but decreases as we move from mass to process production. Because lower level employees in both unit and process production firms usually do highly skilled work, they tend to form small work groups, making a narrow span inevitable. In contrast, one manager can supervise a large number of assembly-line workers who perform similar tasks. 3. As a firm’s technological complexity increases, its clerical and administrative staffs become larger because managers need help with paperwork and non-production-related work so they can concentrate on specialized tasks. Also, complex equipment requires more maintenance and scheduling, both of which generate additional paperwork. Woodward’s studies provided evidence of the influence of technology on organizational structure. Other research has suggested that the impact of technology on structure is strongest in small firms. For large firms, the impact of technology seems to be felt mainly at the lowest levels of the organization.

- **The Environmental Approach:** Tom Burns and G. M. Stalker have developed an approach to organizational design that incorporates the organizational environment into design considerations. Burns and Stalker distinguished between two organizational systems: Mechanistic and Organic. 1. The mechanistic organizational system is a rigid and tightly controlled structure. In this system, the activities of the organization are broken down into separate, specialized tasks. Objectives for each individual and unit are precisely defined by higher-level managers following the classical bureaucratic chain of command. It’s characterized by high specialization, rigid departmentalization, narrow spans of control, high formalization, a limited information network (mostly downward communication), and little participation in decision-making by lower-level employees. This organizational design tries to minimize the impact of differing personalities, judgments, and ambiguity because these human traits are seen as inefficient and inconsistent. Although no pure form of mechanistic organization exists in reality, almost all large corporations and governmental agencies have some of these mechanistic characteristics. The organic organizational system is a highly adaptive and flexible structure. In this system, individuals are more likely to work in a group setting than alone. There is less emphasis on taking orders from a manager or giving orders to employees. Instead members communicate across all levels of the organization to obtain information and advice. Rather than having standardized jobs and regulations, the organic organization is flexible, which allows it to change rapidly as needs require. Organic organizations have division of labor, but the jobs people do are not standardized. Employees are highly trained and empowered to handle diverse job activities and problems, and these organizations frequently use employee teams. Employees in organic-type organizations require minimal formal rules and little direct supervision. Their high levels of skills and training and the support provided by other team members make formalization and tight managerial controls unnecessary. After studying a variety of companies, Burns and Stalker concluded that the mechanistic system was best suited to a stable environment, whereas organic systems were best suited a turbulent one. Organizations in changing environments would probably use some combination of the
two systems. In a stable environment, each organization member is likely to continue performing the same task. Thus, skill specialization is appropriate. In a turbulent environment, however, jobs must constantly be redefined to cope with the ever-changing world. Organization members must therefore be skilled at solving a variety of problems, not at repetitively performing a set of specialized activities. In addition, the creative problem solving and decision-making required in turbulent environments are best carried out in groups in which members can communicate openly. Thus, for turbulent environments, an organic system is appropriate.

- **Traditional Organizational Designs:** In designing a structure to support the efficient and effective accomplishment of organizational goals, managers may choose to follow more traditional organizational designs. These designs are the simple structure, functional structure, and divisional structure-tend to be more mechanistic. **Simple Structure:** Most organizations start as entrepreneurial ventures with a simple structure consisting of owners and employees. A simple structure is an organizational design with low departmentalization, wide spans of control, authority centralized in a single person, and little formalization. This structure is most commonly used by small businesses in which the owner and manager are one and the same. Many organizations, do not, by choice or by design, remain simple structures. As an organization grows, it generally reaches a point where it has to add employees to help cope with the additional duties and requirements of operating at that level. As the number of employees rises, the structure tends to become more specialized and formalized. Rules and regulations are introduced, work becomes specialized, departments are created, levels of management are added, and the organization becomes increasingly bureaucratic. At this point, a manager might choose to organize around a functional structure or a divisional structure. **Functional Structure:** A functional structure is an organizational design that groups similar or related occupational specialties together. It’s the functional approach to departmentalization applied to the entire organization. For instance, organized around the functions of operations, finance, human resources, and product research and development. **Divisional Structure:** The divisional structure is an organizational structure made up of separate units or divisions. In this design, each unit or division has relatively limited autonomy, with a division manager responsible for performance and who has strategic and operational authority over his or her unit. In divisional structures, however, the parent corporation typically acts as an external overseer to coordinate and control the various divisions, and it often provides support services such as financial and legal. Take Wal-Mart Stores, Inc., for example. Its divisions include Wal-Mart Realty, International, Specialty Stores, Sam’s Clubs, and Super centers.

**Situational Influences on Organization Design:** Top managers of most organizations typically put a great deal of thought into designing an appropriate structure. What that appropriate structure is depends on four contingency variables: the organization’s strategy, size, technology and Environment uncertainty.

**Strategy and Structure:** An organization’s structure should facilitate the achievement of goals. Because goals are influenced by the organization’s strategies, it’s only logical that strategy and structure should be closely linked. More specifically, structure should follow strategy. Managers
significantly change the organization’s strategy, they will need to modify the structure to accommodate and support the change. Alfred Chandler initially researched the strategy-structure relationship. He studied several large U.S. companies over a period of 50 years and concluded that changes in corporate strategy led to changes in an organization’s structure. He found that these organizations usually began with a single product or product line that required only a simple or loose form of organization. However, as these organizations grew, their strategies became more ambitious and elaborate and the structure changed to support the chosen strategy.

Most current strategy frameworks tend to focus on three dimensions:

- Innovation, which reflects the organization’s pursuit of meaningful and unique innovations;
- Cost minimization, which reflects the organization’s pursuit of tightly controlled costs;
- Imitation, which reflects an organization’s seeking to minimize risk and maximize profit opportunities by copying the market leaders. What structural design works best with each? Innovators need the flexibility and free-flowing information of the organic structure, whereas cost minimizers seek the efficiency, stability, and tight controls of the mechanistic structure. Imitators use structural characteristics of both-the mechanistic structure to maintain tight controls and low costs and the organic structure to pursue new and innovative directions.

Size and Structure: There’s considerable evidence that an organization’s size significantly affects its structure. For instance, large organizations—those with 2,000 or more employees tend to have more specialization, departmentalization, centralization, and rules and regulations than do small organizations. However, the relationship isn’t linear. Rather, size affects structure at a decreasing rate; that is, size has less impact as an organization grows. Why? Essentially, once an organization has around 2,000 employees, it’s already fairly mechanistic. Adding an additional 500 employees to a firm with 2,000 employees won’t have much of an impact. On the other hand, adding 500 employees to an organization that has only 300 members is likely to result in a shift toward a more mechanistic structure.

Technology and Structure: Every organization has at least one form of technology to convert its inputs into outputs. For instance, workers at Maytag Corporation build its washers, dryers, and other home appliances on a standardized assembly line. Employees at Kinkos Copies produce custom jobs for individual customers. And employees at Bayer AG work on a continuous-flow production line for manufacturing its pharmaceuticals. Each of these organizations represents a different type of technology. The initial interest in technology as a determinant of structure can be traced to the work of a British scholar, Joan Woodward. She studied several small manufacturing firms in southern England to determine the extent to which structural design elements were related to organizational success. Woodward was unable to find any consistent pattern until she segmented the firms into three categories based on the size of their production runs. The three categories, representing three distinct technologies, had increasing levels of complexity and sophistication.
• The first category, unit production, described the production of items in units or small batches.
• The second category, mass production, described large batch manufacturing.
• Finally, the third and most technically complex group, process production, included continuous-process production.

A summary of her findings indicated that an organic structure was most suited for unit production and process production; whereas a mechanistic structure was most suited for mass production. Since Woodward’s initial work, numerous studies have been done on the technology structure relationship. These studies generally demonstrate that organizations adapt their structures to their technology. The processes or methods that transform an organization’s inputs into outputs differ by their degree of routine ness. In general, the more routine the technology, the more standardized and mechanistic the structure can be. Organizations with more non routine technology are more likely to have organic structures.

**Environmental Uncertainty and Structure:** Why should an organization’s structure be affected by its environment? Because of environmental uncertainty some organizations face relatively stable and simple environments; others face dynamic and complex environments. Because uncertainty threatens an organization’s effectiveness, managers will try to minimize it. One way to reduce environmental uncertainty is through adjustments in the organizational structure. The greater the uncertainty, the greater the need for the flexibility offered by an organic design. On the other hand, simple environments, mechanistic designs tend to be most effective. The evidence on the environment-structure relationship helps to explain why so many managers are restructuring their organizations to be lean, fast, and flexible. Global competition, accelerated product innovation by competitors, and increased demands from customers for high quality and faster deliveries are examples of dynamic environmental forces. Mechanistic organizations are not equipped to respond to rapid environmental change and environmental uncertainty. As a result, we’re seeing organizations being designed to be more organic.

2.4 STAFFING

Human resources is an increasingly broadening term with which an organization, or other human system describes the combination of traditionally administrative personnel functions with acquisition and application of skills, knowledge and experience, employee relations and resource planning at various levels. The field draws upon concepts developed in Industrial/Organizational Psychology and System Theory. Human resources have at least two related interpretations depending on context. The original usage derives from political economy and economics, where it was traditionally called labor, one of four factors of production although this perspective is changing as a function of new and ongoing research into more strategic approaches at national levels. This first usage is used more in terms of human resources development and can go beyond just organizations to the level of nations. The more traditional usage within corporations and businesses refers to the individuals within a firm or agency, and to the portion of the organization that deals with hiring, firing, training, and other personnel issues, typically referred to as human resources management.
The objective of human resource's development (the 's' is important in human resource's in that it underscores individuality/variability) is to foster human resourcefulness through enlightened and cohesive policies in education, training, health and employment at all levels, from corporate to national. Human resource management's objective, on the other hand, is to maximize the return on investment from the organization's human capital and minimize financial risk. It is the responsibility of human resource managers in a corporate context to conduct these activities in an effective, legal, fair, and consistent manner.

Human resource management serves these key functions:

- Recruitment & Selection
- Training and Development (People or Organization)
- Performance Evaluation and Management
- Promotions/Transfer
- Redundancy
- Industrial and Employee Relations
- Record keeping of all personal data.
- Compensation, pensions, bonuses etc in liaison with Payroll
- Confidential advice to internal 'customers' in relation to problems at work
- Career development
- Competency Mapping
- Time motion study is related to H.R.Function

Modern analysis emphasizes that human beings are not "commodities" or "resources", but are creative and social beings in a productive enterprise. The 2000 revision of ISO 9001 in contrast requires to identify the processes, their sequence and interaction, and to define and communicate responsibilities and authorities. In general, heavily unionized nations such as France and Germany have adopted and encouraged such job descriptions especially within trade unions. The International Labor Organization also in 2001 decided to revisit, and revise its 1975 Recommendation 150 on Human Resources Development. One view of these trends is that a strong social consensus on political economy and a good social welfare system facilitates labor mobility and tends to make the entire economy more productive, as labor can develop skills and experience in various ways, and move from one enterprise to another with little controversy or difficulty in adapting. Another view is that governments should become more aware of their national role in facilitating human resources development across all sectors.

An important controversy regarding labor mobility illustrates the broader philosophical issue with usage of the phrase "human resources": governments of developing nations often regard developed nations that encourage immigration or "guest workers" as appropriating human capital that is rightfully part of the developing nation and required to further its growth as a civilization. They argue that this appropriation is similar to colonial commodity fiat wherein a colonizing European power would define an arbitrary price for natural resources, extracting which diminished national natural capital. The debate regarding "human resources" versus human capital thus in many ways echoes the debate regarding natural resources versus natural capital. Over time the United Nations have come to more generally support the developing nations' point
of view, and have requested significant offsetting "foreign aid" contributions so that a developing nation losing human capital does not lose the capacity to continue to train new people in trades, professions, and the arts.

An extreme version of this view is that historical inequities such as African slavery must be compensated by current developed nations, which benefited from stolen "human resources" as they were developing. This is an extremely controversial view, but it echoes the general theme of converting human capital to "human resources" and thus greatly diminishing its value to the host society, i.e. "Africa", as it is put to narrow imitative use as "labor" in the using society. In a series of reports of the UN Secretary-General to the General Assembly\}, a broad inter-sector oral approach to developing human resourcefulness has been outlined as a priority for socio-economic development and particularly anti-poverty strategies. This calls for strategic and integrated public policies, for example in education, health, and employment sectors that promote occupational skills, knowledge and performance enhancement.

In the very narrow context of corporate "human resources" management, there is a contrasting pull to reflect and require workplace diversity that echoes the diversity of a global customer base. Foreign language and culture skills, ingenuity, humor, and careful listening, are examples of traits that such programs typically require. It would appear that these evidence a general shift through the human capital point of view to an acknowledgment that human beings do contribute much more to a productive enterprise than "work": they bring their character, their ethics, their creativity, their social connections, and in some cases even their pets and children, and alter the character of a workplace. The term corporate culture is used to characterize such processes at the organizational level.

The traditional but extremely narrow context of hiring, firing, and job description is considered a 20th century anachronism. Most corporate organizations that compete in the modern global economy have adopted a view of human capital that mirrors the modern consensus as above. Some of these, in turn, deprecate the term "human resources" as useless. Yet the term survives, and if related to 'resourcefulness', has continued and emerging relevance to public policy. In general the abstractions of macro-economics treat it this way - as it characterizes no mechanisms to represent choice or ingenuity. So one interpretation is that "firm-specific human capital" as defined in macro-economics is the modern and correct definition of "human resources" - and that this is inadequate to represent the contributions of "human resources" in any modern theory of political economy.

In organizations, in terms of selection it is important to consider carrying out a thorough job analysis to determine the level of skills/technical abilities, competencies, flexibility of the employee required etc. At this point it is important to consider both the internal and external factors that can have an effect on the recruitment of employees. The external factors are those out-with the powers of the organization and include issues such as current and future trends of the labor market e.g. skills, education level, government investment into industries etc. On the other hand internal influences are easier to control, predict and monitor, for example management styles or even the organizational culture.
In order to know the business environment in which any organization operates, three major trends should be considered:

- **Demographics**: The characteristics of a population/workforce, for example, age, gender or social class. This type of trend may have an effect in relation to pension offerings, insurance packages etc.

- **Diversity**: The variation within the population/workplace. Changes in society now mean that a larger proportion of organizations are made up of "baby-boomers" or older employees in comparison to thirty years ago. Traditional advocates of "workplace diversity" simply advocate an employee base that is a mirror reflection of the make-up of society insofar as race, gender, sexual orientation, etc.

- **Skills and Qualifications**: As industries move from manual to a more managerial profession so does the need for more highly skilled graduates. If the market is "tight" (i.e. not enough staff for the jobs), employers will have to compete for employees by offering financial rewards, community investment, etc.

In regard to how individuals respond to the changes in a labor market the following should be understood:

- **Geographical Spread**: how far is the job from the individual? The distance to travel to work should be in line with the pay offered by the organization and the transportation and infrastructure of the area will also be an influencing factor in deciding who will apply for a post.

- **Occupational Structure**: the norms and values of the different careers within an organization. Mahoney 1989 developed 3 different types of occupational structure namely craft (loyalty to the profession), organization career (promotion through the firm) and unstructured (lower/unskilled workers who work when needed).

- **Generational Difference**: Different age categories of employees have certain characteristics, for example their behavior and their expectations of the organization.

While recruitment methods are wide and varied, it is important that the job is described correctly and that any personal specifications are stated. Job recruitment methods can be through job centers, employment agencies/consultants, headhunting, and local/national newspapers. It is important that the correct media is chosen to ensure an appropriate response to the advertised post. Where organizations don't have the internal resource to be able to conduct an effective recruitment exercise this is where they may outsource this to a third party, typically a recruitment or hr consultancy that specializes in the area that the organization requires.

Human Resources Development is a framework for the expansion of human capital within an organization or (in new approaches) a municipality, region, or nation. Human Resources Development is a combination of training and education, in a broad context of adequate health and employment policies that ensures the continual improvement and growth of the individual,
the organization, and the national human resourcefulness. Adam Smith states, “The capacities of individuals depended on their access to education”. Human Resources Development is the medium that drives the process between training and learning in a broadly fostering environment.

Human Resources Development is the structure that allows for individual development, potentially satisfying the organizations, or the nation's goals. The development of the individual will benefit both the individual, the organization, or the nation and its citizens. In the corporate vision, the Human Resources Development framework views employees, as an asset to the enterprise whose value will be enhanced by development, “Its primary focus is on growth and employee development it emphasizes developing individual potential and skills. Human Resources Development in this treatment can be in-room group training, tertiary or vocational courses or mentoring and coaching by senior employees with the aim for a desired outcome that will develop the individual’s performance. At the level of a national strategy, it can be a broad intersectoral approach to fostering creative contributions to national productivity.

At the organizational level, a successful Human Resources Development program will prepare the individual to undertake a higher level of work, “organized learning over a given period of time, to provide the possibility of performance change”. In these settings, Human Resources Development is the framework that focuses on the organizations competencies at the first stage, training, and then developing the employee, through education, to satisfy the organizations long-term needs and the individuals’ career goals and employee value to their present and future employers. Human Resources Development can be defined simply as developing the most important section of any business its human resource by, “attaining or upgrading the skills and attitudes of employees at all levels in order to maximize the effectiveness of the enterprise”. The people within an organization are its human resource. Human Resources Development from a business perspective is not entirely focused on the individual’s growth and development, “development occurs to enhance the organization's value, not solely for individual improvement. Individual education and development is a tool and a means to an end, not the end goal itself”. The broader concept of national and more strategic attention to the development of human resources is beginning to emerge as newly independent countries face strong competition for their skilled professionals and the accompanying brain-drain they experience.

Though human resources have been part of business and organizations since the first days of agriculture, the modern concept of human resources began in reaction to the efficiency focus of Taylorism in the early 1900s. By 1920, psychologists and employment experts in the United States started the human relations movement, which viewed workers in terms of their psychology and fit with companies, rather than as interchangeable parts. This movement grew throughout the middle of the 20th century, placing emphasis on how leadership, cohesion, and loyalty played important roles in organizational success. Although this view was increasingly challenged by more quantitatively rigorous and less "soft" management techniques in the 1960s and beyond, human resources development had gained a permanent role within organizations, agencies and nations, increasingly as not only an academic discipline, but as a central theme in development policy.
2.5 DIRECTING

There are effective ways of overcoming problems set by change. One adapts to change by seeing what is changing and how it is changing. One estimates what is likely to happen, plans ahead and acts accordingly. Planning includes evaluating alternative strategies to find the best strategy. It is this best strategy which then becomes part of our forward plan. This process has been developed to the point where it is both practical and straightforward. And employees may be expected to work to targets which are set annually. The way targets are agreed, progress monitored and individuals rewarded are crucial for the success of the organization or enterprise. Where attempts are made to introduce a system of procedures and reports to take the place of responsible person-to-person management and delegated work, where attempts are made to impose a system of tougher management direction and control in terms of employment, then costs are high and benefits uncertain and even unlikely. Success depends to a large extent on commitment of employees towards the organization’s aims and on cooperation between them. This means identifying with the company. What benefits the company needs to be seen and felt by the employees as also benefitting them. To achieve commitment of employees to ward’s the organization’s aims; appraisal and target-setting meetings can be carried out in accordance with the proved and effective technique described in this report.

We see how important the style of management is in achieving results. It affects in a fundamental way the interview between manager and subordinate when they agree the targets for the subordinate. And this report is one of a series of seven reports which cover, and underlie, the field of General Management, for middle, senior and top management.

Directing is something all of us do throughout our lives. We all make decisions which affect ourselves and our family, which affect the people with whom we come in contact, the community in which we live, the enterprise which employs us. They are often extremely important decisions. What kind of an education, what kind of school, what kind of trade or profession, whom to marry, choosing between alternative medical treatments such as drugs or surgery, whether to change one's job, indeed the country in which we wish to live and the kind of government we prefer, all these are decisions which we make and which have to be made again and again as we direct the course of our lives within the choices open to us. Here we are discussing the work of managers and administrators, starting with those who direct their own companies and larger organizations. The decisions taken, by those who head enterprises and by those who govern, affect more people and greater resources than do those taken by ourselves in the course of our daily and private lives, but there is much common ground. Very basic is an understanding of what is going on, of what is happening, of the problems of the day.

So we begin by having a look at the sort of things which are taking place all around us. Some illnesses have disappeared, our life span has increased considerably within living memory but each year something like 100,000 people are admitted to our hospitals for diseases caused by drugs which should have cured. There is inflation accompanied by confrontation between those who work and those who manage. While people are safeguarded against extreme poverty and hardship by extensive social security legislation and by the National Health Service, there is
much unemployment, frustration and unrest. Some established norms have been questioned. People's behavior is being affected and there has been an increase in permissiveness (promiscuity), delinquency and crime, there is the younger age of those involved. There are social problems of one parent families, there is increasing loneliness. There is increasing vandalism and callousness towards other people. There is use of violence (terrorism) against people for political ends.

The planet has become much smaller, meaning by this that we speak each other's languages, that we communicate all around the planet in a matter of seconds, that we travel anywhere in a matter of hours. The market now spans the entire planet, competition is tough and international. There is the impact of technology, of laser applications, of electronic calculators, desk computers, computer-based automatic operations and control, microprocessors, and much more. But while on the one hand our space ships explore our planetary system and we have landed on the moon, on the other hand a country like Russia uses psychiatric hospitals in an attempt to break the resistance of those who stand up for individual freedom by disagreeing with the dictates of the state. A few years have seen far reaching changes take place in the wealth of countries and individuals, a vast transfer of wealth towards largely Arab oil producing countries, with other countries struggling to maintain their standard of living. In addition there is an enormous and speedily increasing gap in living standards between the underdeveloped world and developed countries. A very high proportion of those living on the planet are permanently hungry, undernourished, starving, illiterate, deprived.

It used to be that costs and overheads were estimated and a customary percentage added for profit. This gave one the price at which the article was sold. Now we tend to assess what quantities can be sold at each of a number of different prices. The price tends to be what the market will bear and one has to produce and sell accordingly. Under such conditions the price is the maximum one can persuade people to pay for what one can persuade them to buy. The way in which oil prices were pushed up by the oil producing and exporting countries is a case in point. This is 'marketing'. When marketing replaces selling this affects the internal organization of the company in different ways. There is increasing consumer awareness and interest in products, prices and company operations. Much is happening. These are after all only some developments and trends and there is much else. But there is one word which sums up what is taking place in all the many different areas. That word is 'change'.

Change is taking place and things are changing more quickly. We now live in a time of change; we live in a time of accelerating change. This is how our life today differs from life but a few years ago. Yet pick up almost any textbook on management written but a few years ago and somewhere in it you are likely to find the phrase that people do not like change, that people will resist change. Yet we live in a time of accelerating change and have to live with it, indeed have to overcome the resulting problems. There are effective ways of overcoming the problems set by change and we now look at how this can be done.

Consider a man walking as quickly as he can along a jungle path. He turns a corner and there a few yards ahead and facing him is a tiger. He immediately starts climbing the nearest tree. It happens quickly but much has gone on in his mind in that split second between seeing the tiger and starting to climb. He sees the tiger. What can I do? Draw my pistol and shoot? Have I got it
with me? Is there time to draw it? Is the tiger hungry? Is there a half-eaten animal nearby? How long will it be before the rest of the party get here? Are there any climbable trees nearby? Can I climb it? Start climbing! What he did was to assess the situation and then act accordingly. One survives in the jungle by adapting to it. To survive in a time of change, one must adapt to change. One adapts by assessing the situation and then acting accordingly. We see what is changing and how it is changing, estimate what is likely to happen and then act first. We forecast change and plan accordingly.

The experts see what is changing and how it is changing, and then estimate what things will be like at some time in the future. Such estimates are no more than qualified guesses made on the basis of the best available information at the time the guess is made. But such looking ahead into the distance is very necessary. It is rather like driving a car. If we looked immediately in front of the bonnet we would have no time to react, would over steer. Events would take us by surprise with what could easily be disastrous consequences. In driving a car we look into the distance and so are able to observe and correct small deviations from the straight course we intend to follow.

It is very difficult to look ahead thirty years with any degree of reliability. You may indeed find yourself getting lost in some fundamental and fascinating questions such as "Will we still be here?" or "Will we be nationalized wholly or in part?" but will you be getting your money's worth out of the exercise? What you will get will be an appreciation of some long-term trends, some idea of the kind of basic and fundamental problems which we may possibly have to cope with in the not-too-distant future. You may well conclude that the gap between underdeveloped and developing people (countries) will continue to increase, that there will be such a shortage of food that the developing countries may be buying as many arms as they can so as to fight each other and us for what little food there may be. Or you may conclude that the developed countries will be able to produce large excess quantities of naturally grown or artificially produced foodstuffs for export to the starving underdeveloped countries.

You may then conclude that in the light of conditions existing at the time of the forecast, and in the light of information available at the time the forecast was made, that it would be good business to develop your interests in the armaments industry or to concentrate on food production, or you may indeed try both. Or you may find that there may be an increasing demand for insurance, or that telecommunications is likely to be the growth industry of the near future. But you will need to remember that a forecast is no more than a considered opinion about the relative importance and interaction of trends. The far-away picture may change drastically at any time. For example, sudden success in developing a rice variety which crops twice as heavily as before would considerably change the long-term conclusions.

In other words, if you need to make the kind of decisions mentioned here then these are the kinds of forecasts required. Much work may be required, the exercise is expensive and the results are uncertain. In any case you need to be sure to assess the underlying often academic or political assumptions which at times may not even be directly stated which may only be implied.
2.6 CONTROLLING CONCEPTS

**Feed Forward Control:** Control that attempts to identify and prevent deviations before they occur is called feed forward control, sometimes called preliminary or preventive control. It focuses on human, material, and financial resources that flow into the organization. Its purpose is to ensure that input quality is high enough to prevent problems when the organization performs its tasks. For example, managers in an organization may hire additional personnel as soon as they win a major contract. Feed forward control is future directed. It allows management to prevent problems rather than having to cure them later. Feed forward controls require timely and accurate information that is difficult to develop. Feed forward controls are evident in the selection and hiring of new employees. Organizations attempt to improve the likelihood that employees will perform up to standards by identifying the necessary skills and using tests and other screening devices to hire people who have those skills. Another type of feed forward control is to identify and manage risks. The large accounting firms have recognized that they can offer value to their clients by looking for risks the clients have knowingly or unknowingly taken on, rather than merely evaluating their financial performance after the fact. The firms have developed methods to study a client’s industry, strategy, and operations to identify key business risks not shown on typical financial statements.

**Concurrent Control:** Control that monitors ongoing employee activities during their progress, to ensure they are consistent with quality standards, is called concurrent control. When control is enacted while the work is being performed, management can correct problems before they become too costly. Concurrent control assesses current work activities, relies on performance standards, and includes rules and regulations for guiding employee tasks and behaviors. Its intent is to ensure that work activities produce the correct results. Many manufacturing operations include devices that measure whether the items being produced meet quality standards. Employees monitor the measurements; if they see that standards are not met in some area, they make a correction themselves or signal the appropriate person that a problem is occurring. Technology advancements are enabling concurrent controls in services as well. For example, trucking companies are using computers to help plan their routes for efficiency. These also employ electronic devices, satellites, and antennas to transmit data back to headquarters indicating their position at all times to enable monitoring the status of deliveries. An organization’s cultural norms and values influence employee behavior.

**Feedback Control:** This is the most popular type of control. In this case, the control takes place after the action. Sometimes called post-action or output control, feedback control focuses on the organization’s outputs in particular, the quality of an end product or service. The major drawback of this type of control is that by the time the manager has the information the damage has already been done. But, for many activities, feedback is the only viable type of control available. An example of feedback control in a manufacturing department is the intensive final inspection of a product. Besides producing high-quality products and services, businesses tend to earn a profit, and even nonprofit organizations need to operate efficiently to carry out their mission. Therefore, many feedback controls focus on financial measurements. Managers evaluate whether they have operated within their budget targets, whether they have generated sufficient sales and profits, and
so on. Feedback has two advantages over feed forward and concurrent control: Feedback provides managers with meaningful information on how effective their planning effort was. Feedback control can enhance employee motivation. People want information on how well they have performed. Feedback control provides that information.

2.6.1 Steps in the Control Process
Robert J. Mockler’s definition of control points out the essential elements of the control process: Management control is a systematic effort to set performance standards with planning objectives, to design information feedback systems, to compare actual performance with these predetermined standards, to determine whether there are any deviations and to measure their significance, and to take any action required to assure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives. All well-designed control systems involve the use of feedback to determine whether performance meets established standards. Managers set up control systems that consist of the following four key steps:

- **Establish Standards of Performance:** Establishment is within the organization’s overall strategic plan; managers define goals for organizational departments in specific operational terms that include a standard of performance against which to compare organizational activities. In an industrial enterprise, standards and measurements could include sales and production targets, work-attendance goals, waste products produced and recycled, and safety records. In service industries, standards and measurements might include the amount of time customers will have to wait in line at a bank, the amount of time they have to wait before the telephone is answered, or the number of new clients attracted by a revamped advertising campaign. Managers should carefully assess what they will measure and how they will define it when the organization will reward employees for the achievement of standards, these standards should reflect those activities that contribute to the organization’s overall strategy in a significant way. Standards should be defined precisely for managers and workers since: 1. Vaguely worded targets are just empty slogans until managers begin to specify what they mean and what they intend to do to reach these goals—and when. 2. Precisely worded targets enable managers and workers to easily determine whether activities are on target. 3. Precisely worded, measurable objectives are easy to communicate. This ease of communicating is especially important for control since different people usually fulfill the planning and control roles.

- **Measure Actual Performance:** Like all aspects of control, measurement is an ongoing repetitive process. The frequency of measurements depends on the type of activity being measured. In a manufacturing plant, levels of gas particles in the air, for example, could be continuously monitored for safety, whereas progress on long-term expansion objectives might need to be reviewed by top management only once or twice a year. Most organizations prepare formal reports of quantitative performance measurements that managers review daily, weekly, or monthly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data. If the organization has identified appropriate measurements, regular review of these reports
helps managers stay aware of whether the organization is doing what it should be. In most companies, managers do not rely exclusively on quantitative measures. They get out into the organization to see how things are going, especially for such goals as increasing employee participation and learning.

- **Compare Performance to Standards:** The next step in the control process is comparing actual activities to performance standards. When managers read reports or walk through the plant, they identify whether actual performance meets, exceeds, or falls short of standards. Performance reports simplify comparisons by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance, that is, the difference between each actual amount and the associated standard. If performance matches the standards, managers may assume that everything is under control. When performance deviates from a standard, managers must interpret the deviation. They are expected to dig beneath the surface and find the cause of the problem. If the sales goal is to increase the number of sales calls by 10 percent and a salesperson achieved an increase of 8 percent, where did she fail to achieve her goal? Perhaps several businesses on her route closed, additional salespeople were assigned to her area by competitors, or she needs training in making sales calls more effectively. Managers should take an inquiring approach to deviations in order to gain a broad understanding of factors that influenced performance. Effective management control involves subjective judgment and employee discussions as well as objective analysis of performance data.

- **Take Corrective Action:** This step is necessary if performance falls short of standards and the analysis indicates action is required. When performance deviates from standards, managers must determine what changes, if any, are necessary. The corrective action could involve a change in one or more activities of the organization’s operations. Or, it could involve a change in the original standards rather than a change in activity. Managers may encourage employees to work harder, redesign the production process, or fire employees. In contrast, managers using a participative control approach collaborate with employees to determine the corrective action necessary. In some cases, managers may take corrective action to change performance standards. They may realize that standards are too high or too low if departments continually fail to meet or routinely exceed standards. If contingency factors that influence organizational performance change, performance standards may need to be altered to make them realistic and provide continued motivation for employees. Managers may wish to provide positive reinforcement when performance meets or exceeds targets. They may reward a department that has exceeded its planned goals or congratulate employees for a job well done. Managers should not ignore high-performing departments at the expense of taking corrective actions elsewhere.

### 2.6.2 Designing Control Systems

Managers face a number of challenges in designing control systems that provide accurate feedback in a timely, economical fashion that is acceptable to organization members. Most of these challenges can be traced back to decisions about what needs to be controlled and how often progress needs to be measured. An analysis that identifies key performance areas and strategic
control points simplifies the process. Key performance or key result areas (KRAs) are those aspects of the unit or organization that must function effectively for the entire unit or organization to succeed. Strategic control points are critical points in a system at which monitoring or collecting information should occur.

### 2.6.3 Principles of Effective Control

- Effective controls are timely.
- Control standards should encourage compliance.
- Setting effective standards is important since they are:
  - Viewed as fair.
  - Observable and measurable.
  - Specific.
  - Difficult.
  - Relevant.
  - Complete.
  - Participatively set.
- Use management by exception.
- Employees should get fast feedback on performance.
- Do not over rely on control reports.
- Fit the amount of control to the task.

### 2.7 REVIEW QUESTIONS

1. What kinds of decisions are described in this case? How would you classify them in terms outlined in the chapter?
2. Are the problems and solution in this case unique to the food-products industry or could they be found in other products industry or could they be found in other products and situations?
3. What role might group’s decision-making play in firms like Quaker?
4. Give an Account on controlling concepts.
5. Give an account on Managerial decision making.
6. What are the steps involved in planning process?
HUMAN RESOURCE MANAGEMENT

Structure

3.1 Introduction to Human Resource Management
3.2 Human Resource Planning
3.3 Recruitment, Selection and Socialization
3.4 Training and Development
3.5 Performance Appraisal
3.6 Review Questions

3.1 INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Human resource management, Human resource planning, Human resource planning process, Human resource management process, recruitment, selection, socialization, training and development, performance appraisal, promotions, transfers, demotions and separations, maintaining human resources, Four c’s model for evaluating human resources, special issues in human resources. Among a manager’s most critical tasks are the selection, training, and development of people who will best help the organization meet its goals. Hence, today we will look at human resource management (HRM), the management functions through which managers recruit, select, train, and develop organization members.

Human resource management (HRM) is a staff function. HRM managers advise line managers throughout the organization. Furthermore, the company may need more or fewer employees and managers from time to time. The HRM process is an ongoing procedure that tries to keep the organization supplied with the right people in the right positions, when they are needed. The HRM function is especially important given the current trend toward downsizing.

The human resource management process, as shown in the figure below, includes seven basic activities. The first three activities ensure that competent employees are identified and selected; the next two activities involve providing employees with up-to-date knowledge and skills; and the final two activities entails making sure that the organization retains competent and high-performing employees who are capable of sustaining high performance.
3.2 HUMAN RESOURCE PLANNING

Human resource planning is designed to ensure that personnel needs will be constantly and appropriately met. It is accomplished through analysis of (a) internal factors, such as current and expected skill needs, vacancies, and departmental expansions and reductions, and (b) factors in the environment, such as the labor market. The use of computers to build and maintain information about all employees has enabled organizations to be much more efficient in their planning of human resources. Recruitment is concerned with developing a pool of job candidates in line with the human resource plan. Candidates are usually located through newspaper and professional journal advertisements, employment agencies, word of mouth, and visits to college and university campuses. Selection involves using application forms, resumes, interviews, employment and skills tests, and reference checks to evaluate and screen job candidates for the managers who will ultimately select and hire a candidate. Socialization (orientation) is designed to help the selected individuals fit smoothly into the organization. Newcomers are introduced to their colleagues, acquainted with their responsibilities, and informed about the organization’s culture, policies, and expectations regarding employee behavior.

Training and development both aim to increase employees’ abilities to contribute to organizational effectiveness. Training is designed to improve skills in the present job; development programs are designed to prepare employees for promotion. Performance appraisal compares an individual’s job performance to standards or objectives developed for the individual’s position. Low performance may prompt corrective action, such as additional training, a demotion, or separation, while high performance may merit a reward, such as a raise, bonus, or promotion. Although an employee’s immediate supervisor performs the appraisal, the HRM department is responsible for working with upper management to establish the policies that guide all performance appraisals. Maintaining Human Resources involves maintaining the workforce in the organization. High performers may be promoted or transferred to help them develop their skills, while low performers may be demoted, transferred to less important positions, or even separated. Any of these options will, in turn, affect human resource planning. This also involves determining compensation and benefits to the employees.
The need for human resource planning may not be readily apparent. However, an organization that does not do planning for human resources may find that it is not meeting either its personnel requirements or its overall goals effectively. For example, a manufacturing company may hope to increase productivity with new automated equipment, but if the company does not start to hire and train people to operate the equipment before installation, the equipment may remain idle for weeks or even months. Planning for human resources is a challenging task today, given the increasingly competitive environment, projected labor shortages, changing demographics, and pressure from government to protect both employees and the environment.

Human resource planning has four basic aspects:

- Planning for future needs by deciding how many people with what skills the organization will need.
- Planning for future balance by comparing the number of needed employees to the number of present employees who can be expected to stay with the organization.
- Planning for recruiting or laying off employees.
- Planning for the development of employees, to be sure the organization has a steady supply of experienced and capable personnel.

This is an important part of planning, because internal recruitment has a number of advantages. The starting point in attracting qualified human resources is planning. HR planning, in turn involves job analysis and forecasting the demand and supply of labor. Job analysis is a systematic analysis of jobs within an organization. A job analysis is made up of two parts. The job description lists the duties of a job; the job’s working conditions; and the tools, materials, and equipment used to perform it. The job specification lists the skills, abilities, and other credentials needed to do the job. After managers fully understand the jobs to be performed within the organization, they can start planning for the organization’s future human resource needs. The manager starts by assessing trends in past human resource usage, future organizational plans, and general economic trends. A good sales forecast is often the foundation, especially for smaller organizations. Historical ratios can then be used to predict the demand for employees such as operating employees and sales representatives. Large organizations use more complicated models to predict their future human resource needs. To be effective, the managers of a human resource program must consider two major factors. The primary factor is the organization’s human resource needs. For example, a strategy of internal growth means that additional employees must be hired. Acquisitions or mergers, on the other hand, probably mean the organization will need to plan for layoffs, since mergers tend to create duplicate or overlapping positions that can be handled more efficiently with fewer employees. The second factor to consider is the economic environment of the future. A booming economy might encourage expansion, which would increase the demand for employees. However, the same booming economy would result in low unemployment, making it harder and more expensive to attract qualified employees. Organizations that want to expand overseas confront similar problems. Forecasting the supply of labor is really two tasks: forecasting the internal supply (the number and type of employees who will be in the organization at some future date) and forecasting the external supply (the number and type of people who will be available for hiring in the labor market at large).
The simplest approach merely adjusts present staffing levels for anticipated turnover and promotions. Larger organizations use more sophisticated models to make these forecasts. At higher levels of the organization, managers plan for specific people and positions. The technique most commonly used is the replacement chart, which lists each important managerial position, who occupies it, how long he or she will probably remain in the position, and who (by name) is now qualified or soon will be qualified to move into the position. This method allows ample time to plan developmental experiences for persons identified as potential successors to critical jobs. For forecasting the external supply of labor, planners must rely on information from outside sources, such as employment exchanges, government reports, and figures supplied by colleges on the number of students in major fields. Managers next make plans to deal with predicted shortfalls or overstaffing. If a shortfall is predicted, new employees can be hired, present employees can be retrained and transferred into the understaffed real, individuals approaching retirement can be convinced to stay on or labor saving or productivity enhancing systems can be installed. If the organization needs to hire, the forecast of the external labor supply helps managers plan how to recruit, based on whether the type of person needed is readily available or scarce in the labor market. Temporary workers also help managers in staffing by affording them extra flexibility. More and more companies today are going through downsizing or restructuring and reengineering. If overstaffing is expected to be a problem, the main options are transferring the extra employees, not replacing individuals who quit, encouraging early retirement, and laying people off. To facilitate both planning and identifying persons for current transfer or promotion, some organizations also have an employee information system, or skills inventory. Such systems are usually computerized and contain information on each employee’s education, skills, work experience, and career aspirations. Such a system can quickly locate all the employees in the organization who are qualified to fill a position.

3.3 RECRUITMENT, SELECTION AND SOCIALIZATION

Once managers know their current human resource status and their future needs, they can begin to do something about any inconsistencies. If one or more vacancies exist, they can use the information gathered for the process of recruitment that is, the process of locating, identifying, and attracting capable applicants. On the other hand, if HR planning shows a surplus of employees, management may want to reduce the organization’s workforce through recruitment. Before employees can be recruited, recruiters must have some clear ideas regarding the activities and responsibilities required in the job being filled. Job analysis is therefore an early step in the recruitment process. Once a specific job has been analyzed, a written statement of its content and location is incorporated into the organization chart. This statement, as you have understood earlier, is called either a job description or position description. Each box on the organization chart is linked to a description that lists the title, duties, and responsibilities for that position. For example, a brief position description might read as follows: “Sales Manager: Duties include hiring, training, and supervising small sales staff and administration of sales department; responsible for performance of department; reports to Division Manager. “Once the position description has been determined, an accompanying hiring or job specification is developed. The hiring specification defines the education, experience, and skills an individual must have in order to perform effectively in the position. The hiring specification for sales manager might read: “Position requires BBA degree; five years’ experience in sales and two years’ supervisory experience; energetic, motivated individual with well-developed interpersonal skills.”
Recruitment takes place within a labor market—that is, the pool of available people who have the open positions. The labor market changes over time in response to environmental factors. For example, as Sony became a more global company it had to learn to recruit in many different labor markets. Sources for recruitment depend on the availability of the right kinds of people in the local labor pool as well as on the nature of the positions to be filled. An organization’s ability to recruit employees often hinges as much on the organization’s reputation and the attractiveness of its location as on the attractiveness of the specific job offer. If people with the appropriate skills are not available within the organization or in the local labor pool, they may have to be recruited from some distance away or perhaps from competing organizations. Federal Express has 25 recruitment centers around the US where candidates are screened. Often a peer recruiter is used—someone with actual experience in the type of work for which applicants are being recruited. This system offers dual benefits: the recruit sees firsthand the type of person who would be suited for the position, and, at the same time, the recruiter can offer an experience-based, realistic image of what the position is like. Large companies use various outside recruitment sources to fill vacancies at different levels of management. For many large companies, college and graduate school campuses are a major source of entry-level and new managerial help. Campus recruiting, however, has some disadvantages: The recruitment process can be quite expensive, and it is not uncommon for hired graduates to leave an organization after two or three years. When recruiting to fill middle management and top-level positions, any large companies resort to even costlier and more competitive hiring strategies.

When top-quality ability is in short supply, middle-management recruitment often requires the services of placement agencies or the purchase of expensive ads in newspapers and national publications and when recruiting is done to fill top-level positions, many corporate managements turn to executive search firms. These firms generally locate three or four carefully considered prospects who not only are highly qualified but also can be enticed from their present positions by the right offer. High-level moves are increasingly common, as companies seek different perspectives to meet the challenges of dynamic engagement we discussed earlier. Many firms have a policy of recruiting or promoting from within except in very exceptional circumstances. This policy has three major advantages. First, individuals recruited from within are already familiar with the organization and its members, and this knowledge increases the likelihood they will succeed. Second, a promotion-from-within policy fosters loyalty and inspires greater effort among organization members. Finally, it is usually less expensive to recruit or promote from within than to hire from outside the organization. There are some disadvantages to internal recruitment, however. Obviously, it limits the pool of available talent. In addition, it reduces the chance that fresh viewpoints will enter the organization, and it may encourage complacency among employees who assume seniority ensures promotion. The other approach to controlling labor supply is the process of recruitment. In the last decade, many large corporations, government agencies, and small businesses all over the world have reduced the size of their workforce or restructured their skill base. Downsizing is the way to meet the demands of a dynamic environment. Recruitment is not a pleasant task for any manager. Obviously, people can be fired, but other choices can be more beneficial to the organization. Managers at many companies faced with laying off employees have taken extraordinary measures to help their former employees find new jobs. AT&T took out ads in newspapers advertising their excess employees and their skills to other businesses.
Selection: Once the recruiting effort has developed a pool of candidates, the next step in the HRM process is to determine who is best qualified for the job. This step is called the selection process, the process of screening job applicants to ensure that the most appropriate candidates are hired. The selection process ideally involves mutual decision. The organization decides whether to make a job offer and how attractive the offer should be, and the job candidate decides whether the organization and the job offer fit his or her needs and goals. In reality, the selection process is often more one-sided. In situations when the job market is extremely tight, several candidates will be applying for each position, and managers at the organization will use a series of screening devices to identify the most suitable candidate. On the other hand, when there is a shortage of qualified workers, or when the candidate is a highly qualified executive or professional being courted by several organizations, managers at the organization will have to sweeten the offer and come to a quicker decision.

The standard hiring sequence is the seven-step procedure involving completed job application, initial screening interview, testing, background investigation, in-depth selection interview, physical examination, and job offer. In practice, however, the actual selection process varies with different organizations and between levels in the same organization. For example, the selection interview for lower-level employees may be quite perfunctory. Heavy emphasis may be placed instead on the initial screening interview or on tests. Although written tests designed to define a candidate’s interests, aptitudes, and intelligence were long a staple of employment screening, their use has declined over the past 25 years. Many tests have proved to be discriminatory in their design and results, and it has been difficult to establish their job relatedness when they have been subjected to judicial review. In selecting middle- or upper-level managers, the interviewing may be extensive and there may be little or no formal testing. Instead of initially filling out an application, the candidate may submit a resume. Completion of the formal application may be delayed until after the job offer has been accepted. Some organizations omit the physical examination for managers hired at this level. For many positions, particularly in management, the in-depth interview is an important factor in management’s decision to make a job offer and in the individual’s decision to accept or decline the offer. The most effective interviews -those that are best able to predict the eventual performance of applicants-are usually planned carefully. Ideally, all candidates for the same position are asked the same questions. Most interviews, however, tend to be far less structured and deliberate. The reliability of the interview may be affected by the differing objectives of the interviewer and interviewee. The prospective employer wants to sell the organization as a good place to work and may therefore exaggerate its strengths; the prospective employee wants to be hired and may therefore exaggerate his or her qualities. Some managers have attempted to reduce this problem through the realistic job preview (RJP), in which candidates are exposed to the unattractive as well as the attractive aspects of the job, and by using structured, focused interviews to acquire a more accurate picture of each interviewee’s likely job performance.

To increase job satisfaction among employees and reduce turnover, you should consider providing a realistic job preview (RJP). An RJP includes both positive and negative information about the job and the company. For instance, in addition to the positive comments typically expressed during an interview, the job applicant might be told that there are limited opportunities to talk to co-workers during work hours, that promotional advancement is slim, or that work
hours fluctuate so erratically that employees may be required to work during what are usually off-hours (nights and weekends). Research indicates that applicants who have been given a realistic job preview hold lower and more realistic job expectations for the jobs they will be performing and are better able to cope with the frustrating elements of the job than are applicants who have been given only inflated information. The result is fewer unexpected resignations by new employees. Organizations may seek to hire experienced managers for a variety of reasons. A newly created post may require a manager with experience not available within the organization; the talent to fill an established post may not be available within the organization; a key position may suddenly open up before there is time to train a replacement; or a top performer in a competing organization may be sought to improve the organization’s own competitive position.

An experienced manager who is up for selection usually goes through several interviews before being hired. The interviewers are almost always higher-level managers who attempt to assess the candidate’s suitability and past performance. Interviewers try to determine how well the candidate fits their idea of what a good manager should be and how compatible the candidate’s personality, past experience, personal values, and operating style are with the organization and its culture. Inexperienced managers or trainees with management potential usually enter the organization after graduating from college. Their performance in entry-level positions strongly influences the range of management opportunities that will be available to them. Most assessments of prospective managers who are recent college graduates begin with a review of college grades. Other aspects of the college record can provide some insights into nonacademic abilities such as interpersonal skills, leadership qualities, and ability to assume responsibility. Finally, like experienced managers, prospective managers may be interviewed extensively to determine whether they have what the interviewers consider an appropriate personal style for a manager.

Socialization: A person starting a new job needs an introduction to his or her job and the organization. Socialization or orientation is designed to provide new employees with the information needed to function comfortably and effectively in the organization.

Socialization conveys three types of information:

- General information about the daily work routine.
- A review of the organization’s history, purpose, operations, and products or services, as well as a sense of how the employee’s job contributes to the organization’s needs.
- A detailed presentation of the organization’s policies, work rules, and employee benefits. Many organizations, particularly large ones, have formal orientation programs, which might include a tour of the work facilities, a film describing the history of the organization, and a short discussion with a representative from the human resources department who describes the organization’s benefit programs. Other organizations use a more informal orientation program in which, for instance, the manager assigns the new employee to a senior member of the work group who introduces the new employee to immediate co-workers and shows him or her around the workplace.

Many studies have shown that employees feel anxious upon entering an organization. They worry about how well they will perform in the job. They feel inadequate compared to more
experienced employees. They are concerned about how well they will get along with their co-workers. Effective socialization programs reduce the anxiety of new employees by: Giving them information about the job environment and about supervisors. Introducing them to co-workers. Encouraging them to ask questions. Early job experiences-when the new employee’s expectations and the organization’s expectations come together or collide seem to play a critical role in the individual’s career with the organization. If the expectations are not compatible, there will dissatisfaction; turnover rates are almost always highest among an organization’s new employees. Managers have an obligation to make the integration of the new employee into the organization as smooth and as free of anxiety as possible. They need to openly discuss employee beliefs regarding mutual obligations of the organization and the employee. It is in the best interests of the organization and the new employee to get the person up and running in the job soon as possible. Successful orientation, whether formal or informal, results in an outsider-insider transition that makes the new member feel comfortable and fairly well adjusted, lowers the likelihood of poor work performance, and reduces the possibility of a surprise resignation by the new employee only a week or two into the job.

3.4 TRAINING AND DEVELOPMENT

Training programs are directed toward maintaining and improving current job performance, while developmental programs seek to develop skills for future jobs. Both managers and non managers may receive help from training and development programs, but the mix of experiences is likely to vary. Non managers are much more likely to be trained in the technical skills required for their current jobs; whereas managers frequently receive assistance in developing the skills required in future jobs particularly conceptual and human relations skills. New employees have to learn new skills, and since their motivation is likely to be high, they can be acquainted relatively easily with the skills and behavior expected in their new position. On the other hand, training experienced employees can be problematic. The training needs of such employees are not always easy to determine, and when they can be, the individuals involved may resent being asked to change their established ways of doing their jobs.

Managers can use four procedures to determine the training needs of individuals in their organization or subunit:

- **Performance Appraisal:** Each employee’s work is measured against the performance standards or objectives established for his or her job.

- **Analysis of Job Requirements:** The skills or knowledge specified in the appropriate job description are examined, and those employees without necessary skills or knowledge become candidates for a training program.

- **Organizational Analysis:** The effectiveness of the organization and its success in meeting its goals are analyzed to determine where differences exist. For example, members of a department with a high turnover rate or a low performance record might require additional training.
Employee Survey: Managers as well as non-managers are asked to describe what problems they are experiencing in their work and what actions they believe are necessary to solve them. Employee skills can be grouped into three categories: technical, interpersonal, and problem solving.

Most employee training activities seek to modify an employee’s skills in one or more of these areas. Most training is directed at upgrading and improving an employee’s technical skills, including basic skills—the ability to read, write, and do math computations—as well as job-specific competencies. The majority of jobs today have become more complex than they were a decade or two ago. Computerized factories and offices, digital equipment, and other types of sophisticated technology require that employees have math, reading, and computer skills. How, for example, can employees master statistical process control or the careful measurement and self-inspection needed for tool changes in flexible manufacturing systems if they can’t perform basic math calculations or read detailed operating manuals? Or how can clerical employees do their jobs effectively without the ability to understand word processing, database management, or e-mail programs? Almost every employee belongs to a work-group or unit. To some degree, work performance depends on an employee’s ability to interact effectively with his or her coworkers and manager. Some employees have excellent interpersonal skills while other employees require training to improve theirs. This type of training often includes learning how to be a better listener, how to communicate ideas more clearly, and how to reduce conflict.

Many employees have to solve problems on their job, particularly in non-routine jobs. When the problem-solving skills of employees are deficient, managers might want to improve them through training. This would include participating in activities to sharpen logic, reasoning, and skills at defining problems; assessing causation; being creative in developing alternatives; analyzing alternatives; and selecting solutions. Once the organization’s training needs have been identified, the human resources manager must initiate the appropriate training effort. Managers have available a variety of training approaches. The most common of these are on-the-job training methods, including job rotation, in which the employee, over a period of time, works on a series of jobs, thereby learning a broad variety of skills; internship, in which job training is combined with related classroom instruction; and apprenticeship, in which the employee is trained under the guidance of a highly skilled coworker.

Sony uses a variety of these approaches to meet the training needs of its employees. Off-the-job training takes place outside the workplace but attempts to simulate actual working conditions. This type of training includes vestibule training, in which employees train on the actual equipment and in a realistic job setting but in a room different from the one in which they will be working. The object is to avoid the on-the-job pressures that might interfere with the learning process. In behaviorally experienced training, activities such as simulation exercises, business games, and problem-centered cases are employed so that the trainee can learn the behavior appropriate for the job through role playing. Off-the-job training may focus on the classroom, with seminars, lectures, and films, or it may involve computer-assisted instruction (CAD) which can both reduce time needed for training and provide more help for individual trainees.

Management development is designed to improve overall effectiveness of managers in their present positions and to prepare them for greater responsibility when they are promoted. Management development programs have become more prevalent in recent years because of the increasingly complex demands on managers and because training managers through experience
alone is a time consuming and unreliable process. The investment for many companies in management development is quite large. For example, for years, IBM has required a minimum of 40 hours of human resource management training for all new managers. Similar levels of training continue after this initial involvement.

Some companies, however, do not rely on costly formal training approaches. Managers at Exxon, for example, prefer to nurture new talent by providing practical job experience. Thus executives at all levels are dispatched to key positions around the world broaden their outlook and hone their judgment. On-the-job methods are usually preferred in management development programs. The training is far more likely than off-the-job training to be tailored to the individual, to be job-related, and to be conveniently located. There are four major formal on-the-job development methods:-

- **Coaching**—the training of an employee by his or her immediate supervisor—is by far the most effective management development technique. Unfortunately, many managers are either unable or unwilling to coach those they supervise. To be meaningful, on-the-job coaching must be tempered with consider-able restraint—employees cannot develop unless they are allowed to work out problems in their own way. Managers too often feel compelled to tell their employees exactly what to do, thereby negating the effectiveness of coaching. In addition, some managers feel threatened when asked to coach an employee, fearing them creating a rival. Actually, the manager has much to gain from coaching, since a manager frequently will not be promoted unless there is a successor available to take his or her place.

- **Job rotation** involves shifting managers from position to position so they can broaden their experience and familiarize themselves with various aspects of the firm’s operations.

- **Training positions** are a third method of developing managers. Trainees are given staff posts immediately under a manager, often with the title of “assistant to.” Such assignments give trainees a chance to work with and model themselves after outstanding managers who might otherwise have little contact with them.

- **Finally, planned work activities** involve giving trainees important work assignments to develop their experience and ability. Trainees may be asked to head a task force or participate in an important committee meeting. Such experiences help them gain insight into how organizations operate and also improve their human relations skills.

Off-the-job development techniques remove individuals from the stresses and ongoing demands of the workplace, enabling them to focus fully on the learning experience. In addition, they provide opportunities for meeting people from other departments or organizations. Thus, employees are exposed to useful new ideas and experiences while they make potentially useful contacts. The most common off-the-job development methods are in-house classroom instruction and management development programs sponsored by universities and other organizations. Almost every management development program includes some form of classroom instruction in which specialists from inside or outside the organization teach trainees a particular subject. Classroom instruction is often supplemented with case studies, role-playing, and business games.
or simulations. For example, managers may be asked to play roles on both sides in a simulated labor-management dispute. Some organizations send selected employees to university sponsored management development programs. Many major universities have such programs, which range in length from a week to three months or more. Some universities also have one-year full-time study programs for middle-level managers. Usually, these managers have been slated for promotion. Their organizations send them to university programs to broaden their perspectives and prepare them for movement into general (as opposed to functional) management. University programs often consist of classroom instruction with case studies, role playing, and simulation. Increasingly, large corporations are assuming many of the functions of universities with regard to advanced off-the-job training of employees. The Disney organization has a strong training program on several thousands of professionals attend Walt Disney Productions’ management seminars to learn how to train and motivate employees.

3.5 PERFORMANCE APPRAISAL

Managers need to know whether their employees are performing their jobs effectively and efficiently or whether there is need for improvement. Evaluating employee performance is part of a performance appraisal system, which is a process of establishing performance standards and appraising employee performance in order to arrive at objective human resource decisions as well as to provide documentation to support those decisions. Although helping others improve their performance is one of the manager’s most important tasks, most managers freely admit performance appraisal and improvement coaching gives them difficulty. Judging an employee’s performance accurately is not always easy. Often it is even harder to convey that judgment to the employee in a constructive and painless manner and to translate feedback on performance into future improvement.

We will use the term informal performance appraisal to mean the continual process of feeding back to employee’s information about how well they are doing their work for the organization. Informal appraisal can be conducted on a day-to-day basis. The manager spontaneously mentions that a particular piece of work was performed well or poorly, or the employee stops by the manager’s office to find out how a particular piece of work was received. Because of the close connection between the behavior and the feedback on it, informal appraisal is an excellent way to encourage desirable performance and discourage undesirable performance before it becomes ingrained. An organization’s employees must perceive informal appraisal not merely as a casual occurrence but as an important activity, an integral part of the organization’s culture. Formal systematic appraisal usually occurs semiannually or annually. Formal appraisal has four major purposes;

- To let employees know formally how their current performance is being rated;
- To identify employees who deserve merit raises;
- To locate employees who need additional training ;
- To identify candidates for promotion. It is important for managers to differentiate between the current performance and the promotability (potential performance) of employees.
Managers in many organizations fail to make this distinction because they assume that a person with the skills and ability to perform well in one job will automatically perform well in a different or more responsible position. This is why people are often promoted to positions in which they cannot perform adequately. Who is responsible for formal performance appraisals? In answer to this question, four basic appraisal approaches have evolved in organizations.

- The first approach, a manager’s rating of an employee, is by far the most common. However, other approaches are becoming more popular and can be a valuable supplement to appraisal by a single person.
- A group of managers rating an employee is the ‘Second most frequently used appraisal approach. Employees are rated by a managerial committee or by a series of managers who fill out separate rating forms. Because it relies on a number of views, this approach is often more effective than appraisal by a single manager. However, it is time-consuming and often dilutes employees’ feelings of account-ability to their immediate supervisor.
- The third appraisal approach is a group of peers rating a colleague. The individual is rated separately and on paper by co-workers on the same organizational level.
- The fourth approach is employees’ rating of bosses. This approach is used in some colleges, where faculties are asked to evaluate their dean on a number of performance measures. But it is increasingly used at businesses that are responding to the furor of dynamic engagement.

Maintaining Human Resources: After organizations have attracted and developed an effective workforce, they must make every effort to maintain that workforce. The movement of personnel within the organization—their promotion, transfer, de-motion, and separation has been major aspects of maintenance in human resource management. The actual decisions about whom to promote and whom to fire can also be among the most difficult, and important, a manager has to make. Maintenance of human resources also includes the determination of effective compensation and benefits.

Promotions: The possibility of advancement often serves as a major incentive for superior managerial performance, and promotions are the most significant way to recognize superior performance. Therefore, it is extremely important that promotions be fair based on merit and untainted by favoritism. Still, even fair and appropriate promotions can create a number of problems. One major problem is that frequently organization members who are by passed for promotion feel resentful, which may affect their morale and productivity. Another major problem is discrimination. Most people accept the need, or at least the legal obligation, to avoid racial, sexual, or age discrimination in the hiring process. Less attention has been paid to discrimination against women, older employees, and minority groups in promotion decisions. Consequently, affirmative action programs have been introduced to as sure that potential victims of discrimination are groomed for advancement.

Transfers: Transfers serve a number of purposes. They are used to give people broader job experiences as part of their development and to fill vacancies as they occur. Transfers are also used to keep promotion ladders open and to keep individuals interested in the work. For example, many middle managers reach a plateau simply because there is no room for all of them
at the top. Such managers may be shifted to other positions to keep their job motivation and interest high. Finally, inadequately performing employees may be transferred to other jobs simply because a higher-level manager is reluctant to demote or fire them. Increasingly, however, some employees are refusing transfers because they do not want to move their families or jeopardize a spouse’s career.

**Discipline, Demotions and Separations:** Discipline is generally administered when an employee violates company policy or falls short of work expectations, and managers must act to remedy the situation. Discipline usually progresses through a series of steps—warning, reprimand, probation, suspension, disciplinary transfer, demotion, and discharge until the problem is solved or eliminated. Some ineffective managers may be asked to go for retraining or development, others may be “promoted” to a position with a more impressive title but less responsibility. If demotion or transfer is not feasible, separation is usually better than letting a poor-performer stay on the job. No matter how agonizing the separation decision may be, the logic of human resource planning frequently requires that it be made. (Interestingly, a surprising number of poor performers at one firm become solid successes at another.)

As we have already discussed, the accelerated trend toward restructuring in today’s turbulent environment of increased competition has contributed to a growing rate of separations. As a result, some companies provide outplacement services to help separated employees find new positions. It has become increasingly important for managers to establish-and follow to the letter-a policy on termination. For many years, it was accepted doctrine that managers could fire at their own discretion. Through legislative and judicial action, however, employees have won an increasing number of complex rights. As a result, more and more companies are finding themselves answering charges of wrongful termination” in courts that seem to view jobs as a form of legal contract or property, with roughly comparable rights. Judgments of wrongful termination challenge the doctrine of “at-will” employment used in many jurisdictions.

**Compensation:** Compensation has traditionally been linked to a particular job or job description. The general idea is that the more responsibility a manager has, the more compensation he or she should earn. Often times jobs are rated by a job evaluation system which measures such variables as the number of subordinates, level in the organizational hierarchy, and the complexity and importance of the job function. In such a traditional or bureaucratic approach, senior organizational executives tend to be paid very well. Lower-level employees may be well paid, especially in the United States and Europe, but they have been increasingly underutilized. When competition from other countries with lower pay scales emerges, companies find they are no longer competitive. Compensation systems that make organizations more productive must therefore be devised. Many organizations have adopted a new approach to compensation that avoids the sometimes bureaucratic and hierarchical linkage to job descriptions and spans of control. Edward Lawler has dubbed this new approach “the new pay,” or, as it is sometimes called, “strategic pay.” The new pay approach is based on responses to the world of dynamic engagement that Organizations face. New global competition and a changing labor force spell the need for creative human resources strategies, especially with regard to compensation. The new pay consists of a strategic approach to total compensation. Total compensation involves base pay, variable pay (often called “incentive pay”), and indirect pay (often called “benefits”). Organizations attempt to match base pay with labor market conditions in order to have
competitively priced labor forces at their disposal. Incentive or variable pay is used to reward performance improvements. In addition, it gives management and employees the idea that they are partners in the competitive success of their organizations. Indirect pay or benefits have changed dramatically during the last few years as many organizations have moved toward flexible benefits packages that allow employees to tailor packages to their particular situations. On issues such as health care benefits, many organizations are experimenting with cost management and cost sharing techniques. By linking base pay to the labor market and variable pay to the success of the organization, managers can use the compensation system to foster teamwork and other organizational goals. Many consulting firms and investment banks adopt strategic pay. They compensate people at a base rate necessary to hire and keep the best people, and they offer bonuses based on firm or workgroup performance.

The Four C’s Model for Evaluating Human Resources: To evaluate the effectiveness of the HRM process, within an organization, Harvard researchers have proposed a “four C’s” model: competence, commitment, congruence, and cost effectiveness. Examples of questions related to each of the four C’s, and some methods for measuring them follow:

- **Competence:** How competent are employees in their work? Do they need additional training? Performance evaluations by managers can help a company determine what talent it has available. To what extent do HRM policies attract, keep, and develop employees with skills and knowledge needed now and in the future?

- **Commitment:** How committed are employees to their work and organization? Surveys can be conducted through interviews and questionnaires to find answers to this question. Additional information can be gained from personnel records about voluntary separation, absenteeism, and grievances. To what extent do HRM policies enhance the commitment of employees to their work and organization?

- **Congruence:** Is there congruence, or agreement, between the basic philosophy and goals of the company and its employees? Is there trust and common purpose between managers and employees? Incongruence can be detected in the frequency of strikes, conflicts between managers and subordinates, and grievances. A low level of congruence results in low levels of trust and common purpose; tension and trust between employees and managers may increase. What levels of congruence between management and employees do HRM policies and practices enhance or retain?

- **Cost Effectiveness:** Are HRM policies cost-effective in terms of wages, benefits, turnover, absenteeism, strikes, and similar factors? By shaping HRM policies to enhance commitment, competence, congruence, and cost effectiveness an organization increases its capacity to adapt to changes in its environment. **High Commitment Means:** 1. Better communication between employees and managers. 2. Enhanced mutual trust. 3. All stakeholders responsive to one another’s needs and concerns whenever changes in environmental demands occur. **High Competence Means:** 1. Employees are versatile in their skills and can take on new roles and jobs as needed. 2. Employees are better able to respond to changes in environmental demands. **Cost Effectiveness Means:** That human resource costs, such as wages, benefits, and strikes, are kept equal to or less than those of
competitors. **Higher Congruence Means:** That all stakeholders share a common purpose and collaborate in solving problems brought about by changes in environmental demands. This capacity to collaborate is crucial in an ever changing environment. Managers need the participation of a broad range of stakeholders (including management, unions, and governmental agencies) to obtain the data needed to evaluate the impact of HRM practices and policies.

3.6 REVIEW QUESTIONS

1. Give the importance of Performance appraisal.
2. Why is training and development necessary in an organization?
4. Differentiate between Recruitment, Selection and Socialization.
5. Give a detailed account on Human Resource Planning.
4.1 MANAGEMENT DEVELOPMENT

Students, you should know that the year 1911, the year Frederick Winslow Taylor’s Principles of Scientific Management was published, and is generally considered as the year in which management scientific method was developed. The scientific method involves the determination of facts through observation. This results in the formulation of concepts and principles. Concepts are mental images of anything formed by generalization from particulars. When these generalizations or hypotheses are tested for accuracy and appear to be true that is to reflect or explain reality, they are called principles. Theory is a systematic grouping of interdependent concepts and principles, which give a framework to, or tie together, a significant area of knowledge. Formally, a theory is a coherent group of assumptions put forth to explain the relationship between two or more observable facts. In the field of management the role of theory is to provide a means of classifying significant and pertinent management knowledge. Why is theory important?

- Theories provide a stable focus for understanding what we experience. A theory provides criteria for what is relevant.
- Theories enable us to communicate efficiently and thus move into more and more complex relationships with other people.
- Theories make it possible for us to keep learning about our world.
After understanding the importance of theory or the theoretical approach, let us now understand the evolution of management theory. In pre-scientific management era Adam Smith in his Wealth of Nations (1776) introduced the concept of division of labor. Smith concluded that division of labor increased productivity by increasing each worker’s skill and dexterity, by saving time that is normally lost in changing tasks, and by the creation and better use of labor saving inventions and machinery. The general popularity today of job specialization in service jobs as well as on assembly lines is undoubtedly due to the economic advantages cited over 200 years ago by Adam Smith. In 1832, Charles Babbage, a mathematician and a teacher, wrote “On the Economy of Machinery and Manufactures”, in which he applied his principles to the workshop. This early work introduced the idea of using scientific techniques to improve the managing process. The theoretical foundations of management lie in the classical approach to management, which sought to formulate rational principles that would make organizations more efficient. The classical approach to management consists of two subcategories: Scientific management approach looked at the field from the perspective of how to improve the productivity of operative personnel. General administrative approach was concerned with the overall organization and how to make it more effective.

4.2 SCIENTIFIC MANAGEMENT APPROACH

Most writers agree that the origin of the concentrated study of management was the work performed by Frederick W. Taylor and his associates during the scientific management movement that developed around 1900. Frederic W. Taylor (1865-1915) pioneered scientific management, which suggested that systematic investigation could indicate proper methods, standards and timings for each operation in an organization’s activities. The scientific management method proposed by Taylor was based on the notion that there was a single “best way” to fulfill a particular job. The responsibilities of management to select, train, and help workers to perform their jobs properly. The job of management was to plan and control the work. The responsibility of workers was simply to accept the new methods and perform accordingly. The practical application of this approach was to break each job down into its smallest and simplest component parts ‘motions’: each single motion in effect became a separate specialized ‘job’ to be allocated to a separate worker. Workers were selected and trained to perform such jobs in the most efficient way possible, eliminating all wasted motions or unnecessary physical motion. Henry L. Gantt (1861-1919) was a contemporary and associate of Taylor, emphasized the psychology of the worker and the importance of morale in production. Gantt devised a wage payment system, which stimulated foremen and workers to strive for improvement in work practices. Gantt also developed a charting system for scheduling production, the “Gantt chart” that remains the basis for modern scheduling techniques. Frank and Lillian Gilbreth (1868-1924 and 1878-1972) the husband-and-wife team made their contribution in fatigue and motion studies to eliminate wasteful hand-and-body motions. The Gilbreths also experimented with the design and use of the proper tools and equipment for optimizing work performance. The Gilbreths were among the first to use motion picture films to study hand-and-body motions. The Gilbreths also devised a classification scheme to label 17 basic hand motions, which they called therbligs.

Contributions of Scientific Management: Assembly lines concept to produce large quantities faster. Initiated the careful study of tasks and jobs. Today’s reengineering concept is similar.
Demonstrated importance of compensation for performance. Its efficiency techniques are applied to tasks even today.

**Limitations of Scientific Management:** Regarded workers as uninformed and ignored their ideas. Dehumanization of workers. More stress on quantity rather than quality. Did not appreciate the higher needs of workers. Did not acknowledge differences among individuals. More importance to method rather than skill.

**4.3 FAYOL’S PRINCIPLE OF MANAGEMENT**

Henri Fayol (1841-1925) was a French industrialist who put forward and popularized the concept of the ‘universality of management principles’, the idea that all organizations could be structured and managed according to certain rational principles. Fayol divided commercial organization’s activities into the six basic elements of technical, commercial, accounting, financial, security, and management. Fayol described the practice of management as distinct from the other business activities. He argued that management was an activity common to all human undertakings: in business, in government, and even in the home. In his most significant work, General and Industrial Management, Fayol discussed 14 general principles of management which he felt could be applied in any organizational setting. Several of these principles are part of management philosophy today. Before Fayol, it was generally believed that “managers are born, not made.” Fayol insisted, however that management was a skill like any other one that could be taught once the principles of management were understood.

**Fayol’s 14 Principles of Management:**

- **Division of Labor:** The most people specialties, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.

- **Authority:** Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.

- **Discipline:** Members in an organization need to respect the rules and agreements that govern the organization. To Fayol, discipline results from good leadership at all levels of the organization, fair agreements (such as provisions for rewarding superior performance), and judiciously enforced penalties for infractions.

- **Unity of Command:** Each employee must receive instructions from only one person. Fayol believed that when an employee reported to more than one manager, conflicts instructions and confusion of authority would result.

- **Unity of Direction.** Those operations within the organization that have the same objective should be directed by only one manager using one plan. For example, the personnel department in a company should not have two directors, each with a different hiring policy.
• **Subordination of Individual Interest to the Common Good**: In any undertaking, the interests of employees should not take precedence over the interests of the organization as a whole.

• **Remuneration**: Compensation for work done should be fair to both employees and employers.

• **Centralization**: Decreasing the role of subordinates in decision-making is centralization; increasing their role is decentralization. Fayol believed that managers should retain final responsibility, but should at the same time give their subordinates enough authority to do their jobs properly. The problem is to find the proper degree of centralization in each case.

• **The Hierarchy**: The line of authority in an organization often represented today by the neat boxes and lines of the organization chart runs in order of rank from top management to the lowest level of the enterprise.

• **Order**: Materials and people should be in the right place at the right time. People, in particular, should be in the jobs or positions they are most suited to.

• **Equity**: Managers should be both friendly and fair to their subordinates.

• **Stability of Staff**: A high employee turnover rate undermines the efficient functioning of an organization.

• **Initiative**: Subordinates should be given the freedom to conceive and carry out their plans, even though some mistakes may result.

• **Esprit de Corps**: Promoting team spirit will give the organization a sense of unity. To Fayol, even small factors should help to develop the spirit. He suggested, for example, the use of verbal communication instead of formal, written communication whenever possible.

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**4.4 BEHAVIORAL APPROACH**

Robert Owen was a successful Scottish businessman who was repulsed by the harsh practices he found in factories in his time. He chided factory owners for treating their equipment better than their employees. He was more than a hundred years ahead of his time when he argued, in 1825, for regulated hours of work for all, child labor laws, public education, company-furnished tools and equipment, and business involvement in community projects. The behavioral approach emerged partly because the classical approach did not achieve sufficient production efficiency and workplace harmony. There was increased interest in helping managers deal more effectively with the “people side” of their organizations. Hugo Munsterberg created the field of industrial psychology, the scientific study of individuals at work, to maximize their productivity and adjustment. In his work, *Psychology and Industrial Efficiency* (1913) he suggested the use of psychological tests to improve employee selection, the value of learning theory in the
development of training methods, and the study of human behavior to determine what techniques are most effective for motivating workers. Much of current knowledge of selection techniques, employee training, job design, and motivation is built on the work of Munsterberg. Elton Mayo (1880-1949) Scholars generally agree that the Hawthorne studies, undertaken at the Western Electric Company’s Hawthorne works in Illinois, USA, under the leadership of Elton Mayo, had a dramatic impact on management thought towards “Human Relations”. The Hawthorne studies began in 1924 but expanded and continued through the early 1930s, were initially devised by Western Electric industrial engineers to examine the effect of different illumination levels on worker productivity. Control and experimental groups were established. The experimental group was presented with different levels of illumination intensity. The engineers expected individual output to be directly related to the intensity of light. However, they found that as the light level was increased, in the experimental group, productivity continued to increase in both groups. In fact, productivity decreased in the experimental group only after the light intensity had been reduced to that of moonlight.

The engineers concluded that illumination intensity was not directly related to group productivity, but they could not explain the behavior they had witnessed. 1927, the Western Electric Engineers asked Harvard professor Elton Mayo and his associates to join the study as consultants for conducting numerous experiments covering the redesign of jobs, changes in the lengths of the workday and workweek, the introduction of rest periods, and individual versus group wage plans. The researchers concluded that employees would work harder if they believed management was concerned about their welfare and supervisors paid special attention to them. This phenomenon was subsequently labeled the Hawthorne effect. Mayo concluded that behavior and sentiments are closely related, that group influences significantly affect individual behavior that group standards establish individual worker output and that money is less a factor in determining output than are group standards, group sentiments, and security. These conclusions led to a new emphasis on the human factor the functioning of organizations and the attainment of their goals. Although criticized for the procedures, analysis of the findings, and the conclusions drawn, what is important is that the Hawthorne studies stimulated an interest in human factors. Current organizational practices that owe their roots to the Hawthorne studies include attitude surveys, employee counseling, management training, participative decision making, and team based compensation systems.

4.5 THE HUMAN RESOURCES PERSPECTIVE

The behavioral approach began with the described above in the Hawthorne studies. This view is also known as the neo-human relations perspective. The human resources perspective combines prescriptions for design of job tasks with theories of motivation. In the human resources view, jobs should be designed so that tasks are not perceived as dehumanizing or demeaning but instead allows workers to use their full potential. The best-known contributors to the human resources perspective are Abraham Maslow, Douglas McGregor, and Frederick Herzberg.

Abraham Maslow (1908-1970), a practicing psychologist, proposed a hierarchy of five needs: physiological, safety, social, esteem, and self-actualization. In terms of motivation, Maslow
argued that each step in the hierarchy must be satisfied before the next level can be activated and
that once a need was substantially satisfied, it no longer motivated behavior.

Douglas McGregor (1906-1964) formulated two sets of assumptions – Theory X and Theory Y –
about human nature. Theory X presents an essentially negative view of people. It assumes that
they have little ambition dislike work, want to avoid responsibility, and need to be closely
supervised to work effectively. Theory Y offers a positive view, assuming that people can
exercise self-direction, accept responsibility, and consider work to be as natural as rest or play.
McGregor believed that the classical approach was based on Theory X assumptions about
workers. He also felt that a slightly modified version of Theory X fit early human relations ideas.
In other words, human relations ideas did not go far enough. McGregor proposed Theory Y as a
more realistic view of workers for guiding management thinking. The point of theory Y is that
organizations can take advantage of the imagination and intellect of all their employees.
Employees will exercise self control and will contribute to organizational goals when given the
opportunity.

Frederick Herzberg suggested that only higher psychological needs for growth, challenge,
responsibility, and self-fulfillment can positively motivate employees to improved performance.
Work relationships and supervisory style along with pay and conditions merely ward off
dissatisfaction. Only the job itself could provide lasting satisfaction, and Herzberg, in particular
concentrated on ways of designing jobs for greater worker satisfaction. Another category within
the behavioral approach encompasses the behavioral science approach, which relies on the
scientific method for the study of organizational behavior. Behavioral science draws from
sociology, psychology, anthropology, economics, and other disciplines to understand employee
behavior and interaction in an organizational setting. This approach can be seen in organizations
even today when, for example, a firm conducts research to determine the best set of tests,
interviews, and employee profiles to use when selecting new employees. Our current
understanding of such issues as leadership, employee motivation, personality differences, the
design of jobs and organizations, organizational cultures, high-performance teams, performance
appraisals, conflict management, and negotiation techniques are largely due to the contributions
of behavioral scientists. The behavioral approaches contributed an important awareness of the
influence of the human factor at work on organizational performance and the need to offer job
satisfaction to employees. Most of its theorists attempted to offer guidelines to enable practicing
managers to satisfy and motivate employees and so, theoretically, to obtain the benefits of
improved productivity. However, there is still no proven link between job satisfaction and
motivation, or either of these and productivity, or the achievement of organizational goals. For
example, employee counseling (prescribed by Mayo) and job enrichment (prescribed by
Herzberg) have both proved at best of unpredictable benefit to organizations applying them in
practice.

4.6 COMMUNICATION

Research indicates that poor communication is probably the most frequently cited source of
interpersonal conflict. Because individuals spend nearly 70 percent of their waking hours
communicating-writing, reading, speaking, listening-it seems reasonable to conclude that one of
the most inhibiting forces to successful group performance is a lack of effective communication.
No group can exist without communication: the transference of meaning among its members. It is only through transmitting meaning from one person to another that information and ideas can be conveyed. Communication, however, is more than merely imparting meaning. It must also be understood. In a group in which one member speaks only German and the others do not know German, the individual speaking German will not be fully understood. Therefore, communication must include both the transference and the understanding of meaning. An idea, no matter how great, is useless until it is transmitted and understood by others. Perfect communication, if there were such a thing, would exist when a thought or an idea was transmitted so that the mental picture perceived by the receiver was exactly the same as that envisioned by the sender. Although elementary in theory, perfect communication is never achieved in practice, for reasons we shall expand on later in the chapter. Before making too many generalizations concerning communication and problems in communicating effectively, we need to review briefly the functions that communication performs and describe the communication process.

### 4.6.1 Functions of Communication
Communication serves four major functions within a group or organization: control, motivation, emotional expression, and information. Communication acts to control member behavior in several ways. Organizations have authority hierarchies and formal guidelines that employees are required to follow. When employees, for instance, are required to first communicate any job related grievance to their immediate boss, to follow their job description, or to comply with company policies, communication is performing a control function. But informal communication also controls behavior. When work groups tease or harass a member who produces too much (and makes the rest of the group look bad), they are informally communicating with, and controlling, the member’s behavior. Communication fosters motivation by clarifying to employees what is to be done, how well they are doing, and what can be done to improve performance if it’s subpart. The formation of specific goals, feedback on progress toward the goals, and reinforcement of desired behavior all stimulate motivation and require communication. For many employees, their work group is a primary source for social interaction. The communication that takes place within the group is a fundamental mechanism by which members show their frustrations and feelings of satisfaction. Communication, therefore, provides a release for the emotional expression of feelings and for fulfillment of social needs. The final function that communication performs relates to its role in facilitating decision making. It provides the information that individuals and groups need to make decisions by transmitting the data to identify and evaluate alternative choices. No one of these four functions should be seen as being more important than the others. For groups to perform effectively, they need to maintain some form of control over members, stimulate members to perform, provide a means for emotional expression, and make decision choices. You can assume that almost every communication interaction that takes place in a group or organization performs one or more of these four functions.

### 4.6.2 The Communication Process
Before communication can take place, a purpose, expressed as a message to be conveyed, is needed. It passes between a source (the sender) and a receiver. The message is encoded (converted to a symbolic form) and passed by way of some medium
The source initiates a message by encoding a thought. The message is the actual physical product from the source encoding. When we speak, the speech is the message. When we write; the writing is the message. When we gesture, the movements of our arms and the expressions on surfaces are the message. The channel is the mediate through which the message travels. It is selected by the source, who must determine whether to use a formal or informal channel. Formal channels are established by the organization and transmit messages that are related to the professional activities of members. They traditionally follow the authority chain within the organization. Other forms of messages, such as personal or social, follow the informal channels in the organization. The receiver is the object to whom the message is directed. But before the message can be received, the symbols in it must be translated into a form that can be understood by the receiver. This step is the decoding of the message. The timeline in the communication process is a feedback loop. Feedback is the check on how successful we have been in transferring our messages as originally intended. It determines whether understanding has been achieved.

Figure 4.1 The Communication Process Model

4.6.3 Direction of Communication
Communication can flow vertically or laterally: The vertical dimension can be further divided into downward and upward directions.

Downward: Communication that flows from one level of a group or organization to a lower level is a downward communication. When we think of managers communizing with, employees, the downward pattern is the one we are usually thinking of. It’s used by group leaders and managers to assign goals provide ‘job in striations, informal employees of policies and procedure’s, point out problems that need attention, and offer feedback about performance. But downward communication doesn’t have to be oral or face-to-face contact. When management sends letters to employees’ homes to advise them of the organization’s new sick
leave policy, it’s using downward communication. So is an e-mail from a team leader to the members of her team, reminding them of an upcoming deadline.

**Upward:** Upward communication flows to a higher level in the group or organization. It’s used to provide feedback to higher-ups, inform them of progress toward goals, and relay current problems. Upward communication keeps managers aware of how employees feel about their jobs, co-workers, and the organization in general. Managers also rely on upward communication for ideas on how things can be improved.

Some organizational examples of upward communication rate performance, reports prepared by lower management for review by middle and top management, suggestion boxes, employee attitude surveys, grievance procedures, superior-subordinate discussions, and informal “gripe” sessions in which employees have the opportunity. When communication takes place among members of the same work group, among members of work groups at the same level, among managers at the same level, or among any horizontally equivalent personnel, we describe it as lateral communications. Why would there be a need for horizontal communications if a group or organization’s vertical communications are effective? The answer is that horizontal communications are often necessary to save time and facilitate coordination. In some cases, these lateral relationships are formally sanctioned. More often, they are informally created to short-circuit the vertical hierarchy and expedite action. So lateral communications can, from management’s viewpoint, be good or bad. Since strict adherence to the formal vertical structure for all communications can impede the efficient and accurate transfer of information, lateral communications can be beneficial. In such cases, they occur with the knowledge and support of superiors. But they can create dysfunctional conflicts when the formal vertical channels are breached, when members go above or around their superiors to get things done, or when bosses find out that actions have been taken or decision’s made without their knowledge to identify and discuss problems with their boss or representatives of higher management. For example, FedEx prides itself on its computerized upward communication program. All its employees annually complete climate surveys and reviews of management. This program was cited as key human resources strength by the Malcolm Baldrige National Quality wanted examiners when FedEx won the honor.

**Lateral:** How do group members transfer meaning between and among each other? There are three basic methods. People essentially rely on oral, written, and non-verbal communication.

- **Oral Communication:** The chief means of conveying messages is oral communication. Speeches, formal one-on-one and group discussions, and the informal rumor mill or grapevine are popular forms of oral communication. The advantages of oral communication are speed and feedback. A verbal message can be conveyed and a response received in a minimal amount of time. If the receiver is unsure of the message, rapid feedback allows for early detection by the sender and, hence, allows for early correction. The major disadvantage of oral communication surfaces in organizations or whenever the message has to be passed through a number of people. The more people a message must pass through, the greater the potential distortion. If you ever played the game “telephone” at a party, you know the problem. Each person interprets the message in his or her own way. The message’s content, when it reaches its destination, is often very different from that of the original. In an organization, where decisions and other
communications are verbally passed up and down the authority hierarchy, there are considerable opportunities for messages to become distorted.

- **Written Communication:** Written communications include memos, letters, electronic mail, fax transmissions, organizational periodicals, notices placed on bulletin boards, or any other device that is transmitted via written words or symbols. Why would a sender choose to use written communications? They’re tangible and verifiable. Typically, both the sender and receiver have a record of the communication. The message can be stored for an indefinite period. If there are questions concerning the content of the message, it is physically available for later reference. This feature is particularly important for complex and lengthy communications. The marketing plan for a new product, for instance, is likely to contain a number of tasks spread out over several months. By putting it in writing, those who have to initiate the plan can readily refer to it over the life of the plan. A final benefit of written communication comes from the process itself. You’re usually more careful with the written word than the oral word. You’re forced to think more thoroughly about what you want to convey in a written message than in a spoken one. Thus, written communications are more likely to be well thought out, logical, and clear of course, written messages have their drawbacks. They’re time consuming. You could convey far more information to a college instructor in a one-hour oral exam than in a one-hour written exam. In fact, you could probably say this anything in 10 to 15 minutes that it would take you an hour to write. So, although writing may be more precise, it also consumes a great deal of time. The other major disadvantage is feedback, or lack of it. Oral communication allows the receiver to respond rapidly to what he thinks he hears. Written communication, however, does not have a built-in feedback mechanism. The result is that the mailing of a mambas no assurance it ‘has been received, and, if received, there is no guarantee the recipient will interpret it as the sender intended. The litterbin is also relevant in oral communiqués, except it’s easy in such cases merely to ask the receiver to summarize what you’ve said. An accurate summary presents feedback evidence that the message has been received and understood.

- **Nonverbal Communication:** “Every time we verbally give a message to someone, we also impart a, nonverbal message. In some instances, the nonverbal component may stand alone. For example, in a singles bar, a glance, a stare, a smile, a frown, and, a proactive body movement all convey meaning. As such, no discussion of communication would be complete without consideration of nonverbal communication which includes body movements, the intonations or emphasis we give to words, facial expressions, and the physical distance between the sender and receiver. It can be argued that every body movement has a meaning and no movement is accidental. For example, through body language we say, “Help me, I’m lonely”; “Take me, I’m available”; “Leave me alone, I’m depressed.” And rarely do we send our messages conically. We act out our state of being with nonverbal body language. We lift one eyebrow for disbelief. We rub our noses for puzzlement. We clasp our arms to isolate ourselves or to protect ourselves. We shrug our shoulders for indifference, wink one eye for intimacy, tap our fingers for impatience, and slap our forehead for forgetfulness.
The two most important messages that body language conveys are:

- The extent to which an individual likes another and is interested in his or her views.
- The relative perceived status between a sender and receiver. For instance, we are more likely to position ourselves closer to people we like and touch them more often. Similarly, if you feel that you’re higher status than another, you’re more likely to display body movements—such as crossed legs or a slouched seating position—that reflect a casual and relaxed manner.

Body language adds to, and often complicates, verbal communication. A body position or movement does not by itself have a precise or universal meaning, but when it is linked with spoken language, it gives fuller meaning to a sender’s message. If you read the verbatim minutes of a meeting, you wouldn’t grasp the impact of what was said in the same way you would if you had been there or saw the meeting on video. Why?

Facial expressions also convey meaning. A snarling face says something different from a smile. Facial expressions, along with intonations, can show arrogance, aggressiveness, fear, shyness, and other characteristics that would never be communicated if you read a transcript of what had been said. The way individuals space themselves in terms of physical distance also has meaning. What is considered proper spacing is largely dependent on cultural norms. For example, what is considered a business-like distance in some European countries would be viewed as intimate in many parts of North America. If some one stands closer to you than is considered appropriate, it may indicate aggressiveness or sexual interest; if farther away than usual, it may mean disinterest or displeasure with what is being said. It’s important for the receiver to be alert to these nonverbal aspects of communication. You should look for nonverbal clues as well as listen to the literal meaning of a sender’s words. You should particularly be aware of contradictions between the messages. Your boss may say she is free to talk to you about a pressing budget problem, but you may see nonverbal signals suggesting that this is not the time to discuss the subject. Regardless of what is being said, an individual who frequently glances at her wristwatch is giving the message that she would prefer to terminate the conversation. We misinform others when we express one message verbally, such as trust, but nonverbally communicate a contradictory message that reads, “I don’t have confidence in you.”

**Formal Small-Group Networks:** Formal organizational networks can be very complicated. They can, for instance, include hundreds of people and a half-dozen or more hierarchical levels. To simplify our discussion, we’ve condensed these networks into three common small groups of five people each. These three networks are the chain, wheel, and all channels. These three networks have been extremely allowing us to describe the unique qualities of each. The chain rigidly follows the formal chain of command. This network approximates the communication channels you might find in a rigid three-level organization. The wheel relies on a central figure to act as the conduit for the entire group’s communication. It simulates the communication network you would find on a team with a strong leader. The all-channel network permits all group members to actively communicate with each other. The all-channel network is most often characterized in practice by self-managed teams, in which all group members are free to contribute and no one person takes on a leadership role. The effectiveness of each network depends on the dependent variable you’re concerned about. For instance, the structure of the
wheel facilitates the emergence of a leader, the all-channel network is best if you are concerned with having high member satisfaction, and the chain is best if accuracy is most important.

The Grapevine: The formal system is not the only communication network in a group or organization. There is also an informal one, which is called the grapevine and although the grapevine may be informal, this doesn’t mean it’s not an important source of information. For instance, a survey found that 75 percent of employees hear about matters first through rumors on the grapevine. The grapevine has three main characteristics; first, it is not controlled by management. Second, it is perceived by most employees as being more believable and reliable than formal communiqués issued by top management. And third, it is largely used to serve the self-interests of the people within it. One of the most famous studies of the grapevine investigated the communication pattern among 67 managerial personnel in a small manufacturing firm. The basic approach used was to learn from each communication recipient how he or she first received a given-piece of information and then trace it back to its source. It was found that, while the grapevine was an important source of information, only 10 percent of the executives acted as liaison individuals, that is, passed the information on to more than one other person. For example, when one executive decided to resign to enter the insurance business, 81 percent of the executives knew about it, but only 11 percent transmitted this information to others. Two other conclusions from this study are also worth noting. Information on events of general interest tended to flow between the major functional groups (production, sales) rather than within them. Also, no evidence surfaced to suggest that any one group consistently acted as liaisons; rather, different types of information passed through different liaison persons. An attempt to replicate this study among employees in a small state government office also found that only 10 percent act as liaison individuals. This finding is interesting, because the replication contained a wider spectrum of employees, including operative as well as managerial personnel. But the flow of information in the government office took place within rather than between, functional groups. It was proposed that this discrepancy might be due to comparing an executive-only sample against one that also included operative workers. Managers, for example, might feel greater pressure to stay informed and thus cultivate others outside their immediate functional group. Also, in contrast to the findings of the original study; the replication found that a consistent group of individuals acted as liaisons by transmitting information in the government office. Is the information that flows along the grapevine accurate? The evidence indicates that about 75 percent of what is carried is accurate. But what conditions foster an active grapevine? What gets the rumor mill rolling?

It is frequently assumed that rumors start because they make titillating gossip. This is rarely the case. Rumors emerge as a response to situations that are important to us, when there is ambiguity, and under conditions that arouse anxiety. The fact that work situations frequently contain these three elements explains why rumors flourish in organizations. The secrecy and competition that typically prevail in large organizations around issues such as the appointment of new bosses, the relocation of offices, downsizing decisions, and the realignment of work assignments create conditions that encourage and sustain rumors on the grapevine. A rumor will persist either until the wants and expectations creating the uncertainty underlying the rumor are fulfilled or until the anxiety is reduced. What can we conclude from the preceding discussion? Certainly the grapevine is an important part of any group or organization’s communication network and is well worth understanding, it identifies for managers the confusing issues that
employees consider important and that create anxiety. It acts, therefore, as both a filter and a feedback mechanism, picking up the issues that employees consider relevant. For employees, the grapevine are particularly valuable for translating formal communications into their group’s own jargon. Maybe more important, again from a managerial perspective, it seems possible to analyze grapevine information and to predict its flow, given that only a small set of individuals (approximately 10 per-cent) actively pass on information to more than one other person. By assessing which liaison individuals will consider a given piece of information to be relevant, we can improve our ability to explain and predict the pattern of the grapevine. Can management entirely eliminate rumors? No. What management should do, however, is minimizes the negative consequences of rumors by limiting their range and impact.

**Computer-Aided Communication:** Communication in today’s organizations is enhanced and enriched by computer aided technologies. These include electronic mail, intranet and extranet links, and videoconferencing. Electronic mail, for instance, has dramatically reduced the number of memos, letters, and phone calls that employees historically used to communicate among themselves and with suppliers, customers, or other outside stakeholders. E-Mail / Electronic mail (or e-mail) uses the Internet to transmit and receive computer generated text and documents. Its growth has been spectacular. Most white-collar employees now regularly use e-mail. In fact, a recent study found that the average U.S.employee receives 31 e-mail messages a day. And organizations are recognizing the value of e-mail for all workers. Ford Motor Co., for instance, recently made a computer, modem, printer, and e-mail account available for $5 month to its entire more than 300,000 employee’s worldwide.

As a communication tool, e-mail has a long list of benefits. Email messages can be quickly written, edited, and stored. They can be distributed to one person or thousands with a click of a mouse. They can be read, in their entirety, at the convenience of the recipient. And the cost of sending formal e-mail messages to employees is a fraction of what it would cost to print, duplicate, and distribute a comparable letter or brochure. E-mail, of course, is not without its drawbacks. At the top of the list is information overload. It’s not unusual for employees to get a hundred or more e-mails a day. Reading, absorbing, and responding to such an inflow can literally consume an employee’s entire day. In essence, e-mail’s ease of use has become its biggest negative. Employees are finding it increasingly difficult to distinguish important e-mails from junk mail and irrelevant messages. Another drawback of e-mails is that they lack emotional content. The nonverbal cues in a face-to-face message or the tone of voice from a phone call convey important information that doesn’t come across in e-mail, although efforts have been made to create emotional icons. Finally, e-mail tends to be cold and impersonal. As such, it’s not the ideal means to convey information like layoffs, plant closings, or other messages that might evoke emotional responses and require empathy or social support.

**Intranet and Extranet Links** Intranets are private, organization-wide information networks that look and act like a Website but to which only people in an organization have access. Intranets are rapidly becoming the preferred means for employees within companies to communicate with each other. Using the company’s intranet, IBMers everywhere swapped ideas on everything from how to retain employees to how to work faster without under-mining quality. In addition, organizations are creating extranet links that connect internal employees with selected suppliers, customers, and strategic partners. For instance, an extranet allows GM employees to send
electronic messages and documents to its steel and rubber suppliers as well as to communicate with its dealers. Similarly, all Wal-Mart vendors are linked into its extra net system, allowing Wal-Mart buyers to easily communicate with its suppliers and for suppliers to monitor the inventory status of its products at Wal-Mart stores.

**Videoconferencing:** It is an extension of intranet or extranet systems. It permits employees in an organization to have meetings with people at different locations. Live audio and video images of members allow them to see, hear, and talk with each other. Videoconferencing technology, in effect, allows employees to conduct interactive meetings without the necessity of all physically being in the same location. In the late 1990s, basically conducted from special rooms cameras, located at company facilities microphones are being attached to lowing people to participate in leaving their desks. As the cost of price videoconferencing is likely to be alternative to expensive and time consuming communications are reshaping the organizations. Specifically, it’s no employees to be at their work station or 1Pagers, cellular phones and personal employees to be reached when they’re in break while visiting a customer across on Saturday morning. The line between an employees work and non-work life is no longer distinct. In the electronic angel all employees can theoretically be “on call 24 hours a day 7 days a week. Organizational boundaries become less relevant as a result of computer-aided communications. Networked computers allow employees to jump vertical levels within the organizational work full-time at home or someplace other than an organizationally operated facility and conduct ongoing communications with people in other organizations. The market researcher who wants to discuss an issue with the vice president of marketing (who is three levels up in the hierarchy), can bypass the people in between and send an e-mail message directly. And in so doing, the traditional status hierarchy largely determined by level and access, becomes essentially negated. Or that same market researcher may choose to live in the Cayman Islands and work at home via telecommuting rather than do his or her job in the company’s Chicago office. And when an employee’s computer is linked to suppliers I and customer’s computers, the boundaries separating organizations become further blurred. As a case in point, because Levi Strauss I and Wal-Marts computers are linked Levi is able to monitor Wal- Marts inventory of its jeans and to replace merchandise as needed clouding the distinction between Levi and Wal-Mart employees.

**4.6.4 Choice of Communication Channel**
Neal L. Patterson CEO at medical-software likes e-mail maybe too much so. Upset ethical he recently sent a soothing e-mail to managers. Here are some of those e-mails. Hell will freeze over before these CEO implements Employee benefit in this Culture are getting less than 40 hours of work from large number of our Kansas City-based employees. The parking lot is sparsely used A.M.; likewise at 5 P.M. As managers-you do not know what your Employees are doing; or you do not care. You have problem and you will fix it or I will replace. What you are doing as managers, with company makes me sick.” Patterson’s e-mail additionally suggested managers schedule meetings at 7 A.M., and Saturday mornings; promised a staff reduction of five percent and institution time-clock system, and Patterson’s intention unapproved absences to employees’ vacation. Within hours of this e-mail, copies of it onto a Yahoo Website and within three prices had plummeted 22 percent. One thing is certainly clear: Patterson referred wrong channel for his message. Such a message would likely have been better received meeting.
Why do people choose one channel of communication another-for in-stance, a phone call instead is there any general insight we might be regarding choice of communication channel? Research has found that channels differ in their capacity to convey information. Some are rich in that they have the ability to (1) handle multiple cues simultaneously, (2) facilitate rapid feedback, and (3) be very personal. Others are lean in that they score low on these three factors. The figure below illustrates face-to-face conversation scores highest in terms of channel richness because it provides for the maximum amount of information to be transmitted during a communication episode. That is, it offers multiple information cues (words, postures, facial expressions, gestures, intonations), immediate feedback (both verbal and nonverbal), and the personal touch of “being there.

Figure 4.2 Information Richness of Communication Channels

The choice of one channel over another depends on whether the message is routine or no routine. The former types of messages tend to be straightforward and have a minimum of ambiguity. The latter are likely to be complicated and have the potential for misunderstanding. Managers can communicate routine messages efficiently through channels that are lower in richness. However, they can communicate non routine messages effectively only by selecting rich channels. Referring back to our opening example at Cerner Corp., it appears that Neal Patterson’s problem was using a channel relatively low in richness (e-mail) to convey a message that, because of its non routine nature and complexity, should have been conveyed using a rich communication medium. Evidence indicates that high-performing managers tend to be more media sensitive than low-performing managers. That is, they’re better able to match appropriate media richness with the ambiguity involved in the communication. The media richness model is consistent with organizational trends and practices during the past decade. It is not just coincidence that more and more. Senior managers have been using meetings to facilitate communication and regularly leaving the isolated sanctuary of their executive offices to marriage by walking around. These executives are relying on richer channels of communication to transmit the more ambiguous messages they need to convey. The past decade has been characterized by organizations closing
facilities, imposing large layoffs, restructuring, merging, consolidating, and introducing new products and services at an accelerated pace—all non routine messages high in ambiguity and requiring the use of channels that can convey a large amount of information. It is not surprising, therefore, to see the most effective managers expanding their use of rich channels.

**Barriers to Effective Communication:** A number of barriers can retard or distort effective communication. In this section, we highlight the more important of these barriers.

- **Flittering:** It refers to a sender’s purposely manipulating information so it will be seen more favorably by the receiver. For example, when a manager tells his boss what he feels his boss wants to hear, he is filtering information. The major determinant of filtering is the number of levels in an organization’s structure. The more vertical levels in the organization’s hierarchy, the more opportunities there are for filtering. But you can expect some filtering to occur wherever there are status differences. Factors such as fear of conveying bad news and the desire to please one’s boss often lead employees to tell their superiors what they think these superiors want to hear, thus distorting upward communications.

- **Selective Perception:** Receivers project their interests and expectations into communications as they decode them. The employment interviewer who expects a female job applicant to put her family ahead of her career and is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

- **Information Overload:** Individuals have a finite capacity for processing data. As noted in our previous discussion of e-mail, when the information we have to work with exceeds our processing capacity, the result is information overload. And with e-mails, phone calls, faxes, meetings; and the need to keep current in one’s field, more and more managers and professionals are complaining that they’re suffering overload. What happens when individuals have more information than they can sort out and use? They tend to select out, ignore, and pass over, or forget information. Or they may put off further processing until the overload situation is over. Regardless, the result is lost information and less effective communication.

- **Emotions:** How the receiver feels at the time of receipt of a communication will influence how he or she interprets it. The same message received whether you are’ angry or distraught is often interpreted differently from when you’re happy. Extreme emotions such as jubilation or depression are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

- **Language:** Words mean different things to different people. Age, education, and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. In an organization, employees usually come from diverse backgrounds. Further, the grouping of employees into departments creates specialists who develop their own “buzzwords” or technical jargon. In large organizations, members are also frequently widely dispersed geographically even operating in different countries and individuals in each locale will use terms and phrases that are unique to their
area. The existence of vertical levels can also cause language problems. For instance, differences in meaning with regard to words such as incentives and quotas have been found at different levels in management. Top managers often speak about the need for incentives and quotas, yet these terms imply manipulation and create resentment among many lower managers. The point is that although you and I probably speak a common language English—our use of that language is far from uniform. If we knew how each of us modified the language, communication difficulties would be minimized. The problem is that members in an organization usually don’t know how those with whom they interact have modified the language. Senders tend to assume that the words and terms they use mean the same to the receiver as they do to them. This assumption is often incorrect.

**Communication Comprehension:** Another major barrier to effective communication is that some people—an estimated 5 to 20 percent of the population suffer from debilitating communication apprehension or anxiety. Although lots of people dread speaking in front of a group, communication apprehension is a more serious problem because it affects a whole category of communication techniques. People who suffer from it experience undue tension and anxiety in oral communication, written communication, or both. For example, oral apprehensive may find it extremely difficult to talk with others face to face or become extremely anxious when they have to use the telephone. As a result, they may rely on memos or faxes to convey messages when a phone call would be not only faster but more appropriate. Studies demonstrate that oral-communication apprehensive avoid situations that require them to engage in oral communication. We should expect to find some self-selection in jobs so that such individuals don’t take positions, such as teacher, for which oral communication is a dominant requirement. But almost all jobs require some oral communication. And of greater concern is the evidence that high-oral-communication apprehensive distort the communication demands of their jobs in order to minimize the need for communication. So we need to be aware that there is a set of people in organizations who severely limit their oral communication and rationalize this practice by telling themselves that more communication isn’t necessary for them to do their job effectively.

4.7 REVIEW QUESTIONS

1. Explain the barriers to effective communication.
2. Give a detailed account on choice of communication channel
3. How do group members transfer meaning between and among each other?
4. Communication can flow vertically or laterally. Explain in detail.
5. Explain the functions of communication and the communication process.
BEHAVIOUR OF INDIVIDUALS

Structure

5.1 Nature of Organizational Behavior

5.2 Learning: Basic Nature of Learning

5.3 Theories of Learning

5.4 Classical Conditioning

5.5 Reinforcement

5.6 Individuals and Physical Ability

5.7 Theories of Perception and Personality

5.8 Measures of Personality

5.9 Review Questions

5.1 NATURE OF ORGANIZATIONAL BEHAVIOUR

Welcome students to this unit which is on Organizational Behavior. Let us try to understand term organizational behavior. Organizational Behavior’ – It has two words ‘organization’ and ‘Behavior’. Now, what is an Organization? We can define the term organization as two or more individuals who are interacting with each other within a deliberately structured set up and working in an interdependent way to achieve some common objective/s. Organizations play a major role in our lives. We possibly cannot think of a single moment in our lives when we are not depending on organizations in some form or the other. Right from the public transport that you use to come to your institute, the Institute itself, the class you are attending at this moment, are all examples of organizations. So Now dear students what is Behavior? Is it the behavior of Organization or the Behavior of the people who are working in the organization? Yes, it is the behavior of the people working in an organization to achieve common goals or objectives. Organization comprises of people with different attitudes, cultures, beliefs, norms and values. So now, let’s understand organizational behavior and what it exactly means. Organizational Behavior’ can be defined as the study of what people think, feel, and do in and around organizations. The study of Organizational Behavior facilitates the process of explaining, understanding, predicting, maintaining, and changing employee behavior in an organizational setting. The value of organizational behavior is that it isolates important aspects of the manager’s job and offers specific perspective on the human side of management: people as organizations,
people as resources, and people as people. In other words, it involves the understanding, prediction and control of human behavior and factors affecting their performance and interaction among the organizational members. And because organizational behavior is concerned specifically with employment – related situations, you should not be surprised to find that it emphasizes behavior as related to concerns such as jobs, work, absenteeism, employment turnover, productivity, human performance and management.

Organizational behavior is an applied behavioral science that is built on contributions from a number of behavioral disciplines such as psychology, sociology, social psychology, anthropology and economics. So now students lets see how these disciplines are related to organizational behavior.

- **Psychology:** Psychology is the study of human behavior which tries to identify the characteristics of individuals and provides an understanding why an individual behaves in a particular way. This thus provides us with useful insight into areas such as human motivation, perceptual processes or personality characteristics.

- **Sociology:** Sociology is the study of social behavior, relationships among social groups and societies, and the maintenance of social order. The main focus of attention is on the social system. This helps us to appreciate the functioning of individuals within the organization which is essentially a socio-technical entity.

- **Social Psychology:** Social psychology is the study of human behavior in the context of social situations. This essentially addresses the problem of understanding the typical behavioral patterns to be expected from an individual when he takes part in a group.

- **Anthropology:** Anthropology is the science of mankind and the study of human behavior as a whole. The main focus of attention is on the cultural system, beliefs, customs, ideas and values within a group or society and the comparison of behavior amongst different cultures in the context of today’s organizational scenario. It is very important to appreciate the differences that exist among people coming from different cultural backgrounds as people are often found to work with others from the other side of the globe.

- **Economics:** Any organization to survive and sustain must be aware of the economic viability of their effort. This applies even to the non-profit and voluntary organizations as well.

- **Political Science:** Although frequently overlooked, the contributions of political scientists are significant to understand arrangement in organizations. It studies individuals and groups within specific conditions concerning the power dynamics. Important topics under here include structuring of Conflict, allocation of power and how people manipulate power for individual self-interest etc.
**5.2 LEARNING: BASIC NATURE OF LEARNING**

Dear students, now we will try to understand the process of learning in an individual. Learning is an extremely important area from the viewpoint of understanding human behavior. In this context, we are not talking about the formal and structured types of learning that are expected to take place in classroom situations only. As we have mentioned earlier, the way an individual learns, what he learns are all important determinants of his behavior. Here on learning we will thus try to understand the basic nature of learning.

**Definition of Learning:** According to Stephen Robbins, learning may be defined as any relatively permanent change in behavior that occurs as a result of experience. Our definition is concerned with behavior. As behavior is collection of related activities, change in behavior results in to change in activities which are responsible for the concerned change behavior. The present definition of learning has several components that deserve clarification.

- **Learning Involves Change:** Change may be good or bad from an organizational point of view. People can learn unfavorable behaviors to hold prejudices or to restrict their output, for example—as well as favorable behaviors.

- **The Change must be Relatively Permanent:** Temporary changes may be only reflexive and fail to represent any learning. Therefore, the requirement that learning must be relatively permanent rules out behavioral changes caused by fatigue or temporary adaptations.

- **Learning Involves Change in Behavior:** Learning takes place when there is a change in actions. We must depend on observation to see how much learning has occurred. For example if a word processing operator who key boarded 70 words a minute before taking a new training course can now key board 85 words in a minute, we can infer that learning has occurred. We can say that a person has learned whenever changes in behavior of that person take place. In other words, we can say that changes in behavior indicate that learning has taken place. Similarly, no change in behavior indicates no learning has taken place. It must however be remembered that in certain types of learning, there are some periods of time that follow the learning during which there is no indication of apparent changes. This does not necessarily mean that no learning has taken place. These periods of no apparent change in behavior is called the ‘incubation period’, where the assimilation and internalization of learning takes place. But in a general way we may say that in the process of learning, people behave in a changed way as a result of learning. Thus we infer that learning has taken place if an individual behaves, reacts, and responds as a result of experience in a manner different from the way he formerly behaved.
5.3 THEORIES OF LEARNING

In order to explain the complex topic like human learning, various researchers have approached the problem from various perspectives. This has given rise to different theories of learning. We will review some of the most important theories of learning which are:

- Classical Conditioning
- Operant Conditioning
- Social Learning

Classical Conditioning (also Pavlovian or Respondent Conditioning) is a form of associative learning that was first demonstrated by Ivan Pavlov. The typical procedure for inducing classical conditioning involves presentations of a neutral stimulus along with a stimulus of some significance. The neutral stimulus could be any event that does not result in an overt behavioral response from the organism under investigation. Pavlov referred to this as a conditioned stimulus (CS). Conversely, presentation of the significant stimulus necessarily evokes an innate, often reflexive, response. Pavlov called these the unconditioned stimulus (US) and unconditioned response (UR), respectively. If the CS and the US are repeatedly paired, eventually the two stimuli become associated and the organism begins to produce a behavioral response to the CS. Pavlov called this the conditioned response (CR). Popular forms of classical conditioning that are used to study neural structures and functions that underlie learning and memory include fear conditioning, eyeblink conditioning, and the foot contraction conditioning of Hermissenda crassicornis.

Operant Conditioning: It is the use of consequences to modify the occurrence and form of behavior. Operant conditioning is distinguished from classical conditioning (also called respondent conditioning, or Pavlovian conditioning) in that operant conditioning deals with the modification of "voluntary behavior" or operant behavior. Operant behavior "operates" on the environment and is maintained by its consequences, while classical conditioning deals with the conditioning of respondent behaviors which are elicited by antecedent conditions. Behaviors conditioned via a classical conditioning procedure are not maintained by consequences.

Social Learning Theory: It is the theory that people learn new behavior through overt reinforcement or punishment, or via observational learning of the social actors in their environment. If people observe positive, desired outcomes in the observed behavior, they are more likely to model, imitate, and adopt the behavior themselves.

5.4 CLASSICAL CONDITIONING

To understand contemporary thinking of learning, we first need to be aware of its historical roots. Classical conditioning is a simple form of learning in which conditioned response is linked with an unconditioned stimulus. What do you do when you hear a bell ring? A teacher told this story on himself. When most teachers hear a bell one of the first things they do is walk out into the hallway to be a monitor just to keep a watchful eye on the students. Right? Well this guy had
acquired such a habit that when he was at home and the doorbell rang he’d walk into a nearby hallway and “monitor” his family. For him it was simply such a strong habit that he’d produce the right behavior (going into the hall to monitor) at the wrong place (his own home). Here, we will look at Classical Conditioning, perhaps the oldest model of change that is there. It has several interesting applications to the classroom, ones you may not have thought about. Let’s look at the components of this model.

**Components of Classical Conditioning:** A Russian physiologist, Ivan Pavlov, conducted this experiment. A simple surgical procedure allowed Pavlov to measure accurately the amount of saliva secreted by a dog. When Pavlov presented the dog with a piece of meat, the dog exhibited a noticeable increase in salivation. When Pavlov withheld the presentation of meat and merely rang a bell, the dog did not salivate. Then Pavlov proceeded to link the meat and the ringing of the bell. After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang. The easiest place to start is with a little example. Consider a hungry dog that sees a bowl of food. Something like this might happen: Food —> Salivation. The dog is hungry, the dog sees the food, and the dog salivates. This is a natural sequence of events, an unconscious, uncontrolled, and unlearned relationship. See the food, and then salivate. Now, because we are humans who have an insatiable curiosity, we experiment. When we present the food to the hungry dog (and before the dog salivates), we ring a bell. Thus, Bell with Food —> Salivation. We repeat this action (food and bell given simultaneously) at several meals. Every time the dog sees the food, the dog also hears the bell. Ding-dong. Now, because we are humans who like to play tricks on our pets, we do another experiment. We ring the bell (Ding-dong), but we don’t show any food. What does the dog do? Right, Bell —> Salivate. The bell elicits the same response the sight of the food gets. Over repeated trials, the dog has learned to associate the bell with the food and now the bell has the power to produce the same response as the food. (And, of course, after you’ve tricked your dog into drooling and acting even more stupidly than usual, you must give it a special treat.) This is the essence of Classical Conditioning. It really is that simple. You start with two things that are already connected with each other (food and salivation). Then you add a third thing (bell) for several trials. Eventually, this third thing may become so strongly associated that it has the power to produce the old behavior.

Now, where do we get the term, “Conditioning” from all this? Let us draw up the diagrams with the official terminology. Food —> Salivation. Unconditioned Stimulus —> Unconditioned Response. “Unconditioned” simply means that the stimulus and the response are naturally connected. They just came that way, hard wired together like a horse and carriage and love and marriage as the song goes. “Unconditioned” means that this connection was already present before we got there and started messing around with the dog or the child or the spouse. “Stimulus” simply means the thing that starts it while “response” means the thing that ends it. A stimulus elicits a response and a response is elicited. Another diagram, Conditioning Stimulus, Bell with Food —> Salivation. Unconditioned Stimulus —> Unconditioned Response. We already know that “Unconditioned” means unlearned, untaught, preexisting, already-present-before-we-got-there. “Conditioning” just means the opposite. It means that we are trying to associate, connect, bond, and link something new with the old relationship. And we want this new thing to elicit (rather than be elicited) so it will be a stimulus and not a response. Finally, after many trials we hope for, Bell —> Salivation, Conditioned Stimulus —> Conditioned Response.
Let’s review these concepts.

- **Unconditioned Stimulus**: A thing that can already elicit a response.
- **Unconditioned Response**: A thing that is already elicited by a stimulus.
- **Unconditioned Relationship**: An existing stimulus-response connection.
- **Conditioning Stimulus**: A new stimulus we deliver the same time we give the old stimulus.
- **Conditioned Relationship**: The new stimulus-response relationship we created by associating a new stimulus with an old response.

There are two key parts. First, we start with an existing relationship, **Unconditioned Stimulus —> Unconditioned Response**. Second, we pair a new thing (**Conditioning Stimulus**) with the existing relationship, until the new thing has the power to elicit the old response.

**A Little History and a Comparison:** The example we used here is from the first studies on classical conditioning as described by Ivan Pavlov, the famous Russian physiologist. Pavlov discovered these important relationships around the turn of the century in his work with dogs (really). He created the first learning theory which precedes the learning theory most teachers know quite well, reinforcement theory. We will look at reinforcement theory separately, but for now I do want to make a point. The point is this: Classical conditioning says nothing about rewards and punishments which are key terms in reinforcement theory. Consider our basic example, **Conditioning Stimulus**, Bell with Food—> Salivation. **Unconditioned Stimulus —> Unconditioned Response**: There is nothing in here about rewards or punishments, no terminology like that, not even an implication like that. Classical conditioning is built on creating relationships by association over trials. Some people confuse Classical Conditioning with Reinforcement Theory. To keep them separated just look for the presence of rewards and punishments.

**Everyday Classical Conditioning:** This type of influence is extremely common. If you have pets and you feed them with canned food, what happens when you hit the can opener? Sure, the animals come running even if you are opening a can of green beans. They have associated the sound of the opener with their food. Classical conditioning works with people, too. Go to K-Mart and watch what happens when the blue light turns on. Cost conscious shoppers will make a beeline to that table because they associate a good sale with the blue light. (And, the research proves that people are more likely to buy the sale item under the blue light even if the item isn’t a good value.) and classical conditioning works with advertising. For example, many beer ads prominently feature attractive young women wearing bikinis. The young women (Unconditioned Stimulus) naturally elicit a favorable, mildly aroused feeling (Unconditioned Response) in most men. The beer is simply associated with this effect. The same thing applies with the jingles and music that accompany many advertisements. Perhaps the strongest application of classical conditioning involves emotion. Common experience and careful research both confirm that human emotion conditions very rapidly and easily. Particularly when the emotion is intensely felt or negative in direction, it will condition quickly. For example, I have heard from a person who, when was in college was robbed at gun point by a young man who gave him the choice (“Your money or your life.”). It was an unexpected and frightening experience. This event occurred just about dusk and for a long time thereafter, the guy often experienced moments of dread in the late
afternoons particularly when he was just walking around the city alone. Even though he was quite safe, the lengthening shadows of the day were so strongly associated with the fear he experienced in the robbery, that he could not but help feel the emotion all over. Clearly, classical conditioning is a pervasive form of influence in our world. This is true because it is a natural feature of all humans and it is relatively simple and easy to accomplish.

**The Contemporary view: learning as a Cognitive Process:** Although it is not tied to single theory or model, contemporary learning theory generally views learning as a cognitive process; that is, it assumes that people are conscious, active participants in how they learn.

![Figure 5.1: Learning as a Cognitive Process](image)

First, in the cognitive view, people draw on their experiences and use past learning as a basis for present behavior. These experiences represent presumed knowledge or cognitions. For example, an employee faced with a choice of job assignments will use previous experiences in deciding which one accepts. Second, people make choices about their behavior. Third, people recognize the consequences of their choices. Thus, when the employee finds the job assignment rewarding and fulfilling, she will recognize that the choice was a good one and will understand why. Finally people evaluate those consequences and add them to prior learning which affects future choices. Therefore several perspectives on learning take a cognitive view. Foremost is the operant conditioning or reinforcement theory which we will be studying later on. So before knowing about operant conditioning let’s put learning in an organizational context.

**Learning in Organizations:** Most people associate learning with formal education and with school in particular. While this association is quite logical, we should also note the pervasive extent to which learning also occurs in organizations. From a simple orientation perspective, for example, newcomers to an organizations learn when to come to work, how to dress, whom to ask for assistance, how to apply for annual leave, when to expect a paycheck, how to file an insurance claim, and so forth. From performance perspective, employees learn how to do their jobs more effectively, what is expected of them in the way of performance outcomes, and what it takes to get rewarded. From a social perspective, employees learn how to get along with colleagues, which behaviors are acceptable and unacceptable, the norms of the group, and so on. Form a political perspective, employees learn how to get along with their bosses, whom to avoid, whom to trust, and so forth. And from a career perspective, employees learn how to get ahead, how to get promotions, which job assignments to seek and which to avoid, and the like. Clearly, then, much of organizational life and the behavior of individuals within organizations are influenced by learning and learning processes.
5.5 REINFORCEMENT

Reinforcement strengthens desirable behavior by either bestowing positive consequences or withholding negative consequences and increases the likelihood that the behavior will be repeated. The Principles include the following:

- Behavior that is positively reinforced will recur; intermittent reinforcement is particularly effective
- Information should be presented in small amounts so that responses can be reinforced ("shaping")
- Reinforcements will generalize across similar stimuli ("stimulus generalization") producing secondary conditioning.

Scope/Application: Operant conditioning has been widely applied in clinical settings (i.e., behavior modification) as well as teaching (i.e., classroom management) and instructional development (e.g., programmed instruction).

Types of Reinforcement: Managers can use various kinds of reinforcement to affect employee behavior. There are four basic forms of Reinforcement:

- Positive reinforcement
- Avoidance
- Extinction
- Punishment

Positive Reinforcement: Positive reinforcement is a reward or other desirable consequence that follows behavior. A compliment from the boss after completing a difficult job and a salary increase following a period of high performance are examples of positive reinforcement. The general affect of providing positive reinforcement after behavior is to maintain or increase the frequency of that behavior. Managers might define “desirable” employee behavior as hard work, punctuality, loyalty and commitment to the organization. When employees exhibit these behaviors, the managers may reward them with pay increases, promotions and the like. Positive reinforcement is mainly intended to ensure the same type of behavior in future.

Avoidance: Also known as negative reinforcement. It is another means of increasing the frequency of desirable behavior. Rather than receiving a reward following a desirable behavior, the person is given the opportunity to avoid an unpleasant consequence. For example, an employee’s boss may habitually criticize individuals who dress casually. To avoid criticism, the employee may formally dress to suit the supervisor’s taste. The employee is engaging in desirable behavior to avoid an unpleasant or aversive, consequence.

Extinction: Positive reinforcement and avoidance increase the frequency of desirable behavior, extinction tends to decrease the frequency of undesirable behavior. For example, a manager with small staff may encourage frequent visit from subordinates as a way to keep in touch with what
is going on. Positive reinforcement might include cordial conversation, attention to subordinates concerns and encouragement to come in again soon. As the staff grows, however, the manager may find that such unstructured conversations now make it difficult to get her own job done. Then the manager might brush off casual conversation and talk to the point of “business” conversations. Withdrawing the rewards for casual chatting probably will extinguish behavior of subordinates to enter into manager’s cabin again and again.

**Punishment:** Punishment, like extinction, also tends to decrease the frequency of undesirable behaviors. In the work place, undesirable behavior might include being late, arguing with superiors and not following the rules framed by the organization. Examples of punishment are verbal or written reprimands, pay cuts, loss of privileges, lay offs, and termination.

**Schedules of Reinforcement:** When and how the reinforcements should be applied for effective learning? At times reinforcement takes place on a continuous basis. Every time a little child does her homework neatly, the teacher gives her a ‘gold star’. But usually most reinforcements that are given in work and everyday life are partial in nature in the sense that sometimes it is given after the desired behavior and sometimes not. It is however found that behavior that is based on partial reinforcement schedule is much more persistent and is likely to continue even when reinforcement is removed. This is true despite of the fact that on partial reinforcement schedules less amount of reinforcement is offered. Continuous reinforcement schedules are found to lead to early satisfaction and behavior tends to weaken rapidly after the reinforces are withheld. The little child might gradually loose the excitement in getting ‘gold star’ and might not be too bothered to do her homework neatly anymore. In contrast, the variable schedules of reinforcements are found to be more effective because perhaps of the element of surprise being present. To summarize, we may conclude that there are two broad types of reinforcement schedules:

**Continuous reinforcement** when a desired behavior is reinforced each and every time it is demonstrated.

**Intermittent reinforcement** when a desired behavior is reinforced often enough to make the behavior worth repeating but not every time it is demonstrated. Four possible types of intermittent reinforcement include the following:

- **Fixed Ratio:** This is when a fixed number of responses are required to be emitted for obtaining the reinforcement. This is found to be offered as piece-rate payment system.

- **Variable Ratio:** This is when a varying or random number of responses must be emitted before reinforcement occurs. This is found to be implemented when the employees are given certain percentage on their performance as the incentive as ‘commission’.

- **Fixed interval:** This is when the reinforcements are spaced at uniform intervals of time. This is found in monthly or weekly payment system.

- **Variable interval:** This is when reinforcements are distributed in time so that these are unpredictable. To sum up relying on any given schedule for all rewards is difficult or
impractical. Instead, the manager should use the schedule best suited to the kind of reinforcement being used and try to link outcomes with behaviors according to the needs the organization and its employees.

5.6 INDIVIDUAALS AND PHYSICAL ABILITY

Dear students, welcome to your next learning topic behavior of individuals. We have seen that organizations comprise of people from different cultures. Thus organizations get seriously affected by such individual qualities perception, learning and motivation. In our subsequent we would try to learn each one separately.

**Individual Ability:** So students let’s see how an individuals ability is organizational behavior; Organizational behavior is traditionally considered as the ‘study of human behavior in the work place’. According to this view organizations, representing collective entities of human actions and experiences, are dependent upon the extent to which such actions/ experiences are effectively coordinated. To understand human action, one needs to have a fundamental understanding of human behaviors and the underlying stimuli. The behavior of individuals is influenced significantly by their abilities. The following figure presents the various individual factors affecting the final behavior of a person.

**Ability:** It refers to an individual’s capacity to perform the various tasks in a job. An individual’s overall abilities are essentially made up of the following factors:

- Intellectual Abilities
- Physical Abilities
Figure 5.2 Behavior of Individuals

Figure 5.3 Different Types of Abilities

**Intellectual Abilities:** They are those that are needed to perform mental activities. Mental activities can be measured by intelligent quotient (IQ) tests that are designed to ascertain one’s general mental abilities. Some familiar examples of such tests are Common Admission Tests (CAT), Management programs admission tests (GMAT), Law School Admission Test (LSAT),
and Medical Common Admission Tests (MCAT), etc. Usually these tests try to measure and evaluate one’s mental abilities on various academic areas pertaining to the success in the relevant courses, such as mathematics, English, General knowledge etc. It is believed that there are a few different dimensions of mental abilities. Some of the most frequently cited dimensions of intellectual capacities are:

- Number Aptitude (Mathematics)
- Verbal Comprehension (English)
- Perceptual Speed
- Reasoning
- Deductive Reasoning
- Spatial Visualization
- Memory

Generally speaking, the more information processing is required in a job, the more general intelligence and verbal abilities will be necessary to perform the job successfully. Of course, a high IQ is not a prerequisite for all. In fact, for many jobs in which employee behavior is highly routine and there are little or no opportunities to exercise discretion, a high IQ may be unrelated to performance. On the other hand, a careful review of the evidence demonstrates that tests that assess verbal, numerical, spatial, and perceptual ability are valid predictors of job proficiency at all levels of jobs. Therefore, tests measure specific dimensions of intelligence which have been found to be strong predictors of future job performance.

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Dimension of intellectual abilities</th>
<th>Description</th>
<th>Job Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number Aptitude</td>
<td>Ability to do speedy and accurate arithmetic</td>
<td>Accountant</td>
</tr>
<tr>
<td>2</td>
<td>Verbal Communication</td>
<td>Read write speaking ability</td>
<td>Senior managers</td>
</tr>
<tr>
<td>3</td>
<td>Perceptual Speed</td>
<td>Identify similarities and differences quickly and accurately</td>
<td>Investigators</td>
</tr>
<tr>
<td>4</td>
<td>Inductive reasoning</td>
<td>Logical sequence drawing</td>
<td>Market Researcher</td>
</tr>
<tr>
<td>5</td>
<td>Deductive reasoning</td>
<td>Ability to use logic and assess the implications of the argument</td>
<td>Supervisors</td>
</tr>
<tr>
<td>6</td>
<td>Spatial Visualization</td>
<td>Ability to imagine</td>
<td>Interior decorator</td>
</tr>
<tr>
<td>7</td>
<td>Memory</td>
<td>Ability to retain and recall past experience</td>
<td>Sales person-Remembering customer’s name</td>
</tr>
</tbody>
</table>

Table: Different Types of Mental Abilities

**Physical Abilities:** To the same degree that intellectual abilities play a larger role in complex jobs with demanding information-processing requirements, specific physical abilities gain importance for successfully doing less skilled and more standardized jobs. For example, jobs in which success demands stamina, manual dexterity, leg strength, or similar talents require management to identify an employee’s physical capabilities. Research on the requirements needed in hundreds of jobs has identified nine basic abilities involved in the performance of
physical tasks. These are described in the figure below. Individuals differ in the extent to which they have each of these abilities. Surprisingly, there is also little relationship between them: A high score on one is no assurance of a high score on others. High employee performance is likely to be achieved when management has ascertained the extent to which a job requires each of the nine abilities and then ensures that, employees in that job have those abilities. The specific intellectual or physical abilities required for adequate job performance depend on the ability requirements of the job.

<table>
<thead>
<tr>
<th>Nine Basic Physical abilities</th>
<th>Strength factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Dynamic</td>
<td>Exerting muscular strength rapidly and repeatedly.</td>
</tr>
<tr>
<td>2 Trunk</td>
<td>Exerting muscular strength rapidly and repeatedly using the trunk muscle.</td>
</tr>
<tr>
<td>3 Static</td>
<td>Exert force against external object.</td>
</tr>
<tr>
<td>4 Explosive</td>
<td>Exert and expend all force in one or series of explosive acts.</td>
</tr>
<tr>
<td>Flexibility factor</td>
<td>Ability to bend trunk and back muscle</td>
</tr>
<tr>
<td>5 Extent</td>
<td>Ability to bend trunk and back muscle rapidly and repeatedly.</td>
</tr>
<tr>
<td>Other factor</td>
<td>Mind and body control</td>
</tr>
<tr>
<td>7 Body Co-ordination</td>
<td>Ability to maintain equilibrium against external force.</td>
</tr>
<tr>
<td>8 Balance</td>
<td>Ability to exert force persistently.</td>
</tr>
</tbody>
</table>

| Table: Different Types of Physical Abilities |

So, for example, airline pilots need strong spatial-visualization abilities. Beach lifeguards need both strong spatial-visualization abilities and body coordination. Senior Managers need verbal abilities; high rise construction workers need balance; and Journalists with weak reasoning abilities would likely have difficulty meeting minimum job-performance standards. What predictions can we make when the fit is poor? Quite obviously, if employees lack the required abilities, they are likely to fail. But when the ability-job fit is out of sync because the employee has abilities that far exceed the requirements of the job, our predictions would be very different. Job performance is likely to be adequate, but there will be organizational inefficiencies and possible declines in employee satisfaction. Given that pay tends to reflect the highest skill level that employees possess, if an employee’s abilities far exceed those necessary to do the job, management will be paying more than it needs to. Abilities significantly above those required can also reduce the employee’s job satisfaction when the employee’s desire to use his or her abilities is particularly strong and is frustrated by the limitations of the job.

**Attitude:** Now, we will look into the basic nature of attitude, the components of attitudes, formation of attitude, functions of attitude, ways of changing attitude and different important types of attitudes in the organization context. Now, what do we understand by the term attitude? The attitude is the evaluative statements or judgments concerning objects, people, or events.
More precisely attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some object which may include events or individuals as well. Attitude can be characterized in three ways: First, they tend to persist unless something is done to change them. Second, attitudes can fall anywhere along a continuum from very favorable to very unfavorable. Third, attitudes are directed toward some object about which a person has feelings (sometimes called “affect”) and beliefs.

**Components of Attitudes:** The three basic components of attitude are cognitive, conative and affective part.

- **Cognitive Component of Attitude:** It refers to opinion or belief part of attitude. When you form your opinion or judgment on the basis of available information and decide whether you have a favorable or unfavorable opinion on that, it is the cognitive part of attitude we are talking about.

- **Conative Component of Attitude:** It refers to the emotional aspect of attitude. This is perhaps the most often referred part of attitude and decides mostly the desirable or undesirable aspect attitude.

- **Affective Component of Attitude:** It refers to the behavioral part of attitude. If we have a positive attitude for a particular object, it is likely to be translated into a particular type of behavior, such as buying or procuring that object.

**Formation of Attitude:** How attitudes are formed? How do you develop your attitude? Essentially attitudes are the outward manifestation of your inner values and beliefs. These develop over time. As you grow you watch the significant people around you behaving in a particular way; you are being told to cherish certain things over others and you learn from your teachers and peers and come to value certain things over other, thus forming your value system. These in turn give rise to development of your attitudes.

- **Attitudes help Predict Work Behavior:** The following example might help to illustrate it. After introducing a particular policy, it is found from an attitude survey, that the workers are not too happy about it. During the subsequent week it is found that the attendance of the employees drops sharply from the previous standard. Here management may conclude that a negative attitude toward new work rules led to increased absenteeism.

- **Attitudes help People to Adapt to their Work Environment:** An understanding of attitudes is also important because attitudes help the employees to get adjusted to their work. If the management can successfully develop a positive attitude among the employees, they are better adjusted to their work.

**Functions of Attitude:** According to Katz, attitudes serve four important functions from the viewpoint of organizational behavior. These are as follows:
• **The Adjustment Function:** Attitudes often help people adjust to their work environment. Well-treated employees tend to develop a positive attitude towards their job, management and the organization in general while berated and ill treated organizational members develop a negative attitude. In other words, attitudes help employees adjust their environment and form a basis for future behavior.

• **Ego-Defensive Function:** Attitudes help people to retain their dignity and self-image. When a young faculty member who is full of fresh ideas and enthusiasm, joins the organization, the older members might feel somewhat threatened by him. But they tend to disapprove his creative ideas as ‘crazy’ and ‘impractical’ and dismiss him altogether.

• **The Value-Expressive Function:** Attitudes provide individuals with a basis for expressing their values. For example, a manager who values hard and sincere work more vocal against an employee who is having a very casual approach towards work.

• **The Knowledge Function:** Attitudes provide standards and frames of reference that allow people to understand perceive the world around him. If one has a strong negative attitude towards the management, whatever the management does, even employee welfare programmes be perceived as something ‘bad’ and as actually against.

**Changing Attitudes:** Employees’ attitudes can be changed and sometimes it is best interests of managements to try to do so. For example, employees believe that their employer does not look after welfare; the management should try to change their attitude help develop a more positive attitude in them. However, process of changing the attitude is not always easy. There are some barriers which have to be overcome if one strives to change somebody’s attitude. There are two major categories barriers that come in the way of changing attitudes:

• **Prior Commitment:** It is when people feel a commitment towards a particular course of action that has already been agreed upon and thus it becomes difficult for them to change or accept the new ways of functioning.

• **Insufficient Information:** It also acts as a major barrier to change attitudes. Sometimes people simply see any reason change their attitude due to unavailability of adequate information.

Some of the possible ways of changing attitudes are described below.

• **Providing New Information:** Sometimes a dramatic change in attitude is possible only by providing relevant and adequate information to the person concerned. Scanty and incomplete information can be a major reason for brewing negative feeling and attitudes.

• **Use of Fear:** Attitudes can be changed through the use of fear. People might resort to change their work habit for the fear of unpleasant consequences. However, the degree of the arousal of fear will have to be taken into consideration as well.
• **Resolving Discrepancies:** Whenever people face a dilemma or conflicting situation they feel confused in choosing a particular course of action. Like in the case where one is to choose from between two alternative courses of action, it often becomes difficult for him to decide which is right for him. Even when he chooses one over the other, he might still feel confused. If some one helps him in pointing out the positive points in favour of the chosen course of action, the person might resolve the dilemma.

• **Influence of Friends and Peers:** A very effective way of changing one’s attitude is through his friends and colleagues. Their opinion and recommendation for something often proves to be more important. If for example, they are all praise for a particular policy introduced in the work place, chances are high that an individual will slowly accept that even when he had initial reservations for that. If you want to change the attitude of some body who belongs to a different group, it is often becomes very effective if you can include him in your own group. Like in the case of the union leader who are all the time vehemently against any management decision, can be the person who takes active initiative in implementing a new policy when he had participated in that decision making process himself.

**Important Attitudes Related to Organizations:** Job satisfaction and organizational commitment are some of the important attitudes which are important from the point of view of organization. We will describe these now. Job satisfaction, organizational commitment and organizational loyalty are some of the important attitudes related to work organizational set up. These are described in details below.

**Job Satisfaction:** A generalized way, job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one’s job or job experiences (Locke, 1976). His positive feeling results from the perception of one’s job as fulfilling or allowing the fulfillment of one’s important job values, provided these values are compatible with one’s needs (Locke, 1976). Given that values refer to what one desires or seeks to attain Locke, 1976), job satisfaction can be considered as reflecting a person’s value judgment regarding work-related rewards. Locke and Henne (1986) defined job satisfaction as the pleasurable emotional state resulting from the achievement of one’s job values in the work situation. According to Mottaz (1987), satisfaction with one’s job reflects a person’s affective response resulting from an evaluation of the total job situation. In sum, the job satisfaction construct can be considered to be a function work-related rewards and values. Based on the review of literature, the following framework can proposed for the understanding of job satisfaction. Work rewards reflect the intrinsic and extrinsic benefits that workers receive from their jobs (Kalleberg, 1977). Two important groups of work rewards that have been identified that includes task, and organizational rewards.

• **Task Rewards:** They refer to those intrinsic rewards directly associated with doing the job (Katz & Van Maanan, 1977; Mottaz, 1988). They include such factors as interesting and challenging work, self-direction, and responsibility, variety and opportunities to use one’s skills and abilities.
Organizational Rewards: This on the other hand, refers to the extrinsic rewards provided by the organization for the purpose of facilitating or motivating task performance and maintaining membership (Katz & Van Maanan, 1977; Mottaz, 1988). They represent tangible rewards that are visible to others and include such factors like pay, promotions, fringe benefits, security, and comfortable working conditions. The relative importance of the various rewards for determining job satisfaction depends on the individual’s work values.

Work values refer to what the worker wants, desires, or seeks to attain from work (Locke, 1969). According to Loscocco (1989), every working person has certain order of priorities with regard to what he or she seeks from work. It is generally assumed that individual’s value economic (extrinsic) as well as intrinsic job reward. Some workers may strongly emphasize both types of rewards, some may place little value on either, and others may emphasize one type and deemphasize the other. Nevertheless, both forms of rewards contribute to job satisfaction (O’Reilly & Caldwell, 1980). A job that entails high pay, high security, greater promotional opportunities, interesting work, and fair and friendly supervision, all of which is judged as a way to achieve work and non-work goals, should lead to positive feelings of well-being. Therefore, the greater the perceived congruence between work rewards and work values, the higher the job satisfaction. Angle & Perry (1983) investigated the effects of two forms of satisfaction: extrinsic and intrinsic on organizational commitment.

The study, which was carried out among 1099 bus operators discovered that extrinsic satisfaction had a stronger effect on organizational commitment than intrinsic satisfaction. Angle & Perry (1983) explained that extrinsic rewards are more likely to be under the control of the organization. According to the norm of reciprocity (Gouldner, 1960), employees are prone to reciprocate in situations where the organization had the choice whether to grant or withhold rewards. Following this rationale, it would seem likely that extrinsic rewards, the award of which is at the discretion of the employer, constitute a dominant factor in influencing organizational commitment. Since most of the studies on the relationship between job satisfaction and organizational commitment have been carried out in the United States, little information is available about the generalizability of these findings to other countries, in particular, Malaysia. Thus, the first hypothesis of this research is that job satisfaction will have a positive effect on organizational commitment. Loyalty seems like a quality that’s becoming increasingly harder to find, whether it’s employee loyalty to a company or consumer loyalty to a product.

5.7 THEORIES OF PERCEPTION AND PERSONALITY

In our earlier topic we have appreciated the need for understanding the individual factors like personality to appreciate and comprehend one’s behavior in the context of organizations. In the following topic we will learn the nature of personality, the determinants of personality, and will review various theories of personality. In organizations, does personality matter? Ask that question to anybody who has spent any time in organizations or teams, and, intuitively, most will respond in the affirmative. Frequently, people will be more than willing to cite examples of how personalities have affected team performances or how personalities make life in an organization unbearable (or, an enjoyable experience).
So, what is personality? The word personality comes from the Latin root persona, meaning “mask.” According to this root, personality is the impression we make on others; the mask we present to the world. Personality is defined as “a unique set of traits and characteristics, relatively stable over time.” Clearly, personality is unique so far as each of us has our own personality, different from any other person’s. The definition further suggests that personality does not change from day to day. Over the short term, our personalities are relatively set or stable. However, definition does not suggest that personality is somehow rigid, unchangeable, and cast in concrete. Definition recognizes that, over a longer term, personality may change. To examine whether this change is indeed consistent with most peoples’ reality, we ought to examine “where personality comes from”; what are the origins of personality?

The Origins of Personality: The Nature Nurture Debate: For psychologists studying the development of personality, “nature vs. nurture” was a central debate. “Nature vs. nurture” suggests that biology (a person’s genes) and society (the environment in which a person grows up) are competing developmental forces. In the past, the debate sought to find whether one may be more important than the other. Today most psychologists would concede both nature and nurture are necessary for personality development. Both help to make us who we are.

Determinants of Personality: Several factors influence the shaping of our personality. Major among these are:

- Heredity,
- Culture,
- Family Background,
- Our Experiences through Life,
- And The People we interact with.

There are some genetic factors that play a part in determining certain aspects of what we tend to become. Whether we are tall or short, experience good health or ill health, are quickly irritable or patient, are all characteristics which can, in many cases, be traced to heredity. How we learn to handle others’ reactions to us (e.g., our appearance) and the inherited traits can also influence how our personality is shaped.

Culture: The culture and the values we are surrounded by significantly tend to shape our personal values and inclination. Thus, people born in different cultures tend to develop different types of personalities which in turn significantly influence their behaviors. India being a vast country with a rich diversity of cultural background provides a good study on this. For example, we have seen that people in Gujarat are more enterprising than people from other states, Punjabis are more diligent and hardworking, and people from Bengal are more creative and with an intellectual bend.

Family Background: The socio-economic status of the family, the number of children in the family and birth order, and the background and education of the parents and extended members of the family such as uncles and aunts, influence the shaping of personality to a considerable extent. First-borns usually have different experiences, during childhood than those born later; Members in the family mould the character of all children, almost from birth, in several ways by expressing and expecting their children to conform to their own values, through role modeling,
and through various reinforcement strategies such as rewards and punishments which are judiciously dispensed. Think of how your own personality has been shaped by your family background and parental or sibling influences!

**Experiences in Life:** Whether one trusts or mistrusts others, is miserly or generous, have a high or low self esteem and the like, is at least partially related to the past experiences the individual has had. Imagine if someone came to you and pleaded with you to lend him Rs. 100 which he promised to return in a week’s time, and you gave it to him even though it was the last note you had in your pocket to cover the expenses for the rest of that month. Suppose that the individual never again showed his face to you and you have not been able to get hold of him for the past three months. Suppose also that three such incidents happened to you with three different individuals in the past few months. What is the probability that you would trust another person who comes and asks you for a loan tomorrow? Rather low, one would think. Thus, certain personality characteristics are moulded by frequently occurring positive or negative experiences in life.

**People We Interact With:** The implication is that people persuade each other and tends to associate with members who are more like them in their attitudes and values beginning childhood, the people we interact with influence us. Primarily our, parents and siblings, then our teachers and class mates, later our friends and colleagues, and so on. The influence of these various individuals and groups shapes our personality. For Instance, if we are to be accepted as members of our work group, we have to conform to the values of that group which may or may not always be palatable to us; if we don’t, we will not be treated as valued members of the group. Our desire to be a part of the group and belong to it as its member will compel many of us to change certain aspects of our personality (for instance, we may have to become less aggressive, more cooperative, etc.). Thus, our personality becomes shaped throughout our lives by at least some of the people and groups we interact with. In summary, our personality is a function of both heredity and other external factors that shape it. It is important to know what specific personality predispositions influence work behaviors.

**Personality Theories:** It includes the following:

- **Traits Theory:** The traditional approach of understanding personality was to identify and describe personality in terms of traits. In other words, it viewed personality as revolving around attempts to identify and label permanent characteristics that describe an individual’s behavior. Popular characteristics or traits include shyness, aggressiveness, submissiveness, laziness, ambition, loyalty, and timidity. This distinctiveness, when they are exhibited in a large number of situations, called personality traits. The more consistent the characteristic and the more frequently it occurs in diverse situations, the more important that trait is in describing the individual.

- **Early Search for Primary Traits:** Efforts to isolate traits have been stuck because there are so many of them. In one study, as many as 17,953 individual traits were identified. It is virtually impossible to predict behavior when such a large number of traits must be taken into account. As a result, attention has been directed toward reducing these thousands to a more manageable number. One researcher isolated 171 traits but
concluded that they were superficial and lacking in descriptive power. What he sought was a reduced set of traits that would identify underlying patterns. The result was the identification of 16 personality factors by Cattell, which he called the source, or primary, traits. These 16 traits have been found to be generally steady and constant sources of behavior, allowing prediction of an individual’s behavior in specific situations by weighing the characteristics for their situational relevance. Based on the answers the individual gave they have been classified as on the basis of the answers individuals give to the test, they are classified as: 1. Extroverted or Introverted (E or I), 2. Sensing or Intuitive (S or N), Thinking or Feeling (T or F), and Perceiving or Judging (P or J).

5.8 MEASURES OF PERSONALITY

Can Personality be measured? We wish to measure the current in an electric circuit; we can insert an ammeter into the circuit. If we wish to measure the weight of some substance, we simply place that substance on scales designed to measure weight. What about personality? Unfortunately, we cannot directly “measure” personality. But if we cannot directly observe the seemingly unconscious, how to know that it exists? The answer to the question lies in the fact that we can, in fact, directly observe behaviors. As students of human behavior, we are then left to infer personality from the behaviors it manifests. Psychologists thus use behavioral indicators in constructing projective tests. These tests are designed to draw conclusions about personality from observed behaviors. There are various standard tests and scales available to measure personality. In the following section we will be describing a few of these.

- **Thematic Apperception Test (TAT):** It is a projective test that offers more validity. The TAT consists of drawings or photographs of real-life situations. People taking the test are instructed to construct stories based on these images, and trained raters then score the recorded story for predefined themes. Psychologists assume that the stories people tell reflect the unconscious.

- **Myers-Briggs Types Indicator (MBTI):** It was originally developed by a mother & daughter team which have the following components. INTJs are visionaries. They usually have original minds and great drive for their own ideas and purposes. They are characterized as skeptical, critical, independent, determined, and often stubborn.

- **ESTJs are Organizers:** They are realistic, logical, analytical, decisive, and have a natural head for business or mechanics. They like to organize and run activities.

- **The ENTP Type is Conceptualizer:** He or she is pioneering, individualistic, versatile, and attracted to entrepreneurial ideas. This person tends to be resourceful in solving challenging problems but may neglect routine assignments. A recent book that profiled 13 contemporary businesspeople who created super successful firms including Apple Computer, Federal Express, Honda Motors, Microsoft and Sony found that all 13 are intuitive thinkers (NTS). This result is predominantly interesting because intuitive thinkers represent only about 5 percent of the population. More than 2 million people a year take the MBTI in the United States alone. Organizations using the MBTI include
Apple Computer, AT&T, Citicorp, Exxon, GE, 3M Co., plus many hospitals, educational institutions, and even the U.S. Armed Forces.

The Big Five Model: MBTI may be deficient in valid supporting evidence, but that can’t be said for the five-factor model of personality more typically called the Big Five. In contemporary, an impressive body of research supports those five basic dimensions motivate all others and encompass most of the significant variation in human personality. The Big Five factors are:

- **Extraversion:** This dimension captures one’s comfort level with relationships. Extraverts tend to be gregarious, assertive, and sociable. Introverts tend to be reserved, timid, and quiet.

- **Agreeableness:** This dimension refers to an individual’s tendency to defer to others. Highly agreeable people are cooperative, affectionate, and trusting. People who score low on agreeableness are cold, disagreeable, and antagonistic.

- **Conscientiousness:** This dimension is a measure of reliability. A highly conscientious person is responsible, organized, dependable, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.

- **Emotional Stability:** This dimension taps a person’s ability to bear up stress. People with positive emotional stability tend to be calm, self-confident, and secure. Those with highly negative scores tend to be nervous, anxious, depressed, and insecure.

- **Openness to Experience:** The final dimension addresses an individual’s range of interests and fascination with novelty. Extremely open people are creative, curious, and artistically sensitive. Those at the other end of the openness category are conventional and find comfort in the familiar.

5.9 REVIEW QUESTIONS

1. What is personality? What are the major allegations against traits theory?
2. What is Myers-Briggs Type Indicator?
3. Do people from the same country have a common personality type? Explain.
4. Define personality. Do you think a manager must have the basic understanding of personality? Support your views.
5. Describe briefly the psychoanalytic theory of personality.
6.1 INTRODUCTION

Welcome to today’s topic on motivation. We have appreciated earlier the importance of motivation in determining human behavior. Now we will review the concept of motivation and various theories of motivation. Motivation is a process that starts with a physiological or psychological need that activates a behavior or a drive that is aimed at a goal. Every employee is expected to show increased and qualitative productivity by the manager. To achieve this behavior of the employee is very important. The behavior of the employees is influenced by the environment in which they find themselves. Finally, an employee’s behavior will be a function of that employee’s innate drives or felt needs and the opportunities he or she has to satisfy those drives or needs in the workplace.

Figure 6.1: Dimensions of Performance
If employees are never given opportunities to utilize all of their skills, then the employer may never have the benefit of their total performance. Work performance is also contingent upon employee abilities. If employees lack the learned skills or innate talents to do a particular job, then performance will be less than optimal. A third dimension of performance is motivation.

Motivation is the act of stimulating someone or oneself to get desired course of action, to push right button to get desired reactions.” The following are the features of motivation:

- Motivation is an act of managers
- Motivation is a continuous process
- Motivation can be positive or negative
- Motivation is goal oriented
- Motivation is complex in nature
- Motivation is an art
- Motivation is system-oriented
- Motivation is different from job satisfaction

6.2 MOTIVATIONAL FACTORS

There are several factors that motivate a person to work. The motivational factors can be broadly divided into two groups:

- Monetary Factors
- Non Monetary Factors

**Monetary Factors:** This includes Salaries or Wages, Bonus, Incentives and Special Individual Incentives

- **Salaries or Wages:** Salaries or wages is one of the most important motivational factors. Reasonable salaries must be paid on time. While fixing salaries the organization must consider Cost of living, Company ability to pay, Capability of company to pay etc.

- **Bonus:** It refers to extra payment to employee over and above salary given as an incentive. The employees must be given adequate rate of bonus.

- **Incentives:** The organization may also provide additional incentives such as medical allowance, educational allowance, HRA, allowance, etc.

- **Special Individual Incentives:** The company may provide special individual incentives. Such incentives are to be given to deserving employees for giving valuable suggestions.
Non Monetary Factors: This includes Status or Job Title, Appreciation and Recognition, Delegation of Authority, Working Conditions, Job Security, Job Enrichment, Workers Participation, Cordial Relations, Good Superiors

- **Status or Job Title**: By providing a higher status or designations the employee must be motivated. Employees prefer and proud of higher designations.

- **Appreciation and Recognition**: Employees must be appreciated for their services. The praise should not come from immediate superior but also from higher authorities.

- **Delegation of Authority**: Delegation of authority motivates a subordinate to perform the tasks with dedication and commitment. When authority is delegated, the subordinate knows that his superior has placed faith and trust in him.

- **Working Conditions**: Provision for better working conditions such as air-conditioned rooms, proper plant layout, proper sanitation, equipment, machines etc, motivates the employees.

- **Job Security**: Guarantee of job security or lack of fear dismissal, etc can also be a good way to motivate the employees. Employees who are kept temporarily for a long time may be frustrated and may leave the organization.

- **Job Enrichment**: Job enrichment involves more challenging tasks and responsibilities. For instance an executive, who is involved in preparing and presenting reports of performance, may also be asked to frame plans.

- **Workers Participation**: Inviting the employee to be a member of quality circle, or a committee, or some other form of employee participation can also motivate the workforce.

- **Cordial Relations**: Good and healthy relations must exist throughout the organization. This would definitely motivate the employees.

- **Good Superiors**: Subordinates want their superiors to be intelligent, experienced, matured, and having a good personality. In fact, the superior needs to have superior knowledge and skills than that of his subordinates. The very presence of superiors can motivate the subordinates.

Other Factors: There are several other factors of motivating the employees:

- Providing training to the employees.
- Proper job placements.
- Proper promotions and transfers.
- Proper performance feedback.
- Proper welfare facilities.
- Flexible working hours.
Need and Importance of Motivation: It offers several importance’s to the organization and to the employees:

- Higher efficiency
- Reduce absenteeism
- Reduces employee turnover
- Improves a corporate image
- Good relations
- Improved morale
- Reduced wastages and breakages
- Reduced accidents
- Facilitates initiative and innovation

Money as a Motivator: It is normally believed that money acts as a motivator. In general the role of money as a motivator depends upon certain factors:

- Money fails to motivate people, when there is no direct relationship between reward and effort.
- Economic conditions of people influence the importance of money. For poor person, the value of certain amount of money is quite high as compared to rich.
- Money is a significant motivator at lower level of employee’s level however money may not be a significant factor for senior executives who have already fulfilled their lower level needs.
- Employees are concerned not only with the amount of money paid to them, but it should be fair and equitable as paid to that of other employees of same level or status.
- Social attitudes towards money and wealth also decide the motivation to earn more and more.

6.3 MOTIVATIONAL THEORIES

Maslow’s-Hierarchy of Needs Theory: This theory was proposed by Abraham Maslow and is based on the assumption that people are motivated by a series of five universal needs. These needs are ranked, according to the order in which they influence human behavior, in hierarchical fashion.

- Physiological Needs: These needs are deemed to be the lowest-level needs. These needs include the needs such as food & water. So long as physiological needs are unsatisfied, they exist as a driving or motivating force in a person’s life. A hungry person has a felt need. This felt need sets up both psychological and physical tensions that manifest themselves in overt behaviors directed at reducing those tensions (getting something to eat). Once the hunger is satiated, the tension is reduced, and the need for food ceases to motivate. At this point (assuming that other physiological requirements are also satisfied) the next higher order need becomes the motivating need.
• **Safety Needs:** This need include the needs for shelter and security which becomes the motivators of human behavior. Safety needs include a desire for security, stability, dependency, protection, freedom from fear and anxiety, and a need for structure, order, and law. In the workplace this need translates into a need for at least a minimal degree of employment security; the knowledge that we cannot be fired on a whim and that appropriate levels of effort and productivity will ensure continued employment.

• **Social Needs:** These include the need for belongingness and love. Generally, as gregarious creatures, humans have a need to belong. In the workplace, this need may be satisfied by an ability to interact with one’s coworkers and perhaps to be able to work collaboratively with these colleagues.

• **Ego and Esteem Needs:** Esteem needs include the desire for self-respect, self-esteem, and the esteem of others. When focused externally, these needs also include the desire for reputation, prestige, status, fame, glory, dominance, recognition, attention, importance, and appreciation. The highest need in Maslow’s hierarchy is that of self actualization; the need for self-realization, continuous self development, and the process of becoming all that a person is capable of becoming.

![Figure 6.2 Maslow’s Hierarchy of Needs](image)

**Alderfer’s Hierarchy of Motivational Needs:** Clayton Alderfer reworked Maslow’s Need Hierarchy to align it more closely with empirical research. Alderfer’s theory is called the ERG theory — Existence, Relatedness, and Growth

• **Existence:** It refers to our concern with basic material existence requirements; what Maslow called physiological and safety needs.

• **Relatedness:** It refers to the desire we have for maintaining interpersonal relationships; similar to Maslow’s social/love need, and the external component of his esteem need.
- **Growth**: It refers to an intrinsic desire for personal development; the intrinsic component of Maslow’s esteem need, and self-actualization

Alderfer’s ERG theory differs from Maslow’s Need Hierarchy in so far as ERG theory demonstrates that more than one need may be operative at the same time. ERG theory does not assume a rigid hierarchy where a lower need must be substantially satisfied before one can move on. Alderfer also deals with frustration-regression. That is, if a higher-order need is frustrated, an individual then seeks to increase the satisfaction of a lower-order need. According to Maslow an individual would stay at a certain need level until that need was satisfied. ERG theory counters by noting that when a higher-order need level is frustrated the individual’s desire to increase a lower-level need takes place. Inability to satisfy a need for social interaction, for instance, might increase the desire for more money or better working conditions. So frustration can lead to a regression to a lower need. In summary, ERG theory argues, like Maslow, that satisfied lower-order needs lead to the desire to satisfy higher-order needs; but multiple needs can be operating as motivators at the same time, and frustration in attempting to satisfy a higher level need can result in regression to a lower-level need.

![Table: Alderfer’s Hierarchy of Motivational Needs](image)

**Table: Alderfer’s Hierarchy of Motivational Needs**

<table>
<thead>
<tr>
<th>Level of Need</th>
<th>Definition</th>
<th>Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Impel a person to make creative or productive effects on himself and his environment</td>
<td>Satisfied through using capabilities in engaging problems; creates a greater sense of wholeness and fullness as a human being</td>
</tr>
<tr>
<td>Relatedness</td>
<td>Involve relationships with significant others</td>
<td>Satisfied by mutually sharing thoughts and feelings, acceptance, confirmation, under-standing, and influence are elements</td>
</tr>
<tr>
<td>Existence</td>
<td>Includes all of the various forms of material and psychological desires</td>
<td>When divided among people one person’s gain is another’s loss if resources are limited</td>
</tr>
</tbody>
</table>

**Two-factor Theory: Hertzberg’s Two Factor Theory**, also known as the Motivation-Hygiene Theory, was derived from a study designed to test the concept that people have two sets of needs:
- Their needs as animals to avoid pain
- Their needs as humans to grow psychologically

**Hertzberg’s Study**: Hertzberg’s study consisted of a series of interviews that sought to elicit responses to the questions:

- Recall a time when you felt exceptionally good about your job. Why did you feel that way about the job? Did this feeling affect your job performance in any way? Did this feeling have an impact on your personal relationships or your well-being?
Recall a time on the job that resulted in negative feelings? Describe the sequence of events that resulted in these negative feelings.

<table>
<thead>
<tr>
<th>Level</th>
<th>Introversion</th>
<th>Extroversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Self-Actualization (development of competencies [knowledge, attitudes, and skills and character])</td>
<td>Transcendence (assisting in the development of others' competencies and character; relationships to the unknown, unknowable)</td>
</tr>
<tr>
<td>Other (Relatedness)</td>
<td>Personal identification with group, significant others (Belongingness)</td>
<td>Value of person by group (Esteem)</td>
</tr>
<tr>
<td>Self (Existence)</td>
<td>Physiological, biological (including basic emotional needs)</td>
<td>Connectedness, security</td>
</tr>
</tbody>
</table>

Table: A Reorganization of Maslow’s and Alderfer’s Hierarchies

Research Results: It appeared from the research, that the things making people happy on the job and those making them unhappy had two separate themes.

Satisfaction (Motivation): Five factors stood out as strong determiners of job satisfaction:

- Achievement
- Recognition
- Work itself
- Responsibility
- Advancement

The last three factors were found to be most important for bringing about lasting changes of attitude. It should be noted, that recognition refers to recognition for achievement as opposed to recognition in the human relations sense.

Dissatisfaction (Hygiene): The determinants of job dissatisfaction were found to be:

- Company policy
- Administrative policies
- Supervision
- Salary
- Interpersonal relations
- Working conditions
From the results Hertzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Certain characteristics tend to be consistently related to job satisfaction and others to job dissatisfaction. Intrinsic factors, such as work itself, responsibility and achievement seem to be related to job satisfaction. Respondents who felt good about their work tended to attribute these factors to themselves. On the other dissatisfied respondents tended to cite extrinsic factors such as supervision, pay, and company policies and working condition. Hertzberg proposed that his findings indicated the existence of a dual continuum: the opposite of “satisfaction” is “No satisfaction” and the opposite of “Dissatisfaction” is “No Dissatisfaction. According to Hertzberg, the factors leading to Job satisfaction are separate and distinct form those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace but not necessarily motivation. They will be placating their workforce rather than motivating them. As a result, conditions surrounding the job such as quality of supervision, pay, company policies, physical working conditions relations with others and job security were characterized by Hertzberg as hygiene factors, when they’re adequate, people will not be dissatisfied; neither will they be satisfied. If we want to motivate people on their jobs, Hertzberg suggested emphasizing factors associated with the work itself or to outcomes directly derived from it, such as promotional opportunities, opportunities for personal growth, recognition, responsibility and achievement. These are the characteristics that people find intrinsically rewarding.

Expectancy Theory: In recent years, probably the most popular motivational theory has been the Expectancy Theory (also known as the Valence- Instrumentality- Expectancy Theory). Although there are a number of theories found with this general title, they all have their roots in Victor Vroom’s 1964 work on motivation.

Alternatives and Choices: Vroom’s theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. The key elements to this theory are referred to as Expectancy (E), Instrumentality (I), and Valence (V). Critical to the understanding of the theory is the understanding that each of these factors represents a belief.
Alternatives and C: Vroom’s theory suggests that the individual will consider the outcomes associated with various levels of performance (from an entire spectrum of performance possibilities), and elect to pursue the level that generates the greatest reward for him or her. Expectancy: “What’s the probability that, if I work very hard, I’ll be able to do a good job?”

Expectancy refers to the strength of a person’s belief about whether or not a particular job performance is attainable. Assuming all other things are equal, an employee will be motivated to try a task, if he or she believes that it can be done. This expectancy of performance may be thought of in terms of probabilities ranging from zero (a case of “I can’t do it!”) to 1.0 (“I have no doubt whatsoever that I can do this job!”) A number of factors can contribute to an employee’s expectancy perceptions:

- The level of confidence in the skills required for the task
- The amount of support that may be expected from superiors and subordinates
- The quality of the materials and equipment
- The availability of pertinent information

Previous success at the task has also been shown to strengthen expectancy beliefs. Instrumentality: “What’s the probability that, if I do a good job, that there will be some kind of outcome in it for me?” If an employee believes that a high level of performance will be instrumental for the acquisition of outcomes which may be gratifying, then the employee will place a high value on performing well. Vroom defines Instrumentality as a probability belief linking one outcome (a high level of performance, for example) to another outcome (a reward). Instrumentality may range from a probability of 1.0 (earning that the attainment of the second outcome the reward is certain if the first outcome excellent job performance is attained) through zero (meaning there is no likely relationship between the first outcome and the second). An example of zero instrumentality would be exam grades that were distributed randomly (as opposed to be awarded on the basis of excellent exam performance).

Commission pay schemes are designed to make employees perceive that performance is positively instrumental for the acquisition of money. For management to ensure high levels of performance, it must tie desired outcomes (positive valence) to high performance, and ensure that the connection is communicated to employees. The VIE theory holds that people have preferences among various outcomes. These preferences tend to reflect a person’s underlying need state. Valence: “Is the outcome I get of any value to me?” The term Valence refers to the emotional orientations people hold with respect to outcomes (rewards). An outcome is positively valent if an employee would prefer having it to not having it. An outcome that the employee would rather avoid (fatigue, stress, noise, layoffs) is negatively valent. Outcomes towards which the employee appears indifferent are said to have zero valence. Valences refer to the level of satisfaction people expect to get from the outcome (as opposed to the actual satisfaction they get once they have attained the reward). Vroom suggests that an employee’s beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain. People elect to pursue levels of job performance that they believe will maximize their overall best interests (their
subjective expected utility). There will be no motivational forces acting on an employee if any of these three conditions hold:

- The person does not believe that he/she can successfully perform the required task
- The person believes that successful task performance will not be associated with positively valent outcomes
- The person believes that outcomes associated with successful task completion will be negatively valent (have no value for that person)

\[ MF = \text{Expectancy} \times \text{Instrumentality} \times \text{Valance} \]

**McClelland’s Theory of Needs:** According to David McClelland, regardless of culture or gender, people are driven by three motives:

- Achievement
- Affiliation
- Power

Since McClelland’s first experiments, over 1,000 studies relevant to achievement motivation have been conducted. These studies strongly support the theory.

- **Achievement:** The need for achievement is characterized by the wish to take responsibility for finding solutions to problems, master complex tasks, set goals, get feedback on level of success.

- **Affiliation:** The need for affiliation is characterized by a desire to belong, an enjoyment of teamwork, a concern about interpersonal relationships, and a need to reduce uncertainty.

- **Power:** The need for power is characterized by a drive to control and influence others, a need to win arguments, a need to persuade and prevail.

According to McClelland, the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways. Therefore, from a manager’s perspective, recognizing which need is dominant in any particular individual affects the way in which that person can be motivated. Summary: People with achievement motives are motivated by standards of excellence, delineated roles and responsibilities and concrete, timely feedback. Those with affiliation motives are motivated when they can accomplish things with people they know and trust. And the power motive is activated when people are allowed to have an impact, impress those in power, or beat competitors.

**Theory of “X” and Theory of “Y”:** Douglas McGregor observed two diametrically opposing viewpoints of managers about their employees, one is negative called “Theory of X” and one is positive called “Theory of Y”
Theory of X: Following are the assumptions of managers who believe in the “Theory of X” in regard to their employees.

- Employees dislike work; if possible avoid the same
- Employees must be coerced, controlled or threatened to do the work
- Employees avoid responsibilities and seek formal direction
- Most employees consider security of job, most important of all other factors in the job and have very little ambition

Theory of Y: Following are the assumptions of managers who believe in the “Theory of Y” in regard to their employees.

- Employees love work as play or rest
- Employees are self directed and self controlled and committed to the organizational objectives
- Employees accept and seek responsibilities
- Innovative spirit is not confined to managers alone, some employees also possess it.

Theory of X assumes Maslow’s lower level needs dominate in employees. Whereas Theory of Y, assumes Maslow’s higher level needs dominate in employees.

Goal Setting Theory: Edwin Locke proposed that setting specific goals will improve motivation. Salient features of this theory are the following:

- Specific goal fixes the needs of resources and efforts
- It increases performance
- Difficult goals result higher performance than easy job
- Better feedback of results leads to better to better performance than lack of feedback.
- Participation of employees in goal has mixed result
- Participation of setting goal, however, increases acceptance of goal and involvements.

Goal setting theory has identified two factors which influences the performance. These are given below:

- Goal commitment
- Self efficiency

Goal commitment: Goal setting theory presupposes that the individual is committed to the goal. This commitment depends on the following:

- Goals are made public
- Individual has an internal locus of control
- Goals are self-set
- Self –Efficiency: Self Efficiency is the belief or self confidence, that he/she is capable of performing task. Person with high self-efficiency put up extra-efforts when they face
challenges. In the case of low self-efficiency level they will lessen or even abandon when meeting challenges.

**Reinforcement Theory:** This theory focuses its attention as to what controls behavior. In contrast to goal setting theory, which is cognitive approach focus attention on what initiates behavior. Behavior, as per cognitive approach is initiated by internal events. Reinforcement theory argues that behavior is reinforced and controlled by external events. The classical conditioning proposed by Pavlov which we have already studied in our earlier lessons explains this in a better way.

**Equity Theory:** This theory of motivation centers on the principle of balance or equity. According to this theory level of motivation in an individual is related to his or her perception of equity and fairness practiced by management. Greater the fairness perceived higher the motivation and vice versa. In this assessment of fairness, employee makes comparison of input in the job (in terms of contribution) with that of outcome (in terms of compensation) and compares the same with that of another colleague of equivalent cadre.

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**6.4 APPLICATIONS OF MOTIVATION IN ORGANIZATIONS**

People in organizations are always judging each other. Managers must appraise their subordinates’ performances. We evaluate how much effort our coworkers are putting into their jobs. When a new person joins a work team, he or she is immediately “sized up” by the other team members. In many cases, these judgments have important consequences for the organization. Let’s briefly look at a few of the more obvious applications.

**Employment Interview:** A major input into who is hired and who is rejected in any organization is the employment interview. It’s fair to say that few people are hired without an interview. But the evidence indicates that interviewers make perceptual judgments that are often inaccurate. In addition, agreement among interviewers is often poor; that is, different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant. Interviewers generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. Studies indicate that most interviewers’ decisions change very little after the first four or five minutes of the interview. As a result, information elicited early in the interview carries greater weight than does information elicited later and at good applicant is probably characterized more by the absence of unfavorable characteristics than by the presence of favorable characteristics. Importantly, who you think is a good candidate and who I think is one may differ markedly. Because interviews usually have so little consistent structure and interviewers vary in terms of what they are looking for in a candidate, judgments of the same candidate can vary widely; If the employment interview is an important input into the hiring decision-and it usually is you should recognize that perceptual factors influence who is hired and eventually the quality of an; organization’s labor force.

**Performance Expectations:** There is an impressive amount of evidence that demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty. This characteristic is particularly relevant when we consider performance expectations on
the job. The terms self-fulfilling prophecy, or Pygmalion effect, has evolved to characterize the fact that people’s expectations determine their behavior. In other words, if a manager expects big things from his people, they’re not likely to let him down. Similarly, if a manager expects people to perform minimally, they’ll tend to behave so as to meet those low expectations. The result then is that the expectations become reality. An interesting illustration of the self-fulfilling prophecy is a study undertaken with 105 soldiers in the Israeli Defense Forces who were taking a fifteen week combat command course. The four course instructors were told that one-third of the specific incoming trainees had high potential, one-third had normal potential, and the potential of the rest was unknown. In reality, the trainees were randomly placed into those categories by the researchers. The results confirmed the existence of a self fulfilling prophecy. Those trainees whom instructors were told had high potential scored significantly - higher on objective achievement tests, exhibited more positive attitudes, and held their leaders in higher regard than did the other two groups. The instructors of the supposedly high-potential trainees got better results from them because the instructors expected it.

**Performance Evaluation:** Although the impact of performance evaluations on behavior will be discussed it should be pointed out here that an employee’s performance appraisal is very much dependent on the perceptual process. An employee’s future is closely tied to his or her appraisal-promotions, pay raises, and continuation of employment is among the most obvious outcomes. The performance appraisal represents an assessment of an employee’s work. Although the appraisal can be objective (for example, a salesperson is appraised on how many dollars of sales she generates in her territory), many jobs are evaluated in subjective terms. Subjective measures are easier to implement, they provide managers with greater discretion, and many jobs do not readily lend themselves to objective measures. Subjective measures are, by definition, judgmental. The evaluator forms a general impression of an employee’s work. To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviors will significantly influence the outcome of the appraisal.

**Employee Effort:** An individual’s future in an organization is usually not dependent on performance alone. In many organizations, the level of an employee’s effort is given high importance. Just as teachers frequently consider how hard you try in a course as, well as how you perform on examinations, so often do managers. An assessment of an individual’s effort is a subjective judgment susceptible to perceptual distortions and bias. If it is true, as some claim, that limier workers are fired for poor attitudes and lack of discipline than for lack of ability, ills then appraisal of an employee’s effort may be a primary influence on his or her future in the organization.

**Employee Loyalty:** Another important judgment that managers make about employees is whether or not they are loyal to the organization. Despite the general decline in employee loyalty few organizations appreciate it when employees, especially those in the managerial ranks, openly disparage the firm. Furthermore, in some organizations, if the word gets around that an employee is looking at other employment opportunities outside the firm, that employee may be labeled as disloyal and so may be cut off from all future advancement opportunities. The issue is not whether organizations are right in demanding loyalty. The issue is that many do, and that assessment of an employee’s loyalty or commitment is highly judgmental. What is perceived as
loyalty by one decision maker may between as excessive conformity by another. An employee who questions a top-management decision may be seen as disloyal by some, yet caring and concerned by others. As a case in point, whistle-blowers—individuals who report unethical practices by their employer to outsiders—typically act out of loyalty to their organization but are perceived by management as troublemakers.

**The Link between Perception and Individual Decision Making:** Individuals in organizations make decisions. That is, they make choices from among two or more alternatives. Top managers such as Marilyn Marks at Dorsey Trailers, for instance, determine their organization’s goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant. Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated. Of course, making decisions is not the sole province of managers. No managerial employees also make decisions that affect their jobs and the organizations they work for. The more obvious of these decisions might include whether or not to come to work on any given day, how much effort to put forward once at work and whether or not to comply with a request made by the boss. In addition, an increasing number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers alone. Individual decision making, therefore, is an important part of organizational behavior. But how individuals in organizations make decisions and the quality of their final choices are largely influenced by their perceptions.

Decision making occurs as a reaction to a problem. That is, there is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action. So if your car breaks down and you rely on it to get to school, you have a problem that requires a decision on your part. Unfortunately, most problems don’t come neatly packaged with a label “problem” clearly displayed on them. One person’s problem is another person’s satisfactory state of affairs. One manager may view her division’s 2 percent decline in quarterly sales to be a serious problem requiring immediate action on her part. In contrast, her counterpart in another division of the same company, who also had a 2 percent sales decrease, may consider that percentage quite satisfactory. So the awareness that a problem exists and that a decision needs to be made is a perceptual issue.

Moreover, every decision requires interpretation and evaluation of information. Data are typically received from multiple sources and they need to be screened, processed, and interpreted. Which data, for instance, are relevant to the decision and, which are not? The perceptions of the decision maker will answer that question. Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated. Again, because alternatives don’t come with “red flags” identifying them as such or with their strengths and weaknesses clearly marked, the individual decision maker’s perceptual process will have a large bearing on the final outcome. How Should Decisions Be Made? Let’s begin by describing how individuals should behave in order to maximize or optimize a certain outcome. We call this the rational decision-making process.

**The Rational Decision-Making Process:** The optimizing decision maker is rational. That is, he or she makes consistent, value-maximizing choices within specified constraints. These choices
are made following a six-step rational decision-making model. Moreover, specific assumptions underlie this model.

**The Rational Model:** The model begins by defining the problem. As noted previously, a problem exists when there is a discrepancy between an existing and a desired state of affairs. If you calculate your monthly expenses and find your spending $50 more than you allocated in your budget, you have defined a problem. Many poor decisions can be traced to the decision maker overlooking a problem or defining the wrong problem. Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem. In this step, the decision maker determines what is relevant in making the decision. This step brings the decision maker’s interests, values, and similar personal preferences into the process. Identifying criteria is important because what one person thinks is relevant another-person may not. Also keep in mind that many factors net identified in this step are considered irrelevant to the decision maker. The criteria identified are rarely all equal in importance. So the third step requires the decision maker to weight the previously identified criteria in order to give them the correct priority in the decision. The fourth step requires the decision maker to generate possible alternatives that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them. Once the alternatives have been generated, the decision maker must critically analyze and evaluate each one. This is done by rating each alternative on each criterion. The strengths and weaknesses of each alternative become evident as they are compared with the criteria and weights established in the second and third steps.

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**6.5 LEADERSHIP AND APPROACHES TO LEADERSHIP**

Leadership is the ability to influence individuals or groups toward the achievement of goals. Leadership, as a process, shapes the goals of a group or organization, motivates behavior toward the achievement of those goals, and helps define group or organizational culture. It is primarily a process of influence.

**Leadership versus Management:** Although some managers are able to influence followers to work toward the achievement of organizational goals, the conferring of formal authority upon a manager does not necessarily make that individual a leader. Yes, that individual has authority, but whether or not they are able to influence their subordinates may depend on more that just that authority. Not all leaders are managers, and similarly, not all managers are leaders. Within a team environment, manager and leader are simply roles taken on by members of the team. Most teams require a manager to “manage” — coordinate, schedule, liaise, contact, organize, procure — their affairs. The functions of this role may well be quite different from those of the leader (to motivate followers towards the achievement of team goals). Management roles need not presuppose any ability to influence. A leader, on the other hand, must have the ability to influence other team members.

So students there is an interesting story, which nicely illustrates the difference between a manager and a leader. Newly appointed to the position of supervisor in a large industrial plant, a manager decided to impress his subordinates with his authority. Striding purposefully onto the
plant floor, the manager carefully chose the subject of his well-rehearsed address. Once he had arrived at the workstation manned by the union shop steward, he announced, in words loud enough for most workers to hear, “I want to make one thing perfectly clear: I Run This Plant!” Unimpressed, the shop steward held up his hand. On seeing his signal, all the workers shut off their equipment. Then, in the eerie silence of the large plant, the shop steward challenged the manager: “OK. So, let’s see you run it.”

Clearly, by virtue of his appointment to the position of manager, the supervisor had authority. However, without followers, he was no leader. In this scenario, the union shop steward is the leader. In spite of the authority inherent in the position of supervisor, the workers chose to follow the directives of the shop steward. So students I think now u are clear with the difference between a leader and the Manager.

A leader must, by definition, have followers. To understand leadership, we must explore the relationship which leaders have with their followers. If we examine the term leadership more minutely, it will be found that it has the following implications:

- Leadership involves other people. In the absence of followers or employees, the whole idea of leadership does not make any sense.
- Leadership involves an unequal distribution of power between leaders and other group members.

![Figure 6.4: Leadership](image)

Leadership is related to someone’s ability to motivate others and managing interpersonal behavior. Needless to say, it relies heavily on the process of effective communication. Leadership is important in attempting to reduce employee dissatisfaction. Good leadership also involves the effective delegation of power and authority. It is important to note that leadership is a dynamic process involving changes in the leader-follower relationship. The leader-follower relationship is a two-way process and is essentially a reciprocal one in nature. The concept of power is inherently implied in the process of leadership. Power, as we understand the term in this context, is one’s ability to exert influence, i.e. to change the attitude or behavior of individuals and the groups. There are five possible bases of power as identified by French and Raven (1968) which are: reward power, coercive power, legitimate power, referent power, and expert power.
The greater the number of these power sources available, the greater is one’s potential for effective leadership. Let us try to understand each of these power sources.

- **Reward Power:** It is based on the subordinate’s perception that the leader has the ability to control rewards that the followers are looking for; for example, leader’s ability to influence the decisions regarding pay, promotion, praise, recognition, increased responsibilities, allocation and arrangement of work, granting of privileges etc.

- **Coercive Power:** It is based on fear and the subordinate’s perception that the leader has the ability to punish or to cause an unpleasant experience for those who do not comply with directives. Examples include withholding pay raises, promotion or privileges; allocation of undesirable duties or responsibilities; withdrawal of friendship or support; formal reprimands or possibly dismissal. This is in effect the opposite of reward power.

- **Legitimate power:** is based on subordinate’s perception that the leader has a right to exercise influence because of holding a particular position in the hierarchy of organizational structure. Legitimate power is thus based on authority and not on the nature of personal relationship with others.

- **Referent Power:** This is based on the subordinate’s identification with the leader. The leader is able to influence the followers because of the interpersonal attraction and his personal charisma. The followers obey the leader because of their respect and esteem towards him.

- **Expert Power:** It is derived from the subordinate’s perception of the leader as someone who has access to information and relevant knowledge.

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### 6.6 MANAGEMENT AND LEADERSHIP

Though the terms ‘management’ and ‘leadership’ are often used interchangeably there are certain fundamental differences between these two. As Belbin (1997) pointed out, leadership does not necessarily take place within the hierarchical structure of the organization and there is a clear implication that leadership is not part of the job but a quality that can be brought to a job. Hollingsworth (1989) lists at least six fundamental differences between management and leadership.

- A manager administers, but a leader innovates
- A manager maintains, while a leader develops
- A manager focuses on systems and structures, whereas a leader’s focus is on people
- A manager relies on control, but a leader inspires trust
- A manager keeps an eye on the bottom line, while a leader has an eye on the horizon
- A manager does things right, a leader does the right thing.

**Approaches to Leadership:** The subject of leadership is so vast and perceived to be so critical; it has generated a huge body of literature. Each researcher working in the field has tried to explain leadership from a different perspective. Broadly, there are four distinct approaches to
leadership, viz. Traits theory, Behaviouristic theory, Contingency theory and Charismatic theories of leadership.

**Traits Theory:** Ask people what good leadership is, and it’s quite likely you will get a response that suggests good leadership can somehow be defined in terms of traits or characteristics. Similarly, if one were to ask people to design an experiment aimed at defining good leadership, it’s likely the response will be an attempt to isolate the characteristics of leaders of organizations deemed to be successful (by whatever terms that success is measured). This is exactly what the initial, formal research into leadership was all about. There was a sense among researchers that some critical leadership traits could be isolated. There was also a feeling that people with such traits could then be recruited, selected, and installed into leadership positions. The problem with the trait approach lies in the fact that almost as many traits as studies undertaken were identified. After several years of such research, it became apparent that no such traits could be identified. Although some traits were identified in a considerable number of studies, the results were generally inconclusive.

Researchers were further confounded by questions about how to find commonality or generalizability from an examination the traits of leaders as diverse as Stalin, Hitler, Martin Luther King Jr., John F. Kennedy, Churchill, Mother Theresa, Gandhi and Margaret Thatcher. Do these leaders have any trait in common? Is this a trait all leaders must possess?

- Technical skill
- Friendliness
- Task motivation
- Application to task
- Group task supportiveness
- Social skill
- Emotional control
- Administrative skill
- General charisma
- Intelligence

**Behaviouristic Theory:** The results that the trait studies were inconclusive. Traits, among other things, were hard to measure. How, for example, do we measure traits such as honesty, integrity, loyalty, or diligence? Another approach in the study of leadership had to be found. To measure traits, researchers had to rely on constructs which lacked reliability and, given differing definitions, also lacked validity. After the problems with the trait approach became evident, researchers turned to an examination of leader behaviors. With behaviors, researchers could rely on empirical evidence. Behaviors, contrary to traits, could be observed. It was thus decided to examine the behaviors of successful (again, by whatever means success was measured) leaders. The initial phases of the behavioral research seemed as frustrating as the trait approach — the number of behaviors identified was staggering. However, over time, it appeared that the key behaviors could be grouped or categorized. The most prominent studies were those undertaken by the University of Michigan and by Ohio State University. Interestingly, both studies arrived at similar conclusions. Both studies concluded that leadership behaviors could be classified into two groups.
The University of Michigan studies (Rensis Likert) identified two styles of leader behavior:

- **Production Centered Behavior**: When a leader pays close attention to the work of subordinates, explains work procedures, and is keenly interested in performance.

- **Employee Centered Behavior**: When the leader is interested in developing a cohesive work group and in ensuring employees are satisfied with their jobs.

These two styles of leader behavior were believed to lie at the ends of a single continuum. Likert found that employee centered leader behavior generally tended to be more effective. Researchers at Ohio State leadership found results which suggested two basic leader behaviors or styles.

- **Initiating Structure Behavior**: When the leader clearly defines the leader-subordinate, establishes formal lines of communication, and determines how tasks are to be performed.

- **Consideration Behavior**: The leader shows concern for subordinates and attempts to establish a warm, friendly, and supportive climate.

Unlike the Michigan Studies, these two behaviors were not viewed as opposite ends of a continuum, but as independent variables. Thus the leader can exhibit varying degrees of both initiating structure and consideration at the same time. Rather than concentrating on what leaders are, as the trait approach did, the behavioral approach forced looking at what leaders do. The main shortcomings of the behavioral approach was its focus on finding a dependable prescription for effective leadership.

**The Managerial Grid**: Blake and Mouton (1985) tried to show an individual’s style of leadership on a 9x9 grid consisting of two separate dimensions, viz. concern for production and concern for people which are similar to the concept of employee centered and production centered styles of leadership as mentioned earlier. The grid has nine possible positions along each axis creating a total of eighty one possible styles of leader behavior. The managerial grid thus identifies the propensity of a leader to act in a particular way. The (9, 1) style is known as task management which focuses wholly on production. Managers with this style are exceptionally competent with the technicalities of a particular job but are miserable failures in dealing with people. The (1, 9) style in contrast emphasizes people to the exclusion of task performance and is known as country club style of management. The ideal style of leadership, as envisioned by the theory of managerial grid is the (9, 9) style or team management style where there is maximum concern for both people and production. The research evidence in favour of the view that managers perform best under (9, 9) style is however scanty. The basic criticisms against the behaviouristic theories are that:

- Lack of generalizations of the findings as they found to vary widely
- Ignoring the significant influence of the situational factors.
Contingency Theories: Managerial leadership has influenced organizational activities in many ways. These influences include motivating subordinates, budgeting scarce resources, and serving as a source of communication. Over the years researchers have emphasized the influences of leadership on the activities of subordinates. This emphasis by researchers led to theories about leadership. “The first and perhaps most popular, situational theory to be advanced was the ‘Contingency Theory of Leadership Effectiveness’ developed by Fred E. Fiedler” This theory explains that group performance is a result of interaction of two factors. These factors are known as leadership style and situational favorableness. These two factors will be discussed along with other aspects of Fiedler’s theory. “In Fiedler’s model, leadership effectiveness is the result of interaction between the style of the leader and the characteristics of the environment in which the leader works”. The first major factor in Fiedler’s theory is known as the leadership style. This is the consistent system of interaction that takes place between a leader and work group. “According to Fiedler, an individual’s leadership style depends upon his or her personality and is, thus, fixed”. In order to classify leadership styles, Fiedlers has developed an index called the least-preferred coworker (LPC) scale. The LPC scale asks a leader to think of all the persons with whom he or she has ever worked, and then to describe the one person with whom he or she worked the least well with. This person can be someone from the past or someone he or she is currently working with. From a scale of 1 through 8, leader are asked to describe this person on a series of bipolar scales such as those shown below:

- Unfriendly 1 2 3 4 5 6 7 8 Friendly
- Uncooperative 1 2 3 4 5 6 7 8 Cooperative
- Hostile 1 2 3 4 5 6 7 8 Supportive
- Guarded 1 2 3 4 5 6 7 8 Open

The responses to these scales (usually sixteen in total) are summed and averaged: a high LPC score suggests that the leader has a human relations orientation, while a low LPC score indicates a task orientation. Fiedler’s logic is that individuals who rate their least preferred coworker in relatively favorable light on these scales derive satisfaction out of interpersonal relationship; those who rate the coworker in a relatively unfavorable light get satisfaction out of successful task performance”. This method reveals an individual’s emotional reaction to people with whom he or she cannot work. It is also stressed that is not always an accurate measurement. “According to Fiedler, the effectiveness of a leader is determined by the degree of match between a dominant trait of the leader and the favorableness of the situation for the leader. The dominant trait is a personality factor causing the leader to either be relationship-oriented or task-orientated”. Leaders who describe their preferred coworker in favorable terms, with a high LPC, are purported to derive major satisfaction from establishing close relationships with fellow workers. High LPC leaders are said to be relationship-orientated. These leaders see that good interpersonal relations as a requirement for task accomplishment.

Leaders who describe their least preferred coworker unfavorable terms, with a low LPC, are derived major satisfaction by successfully completing a task. These leaders are said to be task orientated. They are more concerned with successful task accomplishment and worry about interpersonal relations later. The second major factor in Fiedler’s theory is known as situational favorableness or environmental variable. This basically is defined as the degree a situation enables a leader to exert influence over a group. Fiedler then extends his analysis by focusing on
three key situational factors, which are leader member, task structure and position power. Each factor is defined in the following:

- **Leader-Member Relations:** The degree to which the employees accept the leader.
- **Task Structure:** The degree to which the subordinate’s jobs are described in detail.
- **Position Power:** The amount of formal authority the leader possesses by virtue of his or her position in the organization.

For leader-member relations, Fiedler maintains that the leader will have more influence if they maintain good relationships with group members who like, respect, and trust them, than if they do not. Fiedler explains that task structure is the second most important factor in determining structural favorableness. He contends that highly structured tasks, which specify how a job is to be done in detail, provide a leader with more influences over group actions than do unstructured tasks. Finally, as far as position power, leaders who have the power to hire and fire, discipline and reward, have more power than those who do not. For example, the head of a department has more power than a file clerk. By classifying a group according to three variables, it is possible to identify eight different group situations or leadership style. These eight different possible combinations were then classified as either task orientation or relationship orientated. The following information shows that task-orientated leadership was successful in five situations, and relationship-orientated in three.

Fiedler’s Contingency Theory of Leadership
Leader-Member Task Position Power Successful Leadership

Relation Structure of Leader Style
Good — Structured — Strong — Task Orientation
Good — Structured — Weak — Task Orientation
Good — Unstructured — Strong — Task Orientation
Good — Unstructured — Weak — Consideration
Poor — Structured — Strong — Consideration
Poor — Structured — Weak — Consideration
Poor — Unstructured — Strong — Task Orientation
Poor — Unstructured — Weak — Task Orientation

“According to Fiedler, a task-orientated style of leadership is more effective than a considerate (relationship-orientated) style under extreme situations, that is, when the situations, is either very favorable (certain) or very unfavorable (uncertain)”. Task orientated leadership would be advisable in natural disaster, like a flood or fire. In an uncertain situation the leader-member relations are usually poor, the task is unstructured, and the position power is weak. The one who emerges as a leader to direct the group’s activity usually does not know any of his or her subordinates personally. The task-orientated leader who gets things accomplished proves to be the most successful. If the leader is considerate (relationship-orientated), he or she may waste so much time in the disaster, which may lead things to get out of control and lives might get lost. Blue-collar workers generally want to know exactly what they are supposed to do. Therefore it is usually highly structured. The leader’s position power is strong if management backs his or her
decision. Finally, even though the leader may not be relationship-orientated, leader-member relations may be extremely strong if he or she is able to gain promotions and salary increases for subordinates. Under these situations is the task-orientated style of leadership is preferred over the (considerate) relationship-orientated style.

“The considerate style of leadership seems to be appropriate when the environmental or certain situation is moderately favorable or certain, for example, when (1) leader-member relations are good, (2) the task is unstructured, and (3) position power is weak”. For example, research scientists do not like superiors to structure the task for them. They prefer to follow their own creative leads in order to solve problems. Now under a situation like this is when a considerate style of leadership is preferred over the task-orientated style.

Fiedler’s theory has some very interesting implications for the management of leaders in organizations:

- The favorableness of leadership situations should be assessed using the instruments developed by Fiedler (or, at the very least, by a subjective evaluation).
- Candidates for leadership positions should be evaluated using the LPC scale.
- If a leader is being sought for a particular leadership position, a leader with the appropriate LPC profile should be chosen (task-orientated for very favorable or very unfavorable situations and relationship-orientated for intermediate favorableness).
- If a leadership situation is being chosen for a particular candidate, a situation (work team, department, etc.) should be chosen which matches his/her LPC profile (very favorable or unfavorable for task-orientated leaders and intermediate favorableness for relationship-orientated leader).

Several other implications can be derived from Fiedler’s findings. First, it is not accurate to speak of effective and ineffective leaders. Fiedler goes on by suggesting that there are only some leaders who perform better in some situations, but not all situations. Second, almost anyone can be a leader by carefully selecting those situations that match his or her leadership style. Lastly, the effectiveness of a leader can be improved by designing the job to fit the manager. For instance, by increasing or decreasing a leader’s position power, changing the structure of a task, or influencing leader-member relations, an organization can alter a situation to better fit a leader’s style. In conclusion, the Fiedler’s Contingency Theory of Leadership, has been cautious of accepting all conclusions. Fiedler’s work is not without problems or critics. Evidence suggests that other situational variables, like training and experience have an impact in a leader’s effectiveness. There are also some uncertainties about Fiedler’s measurement of different variables. For instance, there is some doubt whether the LPC is a true measure of leadership style. “Despite these and other criticisms, Fiedler’s contingency theory represents an important addition to our understanding of effective leadership”.

Hershey and Blanchard’s Situational Model: The situational leadership model, developed by Paul Hershey and Kenneth Blanchard, suggests that the leader’s behavior should be adjusted according to the maturity level of the followers. The level of maturity or the readiness of the
followers were assessed to the extent the followers have the ability and willingness to accomplish a specific task. Four possible categories of followers’ maturity were identified:

- R1: Unable and Unwilling
- R2: Unable but Willing
- R3: Able but Unwilling
- R4: Able and Willing

The leader behavior was determined by the same dimensions as used in the Ohio studies, viz. production orientation and people orientation. According to the situational mode, a leader should use a telling style (high concern for task and low concern for people) with the least matured group of followers who are neither able nor willing to perform (R1). A selling style of leadership (high concern for both task and relationship) is required for dealing with the followers with the next higher level of maturity that is those who are willing but unable to perform the task at the required level (R2). The able but unwilling followers are the next matured group and require a participating style from the leader, characterized by high concern for consideration and low emphasis on task orientation. Finally the most matured followers who are both able and willing require a delegating style of leadership. The leader working with this kind of followers must learn to restrain himself from showing too much concern for either task or relationship as the followers themselves do accept the responsibility for their performance. Though this theory is difficult to be tested empirically, it has its intuitive appeal and is widely used for training and development in organizations. In addition, the theory focuses attention on followers as a significant determinant of any leadership process.

**The Path Goal Theory:** In the recent time, one of the most appreciated theories of leadership is the path-goal theory as offered by Robert House, which is based on the expectancy theory of motivation. According to this theory, the effectiveness of a leader depends on the following propositions:

- Leader behavior is acceptable and satisfying to followers to the extent that they see it as an immediate source of satisfaction or as instrumental to future satisfaction
- Leader behavior is motivational to the extent that (1) it makes the followers’ needs satisfaction contingent or dependent on effective performance, and (2) it complements the followers’ environment by providing the coaching, guidance, support, and rewards necessary for realizing the linkage between the level of their performance and the attainment of the rewards available.

The leader selects from any of the four styles of behavior which is most suitable for the followers at a given point of time. These are directive, supportive, participative, and the achievement-oriented according to the need and expectations of the followers. In other words, the path-goal theory assumes that leaders adapt their behavior and style to fit the characteristics of the followers and the environment in which they work. Actual tests of the path-goal theory provide conflicting evidence and therefore it is premature to either fully accept or reject the theory at this point. Nevertheless the path-goal theory does have intuitive appeal and offers a number of constructive ideas for leaders who lead in a variety of followers in a variety of work environments.
Transformational Leadership: Transformational or charismatic leaders are those who could inspire their followers to transcend their own self-interests for the good of the organizations or for a greater objective. Thus leaders like Netaji Subhas Chandra Bose or Gandhiji could inspire their followers to submit their own personal goals of pursuing lucrative academic or professional careers and sacrifice everything for the sake of the freedom of their motherland from the British rules. By the force of their personal abilities they transform their followers by raising the sense of the importance and value of their tasks. Five leadership attributes have been identified as important in this context which are self-confidence, a vision, strong conviction in that vision, extraordinary or novel behavior and ability to create an image of a change agent. It is however important to note that the effect of cultural difference in the context of leadership must be considered in order to understand and identify the effective leadership behavior. An extensive project has been undertaken jointly by GLOBE foundation and Wharton Business School to identify the impact of culture on leadership across the world, which concluded only recently. The study has identified lists of both positive and negative leader attributes which have been universally accepted across culture. The findings from the completed phases of the study however suggest the presence of a strong influence of cultural bias on the success and effectiveness of the leaders.

Power and Organizational Politics: During discussions of leadership, the question often arises: “Why or how are leaders able to get followers to follow?” We have already discussed the notion that followers follow if they perceive the leader to be in a position to satisfy their needs. However, our discussion also included frequent reference to the concept of “power”. We are now in a position to take a closer look at power. Definitions of power abound. German sociologist, Max Weber defined power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance.” Along similar lines, Emerson suggests that “The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A.” Power appears to involve one person changing the behavior of one or more other individuals — particularly if that behavior would not have taken place otherwise power refers to A’s ability to influence B, not A’s right to do so; no right is implied in the concept of power. At this point it is useful to point out that power refers to A’s ability to influence B, not A’s right to do so; no right is implied in the concept of power. A related concept is authority. Authority does represent the right to expect or secure compliance; authority is backed by legitimacy. For purposes of differentiating between power and authority, let us examine the relationship between the manager of a sawmill and her subordinates. Presumably, the manager has the authority — the right — to request that the sawyer cut lumber to certain specifications. On the other hand, the manager would not have the right to request that the sawyer wash her car. However, that sawyer may well accede to her request that he wash her car. Why? It is possible that the sawyer responds to the power that the manager has over him — the ability to influence his behavior.

Classification of Power: Etzioni has made the classification of power as follows:

- **Coercive Power:** Involves forcing someone to comply with one’s wishes. A prison would be an example of a coercive organization.
• **Utilitarian Power**: Is power based on a system of rewards or punishments. Businesses, which use pay raises, promotions, or threats of dismissal, are essentially utilitarian organizations.

• **Normative Power**: Is power which rests on the beliefs of the members that the organization has a right to govern their behavior. A religious order would be an example of a utilitarian organization.

6.7 REVIEW QUESTIONS

1. Describe in brief the classification of needs with appropriate examples.
2. What is the difference between intrinsic and extrinsic motivation? Discuss with examples.
3. Summarize the conclusions of trait theories
4. Identify the limitations of behavioral theories
5. Describe Fiedler’s contingency model
6. Summarize the path-goal theory
7. Explain leader-member exchange theory
8. Differentiate between transactional and transformational
GROUP DYNAMICS

Structure

7.1 Introduction

7.2 Types of Groups

7.3 Group Structure
   7.3.1 Individual’s Performance in Groups

7.4 Groups and Teams

7.5 Stages of Group Development

7.6 Group Decision Making Techniques

7.7 Understanding Work Teams

7.8 Types of Teams
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7.9 Group Dynamics and Organizational Politics
   7.9.1 Classification of Power
   7.9.2 Organizational Politics
   7.9.3 Conflict in Organizations
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7.10 Review Questions

7.1 INTRODUCTION

Welcome students to the module of Group Behavior. Up till now we have restricted ourselves to check the behavior of individuals within the organization. But individuals may sometimes need to work in groups in the organization. So in this unit we will try to understand about group and the influence of behavior of individuals while working in a group. Let us consider a collection of people waiting at a bus stop for a series of buses. Do these people constitute a group? No. These people are simply that; a collection of people. As a collection of people waiting for buses, they probably do not interact, they lack cohesion (as they may be heading off in different directions),
and, unless they are somehow huddled together against the rain, they are unlikely to see any commonality of interest between them.

**Defining a Group:** Two or more people constitute a group if

- They have some common purpose or goal.
- There exists a relatively stable structure — a hierarchy (perhaps a leader), an established set of roles, or a standardized pattern of interaction.
- This collection of people sees themselves as being part of that group.

So students “Why do groups form?” There are a number of general tendencies within us such as:

- **The Similarity-Attraction Effect:** we like people who are similar to us in some way
- **Exposure:** We like people whom we have been exposed to repeatedly
- **Reciprocity:** we like people who like us
- **Basking in Reflected Glory:** we seek to associate with successful, prestigious groups.

Furthermore, we also tend to avoid individuals who possess objectionable characteristics. Furthermore, there are number of reasons why people join groups which are as follows;

**Affiliation:** Humans are by nature *gregarious*. Groups provide a natural way for people to gather in order to satisfy their **social needs**.

- **Goal Achievement:** Problems and tasks that require the utilization of knowledge tend to give groups an advantage over individuals. There is more information in a group than in any one of its members, and groups tend to provide a greater number of approaches to solving any particular problem.

- **Power:** Individuals gain **power** in their relationship with their employers by forming unions.

- **Status:** Membership in a particular service clubs or a political body may be seen to confer status on members. So as to gain that status people join in such groups.

- **Self-esteem:** As suggested by Maslow, people have a basic desire for self-esteem. Group membership may nurture self-esteem. If one belongs to a successful group, the self-esteem of all members may be boosted.

- **Security:** Sometimes individuals need protection from other groups or more powerful individuals — “there is safety in numbers”. These individuals may seek security in group membership. Neighbors may form a “Block Watch” group to ensure the security and protection of their neighborhood.
The important characteristics of groups are as follows:

- **Social interaction:** The members of a group affect each other and there is a definite pattern of interaction among them.

- **Stability:** Groups also must possess a stable structure. Although groups can change, which often they do, there must be some stable relationship that keeps the group members together and functioning as a unit.

- **Common Interests or Goals:** Members of a group must share some common interests or goals that bind the group together.

- **Recognition as Being a Group:** It is not just being together would ensure the formation of a proper group. The members of the group must also perceive themselves as a group. They must recognize each other as a member of their group and can distinguish them from nonmembers.

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### 7.2 TYPES OF GROUPS

There can be different types of groups that might exist, which have been depicted in Figure 7.1 below. The most common way of distinguishing between groups is to categorizing the groups into formal or informal groups. **Formal groups** are deliberately created by the organization in order to help the organizational members achieve some of the important the organizational goals. The **informal groups**, in contrast, develop rather spontaneously among an organization’s members without any direction from the organizational authorities.

There are various types of **formal groups** that are found in an organization. These are:

- **Command Group:** This is determined by the organizational chart depicting the approved formal connections between individuals in an organization. Examples of command group are Director and the faculty members in a business school, school principal and teachers, production manager and supervisors, etc.

- **Task Groups:** This comprises some individuals with special interest or expertise, are created by the organizational authorities to work together in order to complete a specific task. Task groups are often not restricted to the organizational hierarchy and can be cross functional in nature. Examples of task group might be people working on a particular project.

**Standing Committee** is a permanent committee in an organization to deal with some specific types of problems that may arise more or less on a regular basis. Examples of standing committees include the standing committee in a university to discuss various academic and administrative issues.
**Task Force / Adhoc Committee in contrast** is a temporary committee formed by organizational members from across various functional areas for a special purpose. Meetings can also come under this category.

Various types of informal groups are:

- **Interest Groups**: These are formed when a group of employees band together to seek some common objectives, like protesting some organizational policy or joining the union to achieve a higher amount of bonus.

- **Friendship Groups**: They develop among the organizational members when they share some common interest like participating in some sports activities or staging the office drama, etc.

- **Reference Groups**: These are the groups, with which individuals identify and compare themselves. These could be within the organization when a middle level executive compares himself with the higher level executive and longs for the perks and benefits enjoyed by the latter. The reference group might exist outside the organization as well when an individual compares himself with his batch mates working in other organizations or an ideal group of people he likes to become.

![Fig 7.1: Types of Groups](image)

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**7.3 GROUP STRUCTURE**

It refers to the pattern of interrelationship that exists among the group members, and makes the group functioning orderly and predictable. Four important aspects of group’s structure are:

- **Role or the Typical Part**: This is played by an individual group member in accordance with the expectations of other members from him. Role expectations refer to the behaviors that are expected from the person playing the role. The person holding the role is known as the role incumbent. Role ambiguity takes place when the person holding the role feels confused and does not know what is being expected from him. The role
incumbent is said to suffer from the problem role identity when he faces difficulty in accepting the assigned role.

- **Norms or the Rules and Mutual Expectations:** This develops within the group. This refers to the generally agreed upon rules that guide the group members’ behavior. Norms have profound effect on members’ behavior as it ensures conformity among them. Norms can be of two types: *prescriptive* when it dictates behaviors that should be performed and *proscriptive* when it dictates specific behaviors that should be avoided by the group members.

- **Status or the Relative Prestige or Social Position:** This is given to groups or individuals by others. People often join the core group or a renowned club because of the prestige associated with these groups.

- **Group Cohesiveness:** This is referring to the strength of group members’ desires to remain a part of the group. This also refers to the degree of attraction of the group members for each other and the ‘we-feeling’ among the members. The degree of cohesiveness has been found to depend on external threats, the difficulty in getting included in the group, the amount of time spent by the group members with each other and the success of the group.

### 7.3.1 Individual’s Performance in Groups

Groups are formed with individuals, but the output of the groups is not just the sum-total of individual’s contribution towards the group. The term *group synergy* refers to the fact the action of two or more group members result in an effect that is different from the individual summation of their contributions. This occurs because of the *social facilitation effect* which refers to the tendency for performance of an individual group member to improve in response to the presence of other members. However, the group performance is not always guaranteed to improve as often group members are found to exert less individual effort. This is known as *social loafing* when members are found to enjoy a ‘free ride’ which tends to increase with group’s size.

### 7.4 GROUPS AND TEAMS

Do you still remember the excitement during the last world cup and the way the Indian team performed? No matter what they could finally achieve or not, we all used to comment on spirit of the Indian team. A team can be defined as a special type of group whose members have complementary skills and are committed to a common purpose or set of goals for which they hold themselves mutually accountable. In the recent times, a lot of emphasis is being given on developing teams. The importance of teams has long been appreciated in the world of sports, and now it is being used increasingly in the realm of business and industry as well. Though there are similarities between groups and teams and these two terms are often used interchangeably, there are in fact a few striking differences between the two. The following table will help to summarize this.
### 7.1 Group and Teams

<table>
<thead>
<tr>
<th>Work Groups</th>
<th>Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual accountability</td>
<td>Individual and mutual accountability</td>
</tr>
<tr>
<td>Come together to share information and perspectives</td>
<td>Frequently come together for discussion, decision making, and problem solving, and planning.</td>
</tr>
<tr>
<td>Focus on individual goals</td>
<td>Focus on team goals</td>
</tr>
<tr>
<td>Produce individual work products</td>
<td>Produce collective work products</td>
</tr>
<tr>
<td>Define individual roles, responsibilities, and tasks</td>
<td>Define individual roles, responsibilities, and tasks to help team do its work; often share and rotate them</td>
</tr>
<tr>
<td>Concern with one's own outcome and challenges</td>
<td>Concern with outcomes of everyone and challenges the team faces</td>
</tr>
</tbody>
</table>
Table 7.2: Difference between Work Groups and Teams

Table 7.2 also indicates that teams meet more often than traditional work groups. Work groups may meet periodically, based on the manager's style, primarily to hear and share information. Teams, by comparison, do much more than communicate when they meet. Team meetings are forums for planning work, solving work problems, making decisions about work, and reviewing progress. In short, meetings are vital to a team's existence.

The last item in Table 7.2 is crucial: Team leadership is participatory, in contrast to the primarily manager-driven nature of regular work groups. On a team, the manager or team leader frequently involves team members in helping shape the goals and plans for getting the group's work done — may as well get them involved, they've got to do the work! But in other kinds of work groups, managers more commonly work with staff individually to set goals and determine assignments. Of course, in many cases, managers just assign work with little discussion or collaboration with the staff members. And staffs are then left to figure out what's expected and how best to get it done.

Implications for Managers: The recognition of the existence of both formal and informal groups in any organization and an understanding of the basic processes involved have created a profound effect on the functioning and outlook of the managers in today’s workplace. Understandably, there is now a great deal of concern in developing groups and effective teams as there is ample evidence to support the view that organizational performance improved when the employees are encouraged to work in groups rather than working as an individual member.

7.5 STAGES OF GROUP DEVELOPMENT

Formation of Groups: Two models of group development have been offered by the researchers in the field of social sciences to explain how groups are formed. These are: a) Five-Stage Model and b) Punctuated Equilibrium Model.

According to the Five-Stage Model of group development, groups go through five distinct stages during the process of its development. These are as follows:
**Forming:** It is the initial stage of group development when the group members first come in contact with others and get acquainted with each other. This stage is characterized predominantly by a feeling of uncertainty among the group members as they now try to establish ground rules and pattern of relationship among themselves.

**Storming:** It is the next stage that is characterized by a high degree of conflict among the members. Members often show hostility towards each other and resist the leader’s control. If these conflicts are not adequately resolved, the group may even be disbanded. But, usually the group eventually comes in terms with each other and accepts the leadership role at the end of this stage.

**Norming:** It is the third stage of the group development process during which the group members become closer to each other and the group starts functioning as a cohesive unit. The group members now identify themselves with the group and share responsibility for achieving the desired level of performance of the group. Norming stage is complete when the group members can set a common target and agree on the way of achieving this.

**Performing:** It is the fourth stage when the group is finally ready to start working. As the group is now fully formed after resolving their internal conflicts of acceptance and sharing responsibility, they can now devote energy to achieve its objectives.

**Adjourning:** It is the final stage when the group, after achieving the objectives for which it was created, starts to gradually dissolve itself.

Many interpreters of the five-stage model have assumed that a group becomes more effective as it progresses through the first four stages. While this assumption may be generally true, what makes a group effective is more complex than this model acknowledges. Under some conditions, high levels of conflict are conducive to high group performance. So we might expect to find situations in which groups in Stage II outperform those in Stages III or IV. Similarly, groups do not always proceed clearly from one stage to the next. Sometimes, in fact, several stages go on...
simultaneously, as when groups are storming and performing at the same time. Groups even occasionally regress to previous stages. Therefore, even the strongest proponents of this model do not assume that all groups follow its five-stage process precisely or that Stage IV is always the most preferable.

Another problem with the five-stage model, in terms of understanding work related behavior, is that it ignores organizational context. For instance, a study of a cockpit crew in an airliner found that, within 10 minutes, three strangers assigned to fly together for the first time had become a high-performing group. What allowed for this speedy group development was the strong organizational context surrounding the tasks of the cockpit crew. This context provided the rules, task definitions, information, and resources needed for the group to perform. They didn't need to develop plans, assign roles, determine and allocate resources, resolve conflicts, and set norms the way the five-stage model predicts.

**An Alternative Model: For Temporary Groups with Deadlines:** Temporary groups with deadlines don't seem to follow the previous model. Studies indicate that they have their own unique sequencing of actions (or inaction): (1) Their first meeting sets the group's direction; (2) this first phase of group activity is one of inertia; (3) a transition takes place at the end of this first phase, which occurs exactly when the group has used up half its allotted time; (4) a transition initiates major changes; (5) a second phase of inertia follows the transition; and (6) the group's last meeting is characterized by markedly accelerated activity. This pattern is called the **punctuated equilibrium model** and is shown below.

The first meeting sets the group's direction. A framework of behavioral patterns and assumptions through which the group will approach its project emerges in this first meeting. These lasting patterns can appear as early as the first few seconds of the group's life. Once set, the group's direction becomes "written in stone" and is unlikely to be reexamined throughout the first half of the group's life. This is a period of inertia that is, the group tends to stand still or become locked into a fixed course of action. Even if it gains new insights that challenge initial patterns and assumptions, the group is incapable of acting on these new insights in Phase 1.

One of the more interesting discoveries made in these studies was that each group experienced its transition at the same point in its calendar—precisely halfway between its first meeting and its official deadline—despite the fact that some groups spent as little as an hour on their project while others spent six months. It was as if the groups universally experienced a midlife crisis at this point. The midpoint appears to work like an alarm clock, heightening members' awareness that their time is limited and that they need to "get moving."

This transition ends Phase 1 and is characterized by a concentrated burst of changes in which old patterns are dropped and new perspectives are adopted. The transition sets a revised direction for Phase 2. Phase 2 is a new equilibrium or period of inertia. In this phase, the group executes plans created during the transition period. The group's last meeting is characterized by a final burst of activity to finish its work. In summary, the punctuated-equilibrium model characterizes groups as exhibiting long periods of inertia interspersed with brief revolutionary changes triggered primarily by their members' awareness of time and deadlines. Keep in mind, however, that this model doesn't apply to all groups. It's essentially limited to temporary task groups that are working under a time-constrained completion deadline.
7.6 GROUP DECISION MAKING TECHNIQUES

The most common form of group decision making takes place in interacting groups. In these groups, members meet face-to-face and rely on both verbal and nonverbal interaction to communicate with each other. But as our discussion of groupthink demonstrated, interacting groups often censor themselves and pressure individual members toward conformity of opinion. Brainstorming, the nominal group technique, and electronic meetings have been proposed as ways to reduce many of the problems inherent in the traditional interacting group.

Brainstorming is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives. It does this by utilizing an idea generation process that specifically encourages any and all alternatives, while withholding any criticism of those alternatives while withholding any criticism of those alternatives. In a typical brainstorming session, a half dozen to a dozen people sit around a table. The group leader states the problem in a clear manner so that it is understood by all participants. Members then “freewheel” as many alternatives as they can in a given length of time. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis. That one idea stimulates others and that judgments of even the most bizarre suggestions are with held until later encourage group members to “think the unusual. Brainstorming, however, is merely a process for generating ideas. The following two techniques go further by offering methods of actually arriving at a preferred solution.
The Nominal Group Technique: This restricts discussion or interpersonal immunization during the decision-making process, hence, the term nominal. Group technique members are all physically present, as in a traditional committee meeting, but members operate independently. Specifically, a problem is presented and then the following steps take place.

- Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
- After this silent period, each member presents one idea to the group. Each member takes his or her turn, presenting a single idea until all ideas have been presented and recorded. No discussion takes place until all ideas have been recorded.
- The group now discusses the ideas for clarity and evaluates them.
- Each group member silently and independently rank-orders the ideas. The ideas with the highest aggregate ranking determine the final decision.

The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group. The most recent approach to group decision making blends the nominal group technique with sophisticated computer technology. It’s called the computer assisted group or electronic meeting. Once the technology is in place, the concept is simple. Up to people sit around a horseshoe-shaped table, empty except for a series of computer terminals. Issues are presented to participants and they type their responses onto their computer screen. Individual comments, as well as aggregate votes, are displayed on a projection screen in the room. The major advantages of electronic meetings are anonymity, honesty, and speed. Participants can anonymously type any message they want and it flashes on the screen for all to see at the push of a participant’s keyboard. It also allows people to be brutally honest without penalty. And it’s fast because chitchat is eliminated, discussions don’t digress, and many participants can talk” at once without stepping on one another’s toes.

The future of group meetings undoubtedly will include extensive use of this technology. Each of these four group decision techniques has its own set of strengths and weaknesses. The choice of one technique over another will depend on what criteria you want to emphasize and the cost-benefit trade-off. For instance, the interacting group is good for building group cohesiveness, brainstorming keeps social pressures to a minimum, the nominal group technique is an inexpensive means for generating a large number of ideas, and electronic meetings process ideas fast. Norms control group member behavior by establishing standards of right and wrong. If managers know the norms of a given group, it can help to explain the behaviors of its members. When norms support high output, managers can expect individual performance to be markedly higher than when group norms aim to restrict output. Similarly, acceptable standards of absenteeism will be dictated by the group norms.

Status inequities create frustration and can adversely influence productivity and the willingness to remain with an organization. Among those individuals who are equity sensitive, incongruence is likely to lead to reduced motivation and an increased search for ways to bring about fairness (i.e., taking another job). The impact of size on a group’s performance depends upon the type of task in which the group is engaged. Larger groups are more effective at fact-finding activities. Smaller groups are more effective at action-taking tasks. Our knowledge of social loafing
suggests that if management uses larger groups, efforts should be made to provide measures of individual performance within the group. We found the group’s demographic composition to be a key determinant of individual turnover. Specifically, the evidence indicates that group members who share a common age or date of entry into the work group are less prone to resign. We also found that cohesiveness can play an important function in influencing a group’s level of productivity. Whether or not it does depends on the group’s performance-related norms. The primary contingency variable moderating the relationship between group processes and performance is the group’s task. The more complex and interdependent the tasks, the more that inefficient processes will lead to reduced group performance.

7.7 UNDERSTANDING WORK TEAMS

"A team is a small group of people with complementary skills and abilities who are committed to a common goal and approach for which they hold each other accountable."

“A group can be defined as a small group of people with complementary skills and abilities who are committed to a leader's goal and approach and are willing to be held accountable by the leader.”

Why Teams become so Popular: Twenty-five years ago, when companies like W. L. Gore, Volvo, and General Foods introduced teams into their production processes, it made news because no one else was doing it. Today, it’s just the opposite. It’s the organization that doesn’t use teams that has become newsworthy. Currently, 80 percent of Fortune 500 companies have half or more of their employees on teams. And 68 percent of small U.S. manufacturers are using teams in their production areas. How do we explain the current popularity of teams? The evidence suggests that teams typically outperform individuals when the tasks being done require multiple skills, judgment, and experience. As organizations have restructured themselves to compete more effectively and efficiently, they have turned to teams as a way to use employee talents better. Management has found that teams are more flexible and responsive to changing events than are traditional departments or other forms of permanent groupings. Teams have the capability to quickly assemble, deploy, refocus, and disband. But don’t overlook the motivational properties of teams. Consistent with the role of employee involvement as a motivator, teams facilitate employee participation in operating decisions. For instance, some assembly-line workers at John Deere are part of sales teams that call on customers. These workers know the products better than any traditional salesperson; and by traveling and speaking with farmers, these hourly workers develop new skills and become more involved in their jobs. So another explanation for the popularity of teams is that they are an effective means for management to democratize their organizations and increase employee motivation. But don’t overlook the motivational properties of teams.

Teams versus Groups: What’s Time Difference? Groups and teams are not the same thing. In this topic, we want to define and clarify the difference between a work group and a work team. Earlier, we defined a group as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. A work group is a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility. Work groups have no need or opportunity to engage in collective work
that requires joint effort. So their performance is merely the summation of each group member’s individual contribution. There is no positive synergy that would create an overall level of performance that is greater than the sum of the inputs.

A work team generates positive synergy through coordinated effort. Their individual efforts result in a level of performance that is greater than the sum of those individual inputs. These definitions help clarify why so many organizations have recently restructured work processes around teams. Management is looking for that positive synergy that will allow their organizations to increase performance. The extensive use of teams creates the potential for an organization to generate greater outputs with no increase in inputs.

7.8 TYPES OF TEAMS

Teams can do variety of things. They can make products, provide services, negotiate deals, coordinate projects, offer advice, and make decisions. Now we’ll describe the four most common types of teams you’re likely to find in an organization: problem-solving teams, self-managed work teams, cross fictional teams, and virtual teams

7.8.1 Problem-Solving Teams
If we look back 20 years or so, teams were just beginning to grow in popularity and most of those teams took similar form. These were typically composed of 5 to 12 hourly employees from the same department who met for a few hours each week to discuss ways of improving quality, efficiency, and the work environment. We call these problem solving teams. In problem-solving teams, members share ideas or offer suggestions on how work processes and methods can be improved. Rarely, however, are these teams given the authority to unilaterally implement any of their suggested actions. One of the most widely practiced applications of problem solving teams during the 1980s was quality circles. These are work teams of eight to ten employees and supervisors who have a shared area of responsibility and meet regularly to discuss their quality problems, investigate causes of the problems, recommend solutions, and take corrective actions.

7.8.2 Self-Managed Work Teams
Problem-solving teams were on the right track but they didn’t go far enough in getting employees involved in work-related decisions and processes. This led to experimentation with truly autonomous teams that could not only solve problems but implement solutions and take full responsibility for outcomes. Self-managed work teams are groups of employees (typically 10 to 15 in number) who perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors. Typically, this includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, taking action on problems, and working with suppliers and customers. Fully self-managed work teams even select their own members and have the members evaluate each other’s performance. As a result, supervisory positions take on decreased importance and may even be eliminated. A factory at Eaton Corp’s Aeroquip Global Hose Division provides an example of how self-managed teams are being used in industry to Located in the heart of Arkansas’ Ozark Mountains; this factory makes hydraulic hose that is used in trucks, tractors, and other heavy equipment. In 1994, to improve quality and productivity, Eaton Aeroquip’s
management threw out the assembly line and organized the plant’s 285 workers into more than self-managed teams. Workers were suddenly free to participate in decisions that were previously reserved solely for management for instance; the teams set their own schedules, selected new members, negotiated with suppliers, made calls on customers, and disciplined members who created problems. And the results Between 1993 and 1999, response time to customer concerns improved 99 percent; productivity and manufacturing output both increased by more than 100 percent; and accident rates dropped by more than half. Xerox, General Motors, Coors Brewing, PepsiCo, Hewlett- Packard, Honeywell, M&M/Mars, Aetna Life, and Industrial Light & Magic are just a few familiar names that have implemented self-managed work teams. Estimates suggest that about 30 percent of U.S. employers now use this form of team; and among large firms, the number is probably closer to 100 percent. Business periodicals have been chock full of articles describing successful applications of self-managed teams. But a word of caution needs to be offered. Some organizations have been disappointed with the results from self-managed teams. For instance, they don’t seem to work well during organizational downsizing. Employees often view cooperating with the team concept as an exercise in assisting one’s own executioner. The overall research on the effectiveness of self managed work teams has not been uniformly positive. Moreover, although individuals on these teams do tend to report higher levels of job satisfaction, they also sometimes have higher absenteeism and turnover rates. Inconsistency in findings suggests that the effectiveness of self-managed teams is situationally dependent. In addition to downsizing, factors such as the strength and make-up of team norms, the type of tasks the team undertakes, and the reward structure can significantly influence how well the team performs. Finally, care needs to be taken when introducing self-managed teams globally. For instance, evidence suggests that these types of teams have not fared well in Mexico largely due to that culture’s law tolerance of ambiguity and uncertainty and employees’ strong respect for hierarchical authority.

7.8.3 Cross-Functional Teams

Custom Research Inc., a Minneapolis-based market-research firm, had been historically organized around functional departments, but senior management concluded that these functional departments weren’t meeting the changing needs of the firm’s clients. So management reorganized Custom Research’s 100 employees into account teams. The idea behind the teams was to have every aspect of a client’s work handled within one team rather than by separate departments. The goal was to improve communication and tracking of work, which would lead to increased productivity and more satisfied clients.

Custom Research’s reorganization illustrates the use of cross functional teams. These are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task. Many organizations have used horizontal, boundary-spanning groups for decades. For example, IBM created a large task force in the 1960s-made up of employees from across departments in the company-to develops its highly successful system and a task force is really nothing other than a temporary cross-functional team. Similarly, committees composed of members from across departmental lines are another example of cross-functional teams. But the popularity of cross discipline work teams exploded in the late 80s. For instance, all the major auto mobile manufacturers-including Toyota, Honda, Nissan, BMW, GM, Ford, and DaimlerChrysler-.--currently use this form of team to coordinate complex projects. Harley-Davidson relies on specific cross-functional teams to manage each line of us motorcycles. These teams include Harley employees from design, manufacturing, and
purchasing, as well as representatives from key outside suppliers. And IBM still makes use of temporary cross-functional teams. Between November 1999 and June 2000, for instance, IBM’s senior management pulled together 21 employees from among its 100,000 information technology staff to come up with recommendations on how the company can speed up projects and bring products to market faster. The 21 members were selected because they had one common characteristic—they had all successfully led fast-moving projects. The Speed Team, as they came to be known, spent eight months sharing experiences, examining differences between fast-moving projects and slow ones, and eventually generated recommendations on how to speed up IBM projects. Cross-functional teams are an effective means for allowing people from diverse areas within an organization (or even between organizations) to exchange information, develop new ideas and solve problems, and coordinate complex projects. Of course, cross functional teams are no picnic to manage. Their early stages of development are often very time consuming as members learn to work with diversity and complexity. It takes time to build trust and teamwork, especially among people from different backgrounds with different experiences and perspectives.

7.8.4 Virtual Teams
The previous types of teams do their work face-to-face. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal. They allow people to collaborate online using communication links like wide-area networks, video conferencing, or e-mail—whether they’re only a room away or continents apart. Virtual teams can do all the things that other team’s do—share information, make decisions, and complete tasks. And they can include members from the same organization or link an organization’s members with employees from other organizations (i.e., suppliers and joint partners). They can convene for a few days to solve a problem, a few months to complete a project, or exist permanently. The three primary factors that differentiate virtual teams from face-to-face teams are: (1) the absence of preverbal and nonverbal cues; (2) limited social context; and (3) the ability to overcome time and space constraints. In face-to-face conversation, people use preverbal tone of voice, inflection, voice volume) and nonverbal (eye movement, facial expression, hand gestures, and other body language) cues. These help clarify communication by providing increased meaning, but aren’t available in online interactions. Virtual teams often suffer from less social rapport and less direct interaction among members. They aren’t able to duplicate the normal give and take of face-to-face discussion. Especially when members haven’t personally met, virtual teams tell to be more task-oriented and exchange less social-emotional information. Not surprisingly, virtual team members report less satisfaction with the group interaction process than do face-to-face teams. Finally, virtual teams are able to do their work even if members are thousands of miles apart and separated by a dozen or more time zones. It allows people to work together who might otherwise never be able to collaborate. Companies like Hewlett-Packard, Boeing, Ford, VeriFone, and Royal Dutch/Shell have become heavy users of virtual teams. VeriFone, for instance, is a California based maker of computerized swipe machines that read credit card information. Yet the use of virtual teams allows its 3,000 employees, who are located all around the globe, to work together on design projects, marketing plans, and making sales presentations. Moreover, VeriFone has found that virtual teams provide strong recruiting inducements. Says a VeriFone vice president, “We don’t put relocation requirements on people. If a person enjoys living in Colorado and can do the job in virtual space, we’re not intimidated by that.”
During discussions of leadership, the question often arises: “Why or how are leaders able to get followers to follow?” We have already discussed the notion that followers follow if they perceive the leader to be in a position to satisfy their needs. However, our discussion also included frequent reference to the concept of “power”. We are now in a position to take a closer look at power.

**Definitions of Power:** German sociologist, Max Weber defined power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance.” Along similar lines, Emerson suggests that “The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A.” Power appears to involve one person changing the behavior of one or more other individuals — particularly if that behavior would not have taken place otherwise. Power refers to A’s ability to influence B, not A’s right to do so; no right is implied in the concept of power... At this point it is useful to point out that power refers to A’s ability to influence B, not A’s right to do so; no right is implied in the concept of power. A related concept is authority. Authority does represent the right to expect or secure compliance; authority is backed by legitimacy. For purposes of differentiating between power and authority, let us examine the relationship between the manager of a mill and her subordinates. Presumably, the manager has the authority — the right — to request that the sawyer cut lumber to certain specifications. On the other hand, the manager would not have the right to request that the sawyer wash her car. However, that sawyer may well accede to her request that he wash her car. Why? It is possible that the sawyer responds to the power that the manager has over him — the ability to influence his behavior.

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7.9.1 Classification of Power
Etzioni has made the classification of power as follows:

- **Coercive Power:** Involves forcing someone to comply with one’s wishes. A prison would be an example of a coercive organization.

- **Utilitarian Power:** It is the power based on a system of rewards or punishments. Businesses, which use pay raises, promotions, or threats of dismissal, are essentially utilitarian organizations.

- **Normative Power:** It is the power which rests on the beliefs of the members that the organization has a right to govern their behavior. A religious order would be an example of a utilitarian organization.

7.9.2 Organizational Politics
To help us understand organizations, we might consider them as political systems. The political metaphor helps us to understand power relationships in day-to-day organizational relationships. If we accept that power relations exist in organizations, then politics and politicking are an essential part of organizational life.

Politics is a means of recognizing and, ultimately, reconciling competing interests within the organization. Competing interests can be reconciled by any number of means. For example, resorting to “rule by the manager” might be seen as an example of totalitarian rule. On the other hand, politics may be a means of creating a no coercive, or a democratic work environment. Organizations need mechanisms whereby they reconcile conflicting interests.

Systems of Rule: Each represents a political orientation with respect to how power is distributed throughout the organization. To help us understand organizations, we might consider them as political systems. The political metaphor helps us understand power relationships in day-to-day organizational relationships.
If we accept that power relations exist in organizations, then politics and politicking are an essential part of organizational life. Politics is a means of recognizing and, ultimately, reconciling competing interests within the organization. Competing interests can be reconciled by any number of means. For example, resorting to “rule by the manager” might be seen as an example of totalitarian rule. On the other hand, politics may be a means of creating a non-coercive, or a democratic work environment. As mentioned, organizations need mechanisms whereby they reconcile conflicting interests. Hence, organizations, like governments, tend to “rule” by some sort of “system”. This “system” is employed to create and maintain “order” among the organization’s members.

Systems of rule within organizations range from autocratic to democratic at the extremes. Between these extremes we find bureaucratic and technocratic systems. Whatever the system, each represents a political orientation with respect to how power is applied and distributed throughout the organization. Each type of organizational “rule” simply draws on different principles of legitimacy politics stems from a diversity of interests.

Organizational actors seek to satisfy not only organizational interests, but also their own needs; driven by self-interest... According to Aristotle, politics stems from a diversity of interests. To fully understand the politics of the organization, it is necessary to explore the processes by which people engage in politics. Consistent with Aristotle’s conceptualization, it is a given that, within the organization, all employees bring their own interests, wants, desires, and needs to the workplace. Organizational decision making and problem solving, while seemingly rational processes are also a political process. Organizational actors seek to satisfy not only organizational interests, but also their own wants and needs; driven by self-interest.

Members of a corporation are at one and the same time cooperators and rivals for the rewards of successful competition Rational models of organizational behavior only explain a portion of the behavior observed (Farrell and Peterson, 1982): Members of a corporation are at one and the same time cooperators in a common enterprise and rivals for the material and intangible rewards of successful competition with each other (Farrell and Peterson, 1982). Political behavior has been defined as: the non-rational influence on decision making the successful practice of organizational politics is perceived to lead to a higher level of power. Regardless of the degree to which employees may be committed to the organization’s objectives, there can be little doubt that, at least occasionally, personal interests will be incongruent with those of the organization. Organizational politics arises when people think differently and want to act differently. The tension created by this diversity can resolve by political means. In an autocratic organization, resolution comes through the directive: “We’ll do it my way!” The democratic organization seeks to resolve this diversity of interests by asking: “How shall we do it?” By whatever means an organization resolves this diversity, alternative approaches generally hinge on the power relations between the actors involved. According to Farrell and Peterson (Farrell and Peterson, 1982), the successful practice of organizational politics is perceived to lead to a higher level of power, and once a higher level of power is attained, there is more opportunity to engage in political behavior.
One thing does appear to be clear: the political element of the management process is non-rational. Organizations cannot pretend to engage in rational decision-making processes so long as political influences play a role — and they always will! For purposes of understanding organizational political behavior, Farrell and Peterson (1982) proposed a three dimensional typology. The dimensions are:

- Where the political activity takes place — inside or outside the organization,
- The direction of the attempted influence — vertically or laterally in the organization and
- The legitimacy of the political action.

### 7.9.3 Conflict in Organizations

What happens when people in an organization disagree about the desired outcomes of that organization? What happens when peoples’ values, attitudes or motives differ? What happens when I suspect that you disagree with me? In each case, the answer is that we have conflict; tension manifests itself as conflict.

**Conflict is frequently characterized by:**

- Opposition
- Scarcity
- Blockage

Specifically, we define inter group conflict as a process of opposition and confrontation; when one group obstructs the progress of another. Scarcity of resources can bring about conflict as each department within the organization seeks to secure for itself the scarce resources it requires for its survival; each department acts out of self interest. In order to secure these scarce resources, a department may block another department’s access to the resources — this too contributes to the level of conflict. Furthermore, one party’s opposition to the proposals or action of a second party may also result in conflict. It is also useful to distinguish between conflict and competition. Competition takes place within a structure of rules. Conflict, on the other hand, generally involves some interference by one party with the other party’s pursuit of its goals.
Conflict can occur within an employee, between individuals or groups, and across organizations as they compete.

**Intrapersonal Conflict:** Although most role conflict occurs when an employee’s supervisor or peers send conflicting expectations to him or her, it is possible for intrapersonal role conflict to emerge from within an individual, as a result of competing roles taken. For example, Sabrina may see herself as both the manager of a team responsible for protecting and enlarging its resources and as a member of the executive staff charged with the task of reducing operating costs.

**Interpersonal Conflict:** Interpersonal conflicts are a serious problem to many people because they deeply affect a person’s emotions. There is a need to protect one’s self image and self esteem from damage by others: When self-concept is threatened, serious upset occurs and
relationships deteriorate. Sometimes the temperaments of two persons are incompatible and their personalities clash. In other instances, conflicts develop from failures of communication or differences in perception. An office employee was upset by a conflict with another employee in a different department. It seemed to the first employee that there was no way to resolve the conflict. However, when a counselor explained the different organizational roles of the two employees as seen from the organization’s point of view, the first employee’s perceptions changed and the conflict vanished.

**Intergroup Conflict:** Intergroup conflicts, for example, between different departments, also cause problems. On a major scale such conflicts are something like the wars between juvenile gangs. Each group sets out to undermine the other, gain power, and improve its image. Conflicts arise from such causes as different viewpoints, group loyalties, and competition for resources. Resources are limited in any organization and are increasingly tight as organizations struggle to be competitive. Since most groups feel that they need more than they can secure; the seeds of inter group conflict exist wherever there are limited resources. For example, the production department may want new and more efficient machinery while, at the same time, the sales department wants to expand its sales force, but there are only enough resources to supply the needs of one group. We noted earlier that some conflict can be constructive, and this is certainly true at the inter group level. Here, conflict may provide a clue that a critical problem between two departments needs to be resolved rather than allowed to smolder unless issues are brought into the open, they cannot be fully understood or explored. Once inter group conflict emerges, it creates a motivating force encouraging the two groups to resolve the conflict so as to move the relationship to a new equilibrium. Viewed this way, inter group conflict is sometimes escalated intentionally stimulated in organizations because of its constructive consequences. On other occasions it may be desirable to de-escalate it-intentionally decrease it because of its potentially destructive consequences. The managerial challenge is to keep conflict at a moderate level (where it is most likely to stimulate creative thought but not interfere with performance). Conflict should not become so intense that individual parties either hide it or escalate it to destructive levels.

**7.9.5 Sources of Conflict**

Interpersonal conflict arises from a variety of sources.

**Organizational Change:** People hold differing views over the direction to go, the routes to take and their likely success, the resources to be used, and the probable outcomes. With the pace of technological, political, and social change increasing and the marketplace hurrying toward a global economy, organizational changes will be ever present.

**Personality Clashes:** The concept of individual differences is fundamental to organizational behavior. Not everyone thinks feels, looks, or acts alike. Some people simply “rub us the wrong way,” and we cannot necessarily explain why although personality differences can cause conflict, they are also a rich resource for creative problem solving. Employees need to accept, respect, and learn how to use these differences when they arise.

**Different Sets of Values:** People also hold different beliefs and adhere to different value systems. Their philosophies may diverge, or their ethical values may lead them in different
directions. The resulting disputes can be difficult to resolve, since they are less objective than disagreements over alternative products, inventory levels, or promotional campaigns.

**Threats to Status:** The social rank of a person in a group is very important to many individuals. When one’s status is threatened, face saving becomes a powerful driving force as a person struggles to maintain a desired image. Conflict may arise between the defensive person and whoever created a threat to status.

**Contrasting Perceptions:** People perceive things differently as a result of their prior experiences and expectations. Since their perceptions are very real to them (and they feel that these perceptions must be equally apparent to others), they sometimes fail to realize that others may hold contrasting perceptions of the same object or event. Conflict may arise unless employees learn to see things as others see them and help others do the same.

**Lack of Trust:** Every continuing relationship requires some degree of trust—the capacity to depend on each other’s word and actions. Trust opens up boundaries, provides opportunities in which to act; and enriches the entire social fabric of an organization. It takes time to build, but it can be destroyed in an instant. When someone has a real or perceived reason not to trust another, the potential for conflict rises. Grow among people who need to coordinate their efforts. At the individual level some people may feel defeated, while the self image of others will decline, and personal stress levels will rise. Predictably, the motivation level of some employees will be reduced. It is important, then, for managers to be aware of the potential for interpersonal and inter group conflicts, to anticipate their likely outcomes, and to use appropriate conflict resolution strategies.

**Some Principal Causes of Conflict Identified**

- Communication failure
- Personality conflict
- Value differences
- Goal differences
- Methodological differences
- Substandard performance
- Lack of cooperation
- Differences regarding authority
- Differences regarding responsibility
- Competition over resources
- Non-compliance with rules

**Three general causes of conflict:**

1. Communication  
2. Organizational  
3. Personal
For purposes of analysis of the causes of conflict, it may be useful to identify three general categories:

**Communication:**
- Semantic Difficulties
  - Words do not mean the same things to everyone who hears or uses them.
  - If one person were to ask another to “level out the gravel” on a construction site, the words “level out” could mean different things to both party’s. The differences in perceived meaning are due to semantics.
- Misunderstandings
- “Noise”
  - “Noise” in the communications process can take a number of forms. Most obviously, noise is physical — the parties in the organization cannot “hear” one another because too many people are talking at once, there is a radio blaring in the background, or the construction workers on the street are using a jackhammer.
  - Noise also comes in the form of distorted signals — the fax message is misunderstood because poor quality fax paper makes it difficult to read the letters on the page.

**Organizational Structure:** It includes Group Interdependence which is the greater the degree of interdependence, the greater is the likelihood of communication difficulties. Greater interdependence also increases the possibility that the parties need to share resources. If these resources are scarce, the probability of conflict is increased. At a college, the lives of students and instructors are impacted by the Timetabling Department. The academic departments must submit their timetabling requests to the Timetabling Department. In turn, the Timetabling Department completes timetables which govern the lives of instructors and students. Neither the Timetabling Department nor the academic departments can do their jobs effectively without the highest degree of cooperation. This interdependence can become the cause of interdepartmental conflict. If either end of this interdependent relationship does not provide the other with adequate information, poor performance results. In this case, the department initiating the poor performance becomes the recipient of the other’s poor performance — conflict escalates.
  - Task specialization
  - Reward systems
  - Authority relationships
  - Group or organizational size

**Personal Variables:** It Includes Personality types and Value systems

**Resolution Strategies**
- **Confrontation** demanding apologies and redress Confrontation may be Positive: may be necessary when quick decisions are required. Negative: may suppress or intimidate
• **Avoidance** refusing to acknowledge that a problem exists reducing interaction Avoidance may be:  Positive: when conflict is minor or when there is little chance of Winning Negative: failure to address important issues

• **Accommodation** apologizing and conceding the issue to the other party Accommodation may be: Positive: useful when the outcome is more useful to the other party or when harmony is important. Negative: may lead to lack of influence or recognition

• **Compromise** bargaining until a decision or solution is reached Compromise may be: Positive: may be practical if both parties have equal power or strength. Negative: expediency may favor short-term solutions

• **Collaboration** treats the need to repair or maintain the relationship as a problem both parties should be involved in Collaboration may be requires parties to recast the conflict as a problem-solving situation the dilemma is “depersonalized” as the focus becomes one of solving the problem as opposed to defeating the other person(s)

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### 7.10 REVIEW QUESTIONS

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1. Differentiate between formal and informal groups.
2. Compare two models of group development.
3. Explain how group interaction can be analyzed.
4. Identify key factors in explaining group behavior.
5. Explain how role requirements change in different situations.
6. Describe how norms exert influence on an individual’s behavior.
7. Contrast the effectiveness of interacting, brainstorming, nominal, and electronic meeting groups
8. Define conflict
9. Differentiate between the traditional, human relations, and interactionist view of conflict.
ORGANIZATIONAL CULTURE

Structure

8.1 Introduction

8.2 Nature and Functions of Organizational Culture

8.3 Cultural Control Mechanisms

8.4 Culture: Conceptual Framework

8.5 Review Questions

8.1 INTRODUCTION

Students what do you all think Organizational Culture is? Can you all define it in your own way? In the 1980’s, we saw an increase in the attention paid to organizational culture as an important determinant of organizational success. Many experts began to argue that developing a strong organizational culture is essential for success. While the link between organizational culture and organizational effectiveness is far from certain, there is no denying that each organization has a unique social structure and that these social structures drive much of the individual behavior observed in organizations. We will leave the question of the relationship between culture and effectiveness for another discussion.

8.2 NATURE AND FUNCTIONS OF ORGANIZATIONAL CULTURE

Organizational Culture: A single definition of organizational culture has proven very elusive. No one definition of organizational culture emerged in the literature. One of the issues involving that it is defined both in terms of its causes and effect. For example, these are the two ways in which cultures often:

- **Outcomes**: Defining culture as a manifest pattern behavior- Many people use the term culture to describe patterns of cross individual behavioral consistency example, when people say that culture is “The way around here,” they are defining consistent way is in which people perform tasks, solve problems, resolve conflicts, customers, and treat employees.

- **Process**: Defining culture as a set of mechanisms creating cross individual behavioral consistency- In this case defined as the informal values, norms, and beliefs control how individuals and groups in an organization interact with each other and with people outside the organization. Both of these approaches are relevant to understanding it is important to know on what types of behavior culture greatest impact (outcomes) and how
culture works to the behavior of organizational members. We will address these two questions later in the module.

**Functions of Organizational Culture:** It includes the following:

- Behavioral control
- Encourages stability
- Provides source of identity

**Draw Backs of Culture:** It includes the following:

- Barrier to change and improvement
- Barrier to diversity
- Barrier to cross departmental and cross organizational cooperation
- Barrier to mergers and acquisitions

**What Types of Behavior Does Culture Control?** Using the outcome approach, cultures are described in terms of the following variables:

- **Innovation versus Stability:** The degree to which organizational members are encouraged to be innovative, creative and to take risks.

- **Strategic versus Operational Focus:** The degree to which the members of the management team focus on the long term big picture versus attention to detail.

- **Outcome versus Process Orientation:** The degree to which management focuses on outcomes, goals and results rather than on techniques, processes, or methods used to achieve these results.

- **Task versus Social Focus:** The relative emphasis on effect of decisions on organizational members and relationships over task accomplishment at all costs.

- **Team versus Individual orientation:** The degree to which work activities are organized around teams rather than individuals.

- **Customer Focus versus Cost Control:** The degree to which managers and employees are concerned about customer satisfaction and Service rather than minimizing costs.

- **Internal verses External Orientation:** The degree to which the organization focuses on and is adaptive to changes in its environment.
8.3 CULTURAL CONTROL MECHANISMS

How does organizational culture control the behavior of organizational members? If consistent behavioral patterns are the outcomes or products of a culture, what is it that causes many people to act in a similar manner? There are four basic ways in which a culture, or more accurately members of a reference group representing a culture, creates high levels of cross individual behavioral consistency. There are:

- **Social Norms**: These are the most basic and most obvious of cultural control mechanisms. In its basic form, a social norm is simply a behavioral expectation that people will act in a certain way in certain situations. Norms (as opposed to rules) are enforced by other members of a reference group by the use of social sanctions. Norms have been categorized by level.

- **Peripheral Norms**: They are general expectations that make interactions easier and more pleasant. Because adherence of these norms is not essential to the functioning of the group, violation of these norms general results in mild social sanctions.

- **Relevant Norms**: These norms encompass behaviors that are important to group functioning. Violation of these norms often results in non-inclusion in important group functions and activities

- **Pivotal Norms**: They represent behaviors that are essential to effective group functioning. Individuals violating these norms are often subject to expulsion from the group.

**Shared Values**: As a cultural control mechanism the keyword in shared values is shared. The issue is not whether or not a particular individual’s behavior can best be explained and/or predicted by his or her values, but rather how widely is that value shared among organizational members, and more importantly, how responsible was the organization/culture in developing that value within the individual.

**What is a value?** Any phenomenon that is some degree of worth to the members of giving groups. The conception of the desirable that establishes a general direction of action rather than a specific objective. Values are the conscious, affective desires or wants of people that guide their behavior. How are values formed /developed within individuals? We like to think that our values are unique to us and an essential part of who we are. The critical question here is, how much of our values are derived from our reference group affiliation? We find that for most people, their values are generally consistent with the values of the reference group in which they were socialized. There are two kinds of values:

- **Instrumental Values**: These values represent the “means” an individual prefers for achieving important “ends.”

- **Terminal Values**: They are preferences concerning “ends” to be achieved.
These components of culture have a well-defined linkage with each other which binds a culture and makes change in any one of the components difficult. However, change in any one of these components causes chain reactions amongst others. Their interrelationship is presented in Figure 8.1. Culture is a very powerful force at the workplace, which is consciously and deliberately cultivated and is passed on to the incoming employees. It reflects the true nature and personality of an organization. There are various myths about organizational culture. Some of them are presented here along with the counter arguments.

- **Organizational Culture is same as Organizational Climate:** In management literature there is often ambiguity about the two concepts – organizational culture and organizational climate. As explained earlier, organizational culture is a macro phenomenon which refers to the patterns of beliefs, assumptions, values, and behaviors reflecting commonality in people working together. However, organizational climate is a micro phenomenon and reflects how employees in an organization feel about the characteristics and quality of culture like morale, goodwill, employee relations, job satisfaction, and commitment at the organizational, department or unit level. It refers to the psychological environment in which behavior of organizational members occurs. It is a relatively persistent set of perceptions held by organizational members about the organizational culture. Another viewpoint about climate is that various variables get subsumed under the concept of climate, whereas has unique indicators like symbols, rites, myths, and stories.

- **Culture is same as ‘Groupthink’:** Since culture refers to shared assumptions and beliefs, it is likely to cause confusion. Groupthink refers to group members hiding any differences in how they feel and think and behave in a certain way. The phenomenon of groupthink is mostly used in a face-to-face situation when dealing with small groups. Culture, on the other hand, is a much larger phenomenon characterized by historical myths, symbols, beliefs, and artifacts.

- **Culture is same as Organization:** Culture is a result of sustained interaction among people in organizations and exists commonly in thoughts, feelings, and behavior of people. Organizations on the other hand, consist of a set of expectations and a system of reward and punishment sustained by rules, regulations, and norms of behavior.

- **Culture is a Social Structure:** Social structures in various collectives exhibit tangible and specific ways in which people relate to one another overtly. However, culture operates on a system of unseen, abstract, and emotionally loaded forms which guide organizational members to deal with their physical and social needs.


8.4 CULTURE: CONCEPTUAL FRAMEWORK

Basic concepts and Definitions: Culture has been defined differently by various scholars. According to Kroeber and Kluckholn (1952) culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts. The essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values). Culture systems may, on the one hand, be considered as products of action, and as conditioning elements of future action.

In the words of Hofstede (1980) culture is, “The collective programming of the mind which distinguishes the members of one human group from another. The interactive aggregate of common characteristics that influences a human group’s response to its environment.” Anthropologist Symington (1983) has defined culture as, “that complex whole which includes knowledge, belief, art, law, morals, customs and capabilities and habits acquired by a man as a member of society.” The Indian perspective of culture given by Sinha (2000) suggests that “Culture consists of totality of assumptions, beliefs, values, social systems and institutions, physical artifacts and behavior of people, reflecting their desire to maintain continuity as well as to adapt to external demands.”

What these descriptions suggest is a set of value systems that are equally shared by all the members. They take a long time to evolve and are sustained over a long period of time. They form a common core which binds people together. Work culture, on the other hand, is a totality...
of various levels of interaction among organizational factors (boundaries, goals, objectives, technology, managerial practices, material and human resources, and the constraints) and organismic factors (skills, knowledge, needs, and expectations) interact among themselves at various levels. Over a period of time they develop roles, norms and values focusing work and are called work culture.

**Nature of Organizational Culture:** The culture of an organization may reflect in various forms adopted by the organization. These could be:

- The physical infrastructure.
- Routine behavior, language, ceremonies.
- Gender equality, equity in payment.
- Dominant values such as quality, efficiency and so on.
- Philosophy that guides the organization’s policies towards its employees and customers like ‘customer first’ and ‘customer is king’, and the manner in which employees deal with customers.

Individually none of these connote organizational culture, however, together, they reflect organizational culture. Although organizational culture has common properties, it is found that large organizations have a dominant culture and a number of sub-cultures. The core values shared by the majority of the organizational members constitute the dominant culture. Therefore, whenever one refers to the culture of an organization one actually talks about the dominant culture of an organization one actually talks about the dominant culture.

Subcultures within an organization are a set of shared understandings among members of one group/department/ geographic operations. For example, the finance department of an organization may have a sub-culture which is unique to this department vis-a-vis other departments. This means that this department will not only have the core values of the organization’s dominant culture but also some unique values.

If an organization does not have a dominant culture and is comprised only of various sub-cultures, its effectiveness would be difficult to judge and there will be no consistency of behavior among departments. Hence, the aspect of common or shared understanding is an essential component of organizational culture. Also, organizational culture exists at various levels.

**Levels of Organizational Culture:** One comes across a number of elements in the organization which depict its culture. Organizational culture can be viewed at three levels based on manifestations of the culture in tangible and intangible forms. Figure. 8.2 identifies these levels.
At **Level one** the organizational culture can be observed in the form of physical objects, technology and other visible forms of behavior like ceremonies and rituals. Though the culture would be visible in various forms, it would be only at the superficial level. For example, people may interact with one another but what the underlying feelings are or whether there is understanding among them would require probing.

At **Level two** there is greater awareness and internalization of cultural values. People in the organization try solutions of a problem in ways which have been tried and tested earlier. If the group is successful there will be shared perception of that ‘success’, leading to cognitive changes turning perception into values and beliefs.

**Level three** represents a process of conversion. When the group repeatedly observes that the method that was tried earlier works most of the time, it becomes the ‘preferred solution’ and gets converted into underlying assumptions or dominant value orientation. The conversion process has both advantages. The advantages are that the dominant value orientation guides behavior, however at the same time it may influence objective and rational thinking. These three levels range on a scale of superficial to deeply embed. As cultural symbols get converted to share assumptions, they move from a superficial level to a real internationalized level as shown in Figure 8.3.
Types of Organizational Culture: Organizational culture can vary in a number of ways. It is these variances that differentiate one organization from the others. Some of the bases of the differentiation are presented below:

- **Strong vs. Weak Culture:** Organizational culture can be labeled as strong or weak based on sharedness of the core values among organizational members and the degree of commitment the members have to these core values. The higher the sharedness and commitment, the stronger the culture increases the possibility of behavior consistency amongst its members, while a weak culture opens avenues for each one of the members showing concerns unique to them.

- **Soft vs. Hard Culture:** Soft work culture can emerge in an organization where the organization pursues multiple and conflicting goals. In a soft culture the employees choose to pursue a few objectives which serve personal or sectional interests. A typical example of soft culture can be found in a number of public sector organizations in India where the management feels constrained to take action against employees to maintain high productivity. The culture is welfare oriented; people are held accountable for their mistakes but are not rewarded for good performance. Consequently, the employees consider work to be less important than personal and social obligations. Sinha (1990) has presented a case study of a public sector fertilizer company which was established in an industrially backward rural area to promote employment generation and industrial activity. Under pressure from local communities and the government, the company succumbed to overstaffing, converting mechanized operations into manual operations, payment of overtime, and poor discipline. This resulted in huge financial losses (up to 60 percent of the capital) to the company.

- **Formal vs. Informal Culture:** The work culture of an organization, to a large extent, is influenced by the formal components of organizational culture. Roles, responsibilities, accountability, rules and regulations are components of formal culture. They set the expectations that the organization has from every member and indicates the consequences if these expectations are not fulfilled. Table below presents some of the components of formal culture and their implication for organizations.
Informal culture on the other hand has tangible and intangible, specific and non – specific manifestations of shared values, beliefs, and assumptions. This part of organizational culture comprising of artifacts, symbols, ceremonies, rites, and stories is highlighted in almost all the definitions of organizational culture. An example of organizational culture at NIIT is presented below with the help of a case study.

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Effect on Organisational Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mission/Vision</td>
<td>The milestones to be reached</td>
<td>Could be unrealistic</td>
</tr>
<tr>
<td>2 Policies</td>
<td>Statements designed to be guidelines to behavioural decision</td>
<td>Policies, if not drafted properly can provide leeway</td>
</tr>
<tr>
<td>3 Procedures</td>
<td>Methods of providing specific guidelines</td>
<td>Can facilitate or create obstacles in smooth functioning</td>
</tr>
<tr>
<td>4 Rules</td>
<td>Specific instructions for performing a task</td>
<td>Rules could be a means or an end in themselves</td>
</tr>
<tr>
<td>5 State of Organisational</td>
<td>Organisation at young, growing, maturing, or mature stage</td>
<td>State of organisational development has direct impact on work culture</td>
</tr>
<tr>
<td>Development</td>
<td>of development</td>
<td></td>
</tr>
</tbody>
</table>

Table: Formal Components of Organizational Culture
Case Study: Box 1.1 Organizational Culture at NIIT: NIIT was founded in 1981 by two IIT, Delhi graduates, Rajendra S Pawar and Vijay K Thadani with a vision of meeting basic requirements for IT talent in a world moving into information based economy. They had anticipations about the unprepared ness of Indian society to cope with the forthcoming information age and adopted the mission “bringing people and computers together, successfully”. Initially, NIIT delivered IT training to a broad spectrum of people – from students seeking a career in computers to IT professionals requiring advanced skills; from managers giving their careers an edge, to school children using computers as a learning too. NIIT’s innovative offerings demonstrated the company’s ability to constantly renew itself to anticipate future technology trends. From a computer training institute, NIIT has emerged as a global IT solutions corporation offering knowledge solutions along with developing software solutions along with developing software solutions. Headquartered in New Delhi, India, NIIT operated through 100% subsidiaries in the US, Asia Pacific, Europe, and Japan and has operations in about 40 countries.

Its mission keeps pace with the developments in the field of IT is evolved through organization wide discussions which helps develop commitment among employees. The organization operates with the help of task teams designed for specific customer requirements for a specific period to carry out the work. Team culture and openness are emphasized a great deal. NIIT’s corporate culture focuses on values such as quality, creativity, and customer satisfaction. The quality culture of NIIT has been the result of the sustained efforts of its management – perpetuated through induction, socialization, reinforcement, innovation, and concern for internal and external customers. The quality culture is ingrained at NIIT in such a way that the priority is to prevent mistakes rather than rectify them. Also, quality efforts are backed by results, which are rewarded. Employees are treated as intellectual capital and are looked after well. The happy and committed employees ensure customer satisfaction and this has got them wide acceptance across the globe. It has got well designed mechanisms for monitoring the quality for its products, services and or software processes. Most of NIIT’s businesses have ISO 9000 certification. The work culture at NIIT has gone through all the stages of culture development like symbols, behavior, organizational values, attitudes, and shared assumptions, and probably this is the reason it has been able to sustain it.

8.5 REVIEW QUESTIONS

1. Describe the concept of organizational culture and explain the strategies to develop organizational culture.
2. What are the levels of Organization?
3. What is Organizational culture explain with examples?
4. What do you mean by value?
5. Explain the types of Organizational Culture?
9.1 Typology and Evolution of Organizational Culture

Organizational Issues: Students now that we have got an idea of what organizational culture is, today let us learn about the evolution of organizational culture. Harrison (1972) and (1991) have given the following four typologies of organizational culture.

- **Power Culture:** Power culture can be observed in small organizations and large conglomerates where there is centralized power. In this culture ‘results’ are the basis of assessment of effectiveness, sometimes to the satisfaction of the central authority figure. In this culture ends justify the means. There are both positive and negative aspects of this culture. On the positive side, the culture can help an organization become strong, dynamic, and fast to respond to external demands. On the flip side, it often leads to staff dissatisfaction, dependence on the ability and decision – making of the centralized power figure, dysfunctional conflict, and power lobbying. Only those members succeed who have a political bent of mind, power orientation and manipulative ness, and low need for security. Personal equation with the centre and control over resources make people powerful and influential.

- **Role Culture:** Based on logic and rationality, this culture is often referred to as bureaucracy. Appointment is done on the basis of the ability of the persons to carry out the functions satisfactorily. There is security for employees and career progressions are predictable. Coordination, however, takes place at the top. Departments are assigned specific functional roles and their work is governed by authority, structure, and a set of procedures. The departments follow certain mechanisms and rules for decision – making and resolving conflicts. There are both merits and demerits of this culture. In role culture, importance is given to consistency, predictability, and stability, consequently such a
culture contributes to creation of stable environments. But the drawback is that it makes adaptation to change difficult. Also, innovations, new ways of solving problems, and product and process innovations are discouraged. Such a culture is slow to respond to competitive pressures. However, some private sector organizations like IBM, TISCO, and public sector undertakings and banks have responded to globalization pressures and have resorted to voluntary retirement schemes, decentralization, disinvestment, and downsizing.

- **Task (Project Team) Culture:** Task culture is a small team culture which exists in organizations in the form of network organization or project – oriented matrix organization. In this culture, power and authority are distributed to the right people at the appropriate level and the focus is on performance and results to be achieved. There is empowerment for decision – making with regard to the task. The team is formed on the basis of capability rather than seniority or status. The work in such a culture involves ambiguity and high risk; and organizational control is through resource allocation, project budget, target setting, and monitoring. Most of the staff in such a culture is specialists or technical people. The group works on synergy and harness members’ expertise in the form of creativity and efficiency for optimum utilization of resources to complete the task efficiently. There is synchronization of personal and organizational goals.

- **Personal Culture:** As this indicates, the individual is the focal point, and examples of this culture could be found in voluntary groups like workers’ cooperative and residents’ associations where a number of individuals decide to form a group to do their own thing. The culture exists only for the people concerned and the group does not have any super – ordinate goals. There may be an office back – up in the form of a secretary. This culture is probably the only form of organization acceptable to some voluntary groups. The nature of power is consent which is derived from expertise and personal influence.

**Functions of Organizational Culture:** Culture is like a genetic code of an organization and is significant from various perspectives. Indian organizations have evolved by being culturally embedded. There are organizations founded by Tata, Godrej, and others who have promoted and maintained a typical kind of culture over the decades. There are other organizations, which have evolved from being culturally embedded through being market driven. The organizations belonging to this category are Wipro, Ranbaxy, Sundaram Fasteners, and NIIT who have used organizational culture for business growth, market capitalization, and market leadership. It is observed that small organizations draw on organizational culture and achieve competitive advantage in a niche market. One can find an example of this in Southwest Airlines in US which provided cheap air transportation for a number of years. However, big firms like IBM and Sony have penetrated the world market through various business strategies and culture of effective managerial practices. Thus organizational culture performs the following function:

- **Culture Supplements Rational Management:** Creation of an appropriate work culture is a time – consuming process. Therefore, organization culture cannot suddenly change the behavior of people in an organization. A number of management tools are used to channelize the behavior of people in a desired way. No change can be effectively brought about without involving people. Culture communicates to people through symbols,
values, physical settings, and language, and thereby supplementing the rational management tools such as technology and structure.

- **Culture Facilities Induction and Socialization**: Induction is a process through which new entrants to an organization are socialized and indoctrinated in the expectation of the organization; its cultural norms, and undefined conduct. The newcomer imbibes the culture of the organization which may involve changing his/her attitudes and beliefs to achieving an internalized commitment to the organization. Different organizations follow different practices for induction. Gillette India has a system of online induction which enables an IT – savvy newcomer to pick and choose the areas where he/she needs more detailed information. Bureaucratic organizations, however, spend considerable time explaining rules and procedures during induction as following rules is one of the major requirements of such organizations. Central government organizations in India have a one – year probation training – cum – induction involving cultural training. On the other hand, younger and entrepreneurial organizations are less formal in their induction process. Here, the established senior members share with the newcomers stories of heroes, founders, and charismatic team leaders with vision.

- **Culture Promotes Code of Conduct**: A strong organization explicitly communicates accepted modes of behavior are accepted and others would never be visible. The presence of a strong culture would be evident where members share a set of beliefs, values, and assumptions which would influence their behavior in an invisible way. Where culture has been fully assimilated by people they persistently indulge in a typical behavior in a spontaneous way. Promotion of the culture of quality can help achieve good business results. Rohmetra (2000) conducted a study of cultural diversity and ethical behavior. She collected data from 30 managers of Dogra culture and 35 managers of Laddakhi culture. Her results showed that Dogra managers had highest consistency between what they believe and what they do at work, while the situation was the reverse for Laddakhi managers.

- **Subcultures Contribute to Organizational Diversity**: Sub – cultures, and sub – systems of values and assumptions which may be based on departmentalization, activity centers, or geographical locations, provide meaning to the interests of localized, specific groups of people within the macro organization. Sub – cultures can affect the organization in many ways: (i) they may perpetuate and strengthen the existing culture; (ii) they may promote something very different from those existing; (iii) they may promote a totally opposite sub – culture (beliefs and values) or counter culture when in a difficult situation.

Care needs to be exercised when promoting a counter culture as it may be detrimental to the larger organizational interest.

**Evolution of Organization Culture**: An organization’s current customs, traditions, and general way of doing things largely on what it has done before and the degree of success it had achieved using that mode. The founders of an organization typically have a major impact on an organization’s culture particularly during its initial days of existence. The founder members of
the organization start the organization with a vision of their own. They start every thing anew and are not bound by previous customs or ideologies as there is hardly any at that point of time. More specifically, the process of culture occurs in three ways.

First, founders only hire and keep employees who think and feel the way. Secondly, they indoctrinate and socialize these employees to their way of thinking and feeling. And finally, the founders’ own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions. When the organization succeeds, the founders’ vision becomes recognized as the primary determinant of success. The founder’s entire personality becomes embedded in the culture of the organization.

**Sustaining Organizational Culture:** Three important forces play particularly important role in sustaining a culture. They are:

- **Selection:** Even though the explicit goal of any selection process is to identify and hire individuals who have the required level of job related knowledge, skills and abilities, the often understated part of the selection process is to check whether there is the possibility of the candidate’s acceptance of the organizational values and cultures. That is why we find a number of interviews to take place for an initially short listed candidate with organizational members at different levels.

- **Top Management:** The role of top management has been discussed in the context of developing a culture. This is however crucial in sustaining the culture as well. This becomes typically apparent during the changes in management.

- **Socialization:** This refers to the process that adapts employees to the organization’s culture. Even when the organization selects its members carefully, it is always required to reorient them properly in order to imbibe the organizational culture.

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**9.2 FORCES AND KEY ROLES**

Dear students, today we shall learn about change and its impact of change on organizations. Perhaps the only thing constant within organizations is now change. Traditionally, analysis of organizational change has been built around the organism metaphor in which organizations are analyzed as if they were living organisms operating in an environment to which they need to adapt to ensure survival. For an organization, its environment may be broken down into:

- Societal factors
- Environment factors and
- Internal factors.

This is an era of globalization and the organizations need to cope up with the dynamic and inevitable changes which take place very often. Because of these changes the competition among firms is becoming intense and every organization should be flexible enough to implement the
changes whenever required for its survival. There are two basic forms of change in organizations.

- **Planned Change:** It is change resulting from a deliberate decision to alter the organization. Companies that wish to move from a traditional hierarchical structure to one that facilitates self managed teams must use a proactive, carefully orchestrated approach. Not all change is planned, however.

- **Unplanned Change:** It is imposed on the organization and is often unforeseen. Changes in government regulations and changes in the economy, for example, are often unplanned. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of the organizations. Managers must be prepared to handle both planned and unplanned forms of change in organizations.

**Forces for Change:** Forces for change can come from many sources. Some of these are external, arising from outside the company, whereas others are internal, arising from sources within the organization.

- **External Forces:** The four major external forces for change are globalization, workforce diversity, technological change, and managing ethical behavior are challenges that precipitate change in organizations.

- **Internal Forces:** Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered. Declining effectiveness is a pressure to change. A company that experiences its third quarterly loss within a fiscal year is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost – cutting programs, whereas others look at the bigger picture, view the loss as symptomatic of an underlying problem, and seek the cause of the problem. A crisis also may stimulate change in an organization. Strikes or walkouts may lead management to change the wage structure. The resignation of a key decision-maker is one crisis that causes the company to rethink the composition of its management team and its role in the organization. A much-publicized crisis that led to change with Exxon was the oil spill accident with Exxon’s Valdez oil tanker. The accident brought about many changes in Exxon’s environmental policies. Changes in employee expectations also can trigger change in organizations. A company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers. The work force is more educated than ever before. Although this has its advantages, workers with more education demand more of employers. Today’s workforce is also concerned with career and family balance issues, such as dependent care. The many sources of workforce diversity hold potential for a host of differing expectations among employees Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs. Workers who have escaped a layoff may grieve for those who have lost their jobs and may find it hard to continue to be
productive. They may fear that they will be laid off as well, and many feel insecure in their jobs.

**Resistance to Change:** People often resist change in a rational response based on self-interest. However, there are countless other reasons people resist change. Many of these centers around the notion of reactance—that is, a negative reaction that occurs when individuals feel that their personal freedom is threatened. Some of the major reasons for resisting change are as follows:

- **Fear of the Unknown:** Change often brings with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them. This is especially a problem when there has been a lack of communication about the change.

- **Fear of Loss:** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology like robotics is introduced. Employees also may fear losing their status because of a change. Computer systems experts, for example, may feel threatened when they feel their expertise is eroded by the installation of a more user-friendly networked information system. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job. Computerizing the customer service positions at Southwestern Bell, for example, threatened the autonomy that representatives previously enjoyed.

- **Fear of Failure:** Some employees fear changes because they fear their own failure. Introducing computers into the workplace often arouses individuals’ self-doubts about their ability to interact with the computer. Resistance can also stem from a fear that the change itself will not really take place. In one large library that was undergoing a major automation effort, employees had their doubts as to whether the vendor could really deliver the state-of-the-art system that was promised. In this case, the implementation never became a reality—the employees’ fears were well founded.

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**9.3 BEHAVIORAL RESISTANCE TO CHANGE**

Students now we will learn about behavioral Reaction to change. How employees perceive a change greatly affects how they react to it.

- If employees cannot foresee how the change will affect them, they will resist the change or be neutral, at best.
- If employees clearly see that the change is not compatible with their needs and aspirations, they will resist the change.
- If employees see that the change is going to take place regardless of their objections, they may initially resist the change and then resignedly accept it.
- If employees see that the change is in their best interests, they will be motivated to accept it.
In spite of attempts to minimize the resistance to change in an organization, some reactions to change are inevitable. Negative reactions may be manifested in overt behavior, or change may be resisted more passively. People show four basic, identifiable reactions to change: disengagement, misidentification, disenchantment, and disorientation. Managers can use interventions to deal with these reactions.

**Disengagement:** It is psychological withdrawal from change. The employee may appear to lose initiative and interest in the job. Employees who disengage may fear the change but take on the approach of doing nothing and simply hoping for the best. Disengaged employees are physically present but mentally absent. They lack drive and commitment, and they simply comply without real psychological investment in their work. Disengagement can be recognized by behaviors such as being hard to find or doing only the basics to get the job done. Typical disengagement statements include “No problem” or “This won’t affect me.” The basic managerial strategy for dealing with disengaged individuals is to confront them with their reaction and draw them out so that they can identify the concerns that need to be addressed. Disengaged employees may not be aware of the change in their behavior, and they need to be assured of your intentions. Drawing them out and helping them air their feelings can lead to productive discussions. Disengaged people seldom become cheerleaders for the change, but they can be brought closer to accepting and working with a change by open communication with an empathetic manager who is willing to listen.

**Misidentification:** It is another reaction to change. Individuals reacting in this way feel that their identity has been threatened by the change, and they feel very vulnerable. Many times they cling to a past procedure because they had a sense of mastery over it, and it gave them a sense of security. “My job is completely changed” and “I used to these are verbal indications of misidentification. Become involved in the change and establish a feeling of ownership in the process. When employees are allowed to participate, they are more committed to the change. Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening is an excellent tool for identifying the reasons behind resistance and for uncovering fears. An expression of concerns about the change can provide important feedback that managers can use to improve the change process. Emotional support and encouragement can help an employee deal with the anxiety that is a natural response to change. Employees who experience severe reactions to change can benefit from talking with a counselor. Some companies provide counseling through their employee assistance plans.

Open communication, participation, and emotional support can go a long way towards managing resistance to change. Managers must realize that some resistance is inevitable, however, and should plan ways to deal with resistance early in the change process. Managing resistance to change is a long and often arduous process. GTE Mobilnet faced substantial resistance to change when it implemented its customer connection initiative, with the goal of building a cellular – phone network that ranks first in customer service. The change agent, Ben Powel, and his teammates tried to persuade staffers at Mobilnet’s 350 service centers to send new cellular phones out the door with fully charged batteries in them. The salespeople liked the idea – they could tell customers that their phones were ready to use when they sold them. Service workers, however, balked at the idea because they were the ones who had to install the batteries. Powell and his team essentially repeated the following dialogue 350 times: “You can’t see why you need
to bother with installing the batteries? Here are sales figures showing how much revenue we lose by making customers wait to use their phones. The average customer calls everybody he knows when he first gets the thing, like a kid with a new toy – but only if it has a charged battery in it. Don’t have room to stock all those batteries? We’ll help you redesign your identified employees often display sadness and worry. They may appear to be sulking and dwelling on the past by reminiscing about the old ways of doing things. Because misidentified employees are so vulnerable, they often feel like victims in the change process. Managers can help them through the transition by encouraging them to explore their feelings and helping them transfer their positive feelings into the new situation. One way to do this is to help them identify what it is they liked in the old situation, as well as to show them how it is possible to have the same positive experience in the new situation. Misidentified employees need to see that work itself and emotion are separable – that is, that they can let go of old ways and experience positive reactions to new ways of performing their jobs.

Disenchantment: It is also a common reaction to change. It is usually expressed as negativity or anger. Disenchanted employees realize that the past is gone, and they are mad about it. They may try to enlist the support of other employees by forming coalitions. Destructive behaviors like sabotage and backstabbing may result. Typical verbal signs of disenchantment are “This will never work” and “I’m getting out of this company as soon as I can.” The anger of a disenchantment person may be directly expressed in organizational cultures where it is permissible to do so. This behavior tends to get the issues out in the open. More often, however, cultures view the expression of emotion at work as improper and like no business. In these cultures, the anger is suppressed and emerges in more passive – aggressive ways, such as badmouthing and starting rumors. One of the particular dangers of enchantment is that it is quite contagious in the workplace.

It is often difficult to reason with disenchantment employees. Thus, the first step in managing this reaction is to bring these employees from their highly negative, emotionally charged state to a more neutral state. To neutralize the reaction does not mean to dismiss it; rather, it means to allow the individuals to let off the necessary steam so that they can come to terms with their anger. The second part of the strategy for dealing with disenchantment employees is to acknowledge that their anger is normal and that you do not hold it against them. Sometimes disenchantment is a mask for one of the other three reactions, and it must be worked through to get to the core of the employee’s reaction. Employees may become cynical about change. They may lose faith in the leaders of change. The Scientific Foundation presents a study that explored the reasons employees become cynical.

Disorientation: Disoriented employees are lost and confused, and often they are unsure of their feelings. They waste energy trying to figure out what to do instead of how to do things. Disoriented individuals ask a lot of questions and become very detail oriented. They may appear to need a good deal of guidance and may leave their work undone until all of their questions have been answered. “Analysis paralysis” is characteristic of disoriented employees. They feel that they have lost touch with the priorities of the company, and they may want to analyze the change to death before acting on it.
Disoriented employees may ask questions like “Now what do I do?” or “What do I do first?” Disorientation is a common reaction among people who are used to clear goals and unambiguous directions. When change is introduced, it creates uncertainty and a lack of clarity. The managerial strategy for dealing with this reaction is to explain the change in a way that minimizes the ambiguity that is present. The information about the change needs to be put into a framework or an overall vision so that the disoriented individual can see where he or she fits into the grand scheme things. Once the disoriented employee sees the broader context of the change, you can plan a series of steps to help this employee adjust. The employee needs a sense of priorities to work on.

Managers need to be able to diagnose these four reactions. Because each reaction brings with it significant and different concerns, no single universal strategy can help all employees adjust. By recognizing each reaction and applying the appropriate strategy, it is possible to help even strong resisters work through a transition successfully.

**Managing Resistance to Change:** The traditional view of resistance to change treated it as something to be overcome, and many organizational attempts to reduce the resistance have only served to intensify it. The contemporary view holds that resistance is simply a form of feedback and this feedback can be used very productively to manage the change process. One key to managing resistance is to plan for it and to be ready with a variety of strategies for using the resistance as feedback and helping employees negotiate the transition. Three key strategies for managing resistance to change are communication, participation, and empathy and support. Communication about impending change is essential if employees are to adjust effectively. The details of the change should be provided, but equally important is the rationale behind the change. Employees want to know why change is needed. If there is no good reason for it, why should they favour the change? Providing accurate and timely information about the change can help prevent unfounded fears and potentially damaging rumors from developing. Delaying the announcement of a change and handling information in a secretive fashion can serve to fuel the rumor mill. Open communication in a culture of trust is a key ingredient for successful change. It is also beneficial to inform people about the potential consequences of the change. Educating employees on new work procedures is often helpful. Studies on the introduction of computers in the workplace indicate that providing employees with opportunities for hands–on practice helps alleviate fears about the new technology. Employees who have experience with computers display more positive attitudes and greater efficacy – a sense that they can master their new tasks. There is substantial research support underscoring the importance of participation in the change process. Employees must be engaged and involved in order for change to work – as supported by the notion “That which we create, we support.” GE’s Workout process that was mentioned earlier is a good illustration of how to get a large group together in a free–form, open–ended meeting. The outcome is a change to which everyone is committed. The group comes together later, after the change is implemented to see what has been learned and to look for what is happening on the horizon. Participation by a large group can move change further along. Participation helps employees.
Disruption of Interpersonal Relationships: Employees may resist change that threatens to limit meaningful interpersonal relationships on the job. Librarians facing the automation effort described previously feared that once the computerized system was implemented, they would not be able to interact as they did when they had to go to another floor of the library to get help finding a resource. In the new system, with the touch of a few buttons on the computer, they would get their information without consulting another librarian.

Personality Conflicts: When the change agent’s personality engenders negative reactions, employees may resist the change. A change agent who appears insensitive, to employee concerns and feelings may meet considerable resistance, because employees perceive that their needs are not being taken into account.

Politics: Organizational change may also shift the existing balance of power in the organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

Cultural Assumptions and Values: Sometimes cultural assumptions and values can be impediments to change, particularly if the assumptions underlying the change are alien to employees. This form of resistance can be very difficult to overcome, because some cultural assumptions are unconscious. As we discussed earlier, some cultures tend to avoid uncertainty may be met with great resistance. Some individuals are more tolerant of ambiguity. We have described several sources of resistance to change. The reasons for resistance are as diverse as the workforce itself and vary with individuals and organizations. The challenge for managers is introducing change in a positive manner and managing employee resistance.

Sources of Resistance: The following below are the sources of resistance:
**Individual Resistance:** Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs. The Following summarizes five reasons why individuals may resist change:

- **Habit:** A human being is creatures of habit. Life is complex enough; we don’t need to consider the full range of options for the hundreds of decisions we have to make every day. To do so we develop habit this is nothing but programmed responses. So whenever we confronted with change this tendency to respond in our accustomed ways becomes a source of resistance e.g. Day shift working.

- **Security:** People with a high need for security are likely to resist change because it threatens their feelings of safety.

- **Economic Factors:** Another source of individual resistance is concern that changes will lower one’s income. Changes in job tasks or established work routines also can arouse economic fears if people are concerned that they won’t be able to perform the new tasks routines to their previous standards, especially when pay is closely tied to productivity.

- **Fear of the Unknown:** Changes substitute ambiguity and uncertainty for the known. The transition from high school to college is typically such an experience.

- **Selective Information Processing:** Individuals shape their world through their perceptions. Once they have created this world, it resists change. So individuals are guilty of selectively processing information in order to keep their perceptions intact. We hear what we want to hear. We ignore information that challenges the world we’ve created.

**Organizational Resistance:** Listed below is the Organizational resistance:

- **Limited Focus of Change:** Organizations are made up of a number of mutually dependent subsystems. So, you can’t change one without affecting the others. For example, if management changes the technological processes without simultaneously modifying the organization’s structure to match, the change in technology is not likely to be accepted. So limited changes in subsystems tend to get nullified by the larger system.

- **Group Inertia:** Even if individuals want to change their behavior, group norms may act as a constraint. An individual union member, for instance, may be willing to accept changes in his job suggested by management. But if union norms dictate resisting any unilateral change made by management, he’s likely to resist.

- **Threat to Expertise:** Changes in organizational patterns may terrorize the expertise of specialized groups. The introduction of decentralized personal computers, which allow managers to gain access to information directly from a company’s mainframe, is an example of a change that was strongly resisted by many information systems departments in the early 1980. Because decentralized end-user computing was a threat to the specialized skills held by those in the centralizing information systems departments.
• **Threat to Established Power Relationships:** Any redeployment of decision-making authority can threaten long-established power dealings within the organization. The introduction of participative decision making or self-managed work teams is the kind of change that often seen as threatening by supervisors and middle managers.

• **Threat to Established Resource Allocations:** Those groups in the organization that control sizable resources often see change as a danger. They tend to be content with the way things are. Will the change, for instance, make a reduction in their budgets or a cut in their staff size? Those that most benefit from the current allocation of resources often feel threatened by changes that may affect future allocations.

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### 9.4 WORK STRESS AND STRESS MANAGEMENT

Dear students, we often say “I am under stress?” or “I feel stressed” why do we say so? Let’s try to understand what actually stress means and how to manage it.

**What is Stress?** The common expression for stress is ‘tension’. One is said to be tensed, when there is some anxiety, some fear of whether the desirable things may happen, whether something may go wrong, etc. It is a state of discomfort felt in the mind and experienced by the body. When there is tension, the body may become weak. In management literature, ‘Stress’ is defined as a response of the human body to a felt need. When one is hungry and there is an urge to eat food, the body is in a state of stress, which disappears when the need is fulfilled. This definition suggests that stress is a desirable condition, making one move towards fulfillment of needs. This is partly true. Stress occurs also when the need arises out of fear and the urge is to run and escape. This may sometimes, be not possible. In that case, there is no movement, the need remains unfulfilled and the stress condition does not disappear.

Stress is identified as of two kinds. One is called **EuStress**, which is the condition in which there is drive and effort to fulfill the needs. Motivation is high. Achievement is seen as possible. The situation is challenging. Stress disappears when the need is fulfilled. There is success. The other is **Distress**, which is the condition when there is a sense of helplessness in being able to achieve. The feeling is of frustration. There is no success. May be, there is no attempt even, because success is seen as impossible. The stress condition remains.

If one were to chart the level of stress and the level of effort put in to work, it would be an inverted parabola. EuStress would be in the ascending left side of the parabola. The challenge would be maximum at the hump. The latter half on the right side represents Distress. The problems of stress are caused by Distress, not by EuStress. EuStress is necessary for the person to be fully alert, for all his faculties to come into play to face the situation. For example, a goalkeeper in football or hockey will be totally relaxed when the ball is at the other end of the ground, but becomes extremely alert as the ball moved towards him. His body stiffens, the eyes begin to bulge, focusing on the ball and the movement of the players, picking up the slightest of movements and every nerve and muscle ready to respond to those movements. That is EuStress, without which the goalkeeper cannot be at his best. So also, EuStress is experienced by the batsman in cricket when the bowler is on the run, and by the tennis player when the ball is about to be served at the other end.
**Stress is Physical:** When the goalkeeper or the batsman or the tennis player experiences EuStress, there are changes in the physical system. The muscles become tense. The eyes become sharper. When one is under severe distress, the person sweats, the body becomes weak and loses strength. Study of stress shows that the response is the same whether it is EuStress or Distress, except that the degree varies. The response is called the Fight or Flight response. When one senses danger, one is tempted to either stand or fight to ward off the danger or run away – Flight. The body conditions itself for either event, automatically, causing changes in the normal secretions of hormones and other chemicals, withdrawing from activities that are less important and diverting to activities that should have higher priority in that situation. Food is less important. The muscles need more energy and therefore the blood carries substances to the muscles, diverting them from the stomach. More oxygen than normal is required. Therefore, the breathing becomes faster, the heart-beat rate increases, the blood vessels dilate to carry more oxygen. The liver releases more stored energy. The eyes and ears become more acutely sensitive to the sensations from outside. The body is programmed to reverse these changes, and revert to normal, when the threat disappears. If however, one remains in a continuous state of stress, without becoming normal, the changed conditions tend to remain permanent, like a rubber band loses its elasticity when held extended for a long time. These abnormal conditions manifest as diseases and one suffers from high blood pressure, cardiac disorders, peptic ulcers, insomnia, constipation, fatigue, colitis, kidney problems, etc. Behaviorally, they lead to absenteeism, alcoholism, use of drugs, marital disharmony and so on, which are both organizationally and socially, undesirable.

**Stress is Psychological:** Stress is experienced when one perceives a threat and the fight or flight response is called for. This perception is an interpretation that one makes within oneself, of the external factors. When one sees a dog on the street baring its teeth, one may either get frightened or remain calm. Both fright and calmness are psychological reactions. The choice is one’s own and is not dictated by the dog. This choice is made, largely unconsciously, on the basis of one’s beliefs about dogs in general, what one has heard about rabies being caused by dog bites, what one sees about the characteristics of the dog in question at that time, one’s predilections towards animals, and so on. When one becomes anxious in a situation, the situation does not create any anxiety. What one thinks about the situation creates the anxiety. If one is confident of tackling the situation, there is no anxiety. Therefore, the level of stress is caused by one’s own perception of one’s capability to cope with the situation. Thus, stress is a psychological response, depending upon one’s level of fear, confidence, anxiety, anger, hurt, etc. The physical response is an automatic sequel to one’s psychological condition. The physical changes depend on the extent of fear or confidence etc. Therefore, the management of stress essentially is in the control one has on one’s emotions.

**Stressors:** Stress is not caused by any external factor. It is created by oneself, by the way one thinks about the external factors. Yet there are situations, in which most people tend to get stressed. These are called stressors. In personal life, death of a close relative is a stressor. An important test in life, like a final examination; a transfer of residence; separation due to marriage, divorce or change of job; difficult financial demands; serious illness; likelihood of unpleasant secrets becoming revealed; are common stressors. Having to welcome and entertain important
visitors or having to deliver a speech for the first time, also cause considerable stress. At work, the following may be stressors.

- Needs not met. These could be needs for power, for fulfillment, for use of knowledge.
- Not being included by others as part of a group you want to belong to.
- Not being recognized or valued for one’s competence.
- Feeling that one is not adequate for the task, particularly when compared to someone else.
- Being denied what is due (rewards, work).
- Monotony or boredom
- Not having enough freedom at work, being closely supervised.
- Inequity in rewards, assignments
- Very little opportunity for growth
- Too much of work, overload
- Too little work, boredom
- Inadequate resources to do the assigned work, creating possibilities of failures
- Conflict in values at work, being required to do what one does not like to do.
- Too many and conflicting demands at work from the role set.
- Responsibilities not clear, ambiguity on what is expected
- Understanding, unpredictable, temperamental boss.
- New unfamiliar work
- Being blamed

On close analysis, it will be found that all of the above situations are, in some way or other, causing perceptions of possible failure at work or non-recognition and consequent loss of self-esteem.

**Levels of Stress:** There are four basic levels of stress symptoms.

- The first is the normal initial response and is characterized by increased heart beat rates, increased blood pressure, dilation of pupils, sweat in palms and reduced activity in the stomach.
- At the second level, there is more irritability, stuttering and stammering, difficulty in concentrating, restlessness, lack of appetite and tendency to increased smoking or drinking for those so habituated.
- At the third level, there would be more headaches, stomach aches, diarrhoea, sweating, insomnia, depression etc.
- The fourth level would be characterized by ulcers, stroke, alcoholism, drug addiction, psychosis etc.

**Managing Stress:** Stress cannot be avoided. Without stress, there will be no attempt to try the difficult. One will give up much too easily. One will not succeed in doing even what one is easily capable of, because even the normal faculties will not come into play - like the goalkeeper, if he remained relaxed even at the last minute. There are two aspects to take care of in managing stress. One is that one should not develop stress to the point that one becomes non-functional like
Arjuna laying down his arms. The second is to try to get back to normal as quickly as one can and not continue to be in a state of stress for too long. The former is achieved essentially by an attitude that is developed by rational thoughts. The first is to realize that one’s perceptions often distort the reality. The situation may not be as bad as it may seem to be. The second is to understand that a failure is not an unmitigated disaster. It is not possible to succeed all the time. It is not even necessary to succeed all the time. One failed effort does not mean that the person is no good. Nobody has succeeded without many losses. Even World champions sometimes lose a first round match to an unseeded player. Marconi and Thomas Alva Edison succeeded in their inventions after many attempts that failed. They saw failures as opportunities to learn. The third is to recognize that worry and anxiety will not modify the situation, but will only disturb one’s peace of mind and health. If one watches passengers at airports and railway stations, one will find how some of them remain quite relaxed and even sleeping while others are continuously making enquiries from officials about extent and causes of delays. Such constant enquiries only irritate, but do not expedite solutions. They add to stress of self and of others. Another very valid concept is what is postulate in the Gita. You can only do. The results are not in your hands. The results, called failures or successes are in the future. One does not have control on the future. One can acquire some control on the present and that is what one does. Also the success or failure does not depend only on what one does. Many other factors impinge. Therefore, the Gita proposes, do your duty and do not worry about what the consequences or fruits may be. Only thoughts about the possible desirability of the fruits cause anxieties. Mother Teresa had expressed the same thought, when she is reported to have said to the industrialist Mr. J.R.D.Tata, “Why are you worrying about poverty? Your work is to open more industries, give more employment to people and leave the rest to God.”

A situation that causes stress is a problem situation. The solution needs generating managerial options. People lose tempers and abuse officials as a result of stress. None of these solve the problems that may exist. Problem-solving needs calm, clear, analytical thinking. Clarity of thought and analysis improves with EuStress and deteriorates with Distress. Managerial alternatives and options will be seen when one ‘is concerned’ with the matter, not when one is ‘anxious’. Awareness that nothing will be perfect and that anything that can go wrong will go wrong, helps to cope with the stress situations. People who demand of themselves Excellence always, are likely to develop high stress. Perfection is not necessary. It may also not be possible. Satisfying is often the only available option. At work one must learn to delegate. Many people believe that they alone can do certain tasks. The golden rule is to make this statement invalid as quickly as possible. Stress is only one reason for doing so. The positive outcomes are many. As one rises in the hierarchy, it would be impossible to do all the jobs that have to be done. One needs to pass on to others. Time spent in making this happen, is good investment for the future. Getting back to normal is relatively easy. One only has to get one’s mind into a condition in which there is no stress. Any pleasant activity will make this possible. Hobbies help. The practice of Yoga is excellent to relax one’s body and mind. Stress is relieved when one can share one’s thoughts and feelings with someone else. Good tunes and ragas, like in bhajans and ghazals, have the capacity to soothe one’s nerves, even if one is not listening. As the Manager and as the boss, one can ensure that subordinates are not put to undue stress and also that they are helped to get out of stress situations as quickly as possible. The steps are
• Recognize the stress levels
• Show concern
• Encourage talking
• Listen
• Empathize
• Explain and show how it can be done
• Reassure
• Provide support
• Discuss and involve them in decisions
• Show respect to the individuals
• Avoid insult, denunciation, abuse, reprimand, particularly in public
• Avoid manipulation, coercion, blaming
• Avoid pressurizing too much
• Provide social support

All the above, render support and help to reduce anxieties. It is not suggested that the demands on people should be lowered. People like challenges. They must be given challenging assignments. That is the only way to growth. But if there is a sensing of extreme stress, it should be managed through reassurance, not by withdrawing the assignment.

Personality Types: Studies on Stress have identified that Type A personalities tend to get stressed much faster than Type B personalities. The characteristics of a Type A personality are an intense urge to achieve, impatience and restlessness, always on the move, hurrying, doing more than one task at a time. He keeps a heavy and tight schedule and dislikes waiting and relaxing. The Type B is exactly the opposite, takes things easy, finds time to relax, is not impatient and is not obsessed with winning all the time. Instruments have been developed to identify the Type of any person. But no one is fully Type A or fully Type B. It is possible to move from one type to another. It is not as if Type B is the more desirable personality, because stress is not the only factor relevant for effectiveness. Achievement is equally important for effectiveness and there the Type A has a better chance to win.

Time Management: Inadequacy of resource is a common stressor. One needs resources to do a job and if the resource is not available, there could be stress. One important resource is Time. Many people find that they do not have enough time to do a job. Deadlines seem to be difficult to meet. This is true of individuals as well as of collectives. We read of committees asking for extension of time to do their jobs; of projects not being completed on time. Unfortunately, time is such a resource that nobody can give more or take away. Everybody has a definite amount of time available. Studies show that people are poor planners in terms of usage of time as a resource. Time is wasted in a number of ways. Therefore, if one learns ways to manage one’s time better, there could be a better control on stress. Time is wasted because of:

• Non-productive work like searching for files, papers and references.
• Available information being inadequate or incomplete
• Meetings and lengthy reports
• Indecisiveness, unable to make up one’s mind
• Correcting errors in instructions, assignments
• Clarifying goals and roles
• Too much routine, paperwork
• Lack of prioritization

Once the cause is known, the remedy should be obvious. The best way to know the cause is to keep a detailed log of how one is using his time over a period of a week or so. Some of the remedies will be in the nature of readjustments of personal habits, like planning on priorities, avoiding drift in meetings, not insisting on perfectionism etc. Some remedies will be in the nature of reorganizing work systems in the office so that search and corrections are made minimal. Some will be in the nature of training others for better work practices, so that supervision can be less. Indecisiveness has been mentioned as a time waster. This may happen because of lack of clarity on objectives or because of fatigue and the mind not being able to concentrate. Both are avoidable.

Indecisiveness can also happen because of lack of knowledge on the subject. The time one takes to study a matter depends on one’s skill. Experienced people run through a 100 page file, without reading every page, but picking up the important and relevant matter, while another may have to spend double the time reading every paper to determine its relevance. Thus, one way to manage time better is to improve one’s skills at work.

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9.5 STEPS TO BE FOLLOWED IN STRESS MANAGEMENT
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Identifying unrelieved stress and being aware of its effect on our lives is not sufficient for reducing its harmful effects. Just as there are many sources of stress, there are many possibilities for its management. However, all require work toward change: changing the source of stress and/or changing your reaction to it. How do you proceed?

• **Become aware of your Stressors and your Emotional and Physical Reactions:** Notice your distress. Don’t ignore it. Don’t gloss over your problems. Determine what events distress you. What are you telling yourself about meaning of these events? Determine how your body responds to the stress. Do you become nervous or physically upset? If so, in what specific ways?

• **Recognize what you can Change:** Can you change your stressors by avoiding or eliminating them completely? Can you reduce their intensity (manage them over a period of time instead of on a daily or weekly basis)? Can you shorten your exposure to stress (take a break, leave the physical premises)? Can you devote the time and energy necessary to making a change (goal setting, time management techniques, and delayed gratification strategies may be helpful here)?

• **Reduce the Intensity of your Emotional Reactions to Stress:** The stress reaction is triggered by your perception of danger, physical danger and/or emotional danger. Are you viewing your stressors in exaggerated terms and/or taking a difficult situation and
making it a disaster? Are you expecting to please everyone? Are you overreacting and viewing things as absolutely critical and urgent? Do you feel you must always prevail in every situation? Work at adopting more moderate views; try to see the stress as something you can cope with rather than something that overpowers you. Try to temper your excess emotions. Put the situation in perspective. Do not labor on the negative aspects and the “what or ifs.”

- **Learn to Moderate your Physical Reactions to Stress:** Slow, deep breathing will bring your heart rate and respiration back to normal. Relaxation techniques can reduce muscle tension. Electronic biofeedback can help you gain voluntary control over such things as muscle tension, heart rate, and blood pressure. Medications, when prescribed by a physician, can help in the short term in moderating your physical reactions. However, they alone are not the answer. Learning to moderate these reactions on your own is a preferable long-term solution.

- **Build your Physical Reserves:** Exercise for cardiovascular fitness three to four times a week (moderate, prolonged rhythmic exercise is best, such as walking, swimming, cycling, or jogging). Eat well-balanced, nutritious meals. Maintain your ideal weight. Avoid nicotine, excessive caffeine, and other stimulants. Mix leisure with work. Take breaks and get away when you can. Get enough sleep. Be as consistent with your sleep schedule as possible.

- **Maintain your Emotional Reserves:** Develop some mutually supportive friendships/relationships. Pursue realistic goals which are meaningful to you, rather than goals others have for you that you do not share. Expect some frustrations, failures, and sorrows. Always be kind and gentle with yourself — be a friend to yourself.

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9.6 REVIEW QUESTIONS

1. Explain the consequences of job stress and suggest methods of its management.
2. What is organizational structure? Discuss its key components.
3. What are typologies of organizational culture?
4. What are the sources of Resistance to change?
5. Write a brief note on Time Management
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