

# **ORGANIZATIONAL BEHAVIOUR**

## **(BBA 303)**



**Jaipur National University**  
**Directorate of Distance Education**

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## ORGANIZATIONAL BEHAVIOUR

**Organizational Behavior:** Meaning, Discipline Contributing to O. B., Role of O.B. in business organizations. Learning,

**Perception:** Nature and Importance, Personality: Meaning, characteristics, determinants.

**Motivation:** Primary and secondary motives, Theories of motivation: Content and process-theories - Vroom's expectancy theory. Alderfers ERG Theory, Mc Clelland's Need Theory.  
Group Dynamics: Theories of groups, group norms and roles.

**Leadership:** Leaders versus Managers, Theories of leadership: Trait theory, behavioral theory, Fiedler's contingency theory. Leadership styles.

**Individual Processes** – Personality, values, attitudes, perception, learning and motivation

**Management of Conflicts & Power:** Reasons and types of conflicts. Management of Interpersonal conflicts and organizational conflicts.

**Power:** Meaning of Power, Source of power, Implications for performance and satisfaction.

**Organizational Change:** Major forces of change. Resistance to change. Process of change. Developing support for change, Change Model.

**Team Processes** – Interpersonal communication, group dynamics, teams and teamwork, decision-making, conflict and negotiation in workplace, power and politics

**Organizational processes** – Elements of organization structure, organizational structure and design, organizational culture, organizational change

**Group Behaviour:** Concept of Group and Group Dynamics; Types of Groups; Formal and Informal Groups;

**Stages of Group Development:** Theories of Group Formation; Group Norms, Group Cohesiveness;

**Groups:** Group Think and Group Shift. Group Decision Making; Inter Group Behaviour;

**Team Development:** Concept of Team Vs. Group; Types of teams; Building and managing effective teams.

**Interpersonal Behaviour:** Johari Window; Transactional Analysis – ego states, types of transactions, life positions, applications of T.A.

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## Organizational Behaviour

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### Objectives

After studying this chapter, you will be able to:

- Explain the meaning and definition of organizational behaviour
- Understand the discipline contributing to O.B

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### Introduction

“Organizational behaviour is a field of study that investigates the impact that individuals, groups and organizational structure have on behaviour within the organization, for the purpose of applying such knowledge towards improving an organizational effectiveness”. The above definition has three main elements; first organizational behaviour is an investigative study of individuals and groups, second, the impact of organizational structure on human behaviour and the third, the application of knowledge to achieve organizational effectiveness. These factors are interactive in nature and the impact of such behaviour is applied to various systems so that the goals are achieved. The nature of study of organizational behaviour is investigative to establish cause and affect relationship. Organizational behaviour (OB) involves integration of studies undertaken relating to behavioural sciences like psychology, sociology, anthropology, economics, social psychology, and political science. Therefore, organizational behaviour is a comprehensive field of study in which individual, group and organizational structure is studied in relation to organizational growth and organizational culture, in an environment where impact of modern technology is great. The aim of the study is to ensure that the human behaviour contributes towards growth of the organization and greater efficiency is achieved.

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### 1.1 Meaning and Definition of Organizational Behaviour

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Organizational behaviour (OB) is the systematic study of the actions and attitudes that people exhibit within organizations. It is individual behaviour and group dynamics in organizations. The organizational behaviour is primarily concerned with the psychosocial, interpersonal, and behavioural dynamics in organizations. However, organizational variables that affect human behaviour at work are also relevant to the study of organizational behaviour. These organizational variables include jobs, the design and organizational structure. Therefore, although individual behaviour and group dynamics are the primary concerns in the chapter of organizational behaviour, organizational variables are important as the context in which human behaviour occurs. The term “organizational behaviour” is defined by Stephen P Robbins as “a field of study that investigates the impact of individuals, groups and structures on behaviour within organizations for the purpose of applying such knowledge towards improving an organization’s effectiveness”.

According to this definition, organizational behaviour:

- Is a field of study with a common body of knowledge?
- It studies three determinants of behaviour in organizations. They are individuals, groups, and structures.
- It applies the knowledge gained about individuals, groups and the effect of structure on behaviour in order to make organizations work more effectively.

### ***Understanding the Term Organizational Behaviour***

Organizational behaviour (OB) is a term related to the study of individual and group dynamics in an organizational setting, as well as the nature of the organizations themselves. Whenever, people interact in organizations, many factors come into play. The subject of organizational studies attempts to understand and model these factors. This is becoming more important as people with diverse backgrounds and cultural values have to work together effectively and efficiently. The OB seeks to emphasize the understanding of behaviour in organizations so as to develop competencies in foreseeing how people are likely to behave. This knowledge may then help in controlling those behaviours that are not befitting the objectives of the organizations. Factors like objectivity, reliability, and sustainability are important while selecting the methods for this purpose. Questionnaire, interview, simulation and survey are generally used to elicit responses of individuals located in different types of organizations. To a large extent their personalities affect the nature of their responses.

The organizational behaviour (OB) is very interesting and challenging too. It is related to individuals, group of people working together in teams. The study becomes more challenging when situational factors interact. No two individuals are likely to behave in the same manner in a particular work situation. It is the predict ability of a manager about the expected behaviour of an individual.

There are no absolutes in human behaviour. It is the human factor that is contributory to the productivity hence the study of human behaviour is important. Great importance therefore must be attached to the study. Researchers, management practitioners, psychologists, and social scientists must understand the very credentials of an individual, his background, social framework, educational update, impact of social groups and other situational factors on behaviour. Managers under whom an individual is working should be able to explain, predict, value-ate and modify human behaviour that will largely depend upon knowledge, skill and experience of the manager in handling large group of people in diverse situations. Pre-emptive actions need to be taken for human behaviour forecasting. The value system, emotional intelligence, organizational culture, job design, and the work environment are important causal agents in determining human behaviour. Cause and effect relationship plays an important role in how an individual is likely to behave in a particular situation and its impact on productivity.

The scope of the organizational behaviour is as under:

- Impact of personality on performance

- Employee motivation
- Leadership
- How to create effective teams and groups
- Study of different organizational structures
- Individual behaviour, attitude and learning
- Perception
- Design and development of effective organization
- Job design
- Impact of culture on organizational behaviour
- Management of change
- Management of conflict and stress
- Organizational development
- Organizational culture
- Transactional analysis
- Group behaviour, power and politics
- Job design
- Study of emotions

The field of the organizational behaviour does not depend upon deductions based on gut feelings but attempts to gather information regarding an issue in a scientific manner under controlled conditions. It uses information and interprets the findings so that the behaviour of an individual and group can be canalized as desired. Large numbers of psychologists, social scientists and academicians have carried out research on various issues related to organization behaviour. Employee performance and job satisfaction are determinants of accomplishment of individual and organizational goals. Organizations have been set up to fulfil needs of the people. In today's competitive world, the organizations have to be growth-oriented. This is possible, when productivity is ensured with respect to quantity of product to be produced with zero error quality. Employee absenteeism and turnover has a negative impact on productivity. Employee who absents frequently cannot contribute towards productivity and growth of the organization. In the same manner, employee turnover causes increased cost of production. Job satisfaction is a major factor to analyses performance of an individual towards his work. Satisfied workers are productive workers who contribute towards building an appropriate work culture in an organization. Organizations are composed of number of individuals' working independently or collectively in teams, and number of such teams makes a department and numbers of such departments make an organization.

It is a formal structure and all departments have to function in a coordinated manner to achieve the organizational objective. It is therefore important for all employees to possess a positive attitude towards work. They need to function in congenial atmosphere and accomplish assigned goals. It is also important for managers to develop an appropriate work culture. Use of authority, delegation of certain powers to subordinates, division of labour, efficient communication, benchmarking, re-engineering, job re-design and empowerment are some of the important factors so that an organization can function as well-oiled machine. This is not only applicable to manufacturing organizations but also to service and social organizations. The OB involves integration of studies undertaken relating to behavioural sciences like psychology, sociology, anthropology, economics, social psychology, and political science. Therefore, organizational behaviour is a comprehensive field of study in which individual, group and organizational structure is studied in relation to organizational growth and organizational culture, in an environment where impact of modern technology is great. The aim of the study is to ensure that the human behaviour contributes towards growth of the

organization and greater efficiency is achieved. Organizational behaviour can be defined as “the study and application of knowledge about human behaviour related to other elements of an organization such as structure, technology and social systems. Stephen P Robins defines “Organizational behaviour as a systematic study of the actions and attitudes that people exhibit within organizations.” It has been observed that we generally form our opinion based on the symptoms of an issue and do not really go to the root cause of the happening. Science of organizational behaviour is applied in nature. Disciplines like psychology, anthropology and political science have contributed in terms of various studies and theories to the field of organizational behaviour. People promote organizational culture for mutual benefit. Politics is often used to create conflict with the aim of enlarging self-power base to the detrimental of organizational growth. Politics, in global context has made inroads based on religion, caste system in the decision making process which has led to formation of informal groups in the organization that often exploit the organization for fulfilment of personal goals at the cost of organizational goals. Conflict and manipulating power bases need to be handled in an appropriate manner to modify human behaviour and stimulate various individuals towards achieving higher productivity. Power dynamics plays a significant role in organization situations in different environment.

### **1.1.1 Contributing Fields to Organizational Behaviour**

#### ***Psychology***

Psychology is an applied science, which attempts to explain human behaviour in a particular situation and predicts actions of individuals. Psychologists have been able to modify individual behaviour largely with the help of various studies. It has contributed towards various theories on learning, motivation, personality, training and development, theories on individual decision making, leadership, job satisfaction, performance appraisal, attitude, ego state, job design, work stress and conflict management. Studies of these theories can improve personal skills, bring change in attitude and develop positive approach to organizational systems. Various psychological tests are conducted in the organizations for selection of employees, measuring personality attributes and aptitude. Various other dimensions of human personality are also measured. These instruments are scientific in nature and have been finalized after a great deal of research. Field of psychology continues to explore new areas applicable to the field of organizational behaviour. Contribution of psychology has enriched the organizational behaviour field.

#### ***Sociology***

Science of sociology studies the impact of culture on group behaviour and has contributed to a large extent to the field of group-dynamics, roles that individual plays in the organization, communication, norms, status, power, conflict management, formal organization theory, group processes, and group decision-making.

#### ***Political Science***

Political science has contributed to the field of organizational behaviour. Stability of government at national level is one major factor for promotion of international business, financial investments, expansion, and employment. Various government rules and regulations play a very decisive role in growth of the organization. All organizations have to abide by the rules of the government of the day.

#### ***Social Psychology***

Working organizations are formal assembly of people who are assigned specific jobs and play a vital role in formulating human behaviour. It is a subject where concept of psychology and sociology are blend to achieve better human behaviour in organization. The field has contributed to manage change, group decision-making, communication and ability of people in the organization, to maintain social norms.

## ***Anthropology***

It is a field of study relating to human activities in various cultural and environmental frameworks. It understands difference in behaviour based on value system of different cultures of various countries. The study is more relevant to organizational behaviour today due to globalization, mergers and acquisitions of various industries. The advent of the 21st century has created a situation wherein cross-cultural people will have to work in one particular industry. Managers will have to deal with individuals and groups belonging to different ethnic cultures and exercise adequate control or even channelize behaviour in the desired direction by appropriately manipulating various cultural factors. Organization behaviour has used the studies on comparative attitudes and cross-cultural transactions. Environment studies conducted by the field of anthropology aims to understand organizational human behaviour so that acquisitions and mergers are smooth. Organizations are bound by its culture that is formed by human beings.

## ***Characteristics of Organization***

On the basis of the above views of the term “organization”, the following characteristics can be inferred:

- A group of individuals forms an organization.
- Orientation towards achieving common goals.
- A continuous process of identifying and grouping of activities.
- Defining and delegation of authority and responsibility.
- Coordination of activities.
- Establishment of formal and informal relationships.
- Executive leadership.

## ***Model of Organizational Behaviour (OB)***

- *Autocratic*: The basis of this model is power with a managerial orientation of authority
- *Custodial*: The basis of this model is economic resources with a managerial orientation of money.
- *Supportive*: The basis of this model is leadership with the managerial orientation of support.
- *Collegial*: The basis of this model is partnership with the managerial orientation of team work.

The OB offers both challenges and opportunities for managers. It recognizes differences and helps managers to the value of workforce diversity and practices that need to be changed when managing. It can help improve quality and employee productivity by showing managers how to empower their people as well as how to design and implement change programs. It offers specific insights to improve a manager’s people skill.

The OB can help managers cope in the world of temporariness and learn ways to stimulate innovation. Finally, OB can offer managers guidance in creating an ethically healthy work climate.

## **Did You Know?**

Taylor was one of the first to attempt to systematically analyze human behaviour at work. His model was the machine with its cheap, interchangeable parts, each of which does one specific function.

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## **1.2 Discipline Contributing to O.B**

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Organizational behaviour is a blended discipline that has grown out of contributions from numerous earlier fields of study. These interdisciplinary influences are the root for what is increasingly recognized as the independent discipline of organizational behaviour. Organizational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines. The core disciplines of the behavioural sciences are psychology, sociology and anthropology. Although each of these disciplines is concerned with human behaviour and nature, there are little commonly accepted theories among them. In fact, there is

widespread disagreement about the problems that need to be analyzed within the organizations and society. As different disciplines will focus the individual problems from its own point of view with different perspectives, there will not be a common understanding among them. The behavioural science emphasis and approach follows closely the following fundamental steps of scientific inquiry: theory leads to research, which leads to application. The behavioural scientists are working diligently at improving the predictability of behaviour. Because people and environments do change, their work focuses on attempting to predict how most people are likely to behave in a given set of circumstances and conditions. Each discipline applies its own methodology to the prediction problem, and each provides managers with insight into such important areas as individual differences, cultural influences, motivation and organizational design.

### **1.2.1 Psychology**

Psychology has perhaps the most influence on the field of organizational behaviour because it is a science of behaviour. Almost all aspects of behaviour are studied by psychologist. Psychology deals with studying human behaviour that seeks to measure explain and sometimes change the behaviour of humans and other animals. Psychologists primarily interested to predict the behaviour of individuals to great extent by observing the dynamics of personal factors, environmental and situational factors. Those who have contributed and continue to add to the knowledge of OB are learning theorists, personality theorists, counselling psychologists and most important, industrial and organizational psychologist.

Some of the numerous areas of interest within the disciplines of psychology are:

- General Psychology
- Experimental Psychology
- Clinical Psychology
- Consumer Psychology
- Personality and Social Psychology
- Industrial Psychology
- Counselling Psychology
- Educational Psychology
- Consulting Psychology

Understanding Psychological principles and its models help significantly in gaining the knowledge of determinants of individual behaviour such as learning process, motivation techniques, personality determinants and personality development, perceptual process and its implications, training process, leadership effectiveness, job satisfaction, individual decision making, performance appraisal, attitude measurement, employee selection, job design and work stress. Psychology is the science of human behaviour and dates back to the closing decades of the nineteenth century. Psychology traces its origins to philosophy and the science of physiology. Psychology is the science that seeks to measure, explain and sometimes change the behaviour of humans. Psychologists concern themselves with studying and attempting to understand individual behaviour. Learning is important in understanding organizational behaviour because of the concepts and generalizations that have developed from it.

Managers are more interested to seek solutions to the following key aspects:

What are the causes of Behaviour?

What are the goals and purposes of particular Behaviour?

What are the roles of genetic and environmental factors on the formation of particular Behaviour?

What are the common values, attitudes and characteristics that are binding people together, though individuals differ from one another in personal values, personalities and attitudes?

To what extent individual's identification or belongingness with others will help shape his or her behaviour?

To what extent social learning is associated to motivational level of individual?



All these generalizations are associated with learning, which occurs throughout a person's life. One of the most important attributes of psychology is the emphasis on the scientific study of behaviour. Psychologists attempt to understand behaviour on the basis of rational, demonstrable cause-effect relationships. Although learning and motivation are the main focus of psychology, the immediate applications to the field of organizational behaviour are widespread. Basic knowledge of human behaviour is important in work design, leadership, organizational design, communication, decision making, performance appraisal systems and reward programs. These issues are falling within the domain of organizational behaviour.

### **1.2.2 Medicine**

It is the applied science of healing or treatment of diseases to enhance an individual's health and well-being. More recently, as the war against acute diseases is being won, medical attention has shifted from the acute diseases such as influenza to the more chronic, such as hypertension. Individual behaviour and lifestyle patterns play a more important role in treating chronic diseases than in treating acute diseases. These trends have contributed to the growth of wellness programs in the context of corporate medicine. These programs have led to the increasing attention to medicine in organizational behaviour.

### **1.2.3 Sociology**

Sociology, the science of society, has made important contributions to knowledge about group and intergroup dynamics in the study of organizational behaviour. Because sociology takes the society rather than the individual as a point of departure, the sociologist is concerned with the variety of roles within a society or culture, the norms and standards of behaviour that emerge within societies and groups, and the examination of the consequences of compliant and deviant behaviour within social group. Sociologists have made their greatest contributions to organizational behaviour through their study of group behaviour in organizations, particularly formal and complex organizations. Some of the areas within organizational behaviour that have received inputs from sociologist are group dynamics, design of work teams, organizational culture, formal organizations theory and structure, organizational culture, formal organization theory and structure, organizational technology, bureaucracy, communications, power, conflict and inter group behaviour.

### **1.2.4 Social Psychology**

It has been defined as the scientific investigation of how the thoughts, feelings and behaviour of individuals are influenced by the actual, imagined or implied presents of others. What makes social psychology social is that it deals with how people are affected by other people who are actually physically present or who are imagined to be present or even whose presence is implied. In general sociology focuses on how groups, organizations, social categories and societies are organized, how they function, how they change. The unit of analysis is the group as a whole rather than the individuals who compose the group. Social Psychology deals with many of the same phenomenal but seeks to explain whole individual human interaction and human cognition influences culture and is influenced by culture. The unit of analysis is the individual within the group. In reality, some forms of sociology are closely related to social psychology.

Social Psychologists study an enormous range of topics including conformity, persuasion, power, influence, obedience, prejudice, discrimination, stereotyping, sexism and racism, small groups, social categories, intergroup behaviour, crowd behaviour, social conflict, social change, decision making etc. Among them the most important topics relevant to organizational behaviour field are behavioural change, attitude change, communication, group process and group decision making. Social psychologists making significant contributions in measuring, understanding and changing attitudes, communication patterns they ways in which groups can satisfy individual needs and group decision-making process. Social psychology is a branch of psychology which borrows concepts from psychology and sociology. Social psychology focuses on the

influence of people on one another. Social psychologists have made significant contributions in the area of measuring, understanding and changing attitudes; communication patterns; the way in which group activities can satisfy individual needs, and group decision-making processes.

### **1.2.5 Engineering**

Engineering has made important contributions to our understanding of the design of work. By taking basic engineering ideas and applying them to human behaviour in work organizations, Fredrick Taylor had a profound influence on the early years of the study of organizational behaviour. Taylor's engineering background led him to place special emphasis of human productivity and efficiency in work behaviour. His notions of performance standards and differential piece rate system have contributed to the growth of organizational behaviour.

### **1.2.6 Management**

Originally called administrative science, is a discipline concerned with the study of overseeing activities and supervising people in organizations. It emphasizes the design, implementation, and management of various administrative and organizational systems. Management is the first discipline to take the modern corporation as the unit of analysis, and this viewpoint distinguishes the discipline's contribution to the study of organizational behaviour.

### **1.2.7 Anthropology**

The main aim of anthropology is to acquire a better understanding of the relationship between the human being and the environment. Adaptations to surroundings constitute culture. The manner in which people view their environment is a part of culture. Culture includes those ideas shared by groups of individuals and languages by which these ideas are communicated. In essence, culture is a system of learned behaviour. Their work on culture and environment has helped us to understand differences in fundamental values, attitudes and behaviour among people in different countries and within different organizations. Much of our current understandings of organizational culture, organization environments and differences between national cultures are the results of the work of anthropologists or those using their methodologies. The world is the laboratory of anthropologists, and human beings must be studied in the natural habitat. Understanding the importance of studying man in natural settings over time enables one to grasp the range of anthropology. Familiarity within some of the cultural differences of employees can lead to a greater managerial objectivity and depth in the interpretation of behaviour and performance. Anthropologists contribute to study the following aspects in organizational settings – comparative values, comparative attitudes, cross-cultural analysis between or among the employees.

It is the science of human learned behaviour and is especially important to understand organizational culture. Anthropologists study societies to learn about human beings and their activities. Their work on cultures and environments has helped us understand differences in fundamental values, attitudes, and behaviour between people in different countries and within different organizations.

### **1.2.8 Political Science**

Contributions of political scientist are significant to the understanding of behaviour in organizations. Political scientists study the behaviour of individuals and groups within a political environment. They contribute to understand the dynamics of power centres, structuring of conflict and conflict resolutions tactics, allocation of power and how people manipulate power for individual self interest. In a business field, organizations wanted to attain supremacy in their own field and indulge in politicking activities to gain maximum advantages by following certain tacks like Machiavellianism, coalition formation, malpractices etc. The knowledge of political science can be utilized to the study the behaviour of employees, executives at micro as well as macro

level. Economics contributes organizational behaviour to great extent in designing the organizational structure. Transaction cost economics influence the organization and its structure. Transaction costs economics implies costs components to make an exchange on the market. This transaction cost economics examines the extent to which the organization structure and size of an organization varies in response to attempts to avoid market failures through minimizing production and transaction costs within the constraints of human and environmental factors. Costs of transactions include both costs of market transactions and internal co-ordination. A transaction occurs when a good or service is transferred across a 'technologically separable barrier' Transaction costs arise for three main reasons: They are as follows.

***i) Uncertainty/Complexity***

Due to incomplete information, limited skills, time, the transaction is highly complex and uncertain. Signing a meaningful market contract minimizes such uncertainty which increases transactions costs. Both sides have to spend time and money on agreeing ex ante conditions of the contract. Suitable organization structural relationships will facilitate to meet this objective.

***ii) Opportunism (seeking self-interest or exploiting situation-cheating others)***

If there are large number of sellers, the chances of being exploited is relatively diminished – market mechanism controls transaction costs. If small number of players exist in the market, opportunism becomes more difficult to control due to dependency on seller. Creating legal contract or developing liaison with buyers can help minimize this problem – a cost is paid to minimize exploitations. When faced with opportunism, there are three possible organizational designs: they are as follows:

a) Market co-ordination

b) Hierarchies-Organization co-ordination and c) Hybrid –Network Structure

***iii) Asset Specificity (Creating special assets to provide a special good or service)***

Developing specific human or physical assets to provide special good or service which cannot be redeployed for other purposes. The higher the degree of asset specificity, the higher the potential transaction costs because of post contractual opportunism. Designing suitable organizational structure – Inter-firm networks or hierarchies will help to control this type of transaction cost Economic Pressures determine the suitable structure either through markets, hybrid network structures or hierarchy to organize transactions effectively. Failure to organize in the appropriate way will lead to the firm being deselected by the market. As environment is so dynamic, organization must respond to change its structure. Shifts from large firm hierarchies to networks or to market relations are in terms of changing conditions of the economizing function. Political scientists study the behaviour of individual and groups within a political environment. Political scientists have become increasingly aware that organizations are political entities and if we are able to accurately explain and predict the behaviour of people in organizations, we need to bring a political perspective to our analysis. The contributions of political scientists are significant to the understanding of behaviour in organizations.

### **1.2.9 The Organizational Context**

In the study of organizational behaviour and diversity, the use of models, theories, and past experience are each helpful in gaining a complete understanding. Individuals within an organization behave as they do as a result of the context in which they are immersed. This short article seeks to examine this context in order to further the cause of helping managers deal with issues in their organizations from a standpoint of knowledge and understanding, rather than guesswork and out-dated methods. First, the organization as a system will be discussed, including its interdependence upon other systems. Next, the importance of relationships as a vital

part of the operation of organizations will be mentioned. Then, the management of diversity will be outlined, leading to a discussion of the importance of culture in influencing values.

### **Caution**

A leader should be able to communicate with his subordinate and keep them in picture as to the happenings in the organization.

### **Case Study-Escalation of Conflict through Endowed Chair**

Dr. Anant, Chairman of the department of management, and Dr. Basant, Chairman of the accountancy department, had always experienced awkwardness whenever they interacted with each other during the executive committee and other meetings. The management department had an excellent group of faculty members who were not only reputed for their research but were also first rate teachers. No other department in the entire system had such a group of profile writers in any one unit. In fact, the management department faculty and their chairman did entertain feelings of superiority even though they tried not to express it blatantly. Because of their research productivity and national reputation, the university allocated more resources to the management department – more funded trips to conferences, more Xeroxing money, more secretarial assistance, and the like. Dr. Basant was also proud of his accountancy department faculty because the members were extremely active and successful in acquiring consulting projects and generating a lot of money for themselves and for the department. They worked with the big accounting firms and private sector organizations. These firms donated generously to the department. Because of all the money generated, the faculty had carpeted office, specialized stationery, and other status symbols.

Actually, the accountancy department looked like a private company's show room, with Kashmir carpets, fancy furniture, an impressive conference room, and expensive decorative pieces. Privately, the management department referred to the accountancy department as "the greatest show on earth", and the latter referred to the management faculty as "pen pushers". On one occasion three of the management faculty had to go to the accountancy department to obtain the tax professor's clarification on the recent budget statements made by the Finance Minister. They had to wait in the department's waiting area for the faculty member who had just stepped out of his office. Dr. Basant who happened to come out at that time remarked jokingly to the waiting members, "You must find it pleasant to sit in soft sofas after sitting on hard chairs the whole day in your offices". When Dr. Anant heard about this, he issued a memo to his entire faculty that they should try to use the intercom as much as possible in the future and not bother other department faculty with personal visits to their officers. Of course, everyone knew that the memo was the outcome of his resentment towards Dr. Basant's remarks. Shortly after these incidents, the management department received a capital fund donation from one of its alumni, which would fetch an annual interest of Rs. 50,000. Mr. Ramesh Mehra, the donor was the President of a very prosperous, privately owned company. Mr. Ramesh Mehra, had received his M.S. degree in management 10 years ago, and had risen to the top within that time.

He had always had high regard for the research – oriented faculty of the management department, and though it would be an excellent idea to fund an "Endowed Chair" for the department. This would enable the management department chairman to bring in some international scholar of repute from time to time which would further enhance the prestige of the department. Mr. Mehra was not entirely guided by philanthropy alone since he was also considering the advantages to the company by claiming the donation as a tax write-off. The management department chairman, of course, gratefully accepted the offer. As the company's P.R. people tried to gain publicity for the donation, the management department chairman and several members of the faculty were interviewed by the press. The ceremonial award of the "Endowed Chair" by the president of the company to the department chairman was nationally televised. The company and the management department

were very much in the news for several days. When Dr. Basant met Dr. Anant in the corridor one day as all this was happening, he congratulated Anant and said with a hint of sarcasm that it must be a great feeling to receive such a donation, especially since this would be the first time that they have generated funds from outside the University system. Dr. Anant thanked Basant and said that if the accountancy department needed any assistance in getting its faculty to publish, his faculty “will be glad to share their knowledge with them on how to go about doing research and publishing”. After this episode the two chairmen did not even exchange greeting in the hallway. Faculty members from both departments started to make innuendos and snide remarks at each other in the classroom while lecturing to students. When all this reached the ears of the Principal of the College through the grapevine, he called the two department chairmen and gave them a severe dressing down. He reminded them of their unprofessional behaviour and their deplorable conduct. In effect, he asked them to “mend or end”. Though things seemed to quiet down considerably immediately after this, students still heard the management department faculty insinuating about the accountancy department and vice-versa. The Principal was not unaware of what was happening and was pondering about how to resolve the problem once and for all. Analyse the situation above and write up the case analysis.

### Questions

1. What are difference between management department and accountancy department?
2. How to resolve the above problem?

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## 1.3 Summary

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- Psychology is an applied science, which attempts to explain human behaviour in a particular situation and predicts actions of individuals.
- Organizational behaviour is a field of study that investigates the impact that individuals, groups and organizational structure have on behaviour within the organization, for the purpose of applying such knowledge towards improving an organizational effectiveness
- Organizational behaviour (OB) is a term related to the study of individual and group dynamics in an organizational setting, as well as the nature of the organizations themselves.
- The term “organizational behaviour” is defined by Stephen P Robbins as “a field of study that investigates the impact of individuals, groups and structures on behaviour within organizations for the purpose of applying such knowledge towards improving an organization’s effectiveness”.
- Organizational behaviour (OB) involves integration of studies undertaken relating to behavioural sciences like psychology, sociology, anthropology, economics, social psychology, and political science.
- Political science has contributed to the field of organizational behaviour. Stability of government at national level is one major factor for promotion of international business, financial investments, expansion, and employment.

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## 1.4 Keywords

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**Consumer Psychologists:** It is examine the preferences, customs, and habits of various consumer groups.

**Decision-making:** It can be regarded as the mental processes resulting in the selection of a course of action among several alternative scenarios.

**Educational Psychology:** It is the study of how humans learn in educational settings, the effectiveness of educational interventions, the psychology of teaching, and the social psychology of schools as organizations.

**Formal Organizations:** Formal organization is a fixed set of rules of intra-organization procedures and structures.

**Organizational Behaviour:** Organizational behaviour is a field of study that investigates the impact that individuals, groups and structures have on behaviour within an organization.

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## 1.5 Self Assessment Questions

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1. ....as a systematic study of the actions and attitudes that people exhibit within organizations.  
(a) Organizational behaviour (b) Organizational structure  
(c) Both (a) and (b) (d) None of these
  
2. ....promote organizational culture for mutual benefit.  
(a) Political scientist (b) Attitudes  
(c) People (d) None of these
  
3. ....is often used to create conflict with the aim of enlarging self-power base to the detrimental of organizational growth.  
(a) People (b) Politics  
(c) Corporate (d) None of these
  
4. ....is a major factor to analyses performance of an individual towards his work.  
(a) People (b) Politics  
(c) Job satisfaction (d) None of these
  
5. Employee performance and job satisfaction are determinants of accomplishment of .....goals.  
(a) individual (b) organizational  
(c) Both (a) and (b) (d) None of these
  
6. Organizations have been set up to fulfil needs of the people.  
(a) True (b) False
  
7. Political science has not contributed to the field of organizational behaviour.  
(a) True (b) False
  
8. ....has made important contributions to our understanding of the design of work.  
(a) Engineering (b) People  
(c) Politics (d) None of these
  
9. Political scientist is significant to the understanding of behaviour in organizations.  
(a) True (b) False
  
10. Economics contributes organizational behaviour to great extent in designing the organizational structure.  
(a) True (b) False.

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## 1.6 Review Questions

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1. Define organizational behaviour. What are various factors that are considered to regulate individual behaviour?

2. What are various fields that have contributed to the field of organizational behaviour? Explain their contributions. What is the model of organizational behaviour?
3. Explain various components that should be taken care of while studying organizational behaviour.
4. Explain the field of organizational behaviour. Why the study is challenging.
5. Give an overview of discipline contributing.
6. Discuss the organizational context.
7. Write short note on political science?
8. What do you mean by psychology?
9. Explain the social psychology.
10. What are the technologies that help in organizational behaviour?

**Answers for Self Assessment Questions**

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(c) | 3.(b) | 4.(c) | 5.(c)  |
| 6. (a) | 7.(b) | 8.(a) | 9.(a) | 10.(a) |

# 2

## Business Organizations

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### Objectives

After studying this chapter, you will be able to:

- Explain the concept of business organization
- Discuss role of O.B in business organizations
- Understand learning and perception
- Describe nature and importance of business organizations

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### Introduction

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A business organization is an individual or group of people that collaborate to achieve certain industrial goals. Some business organizations are formed to earn income for owners. Other business organizations, called nonprofits, are formed for public purposes. These businesses often raise money and utilize other resources to provide or support public programs.

#### *Organization Meaning*

The best way to derive the meaning of the term “business organization” is to focus on each word separately. Organization is a broader term, as it includes businesses and other groups of people not organized for commercial purposes. Clubs and sports teams are examples of non-business organizations. Organizations have a specific structure and hierarchy. People and systems create a culture within the organization and guide its operation. Different organizations have different policies, work flows and objectives.



An organization is defined by the elements that are part of it (who belongs to the organization and who does not?), its communication its autonomy (which changes are executed autonomously by the organization or its elements?), and its rules of action compared to outside events.

### ***Business Meaning***

All businesses have commercial objectives. For-profit businesses sell products or services to generate revenue and earnings. Success depends on the ability to gain more in revenue than is spent on fixed and variable expenses. Nonprofits businesses must bring in enough revenue to pay employees and cover the costs to administer or support programs. Any money they have left over after expenses is put back into the organization.

### ***System View***

Definitions of organizations typically emphasize the systematic approach used to achieve goals. Businesses typically begin with a hierarchy that establishes structure and order in communication and workflow. Business leaders work to establish a business mission, vision, values, objectives and strategies. These establish the direction for the organizational system. People, processes and policies are used to fulfil the mission and strategies. The effectiveness of a business organization often relates to the ability of leaders to get all departments and employees to work together toward company objectives.

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## **2.1 Concepts of Business Organization**

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If one is using the invention model for their organization, it should probably facilitate the flat organizational structure as most of its employees are probably going to be holding the same position for a long period of time. Usually, in companies consisting of employees without a higher education, those employees are just there to do their job and go home at the end of the day without ever thinking of moving up the corporate ladder. Many recognize that because they do not have the education needed for the higher tier position and will thus just work the same job during their entire working life. A flat organizational structure is perfect for a situation such as this because the main premise of it is the fact that there are many people holding the same job at the bottom of the corporate ladder advised by just a few managers who report to one or two higher ups. The park system is a good example of this and they are mostly made up of people who do not have anything past a high school education as well. With this system in place, the organization will better be able to control their information the way they feel fit. They obviously do not want to give too much power to someone who is not ready for a promotion just because a position opens up. This way, they are able to put everyone on the same level and keep them at pretty much the same pay rate as everyone else, perhaps with some increase as person gains seniority.

The company known as Think-It would prefer a tall organizational structure mainly because they are going to have people with varying levels of higher education who have been trained to do very specific tasks. It is more likely that these educated people are going to want to move up the ladder and the tall organizational structure would give them a chance to do so. They may be content starting at the bottom, but they would probably not be happy if they were loyal to the company for a good amount of time and were not able to move up and gain more responsibility. A tall organizational structure is set up in such a way that there are varying degrees of positions available to those who put in the time and hard work. In this type of structure, there are varying degrees. It is likely that one person may oversee as few as two or three employees and they are overseen by someone who is in charge of four people at their position. If they implemented this system, it would be easier for them to keep the employees who work hard and give their time to the organization happy by moving them up the chain slowly. They would feel good about getting promotions every now and then, but they would not

be given too much responsibility at one time which is what a flat organizational structure would be likely to do if a promotion was handed out. Many organizations thrive in each of the different models. For instance, much of big business is comprised of an overall vertical organizational set up with mini horizontal set ups within the company. For an organization like a college or university, much of the way it is built is on a horizontal scale because a large amount of the employees, the professors, are on pretty much the same level. Even in this situation there is some verticalness involved with the overheads such as the deans, the president, and even the board of directors. It seems that these days, more companies are moving towards organizational methods that have at least some horizontalness in them.

Due to the recent economic situation, it is quite possible that even the larger businesses in the country could move more towards an emphasis on a horizontal structure. There is no doubt that a push for this is currently coming from the government especially after the large amounts of money the failing CEOs continued to award themselves during this crisis. Since the gap between the top one percent of the rich and the middle class is so much larger than it ever has been in this country, a move such as this one is going to have to happen in order for the economy to have to start swinging in the upwards direction.

There seems to be an interesting phenomenon happening at the moment because businesses are just trying to hang on financially while people are just trying to hang onto their jobs. This puts people in a situation where they are willing to work harder than ever to keep their job even if they do not completely agree with the ethics of the company. This creates a situation where companies are in need of firing people due to their bottom line, but their people are working harder than ever to keep their jobs and make ends meet. Employees are forced to look over their shoulder at all times because they never know what is being planned in the upcoming months about their future.

### **2.1.1 Types of Business Organizations**

The various forms of organization are recognized by state law. There are a wide variety of business organizations recognized by the states. For example, a popular form of organization is the Limited Liability Company (LLC). The LLC is a state designation. At the federal level, an LLC is taxed as a enterprise. If the LLC so chooses, it can be taxed as a corporation at the federal level. While there are a variety of designations at the state level, for federal tax purposes there are only 6 forms of business organizations:

- Sole Proprietor (1040 Schedule C),
- Corporation (1120),
- Partnership (1065),
- S-corporation (1120S),
- Trust (1041), and
- Non-profit organization (990)

#### ***Sole proprietors***

Sole proprietors are unincorporated businesses. They are also called independent contractors, consultants, or freelancers. There are no forms we need to fill out to start this type of business. The only thing we need to do is statement our business income and expenses on Form 1040 Schedule C. This is the easiest form of business to set up, and the easiest to dissolve. (An LLC with only a single shareholder, a so-called single-member LLC, is taxed as a sole proprietor on a Schedule C.)

#### ***Corporations***

Corporations are incorporated businesses. Every form of business besides the sole manager is considered a separate entity, and this often provides a measure of legal and financial protection for the shareholders. The

shareholders of corporations have limited liability protection, and corporations have full discretion over the amount of profits they can distribute or retain. Corporations are presumed to be for-profit entities, and as such they can have an unlimited number of years with losses. Corporations must have at least one shareholder.

### ***Partnerships***

Partnerships are unincorporated businesses. Like corporations, partnerships are separate entities from the shareholders. Unlike corporations, partnerships must have at least one General Partner who assumes unlimited liability for the business. Partnerships must have at least two shareholders. Partnerships distribute all profits and losses to their shareholders without regard for any profits retained by the business for cash flow purposes. (LLCs are taxed as partnerships, unless they choose to be taxed as corporations.)

### ***S-corporations***

S-Corporations have features similar to a partnership. An S-corporation must have at least one shareholder, and cannot have more than 100 shareholders. If any shareholder provides services to the business, the S-Corp must pay that shareholder a reasonable salary. This salary is a separate payment from distributions of profits or losses. Trusts are usually formed upon the death of an individual and are designed to provide continuity of the investments and business activities of the deceased individual. We will not discuss trusts further.

### ***Nonprofits***

Nonprofits are corporations formed for a charitable, civic, or artistic purpose. Nonprofits are generally exempt from federal and state taxation on their income, and so they are often called “exempt organizations.” Nonprofits have substantial responsibilities for reporting their activities, income, and assets to ensure that they are in compliance with federal and state laws governing charities. For additional information on starting, managing, and developing a not-for-profit organization. As mentioned above, sole proprietors, S-corporations, and partnerships are taxed at the shareholder level. Corporations, however, are taxed at the corporate level.

### **Did You Know?**

Business history was founded by Professor N. S. B. Gras, at the Harvard University Graduate School of Business Administration, starting in 1927.

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## **2.2 Role of O.B. in Business Organizations**

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A variety of social science disciplines and topic areas are relevant to the study of human behaviour in organizational settings. A distinguishing feature of Stanford’s PhD Program in Organizational Behaviour is the broad interdisciplinary training it provides. The field is often broken down into two broad subareas.

### ***Micro Organizational Behaviour***

The study of how individuals and groups affect and are affected by organizations. Drawing primarily on psychology, this area includes such topics as cognition, decision making, learning, motivation, negotiation and bargaining, cooperation and altruism, emotions, impressions management, group processes, stereotyping and injustice, power and influence. There is also a formal institutional link between the behavioural side of marketing and the micro side of OB, which is called Behavioural Interest Group. The GSB Behavioural Lab links this group. This lab fosters collaborative work among the behavioural people across field boundaries.

### ***Macro Organizational Behaviour: Organizational Theory and Economic Sociology***

Dedicated to training students who will be leading researchers in the fields of organizational theory and economic sociology our faculty members are among the foremost scholars dedicated to bringing a sociological

approach to the study of organizations and markets. The training provides a deep grounding in the study of organizations as social systems; the dynamics of change in organizations, industries and markets; and the relationships between organizations and their environments. Faculty study a range of topics, ranging from the role of identity in organizational processes; change in cultural categories and markets; social movements and their influence on firms and markets; firm strategies and the effects of long-run histories of strategic interaction; the impact of workforce demographic change and labor market inequality; organizational learning processes; social networks; and entrepreneurship and firm formation processes. Economic sociology arose as a new come near to the analysis of economic phenomena; emphasizing mostly the role economic structures and institutions play upon society, and the influence a society holds over the nature of economic structures and institutions.

Doctoral students in the program benefit from their interactions in the broader inter-disciplinary environment of the GSB, as well as from Stanford University's long-standing strength in the study of organizations and economic sociology. Strong relations with the Department of Sociology mean that students can build their careers on the foundation of strong disciplinary training in sociology. The doctoral program places a heavy emphasis on training students through active engagement in empirical research; students work closely with faculty starting in the first year, in addition to developing their own, independent research projects. In addition to formal seminars with invited presenters, an informal weekly "Macro Lunch" provides a forum for the exchange of ideas and advice related to research in progress by both faculty and students.

### ***Unique Aspects of the Stanford Program***

The interdisciplinary resources available to students in the Stanford program are unique. The faculty of the Graduate School of Business have a reputation for excellence in fields such as accounting; economics; finance; marketing; and operations, information, and technology. Doctoral students in the organizational behavior program have frequent contact with faculty and students in these fields, many of whom show an interest in topics germane to organizational behaviour. A second source of interdisciplinary contact is colloquia presented by visiting scholars, seminars, off-campus conferences, and many other informal opportunities for interaction between faculty and students. The result is intellectual stimulation and active research collaboration across traditional disciplinary boundaries a phenomenon that is unfortunately rare, yet obviously essential to the study of organizations.

Interdisciplinary contact is a natural extension of the fact that Stanford University as a whole emphasizes interdisciplinary cooperation. Cross-registration in courses, access to faculty, and participation in colloquia are encouraged by such Stanford departments as Psychology, Statistics, and Sociology. Students in the Organizational Behaviour PhD Program have ease of access to a unique range of interdisciplinary resources. The GRE is required for admission. A small number of students are accepted into the field each year, with a total of about 19 organizational behaviour students in residence. Student-faculty relationships are close, both professionally and socially. This permits the tailoring of the program of study to fit the background and career goals of the individual.

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## **2.3 Learning and Perception**

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Learning and Perception are the following:

### **2.3.1 Learning organization**

"We cannot teach a man anything. We can only help him discover it within himself."

Learning can be defined as a "relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience". There are two primary elements in this definition that must both be present in

order to identify the process of learning. First is the element that the change must be relatively permanent. This means that after “learning” our behaviour must be different, either better or worse as compared to our behaviour prior to this experience of learning. The second aspect of the definition is that this change must occur due to some kind of experience or practice. This learning is not caused by biological maturation.

### ***Theories of Learning***

There are four general approaches to learning – classical conditioning, operant conditioning, cognitive learning and social learning. Human learning may occur as part of schooling, personal development, schooling, or training. It may be goal-oriented and may be aided by motivation. The study of how culture occurs is part of neuropsychology, educational psychology, learning theory, and pedagogy

### ***Classical Conditioning***

The most well known experiments on classical conditioning were undoubtedly conducted by I.P. Pavlov with dogs, and he established a Stimulus-Response(S-R) connection. This means that certain responses can be predicted which continuously result from certain induced stimuli. Classical conditioning introduces a simple cause-and-effect relationship between one stimulus and one response. It also makes the response reflexive or involuntary after the stimulus-response relationship has been established. This leaves no ground for making choices, which differentiates human beings from dogs. Under certain situations classical conditioning does explain human behaviour. Behaviour in common is considered as having no meaning, being not focussed at other people, and thus is the most basic human action.

### ***Operant Conditioning***

Operant conditioning induces a voluntary change in behaviour and learning occurs as a “consequence” of such change. It is also known as reinforcement theory and it suggests that behaviour is a function of its consequences. It is based upon the premise that behaviour or job performance is not a function of inner thoughts, feelings, emotions or perceptions but is keyed to the nature of the outcome of such behaviour. This relationship is built around two principles. First, that behaviour which results in positive rewards tends to be repeated and behaviour with negative consequences tends not to be repeated. Second, based upon such consequences, the behaviour can be predicted and controlled. Hence, certain types of consequences can be used to increase the occurrence of a desired behaviour and other types of consequences can be used to decrease the occurrence of undesired behaviour. From an organizational point of view, any stimulus from the work environment will elicit a response.

### ***Cognitive Learning***

Learning is considered as the outcome of deliberate thinking about the problem or situation both intuitively and based upon known facts and responding in an objective and goal oriented manner. Cognition, in fact, is the act of knowing an item of information and this knowledge affects the behaviour of the person so that the information provides cognitive cues towards the expected goal.

### ***Social Learning***

It is recognized that learning does not take place only because of environmental stimuli (classical and operant conditioning) or of individual determinism (cognitive approach) but is a blend of both views. It also emphasizes that people acquire new behaviour by observing or imitating others in a social setting. In addition learning can also be gained by discipline and self-control and an inner desire to acquire knowledge or skills irrespective of the external rewards or consequences. This process of self-control is also partially a reflection of societal and cultural influences on the development and growth of human beings.

### ***Transfer of Learning***

Berelson and Steiner suggested that learning can be transferred from one situation to another and the extent of such transfer is a function of the extent of similarity in the stimulus or response. If a person experiences a similar situation that he dealt with before, then some of his previous experience would be transferred to the new situation and his learning time in the new situation would be considerably decreased. There are two concepts that help in explaining the transfer of learning. These are as follows:

#### ***Generalization***

No two situations are exactly alike. However, responses to certain situations can be applied to similar but different situations. Because of the principle of generalization, the individual can adjust to new learning situations more smoothly because of the previous learning experiences.

#### ***Discrimination***

While generalization is a reaction to “similarities” of stimuli or responses, discrimination is the ability to differentiate between relatively similar stimuli where generalization would yield negative consequences.

### **2.3.2 Perception**

“If everyone perceived everything the same way, things would be a lot simpler”. In its simple sense perception is understood as the act of seeing what is there to be seen. But the perceiver, the object, and the environment influence what is seen. The meaning of perception will be complete when all the three aspects are stressed. A few definitions of perception are given below: “Perception can be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environments.” “Perception includes all those processes by which an individual receives information about his environment – seeing, hearing, feeling, tasting, and smelling.

The study of these perception processes shows that their functioning is affected by three classes of variables – the objects or events being perceived, the environment in which perception occurs, and the individuals doing the perceiving.” The perceptual systems of the brain permit individuals to see the world around them as stable, even though the sensory information may be shortened and rapidly varying. Human and animal brains are structured in a modular way, with different areas processing different kinds of sensory information.

#### ***Perceptual Process***

Perception, as revealed by the definitions, is composed of six processes, viz., receiving, selecting, organizing, interpreting, checking, and reacting to stimuli. These processes are influenced by the perceived and the situation.

#### ***Process of Receiving Stimuli***

The human organism is structured with five sensory organs, viz., vision, hearing, smell, touch and tasting. There is the sixth sense about which much is speculated and nothing is known. We receive stimuli through the organs. Secondary organs receive not only physical objects; they receive events or objects that have been repressed. We may not be able to report the existence of certain stimuli but our behaviour reveals that we are often subject to their influence. Similarly, stimuli need not be external to us. They may be inside also.

#### ***Process of Selecting Stimuli***

Myriads of stimuli seemingly clamour for our attention at any given time. We need to filter or screen out most of them so that we may deal with the important or relevant ones. Two sets of factors govern the selection of stimuli: external and internal.

### ***External Factors Influencing Selection***

The external factors influencing selection are:

#### ***Nature***

By nature we mean, whether the object is visual or auditory, and whether it involves pictures, people or animals.

#### ***Location***

The best location of a visual stimulus for attracting attention is directly in the front of the eyes in the centre of a page. When this location is not possible in a newspaper or a magazine, a position in the upper portion of a page is more favourable than one in the lower portions, and the left hand side receives more attention than the right hand side.

#### ***Intensity***

Stimuli of higher intensity are perceived more than the objects with low intensity. A loud noise, strong odour, or bright light will be noticed more than a soft sound, weak odour, or dim light.

#### ***Size***

Generally objects of larger size attract more attention than the smaller ones. The maintenance engineering staff may pay more attention to a big machine than to a small one, even though the smaller one costs as much and as important to the operation.

#### ***Contrast***

The contrast principle states that external stimuli which stand out against the background, or which are not what people are expecting, will receive their attention.

#### ***Movement***

The principle of motion states that a moving object receives more attention than an object that is standing still.

#### ***Repetition***

The repetition principle states that a repeated external stimulus is more attention drawing than a single one.

#### ***Novelty and Familiarity***

The novelty and familiarity principle states that either a novel or a familiar external situation can serve as an attention getter. New objects in familiar settings or familiar objects in new setting will draw the attention of the perceiver.

### **Internal Factors Influencing Selection**

Internal factors influencing selection of stimuli include learning, psychological needs, age differences, interests, ambivalence, and paranoid perception. These factors relate to one.

#### ***Learning***

Learning, a cognitive factor, has considerable influence on perception. It creates expectancy in people. People tend to perceive what they want to perceive.

#### ***Psychological Needs***

Needs play a significant role in perceptual selectivity. Unreal things often look real because of deprived needs?

### ***Age Difference***

Older senior executives complain about the inability of the new young to take tough decisions concerning terminating or resigning people and paying attention to details and paper work. The young managers in turn complain about the “old guards” resisting change and using paper and rules as ends in themselves. Different perceptions of old and young executives are due to their age differences perceptions.

### ***Interest***

The interests of the perceiver unconsciously influence perception. An architect will notice many details of buildings that he passes only once. It has been argued that, in their influence on perception, interests cannot be distinguished from needs. That is, the person with a particular interest has anteed to involve himself in activities pertaining to it. Yet there is some value in conceiving the two as distinct. Once they have been satisfied, most needs no longer influence perception. But if the person has a special interest, his perception is likely to be selective at any time.

### ***Ambivalence***

Another factor in perceptual selection is ambivalence or mixed feelings about a situation.

### ***Paranoid Perception***

When the person’s perception is so selective that he can find little common ground for communication with others, he is likely to be paranoid.

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## **2.4 Nature and Importance of Business Organizations**

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The importance of correct organizational structure problems implementing an organizational structure why is organizational structure important? Proper organizational structure planning organizational structure concepts of organizational structure Small companies usually use one of two types of organizational structure: Functional and product Functional areas such as marketing and engineering report to the president or CEO in a functional organizational structure. Product structures are used when a company sells numerous products or brands. It is important for companies to find the organizational structure that best fits their needs.

### ***Function***

Organizational structure is particularly important for decision making. Most companies either have a tall or flat organizational structure. Small companies usually use a flat organizational structure. For example, a manager can report directly to the president instead of a director, and her assistants are only two levels below the president. Flat structures enable small companies to make quicker decisions, as they are often growing rapidly with new products and need this flexibility.

The Business Plan, an online reference website, says small companies should not even worry about organizational structure, unless they have at least 15 employees. The reason is that employees in extremely small organizations have numerous responsibilities, some of which can include multiple functions. For example, a product manager also might be responsible for marketing research and advertising. Large organizations often have many tiers or echelons of management. As a smaller organization grows, it can decide to add more management levels. Roles become more defined. Therefore, it is important to know which people oversee certain functions.



### ***Communication***

The importance of organizational structure is particularly crucial for communication. Organizational structure enables the distribution of authority. When a person starts a job, he knows from day one to which he will report. Most companies funnel their communication through department leaders. For example, marketing employees will discuss various issues with their director. The director, in turn, will discuss these issues with the vice president or upper management.

### ***Evaluating Employee Performance***

Organizational structure is important for evaluating employee performance. The linear structure of functional and product organizational structures allow supervisors to better evaluate the work of their subordinates. Supervisors can evaluate the skills employees demonstrate, how they get along with other workers, and the timeliness in which they complete their work. Consequently, supervisors can more readily complete semi-annual or annual performance appraisals, which are usually mandatory in most companies.

### ***Achieving Goals***

Organizational structure is particularly important in achieving goals and results. Organizational structure allows for the chain of command. Department leaders are in charge of delegating tasks and projects to subordinates so the department can meet project deadlines. In essence, organizational structure fosters teamwork, where everyone in the department works toward a common goal.

### ***Prevention/Solution***

Organizational structure enables companies to better manage change in the marketplace, including consumer needs, government regulation and new technology. Department heads and managers can meet, outline various problem areas, and come up with a solution as a group. Change can be expected in any industry.

### ***Caution***

Company leaders always should strive to find the best organizational structure to meet those changes.

### ***Case Study-Overcoming Absenteeism at Unique Schweppes Ltd***

The search for literature has been conducted through searching the electronic journals available online. Using the Business Source Primer database, all refereed academic journals published were searched under the terms 'autopoietic' and 'business' or 'brand management' appearing as titles or in the abstract. However, only a small number of refereed journals were found. As a result, it was decided that the literature search should be expanded by looking at the terms 'autopoietic' and/or 'business'. In addition, in order to fully appreciate the term 'autopoietic brand management', the literature on brand management was also searched. A time limit was not set, as the results of search were very limited, generating less than 50 articles for autopoietic-related areas. Thus, studies published as early as the 1980s were considered. On the other hand, a large number of articles on brand management were found, and indeed, the total number of peer-reviewed articles on this issue exceeds 500. Therefore the articles selected to be considered for inclusion in this paper are those that directly contribute to the general topic of brand management and the most cited articles.

The abstracts of the papers for the initial group found were read with the aim to identify the research area, and the articles that were finally chosen to be included in this study were those related to autopoietic theory and its application in business/ management and brand management. Because the application of autopoietic theory into brand management is still new, the number of peer-reviewed articles on the topic of autopoietic brand management is very limited. Thus, the study has to rely upon research work that applies autopoietic theory into

business/management/marketing, because brand management is part of the broad area of these disciplines. However, general work on brand management is included to provide a clear picture on the issue of interest. As a result, a total of 50 peer-reviewed articles on the topic of autopoiesis, brand management and autopoietic brand management were reviewed. The papers were read at least once to enable the process of classification of the research into the appropriate categories, as undertaken in the other study of the subject.

## Questions

1. How can you define autopoietic brand management?
2. What is the number of peer-reviewed articles?

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## 2.5 Summary

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- Organization is a broader term, as it includes businesses and other groups of people not organized for commercial purposes.
- A flat organizational structure is perfect for a situation such as this because the main premise of it is the fact that there are many people holding the same job at the bottom of the corporate ladder advised by just a few managers who report to one or two higher ups.
- Many organizations thrive in each of the different models. For instance, much of big business is comprised of an overall vertical organizational set up with mini horizontal set ups within the company.
- The training provides a deep grounding in the study of organizations as social systems; the dynamics of change in organizations, industries and markets; and the relationships between organizations and their environments.
- Two important things result from this. First, while there has been a lot of talk about learning organizations it is very difficult to identify real-life examples.
- Perception includes all those processes by which an individual receives information about his environment – seeing, hearing, feeling, tasting, and smelling.

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## 2.6 Keywords

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**Economic Sociology:** Economic sociology arose as a new come near to the analysis of economic phenomena; emphasizing mostly the role economic structures and institutions play upon society, and the influence a society holds over the nature of economic structures and institutions.

**Human behaviour:** It is behaviour in common is considered as having no meaning, being not directed at other people, and thus is the most basic human action.

**Learning:** It is a part of education, personal development, schooling, or training. It may be goal-oriented and may be aided by motivation. The study of how learning occurs is part of neuropsychology, educational psychology, learning theory, and pedagogy.

**Organization:** Organization is defined by the elements that are part of it its communication its autonomy and its rules of action compared to outside events.

**Perception:** The perceptual systems of the brain enable individuals to see the world around them as stable, even though the sensory information may be incomplete and rapidly varying.

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## 2.7 Self Assessment Questions

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1.....is a broader term, as it includes businesses and other groups of people not organized for commercial purposes.

(a) Business

(b) Organization

- (c) Market (d) None of these
2. Which of the following is not one of the three forms of business organization?  
 (a) Corporations. (b) Partnerships.  
 (c) Proprietorships (d) Investors.
3. A tall organizational structure is set up in such a way that there are varying degrees of positions available to those who put in the time and hard work.  
 (a) True (b) False
4. Dedicated to training students who will be leading researchers in the fields of organizational theory not economic sociology?  
 (a) True (b) False
5. “Relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience” is called.....  
 (a) Perception (b) Learning  
 (c) Reading (d) Listing
6. ....Individuals organizes and interprets their sensory impressions in order to give meaning to their environments.  
 (a) Perception (b) Reading  
 (c) Learning (d) None of these
7. The linear structure of functional and product organizational structures allow supervisors to better evaluate the work of their subordinates in known as employee performance.  
 (a) True (b) False
8. An architect will notice many details of buildings that he passes only once.....  
 (a) Ambivalence (b) Paranoid Perception  
 (c) Interest (d) All of above
9. A tall organizational structure is set up in such a way that there are varying degrees of positions not available to those who put in the time and hard work.  
 (a) True (b) False
10. What is the primary focus of a theory?  
 (a) A set of concepts (b) Organization  
 (c) Set of rules (d) None of these

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## 2.8 Review Questions

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1. Define organization and business. What is the meaning of organization and business?
2. What is the conceptual meaning of business organization and system view?
3. What are the types of business organizations?
4. Explain different types of O.B. in business organizations.
5. How can you define organizational theory and economic sociology?
6. What is the difference between learning and perception?

7. What is the operant condition in learning organization?
8. Discuss the process of perception and learning?
9. What is the importance of business organizations?
10. How can you define employee performance in business organization? Explain briefly.

**Answers for Self Assessment Questions**

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (b) | 2.(c) | 3.(a) | 4.(b) | 5.(b)  |
| 6. (a) | 7.(a) | 8.(c) | 9.(b) | 10.(b) |

# 3

## Organizational Culture

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### Objectives

After studying this chapter, you will be able to:

- Explain the basic of organizational culture
- Understand the types organizational culture
- Discuss the functions of organizational culture
- Explain the Schein's organizational culture model

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### Introduction

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The concept of organizational culture has been significant in the study of organizational behaviour because it is an important lever in enhancing organisations' key capabilities and how they function, and therefore is a popular business topic in both academic research and the business press. Organisational culture is an important factor used to determine how well an employee fits into their organisational context, and it has been asserted that a good fit between the employee and their organization is important. In addition, Nazir and Silverthorne state that organisational culture also affects the commitment of employees within an organisation and that the strength of organisational commitment is correlated with the strength of organisational culture. It is usually understood that a strong culture is synonymous with consistency, because the beliefs and values of the organisation are shared relatively consistently throughout the organisation, and therefore, the management of culture can be treated as the management of commitment. If the culture is very strong, then employees know the organisation's goals and they are working for those goals, which increase the commitment of employees. Individuals may be attracted to organisations that have values that are perceived as similar to their own; therefore they will be more committed to their job. Nazir states that having an organisational culture, more

specifically a set of values that is commonly shared by the organisations employees, may be beneficial to organisations operating in the service sector, similarly this would also be the case for the selected municipality, which operates in the public service sector at the local government level. We are typically referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, social norms and day-to-day rituals. Accordingly, culture varies from one society to another. The word "culture" has been derived metaphorically from the idea of "cultivation" the process of tilling and developing land. Thus, culture can be considered as a constellation of factors that are learned through our interaction with the environment.

Organizational Culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations. This system of shared meaning is actually a set of key characteristics that the organization values.

Organizational culture is a descriptive term which is concerned with how employees perceive the characteristics of an organization's culture, not with whether or not they like them. This appraisal of the organization on its characteristics gives a composite picture of the organization's culture. This picture in turn becomes the basis for feelings of shared understanding that members have about the organization, how things are done in it, and the way members are supposed to behave. When culture is defined as a system of shared meaning, it can be expected that individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms.

### ***The importance of studying Organizational Culture***

People are affected by the culture in which they live. Similarly, an individual working for any organization with a firmly established culture will be taught the values, beliefs, and expected behaviours of that organization. There is at least some sound evidence that variations in cultural values may have a significant impact on employee turnover and possibly employees' job performance. Hence the study of organizational culture is important for the understanding and practice of organizational behaviour.

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## **3.1 Basic of Organizational Culture**

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The organizational culture is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members. There are clear-cut guidelines as to how employees are to behave generally within organization. The employees need to learn how the particular enterprise does things.

A few definitions on the term organizational culture are given below:

According to Larry Senn, The corporate culture "consists of the norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, beliefs and inter-personal behaviour that prevail. Together they create a climate that influences how well people communicate, plan and make decisions."

Joanne Martin defines, cultures in organization in the following words "As individuals come into contact with organizations, they come into contact with dress norms the organization's formal rules and procedures, its formal codes of behaviour rituals and so on. These elements are some of the manifestations of organizational culture". Edgar Schein defines organizational culture as "a pattern of basic assumptions - invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valuable and, therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems". According to Hersey, Blanchard and Johnson "Organizational culture is itself a complex phenomenon with many interpretations organizational culture is shared basic assumptions, or beliefs, about how to cope with the two fundamental problems that all groups and organizations face: survival and adaptation to the external environment and the internal integration and coordination of organizational functioning". From the above definitions, culture may be considered as the

general pattern of behaviour, shared beliefs, and values that organizational members have in common. Culture involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over a period of time. Culture can be inferred from what people say, do, and think within an organizational setting. It often sets tight tone for the organization and establishes implied rules for the way people should behave. It is important to recognize that culture is learned and helps people in their efforts to interact and communicate with others in the society. When placed in a culture where values and beliefs are different, some people have a great deal of difficulty in adjusting.

### ***What is an Organization?***

An organization is nothing but a common platform where individuals from different backgrounds come together and work as a collective unit to achieve certain objectives and targets. The word organization derived from the Greek work “organ on” is a set up where people join hands to earn a living for themselves as well as earn profits for the company. An organization consists of individuals with different specializations, educational qualifications and work experiences all working towards a common goal. Here the people are termed as employees. The employees are the major assets of an organization and contribute effectively in its successful functioning. It is essential for the employees to be loyal towards their organization and strive hard in furthering its brand image. An organization cannot survive if the employees are not at all serious about it and treat their work as a burden. The employees must enjoy whatever they do for them to deliver their level best.

### ***What is Culture?***

The attitude, traits and behavioural patterns which govern the way an individual interacts with others is termed as culture. Culture is something which one inherits from his ancestors and it helps in distinguishing one individual from the other.

### ***What is Organization Culture?***

Every human being has certain personality traits which help them stand apart from the crowd. No two individuals behave in a similar way. In the same way organizations have certain values, policies, rules and guidelines which help them create an image of their own. Organization culture refers to the beliefs and principles of a particular organization. The culture followed by the organization has a deep impact on the employees and their relationship amongst themselves. Every organization has a unique culture making it different from the other and giving it a sense of direction. It is essential for the employees to understand the culture of their workplace to adjust well.

### ***Organization A***

In organization A, the employees are not at all disciplined and are least bothered about the rules and regulations. They reach their office at their own sweet time and spend their maximum time gossiping and loitering around.

### ***Organization B***

This organization follows employee friendly policies and it is mandatory for all to adhere to them. It is important for the employees to reach their workplace on time and no one is allowed to unnecessarily roam around or spread rumours.

Which organization do we feel would perform better? — Obviously organization B

The employees follow a certain culture in organization B making it more successful than organization A.

No two organizations can have the same culture. The values or policies of a non-profit organization would be different from that of a profit making entity or employees working in a restaurant would follow a different culture as compared to those associated with education industry or a manufacturing industry.

Broadly there are two types of organization culture:

*Strong Organization Culture:* Strong organizational culture refers to a situation where the employees adjust well, respect the organization's policies and adhere to the guidelines. In such a culture people enjoy working and take every assignment as a new learning and try to gain as much as they can. They accept their roles and responsibilities willingly.

*Weak Organization Culture:* In such a culture individuals accept their responsibilities out of fear of superiors and harsh policies. The employees in such a situation do things out of compulsion. They just treat their organization as a mere source of earning money and never get attached to it.

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## **3.2 Types of Organizational Culture**

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The practices, principles, policies and values of an organization form its culture. The culture of an organization decides the way employees behave amongst themselves as well as the people outside the organization.

Let us understand the various types of organization culture:

### **3.2.1 Normative Culture**

In such a culture, the norms and procedures of the organization are predefined and the rules and regulations are set as per the existing guidelines. The employees behave in an ideal way and strictly adhere to the policies of the organization. No employee dares to break the rules and sticks to the already laid policies.

### **3.2.2 Pragmatic Culture**

In a pragmatic culture, more emphasis is placed on the clients and the external parties. Customer satisfaction is the main motive of the employees in a pragmatic culture. Such organizations treat their clients as Gods and do not follow any set rules. Every employee strives hard to satisfy his clients to expect maximum business from their side.

### **3.2.3 Academy Culture**

Organizations following academy culture hire skilled individuals. The roles and responsibilities are delegated according to the back ground, educational qualification and work experience of the employees. Organizations following academy culture are very particular about training the existing employees. They ensure that various training programmes are being conducted at the workplace to hone the skills of the employees. The management makes sincere efforts to upgrade the knowledge of the employees to improve their professional competence. The employees in an academy culture stick to the organization for a longer duration and also grow within it. Educational institutions, universities, hospitals practice such a culture.

### **3.2.4 Baseball Team Culture**

A baseball team culture considers the employees as the most treasured possession of the organization. The employees are the true assets of the organization who have a major role in its successful functioning. In such a culture, the individuals always have an upper edge and they do not bother much about their organization. Advertising agencies, event management companies, financial institutions follow such a culture.



### **3.2.5 Club Culture**

Organizations following a club culture are very particular about the employees they recruit. The individuals are hired as per their specialization, educational qualification and interests. Each one does what he is best at. The high potential employees are promoted suitably and appraisals are a regular feature of such a culture.

### **3.2.6 Fortress Culture**

There are certain organizations where the employees are not very sure about their career and longevity. Such organizations follow fortress culture. The employees are terminated if the organization is not performing well. Individuals suffer the most when the organization is at a loss. Stock broking industries follow such a culture.

### **3.2.7 Tough Guy Culture**

In a tough guy culture, feedbacks are essential. The performance of the employees is reviewed from time to time and their work is thoroughly monitored. Team managers are appointed to discuss queries with the team members and guide them whenever required. The employees are under constant watch in such a culture.

### **3.2.8 Bet company Culture**

Organizations which follow bet company culture take decisions which involve a huge amount of risk and the consequences are also unforeseen. The principles and policies of such an organization are formulated to address sensitive issues and it takes time to get the results.

### **3.2.9 Process Culture**

As the name suggests the employees in such a culture adhere to the processes and procedures of the organization. Feedbacks and performance reviews do not matter much in such organizations. The employees abide by the rules and regulations and work according to the ideologies of the workplace. All government organizations follow such a culture.

The following types of organizational culture:

#### *Collegiate*

- There is a dual structure of administrative and academic management which results in parallel committee structures which can act as a black hole for decision making.
- Unclear reporting lines and poor coordination, strong local cultures, agendas and identifiers.
- Academic status is perceived as higher than support or administrative functions.
- There are strong subject-specific allegiances with academics often feeling a stronger alliance to their subject area and external networks than the institutional mission.
- Decision making occurs through committees, which can be slow and lack cohesion.
- Activities tend to be driven from the ground, primarily linked to local interests.
- Classic structure of old universities particularly those with more of a research focus.

#### *Bureaucratic*

- Characterized by strong central management and top-down decision making.
- The hierarchy of control and decision making is clearly established in the administrative and management structures of the institutions.
- Management roles are clearly defined as career progressions, heads of department, deans etc are appointed through an interview process to tenured positions.
- Central management has strong control over the direction of the strategic priorities for the institution.
- Commonly found in FE colleges and new universities.

### ***Innovative***

- Institutions with flexible structures geared to respond and adapt quickly to external factors and influences.
- Strong culture of change and innovation with frequent changes in directions of activities and focus of interest.
- Often characterized by a matrix structure of responsibilities by both subject area and functional activity (where the latter will often be structured around the identified strategic priorities).
- Typically activities focused around particular projects and associated project teams.
- Characteristic of some new universities and colleges but also present within the old universities within the sub-structure of the institution through enterprise centres and research centres which are externally funded.

### ***Enterprise***

- More closely aligned to traditional businesses and industry approaches.
- Acutely aware of financial mechanism and processes and alert to external opportunities.
- Traditional management roles and structures with clear demarcation of responsibilities and hierarchical decision making processes.
- Clear business objectives and plans based on detailed market analysis and needs.
- More common in America, particularly in some of the newer institutions which are focused on distance education.

### **Did You Know?**

Ravasi and Schultz in 2006 state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behaviour for various situations.

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## **3.3 Functions of Organizational Culture**

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Organizational culture is the personality of an organization - the “way things are done.” It is defined as the informal values, norms and beliefs that control how individuals and groups interact internally and externally. An organizational culture is strong when there is a high shared commitment to core values, and weak when control has to be exercised through administrative orders. Organizational cultures serve two major functions: external adaptation and internal integration. Brown identifies a large number of functions that can be attributed to organisational culture. Some of the most significant functions are said to include: conflict resolution, coordination and control, motivation and competitive advantage. The appropriate organisational culture is important for the selected municipality because it creates a competitive advantage over other organisations, therefore achieving superior performance and hence service delivery relative to another municipality or organisation. Greenberg and Baron have differing views of the role of culture to that of Brown. They state that culture plays several important roles within an organisation, such as, it provides a sense of identity; generates organisational commitment, as well as commitment to the organisation’s mission; and clarifies and reinforces standards of behaviour. Greenberg and Baron continue by stating that if organisations serve these three important roles, then it will be clear that culture is an important force that influences employee attitudes and behaviours within organisations. This will result in the employees being more committed to their organisation, and therefore they will deliver higher standards of service.

The main function of organisational culture is to define the way of doing things in order to give meaning to organisational life. Making meaning is an issue of organisational culture, because organisational members need to benefit from the lessons of previous members. As a result, organisational members are able to profit from whatever trials and errors regarding knowledge others have been able to accumulate. Organisational

culture also determines organisational behaviour, by identifying principal goals; work methods; how members should interact and address each other; and how to conduct personal relationships.

Brown states the following functions of organisational culture:

- Conflict reduction. A common culture promotes consistency of perception, problem definition, evaluation of issues and opinions, and preferences for action.
- Coordination and control. Largely because culture promotes consistency of outlook it also facilitates organisational processes of coordination and control.
- Reduction of uncertainty. Adopting of the cultural mind frame is an anxiety reducing device which simplifies the world of work, makes choices easier and rational action seem possible.
- Motivation. An appropriate and cohesive culture can offer employees a focus of identification and loyalty, foster beliefs and values that encourage employees to perform.
- Competitive advantage. Strong culture improves the organisation's chances of being successful in the marketplace.

In addition to the above functions, Martins and Martins also mention the following as functions of organisational culture:

- It has a boundary-defining role, that is, it creates distinctions between one organisation and the other organisations.
- It conveys a sense of identity to organisational members.
- It facilitates commitment to something larger than individual self-interests.
- It enhances social system stability as the social glue that helps to bind the organisation by providing appropriate standards for what employees should say and do.
- It serves as a meaningful control mechanism that guides or shapes the attitudes and behaviours of employees.

These functions of organisational culture suggest that an organisation cannot operate without a culture, because it assists the organisation to achieve its goals. In general terms, organisational culture gives organisational members direction towards achieving organisational goals.

### ***External Adaptation***

“Organizational Culture and Leadership,” The first is mission. In a strong culture, groups are committed to the company's mission and strategy to deal with the competitive environment and other external forces. The second and third elements are goals and means. Goals are derived from the mission but are more specific. For example, a company's mission could be to gain market share, but the goals would include specific percentages and schedules. The third element is the means to achieve the goals, including labour specialization, compensation systems and organizational structure. A consensus on the means leads to fewer turf wars. The fourth and fifth elements are measurement and correction. Using hard data (such as financial statements) and through internal and external consultations, a company's performance is measured against its mission so that corrective measures can be taken to address deficiencies. Correction is a gradual process of culture change by managing internal resistance and building consensus.

### ***Internal Integration***

Organizational culture also plays an important role in internal integration. The first is common language. To communicate effectively, group members develop a common set of actions and words. The second element is group boundaries - there should be consensus on who is or is not a member. Leadership may formally set these boundaries but the group ratifies them. In a mature organization, a person may belong to multiple groups and,

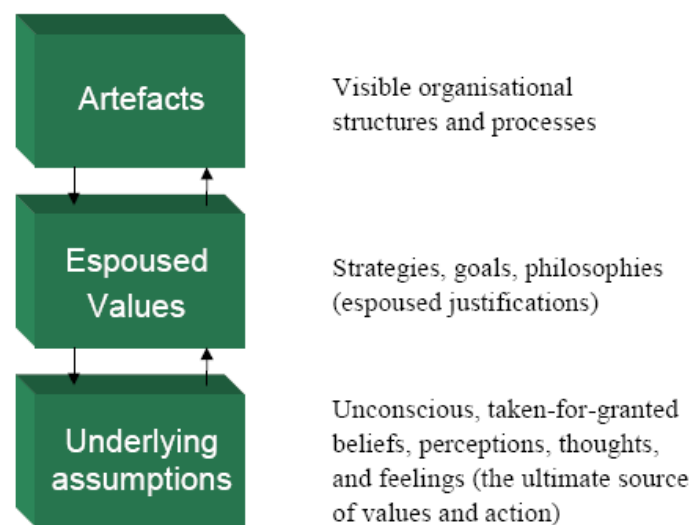
for each group; makes the transition from being an outsider to an insider. The third element is the distribution of power and status, which is the process governing how power is earned and how to deal with authority and peers. The fourth element is the development of friendships, norms and customs within groups. The fifth element is a system of rewards and punishments for obeying and disobeying rules. The sixth element is that groups have ways sing religion, ideology, beliefs and myths to explain the unexplainable, such as a sharp change in business conditions, a tragic accident or a natural disaster.

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### 3.4 Schein's Organizational Culture Model

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According to Schein's theory, organisational culture is defined as "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as a correct way to perceive, think and feel in relation to those problems." According to Schein, organisational culture is the learned result of group experiences, and it is to a large extent unconscious. Schein considers culture to be a three-layer phenomenon. As organisational culture can be examined on different levels. This should also be reflected in the selection of cultural research and development methods. Different methods will generate information about the different levels of culture. The first level of culture consists of visible organisational processes and various artefacts. For example, dress codes and the general tidiness of the workplace are artefacts that tell something about the organisation's culture. The first level, according to Schein, is difficult to interpret, however, because it represents the most superficial cultural phenomena, i.e. only reflections of the true corporate culture. For example, behaviour – which is a cultural artefact – is also influenced by countless factors other than a company's culture. The first cultural level also consists of various quality systems as well as information systems and databases connected with safety and the control/monitoring of operations. Similarly, cultural artefacts can be considered to include accident statistics, sick leave and corresponding indicators, which, correctly interpreted, can be used to form conclusions about the deeper characteristics of an organisation's culture. This interpretation requires effective and diverse research methods and an understanding of the internal dynamics of the culture (See Figure 3.1).



**Figure 3.1:** Schein's (1992) model of organisational culture.

The second cultural level in the Schein model consists of the organisation's espoused values. These are apparent in, for example, the organisation's official objectives, declared norms and operating philosophy. Espoused values, however, do not always reflect a company's everyday operations. Most important in terms of operations is the culture's deepest level, namely its underlying assumptions. Underlying assumptions relate to

the group's learned solutions to problems relating to external adaptation and internal integration. These solutions gradually become self-evident assumptions that cannot be called into question later. Problems related to external adaptation concern views of an organisation's tasks and objectives as well as the means to implement and assess them. A solution has to be found for them so that the organisation can function and succeed in its environment. Problems related to internal integration and to maintaining operating capacity concern the creation of a common language and concepts, defining group limits, the level of authority relationships and interaction, as well as methods of reward and punishment. A solution has to be found for these so that members of the organisation can function together in an organised and predictable working community.

Schein also distinguishes so-called deeper underlying assumptions, which relate, for example, to views of human nature as well as to the nature of information and the human activity in question. These are strongly influenced by national culture, but an organisation always forms its own view of them in its operations. One can assume that the deeper underlying assumptions originally acted as a basis for interpretation in determining and resolving the problems of internal integration and external adaptation. In other words, they influence how the members of an organisation perceive, think and feel in matters relating to the organisation. Underlying assumptions function as an unconscious basis for action and a range of decisions that shape the culture further. Underlying assumptions, therefore, are not static; culture is in an epistemological sense the creation and recreation of shared reality. In Weick's terms it can be said that organisational reality is an ongoing accomplishment. According to Schein, even though underlying assumptions direct the actions of a company's members, the organisation's underlying assumptions cannot be inferred from such actions.

Actions are also always influenced by situation-specific and individual factors. Espoused norms and an organisation's official rules may, however, be in conflict with everyday (artefact level) actions. Thus they can also be in conflict with the underlying assumptions, which in the end direct these actions. Organisations may not necessarily perceive this conflict themselves or they may even actively deny its existence. Although Schein's theory has been criticised, it covers the central elements of culture well, namely it is holistic, partly unconscious and learned nature. Organisational culture, therefore, is not merely a single new variable which describes organisations and which can be examined separately from the other variables that affect an organisation's activities, such as the organisation's structure, strategy, market orientation and the technology it uses. Organisational culture as a scientific concept strives to describe and explain activity in the organisation as a whole. Schein model for describing and measuring organizational culture is a well known model which is being used variedly by organizational consultants. The model was published by Edgar Schein at the 80' of the 20th century. However, it has some uncertain aspects, in which Raz update of the model is taking care of.

### **Caution**

Organisational culture should be reflected in the selection of cultural research and development methods.

#### **3.4.1 Schein's Model**

Schein model defines organizational culture as the deepest and strongest aspect of organization life. The culture has three cognitive levels which one can measure. The first level is where the organizational attributes that can be seen, felt and heard by the uninitiated observer-this level includes behaviour, colours, furnishings, recognition. The attributes can be measured by observation of anyone that meets the culture. The next level is about the professed culture of the organization members - this level includes slogans, flyers, lists, statements. One can measure there by interviews and reading papers of the organization. The last and deepest level is where lays the organization's tacit assumptions these elements are unseen, subconscious, the 'unspoken rules' of the organization. To find out those tacit assumptions, one needs to discover the in-depth of the organization

by deep observation and interpretation of an expert. Schein's model gives an opportunity to measure these levels and to compare the links between them. If the links are strong's then there is a strong organizational culture.

### **3.4.2 Problems with Schein's Model**

First problem - It is not really clear what is the difference between the professed culture and the tacit assumptions. It is hard to define when some kind of professed culture becomes a tacit assumption. For example, principle of discipline could be professed or tacit. Moreover, the saying that the tacit assumptions cannot be examined by interviews and questionnaires gives too much credit to the investigator to decide what he sees. Second problem the term of organizational attributes is too vague and general. It includes almost everything that happens in the organization - from a smile to the colour of a desk. By being too wide this term loses its power.

### **Case Study-Organizational Culture at Southwest Airlines**

Southwest Airlines is renowned for its pared-down, unconventional business model. Its focus on punctual arrivals and departures, and no-frills, yet friendly service, has helped the airline to thrive in a time when many others are failing. Southwest's approach may not be for everyone, but those looking for a great value and dependability find southwest to be the perfect choice.

#### ***Focus on Fun***

Southwest is known for its flight attendants and pilots kooky in-flight announcements and playful attitudes. Even the CEO has a sense of humour; his Halloween costume choices are based on customer responses to his blog, and he has dressed as a rock star, a pirate and a woman with a beehive hairdo. Southwest proves that it is possible to have a good time while saving money.

#### ***Employee Satisfaction***

Southwest is dedicated to keeping its employees happy, and it shows in the lack of turnover, but Southwest kept all of its personnel. This loyalty, combined with a profit sharing program and a much higher ratio of supervisors to employees than most airlines, explains why employees perform so efficiently and enthusiastically.

#### ***Aircraft***

Southwest uses only one model of plane, the Boeing 737, and has a fleet of over 500. This means that the airline does not have to train mechanics on up to 20 different models, like some airlines, which helps to keep costs down.

#### ***Seating***

Southwest is famous for its lack of assigned seating. While some, especially those boarding last, lament the inability to choose a seat, it is one reason the airline is able to board its passengers so quickly. Southwest considered adopting assigned seating after complaints from frequent business travelers, but simply modified it instead. Open seating is still used, but now customers are assigned a number in line, so that less standing time is required when passengers go to the appropriate queue (A, B or C, depending on check-in time). The company found that people move much more quickly when they need to find their own seats, rather than settle into assigned ones.

### ***On-time Arrivals and Departures***

Southwest ranked second in the U.S. Department of Transportation's study of on-time performance. Hawaiian Airlines came in first, largely due to the lack of delays due to bad weather. Southwest was one of only three airlines with an on-time percentage of 80 or higher.

### ***Ticket Purchases***

Tickets can only be bought directly through Southwest's secure site, either by phone or at Southwest.com, and vacation packages are available. The site always offers Internet specials.

### ***Other Southwest Differences***

Southwest was the first airline to have its own website. An employee also came up with the pioneering idea of having an automated kiosk for checking in for a flight. Their Rapid Rewards program is different from most frequent flier systems in that it is based on flying a certain number of times in a specified period of time, rather than miles travelled. Southwest has recently maintained one highly competitive aspect of its service by keeping the first two checked bags free.

### **Questions**

1. Write short note on employee satisfaction percent of southwest airline.
2. Discuss the ticket purchases plan of southwest airline.

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## **3.5 Summary**

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- Organizational Culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations.
- Organizational culture is a descriptive term which is concerned with how employees perceive the characteristics of an organization's culture, not with whether or not they like them.
- The organizational culture is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members.
- Organization culture refers to the beliefs and principles of a particular organization.
- Every organization has a unique culture making it different from the other and giving it a sense of direction.
- An organizational culture is strong when there is a high shared commitment to core values, and weak when control has to be exercised through administrative orders.
- Schein model for describing and measuring organizational culture is a well known model which is being used variedly by organizational consultants.
- Schein model defines organizational culture as the deepest and strongest aspect of organization life.

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## **3.6 Keywords**

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**Leadership:** It has been described as "a process of social influence in which one person can enlist the aid and support the others in the accomplishment of a common task".

**Organization:** A social unit of people systematically structured and managed to meet a need or to pursue collective goals on a continuing basis.

**Organizational Culture:** The values and behaviours that contribute to the unique social and psychological environment of an organization.

**Schein's Model:** It is defines organizational culture as the deepest and strongest aspect of organization life.

**Social system:** It is a central term in sociological systems theory. The term draws a line to ecosystem, biological organisms, psychical systems and technical systems.

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### 3.7 Self Assessment Questions

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1. ....refers to a system of shared meaning held by members that distinguishes the organization from other organizations.  
(a) Organizational behaviour (b) Organizational structure  
(c) Organizational Culture (d) None of these
2. The organizational culture is a system of shared beliefs and attitudes that develop within an .....the behaviour of its members.  
(a) organization (b) guides  
(c) Both (a) and (b) (d) None of these
3. Culture involves the .....of knowledge, beliefs and patterns of behaviour over a period of time.  
(a) learning (b) transmitting  
(c) Both (a) and (b) (d) None of these
4. The employees are the major assets of an organization and contribute effectively in its .....functioning.  
(a) bad (b) successful  
(c) Both (a) and (b) (d) None of these
5. ....is something which one inherits from his ancestors and it helps in distinguishing one individual from the other.  
(a) Individual (b) Organizational  
(c) Culture (d) None of these
6. A pragmatic culture, more emphasis is placed on the.....  
(a) clients (b) Both (a) and (c)  
(c) external parties (d) None of these
7. Organizations following academy culture hire skilled individuals.  
(a) True (b) False
8. A ..... culture considers the employees as the most treasured possession of the organization.  
(a) baseball team (b) people  
(c) politics (d) None of these
9. Organizations following a club culture are very particular about the employees they recruit.  
(a) True (b) False
10. Organizational culture also plays an important role in external integration.  
(a) True (b) False.



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## 3.8 Review Questions

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1. Define organizational culture. How does it differ from social culture?
2. Organizational culture generally reflects the belief and ideologies of the founder. Do you agree with the above statement? Give reasons.
3. As a manager of an organization having 400 employees, how will you promote organizational culture?
4. Discuss the types of organizational culture. Explain in details.
5. What are the functions of organizational culture?
6. Define the external adaptation.
7. Explain the importance of culture to the organization.
8. Explain the model of schein's organizational culture.
9. Define internal integration
10. Write short note on:
  - (a) Bureaucratic
  - (b) Innovative
  - (c) Normative culture?

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (c) | 2.(c) | 3.(c) | 4.(b) | 5.(c)  |
| 6. (b) | 7.(a) | 8.(a) | 9.(a) | 10.(b) |

# 4

## Organizational Design and Structure

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4.3 Types of Organizational Structure

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4.6 Self Assessment Questions

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### **Objectives**

After studying this chapter, you will be able to:

- Discuss concept of organizational design and structure
- Explain the process and structure of organizing
- Describes types of organizational structure

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### **Introduction**

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Organizational mission is expressed in terms of organizational goals. These goals have to be attained by combined efforts of various resources, which involve division of labour on one hand and grouping of various activities on the other. Organizational structure plays an important role in attaining these goals. Any organization when it starts has a small structure and it takes a mega form as it develops. The development is both vertical and horizontal. Vertical structure indicates the line authority and reporting channel. Horizontal structure indicates the division of work and specialization. Tiers of organizational structure are indicative of power structure, positions and its inter-se relationship, roles, channels of reporting, delegation and accountability. Organizational structure to be effective must be continuously reviewed, modified especially in the present scenario where cost cutting is the order of the day if an organization has to be competitive. It has been observed that the formation of organizational structure is subject to influence of various people who have a say in the organization and therefore there exist a divergence between planned and operating organizational structure.

In the United States, modern business enterprises in full swing to extend after the Civil War. Since then, two major milestones transpired in organizational design. The distinguishing of management from ownership between 1895 and 1905 was the first major shift in power and knowledge. Approximately 20 years later, the second major evolution took place. It is what we have grown to expect as the typical organization structure. This shift occurred when Pierre S. du Pont restructured the family business in the early 1920s. It continued with Alfred P. Sloane's introduction of command-and-control procedures that allowed for a decentralized organizational structure with centralized staff functions.

In the first two decades of the 20th century, Frederick W. Taylor's scientific organization recognized a framework that advanced the total system of management. He introduced a new and influential technology, which focused on the subdivision of tasks into manageable and controllable units. This led the way to the division of labour, as exemplified by Ford Motor Company's assembly line manufacture of automobiles. Organization design can be careful a subset of the broader field of organization success and organization progress, both of which may entail more behaviourally focused solutions to effectiveness, such as leadership behaviours, team effectiveness and the like.

Following World War II, a second management method, participative management, introduced the human side of management. Participative management greatly lessened the dominance that scientific management had exerted up to that point. The concept that motivational factors—and not the division of functions—drove performance partially displaced scientific management.

Alfred P. Sloane, chief decision-making officer of General Motors, followed Pierre S. du Pont a few years later by taking Taylor's work one step further. He created the divisional corporation. du Pont, as well as Henry Ford and others of that time, had created large organizations that had grown beyond the capabilities of general management. Sloane segmented General Motors into divisions to allow his management group to control and organize business activities. This defined how large multinational corporations were structured for several decades.

Why is the history of organizational mean important? The “glass house” (the name most associated with a mainframe data centre) is designed using Taylor and Sloane's definition of best practices for organization design. I often refer to this organizational design as a stovepipe. IT groups are structured into divisions, department, groups, and so on, with a clear division of labour and resources.

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## **4.1 Concept of Organizational Design and Structure**

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Organizational structure refers to the way tasks are divided up, how the work flows, how this flow is coordinated and the forces and mechanisms that allow this coordination to occur.

### **4.1.1 Significance of Organization Structure**

Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively. Organization structure determines the location of decision-making in the organization. Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority. A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority. Organization structure provides the pattern of communication and coordination. The organization structure helps a member to know what his role is and how it relates to other roles.



#### **4.1.2 Principles of Organization Structure**

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

##### ***Line and Staff Relationships***

Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy. Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services. The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination. The specialist offers a common service throughout all departments of the organisation but has no direct authority over those who make use of the service, are called functional relationships.

##### ***Departmentalization***

Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

#### **4.1.3 Division of Labour**

- Subdivision of work into separate jobs assigned to different people
- Potentially increases work efficiency
- Necessary as company grows and work becomes more complex

#### **4.1.4 Span of Control**

- Number people directly reporting to the next level
- Assumes coordination through direct supervision
- Wider span of control possible when
  - Used with other coordinating method
  - Subordinates' tasks are similar
  - Tasks are routine
- Flatter structures require wider span (if same number of the people in the firm)

#### **4.1.5 Contingencies of Organizational Design**

Given the many choices of structure, how do we go about making organization design decision for our business? Different organization structures have different benefits in different situations. What matters is the overall organization design is aligned with the business strategy and the market environment in which the business operates. It must then have the right business controls, the right flexibility, the right incentives, the right people and the right resources. Here are just some of the many things that we can consider when thinking about the structure of our organization.

**Strategy** – The organization design must support strategy. If organization intends to be innovative then a hierarchical structure will not work. If however, strategy is based on low cost, high volume delivery then a rigid structure with tight controls may be the best design.

**Size** – The design must take into account the size of organization. A small organization could be paralyzed by too much specialization. In larger organizations, on the other hand, there may be economies of scale that can be gained by maintaining functionally specialist departments and teams. A large organization has more complex decision making needs and some decision making responsibilities are likely to be devolved or decentralized.

**Environment** – If the market environment we work in (customers, suppliers, regulators, etc.) is unpredictable or volatile, then the organization needs to be flexible enough to react to this.

**Controls** – What level of control is right in business? Some activities need special controls (such as patient services in hospitals, money handling in banks and maintenance in air transport) whilst others are more efficient when there is a high degree of flexibility.

**Incentives** – Incentives and rewards must be aligned with the business's strategy and purpose. When these are misaligned, there is a danger that units within the organization become self-serving. Using the earlier example of a company that wants to grow by acquiring new customers, the sale team is incentivized on customer retention, and therefore is self-serving rather than aligned with the business purpose. To offer some motivation to someone so that they will want to perform some action."In order to incentivize the sales associates, their boss told them that they would obtain a bonus for every ten customers who bought from them."

#### **Did You Know?**

Mohr in 1982 the early theorists of organizational structure, Taylor, Fayol, and Weber "saw the importance of structure for effectiveness and efficiency and assumed without the slightest question that whatever structure was needed, people could fashion accordingly.

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## **4.2 Process and Structure of Organizing**

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Organizing refers to the way in which the work of a group is arranged and distributed among members to efficiently achieve the objectives of an organization.

The process of organizing consists of the following steps—

- (a) Determining the activities to be performed.
  - (b) Identification of the major functions to which these activities relate.
  - (c) Grouping and sub-dividing activities within each department on the basis of similarity or relatedness.
  - (d) Establishing relationships among different individuals and departments.
- Responsibility is the obligation of a subordinate to perform the assigned duties.

- Authority includes the right to decide, issue orders and take action in case orders are not carried out.
- Accountability means answerability. Each person has to report to his superior how the work has been done and how authority has been used.

#### 4.2.1 Organization Structure

- Structure refers to the arrangement of parts and interrelationships among activities and people.
- The structure of an organization mainly involves the following



- (a) The number of departments, sections and positions in which an organisation has been divided.
- (b) The levels of management.
- (c) The relationships among different parts and levels.

In most organizations, structure is created on the basis of functions. A small manufacturing organization may have only two departments to perform the functions of production and sale.

These two functions are known as line functions. In large organizations, there are staff officers and staff departments to help the line departments. Staff departments may be created at any level in the organization.

- The principle of span of control states that there is a limit to the number of subordinates who can be effectively supervised by a manager. The span of control gives rise to management levels.
- There are three types of authority relationships viz. line, staff and functional.

- (a) Line authority is the authority to issue orders and to see that these orders are carried out.
- (b) Staff officers are appointed to help line managers. Their main job is to give advice.
- (c) Functional authority is the authority of a manager over a person who is not his immediate subordinate. The main reason of using functional authority is to take advantage of the special knowledge and skill of functional specialists.

#### 4.2.2 Principles of Organization

The principles of organization should guide managers in this process.

### ***Unity of command and direction***

“Unity of command” means that each employee should report to only one supervisor. Unity of direction means that all tasks and activities should be directed toward the same mission and goals.

### ***Chain of Command***

“Chain of command” states that a clear, unbroken chain of command should link every employee with someone at a higher level, all the way to the top of the organization.

### ***Span of Control***

“Span of control” refers to the number of subordinates reporting to a manager. A flat organization exists when there are few levels with wide spans of control, whereas a tall organization exists when there are many levels with narrow spans of control.

### ***Division of Work***

With the division of work, employees have specialized jobs.

### ***Standardization***

Standardization is the process of developing uniform practices that employees are to follow doing their jobs. The purpose is to develop a certain level of conformity.

### ***Coordination***

Coordination means that all departments, sections, should work together to accomplish the strategic, tactical, and operational goals of the organization. Coordination entails integrating all organizational tasks and resources to meet the organization’s goals.

Thompson has identified three major forms of interdependence, namely pooled interdependence, sequential interdependence, and reciprocal interdependence

1. In groups that exhibit pooled interdependence, the units operate with little interaction; the outputs of the units are pooled at organizational level.
2. In sequential interdependence, the output of one unit becomes the input for the next unit.
3. Reciprocal interdependence refers to a situation in which the outputs of one work unit become the inputs for the second work units, and vice versa.

### ***Responsibility, Authority, and Accountability***

Responsibility is the obligation to achieve goals by performing required activities. Authority is the right to make decisions, issue orders, and use resources. Accountability is the evaluation of how well individuals meet their responsibility. Managers can delegate responsibility and authority, but never their accountability.

### ***Delegation***

Delegation is the process of assigning responsibility and authority for attaining goals. Responsibility and authority are delegated down the chain of command.

### ***Downsizing and Delay ring***

Downsizing is a managerial activity aimed at reducing the size of an organization’s workforce. Delay ring is the process of reducing the number of layers in the vertical management hierarchy.

### **4.2.3 Hierarchical Systems**

A hierarchical organization is an organizational structure where every entity in the organization, except one, is subordinates to a single other entity. This arrangement is a form of a hierarchy. In an organization, the hierarchy usually consists of a singular/group of power at the top with subsequent levels of power beneath them. This is the dominant mode of organization among large organizations; most corporations, governments, and organized religions are hierarchical organizations with different levels of management, power or authority. For example, the broad, top-level overview of the general organization of the Catholic Church consists of the Pope, then the Cardinals, then the Archbishops, and so on.

Looking at organizing as a process requires that several rudiments be considered. In the first place, the structure must reflect objectives and plans, because activities derive from them. In the second place, it must reflect the authority available to an project management. Authority in a given organization is a socially determined right to exercise discretion; as such, it is subject to change. In the third place, organization structure, like any plan, must reflect its surroundings. Just as the premises of a plan may be economic, technological, political, social, or ethical, so may be those of an organization structure. It must be designed to work, to permit contributions by members of a group, and to help people gain objectives efficiently in a changing future. In this sense, a workable organization structure can never be static. There is no single organization structure that works best in all kinds of situations.

An effective organization structure depends on the situation. In the fourth place, since the organization is staffed with people, the alignment of activities and the authority relationships of an organization structure must take into account people limitations and customs. This is not to say that the structure must be designed around individuals instead of around goals and accompanying activities. But an important consideration is the kind of people who are to staff it.

### **4.2.4 Logic of Organizing**

Although steps 1 and 2 are actually part of planning, the organizing process consists of the following six steps:

- Establishing enterprise objectives.
- Formulating supporting objectives, policies, and plans.
- Identifying and classifying the activities necessary to accomplish these.
- Grouping these activities in the light of the human and material resources available and the best way under the circumstances, of using them.
- Delegating to the head of each group the authority necessary to perform the activities.
- Tying the groups together horizontally and vertically, through authority relationships and information flows.

### **4.2.5 Some Misconceptions**

Organizing does not imply any extreme work-related specialization, which in many instances makes labour unexciting, tedious, and unduly restrictive. There is nothing in organization itself that dictates this. To say that tasks should be specific is not to say they must be limited and mechanical. Whether they should be broken down into minute parts — as on a typical assembly line — or be defined broadly enough to encompass the design, production, and sale of a machine is for the organizer to consider in light of the results desired. In any organization, jobs can be defined to allow little or no personal leeway or the widest possible discretion. One must not forget that there is no best way to organize and that the application of structural organization theory must take into account the situation.



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## 4.3 Types of Organizational Structure

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Organization structure is defined as “the logical arrangement of task and the network of relationships and roles among the various positions established to carry out the activities necessary to achieve the predetermined objectives of business”. Internal Organization structure constitutes the arteries and veins through which the blood of work flows in the body of Organization.

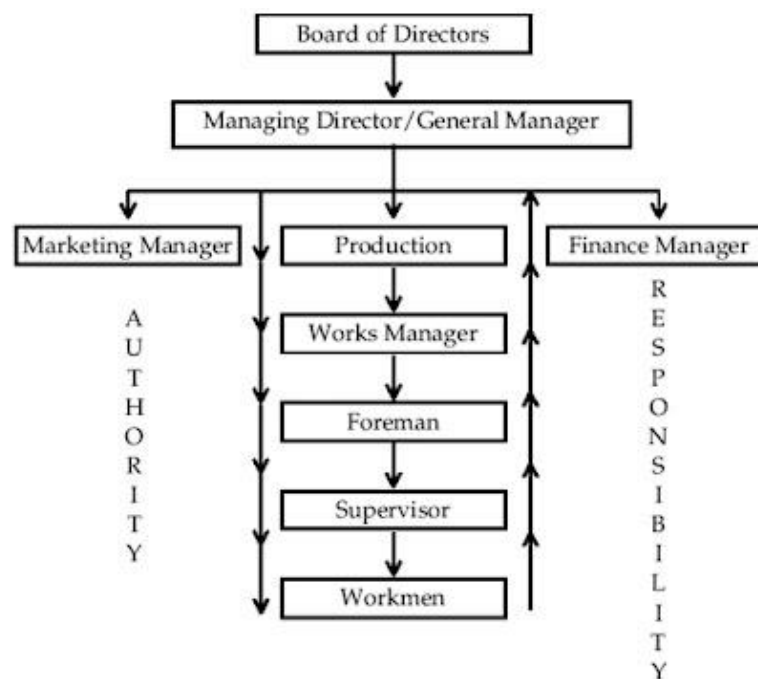
Internal Organization structures can be broadly classified into the following types/forms:

- Line Organization structure.
- Functional Organization structure.
- Line and staff Organization structure.
- Product Organization structure.
- Committee and Matrix Organization structure.

### 4.3.1 Line Organization Structure

Line Organization (also called Military/Scalar Organization) is the oldest and the simplest form of internal Organization structure. It was first developed by the Roman army and later adopted by armies all over the world. Factory owners also used line Organization structure in its purest form in the nineteenth century in England. In the line Organization, the line of authority moves directly from the top level to the lowest level in a step-by-step manner. It is straight and vertical. The top-level management takes all major decisions and issues directions for actual execution. The general manager, for example, issues order to various departmental managers. Thereafter, the departmental manager issues instructions to works manager. The works manager will issue instructions to foreman. In this manner, the orders and instructions will be issued to the workers working at the lowest level. Thus authority moves downward and also step-by-step. The responsibility, on the other hand, moves in the upward direction. (See Figure 4.1)

Line Organization structure is given in the following chart:



Line Organisation Structure

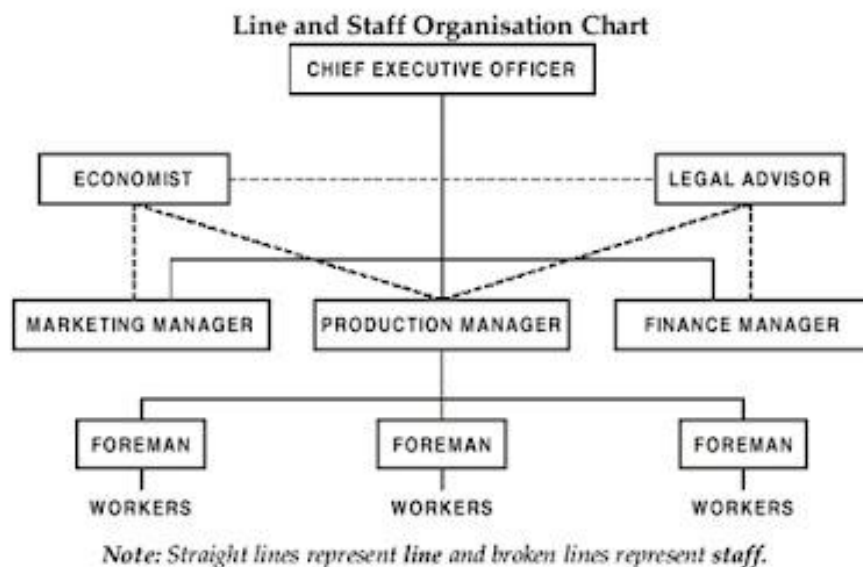
**Figure 4.1:** Line organization structure.

### 4.3.2 Functional Organization Structure

F.W.Taylor, founder of scientific management, conceived the functional Organization structure. According to him, it is unscientific to overload a foreman with the entire responsibility of running a department. He introduced a system of functional foremanship in his Organization. In his functional foremanship, there will be eight specialists' foremen who will be required to guide, direct and control the work. Workers at the plant level will have to follow the instructions of all these eight specialists called bosses. In the functional Organization suggested by F.W.Taylor, the job of management is divided according to specialization. As a result, functional departments are created. For example, the personnel department will look after the recruitment, selection, training, wage payment, etc. of all persons of the Organization. Similar will be the position of other departments like production, sales, etc. The scope of work of the department is limited but the area of authority is unlimited. In the functional Organization structure, there will be separation of planning of work and execution of the plan prepared. The basis of division is the function and naturally the Organization structure created will be called "Functional Organization". In the functional foremanship, there will be eight specialists/functional heads called bosses. Out of eight bosses, four bosses will be at the planning level and the remaining four will be at the shop floor level.

### 4.3.3 Line and Staff Organization Structure

In the line and staff Organization, line executives and staff (specialists) are combined together. The line executives are 'doers' whereas staffs refer to experts and act as 'thinkers'. The following chart shows (Figure 4.2) line and staff Organization structure:



**Figure 4.2:** Line and staff organization structure.

The line executives are concerned with the execution of plans and Policies. They do their best to achieve the organizational objectives. The staffs concentrate their attention on research and planning activities. They are experts and conduct advisory functions. Staff specialists are regarded as "thinkers" while execution function is given to line executives who are "doers". The staffs are supportive to line. The staff specialists offer guidance and cooperation to line executives for achieving organizational objectives. This reduces the burden of functions on the line executives and raises overall efficiency of the Organization. In short, the line and staff functions are different but are supportive and can give positive results if adjusted properly i.e. by avoiding the conflicts. They suggest/recommend but have no power to command the line executive. However, their advice is normally accepted because of their status in the Organization.

According to Louis Allen, “Line refers to those positions and elements of the Organization, which have the responsibility and authority and are accountable for accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in attainment of objectives”.

### **Caution**

For avoiding the conflicts between line and staff, there should be clear demarcation between the line and staff functions.

### **Case Study-Similarities and Equal to the Management**

Organizational arrangement depends on the result to be industrial as Wheelwright and Clark define scale executive structure among two boundaries; functional organizations are planned according to industrial regulation. Higher functional manager is responsible for apportioning assets. The accountability for entire creation is not owed to a solitary human being. Harmonisations occur all the way through system and events, thorough stipulation, shared customs between engineers and meeting. Thus, light-weighted matrix association remain functional and height of occupation is analogous to that establish in the practical mode. The position and influence puts value to the functional managers, since they have direct right of entry to functioning level community. The project members depart their functional subdivision and dedicate full time to the development, “share the same location. The professionals are less specialized and have broader tasks, skills and responsibilities. The functional manager is responsible for the personnel development and the more detailed technology research in the functional groups”. Several companies can be classified into organization structures. For example, NASA developed a matrix management system for its space program because it needed to simultaneously emphasize several different functions and projects, none of which could be stressed at the expense of another. It found that traditional management structures were too practical, hierarchical, slow poignant, and inflexible. NASA’s matrix solution overcame problems by synthesize projects, such as scheming rocket booster, with executive function, like staffing and finance. Most structure departmentalizes employment and other resource. Functional organizations are segmented by key functions. For example, activities related to production, marketing, and finance might be grouped into three respective divisions. Within each division, moreover, activities would be departmentalized into sub departments. The marketing for example, might include sales, publicity, and support departments. The chief benefit of functionally structured organization is that there typically realize reasonably capable occupation of labour and are moderately easy for employees to understand.

### **Questions**

1. What is the Wheelwright according to industrial regulation?
2. How can you define a matrix management system for its space program?

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## **4.4 Summary**

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- Organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy.
- Responsibility is the obligation to achieve goals by performing required activities. Authority is the right to make decisions, issue orders, and use resources.
- The logical arrangement of task and the network of relationships and roles among the various positions established to carry out the activities necessary to achieve the predetermined objectives of business.

- Functional Organization structure, there will be separation of planning of work and execution of the plan prepared.
- The staff specialists offer guidance and cooperation to line executives for achieving organizational objectives.

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## 4.5 Keywords

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**Accountability:** Accountability means answerability. Each person has to report to his superior how the work has been done and how authority has been used.

**Glass house:** It is most associated with a mainframe data centre is designed using Taylor and Sloane's definition of best practices for organization design.

**Incentivized:** To offer some inspiration to someone so that they will want to perform some action. "In order to incentivize the sales associates, their boss told them that they would receive a bonus for every ten customers who bought from them."

**Organizational design:** Organization design can be measured a subset of the broader field of organization efficiency and organization growth, both of which may entail more behaviourally focused solutions to effectiveness, such as management behaviours, team effectiveness and the like.

**Scalar Organization:** Scalar organization is the oldest and the simplest form of internal Organization structure.

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## 4.6 Self Assessment Questions

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1.....the name most associated with a mainframe data centre) is designed using Taylor and Sloane's definition of best practices for organization design

- |                 |                   |
|-----------------|-------------------|
| (a) Green house | (b) Data centre   |
| (c) Glass house | (d) None of these |

2. Participative management greatly lessened the dominance that scientific management had exerted up to that point.

- |          |           |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

3. ....helps a member to know what his role is and how it relates to other roles.

- |                              |                            |
|------------------------------|----------------------------|
| (a) Organizational structure | (b) Organizational design  |
| (c) Scalar Organization      | (d) Organizational culture |

4. ....is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy.

- |                         |                   |
|-------------------------|-------------------|
| (a) Officialization     | (b) Department    |
| (c) Departmentalization | (d) None of these |

5. A flat organization exists when there are few levels with wide spans of control, whereas a tall organization exists when there are many levels with narrow spans of control is called.....

- |                      |                     |
|----------------------|---------------------|
| (a) Span of control  | (b) Chain of common |
| (c) Division of work | (d) None of these   |

6. The organization design must not be support strategy. If organization intends to be innovative then a hierarchical structure will not work.

- |          |           |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

7. The span of control refers to:

- (a) The number of different levels in the chain of hierarchical command.
- (b) The number of subordinates reporting directly to a given manager or supervisor.
- (c) The number of subordinates reporting directly or indirectly to a given manager or supervisor.
- (d) The total number of managers and supervisors to whom staff report directly or indirectly.

8. The line executives are concerned with the execution of plans and Policies. They do their best to achieve the organizational objectives

- (a) True
- (b) False

9. Which of the following might be classified as functions of the 'staff organisation' as opposed to functions of the 'line organisation'?

- (a) Personnel.
- (b) Public relations.
- (c) Computer support services.
- (d) All of the above.

10. The specialist offers a common service throughout all departments of the organisation but has no direct authority over those who make use of the service, are called:

- (a) Line relationships.
- (b) Lateral relationships.
- (c) Staff relationships.
- (d) Functional relationships.

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## 4.7 Review Questions

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1. Define organizational structure and explain various implications that are associated with the organizational structure.
2. How can you define organization design can be careful a subset of the broader field of organization?
3. What are the line and staff relationships in principle of organizational structure?
4. How can you explain contingencies of organizational design?
5. What are the process and structure of organizing?
6. What is the logic of organizing and its misconceptions?
7. Define responsibility, authority, and accountability in organization.
8. What are the principles of organization?
9. What are various determinants of organizational structure? Visit an organization in your neighbourhood and study the organizational structure it has adopted. Evaluate the same and give your comments/modification to the existing structure.?
10. What are the different types of organizational structure?

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (c) | 2.(a) | 3.(a) | 4.(c) | 5.(a)  |
| 6. (b) | 7.(c) | 8.(a) | 9.(d) | 10.(d) |

# 5

## Personality

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### **Objectives**

After studying this chapter, you will be able to:

- Explain the meaning of personality
- Explain the major determinants of personality
- Discuss the theories of personality
- Describe the characteristics of personality
- Explain the ability

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### **Introduction**

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The term personality derived from the Latin word “persona”, which means “mask.” It refers to an individual’s distinct and relatively enduring pattern of thoughts, feelings, needs, motives, values, attitudes and behaviours.

It excludes race, gender, and physical attractiveness:

- It refers to the sum total of ways in which an individual reacts and interacts with others.
- Personality refers to the distinctive and relatively enduring way of thinking, feeling, and acting for a particular individual.
- The inner psychological characteristics that both determine and reflect how a person responds to his or her environment.
- The nature of personality reflects individual differences and it is consistent and enduring and change of behaviour.
- Relatively stable and distinctive patterns of behaviour that characterize an individual and his or her

reactions to the environment.

- Personality is a relatively stable set of characteristics that influences an individual's behaviour.
- It is unique, relatively consistent pattern of thinking, feeling and behaving.
- It refers to Preferences—for how handle situations, what is the sense of humour, or expectations of others.

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## 5.1 Meaning of Personality

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Personality is a concept that we, use continuously in our day-to-day routine when dealing with people. We talk about people as having a good personality or a bad personality or arrogant and aggressive personality. According to Salvatore Maddi “Personality is a stable set of characteristics and tendencies that determine those commonalties and differences in the psychological behaviour (thought, feeling and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment.” If a person's entire personality could change suddenly, then we would not be able to predict his personality traits. Example, if a person is sometimes warm and friendly and at other times he is cold and hostile, then we cannot conclude that his personality is warm and friendly.

Another aspect is the “commonalties and differences” in the behaviour of people. We are interested in understanding as to what an individual has in common with others as well as what sets that individual apart from others.

Every person is in certain aspects:

- Like all other people
- Like some other people
- Like no other person

We are interested in such aspects of personality that induce people to behave in a manner as required by social pressures or biological pressures. For example if your boss wants you to a job in a certain way, you will do it even if you disagree with your boss. This is the social pressure. Similarly, you stop work and go for your lunch if you are hungry. This is biological pressure.

### 5.1.1 Concept of Personality

- It refers to Personal characteristics that lead to consistent patterns of behaviour
- It refers to the variance in behaviour
- It refers to the both the person and the situation act as significant causes of behaviour in organizations, thus reinforcing the importance of properly managing the situations that employees work in an organization.
- It is a complex pattern of deeply embedded psychological characteristics that are
  - Largely unconscious
  - Cannot be eradicated easily
  - Express them automatically in every facet of functioning:
- It involves Intrinsic and pervasive, these traits are outlined:
  - Emerge from a complicated matrix of
    - Biological dispositions
    - Experiential learning's
  - Now comprise the individual's distinctive pattern of
    - Perceiving, thinking, feeling and coping.

### 5.1.2 The Nature of Personality

Nature of personality refers to the following issues:

- It develops over a person's lifetime.
- Generally, it is stable in the context of work.
- It can influence career choice, job satisfaction, stress, leadership, and even performance.

### 5.1.3 Assumptions of Personality

There are three basic assumptions are listed below:

1. Personality relatively stable and therefore predictable.
2. Personality is relatively stable across situations.
3. People differ in how much of a particular trait they possess; no two people exactly alike on all traits.

### Caution

Organizationally, manager must understand that all subordinates are not alike and that each subordinates is unique, and may or may not respond to the same stimuli, such as pay raise or reprimands.

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## 5.2 Major Determinants of Personality

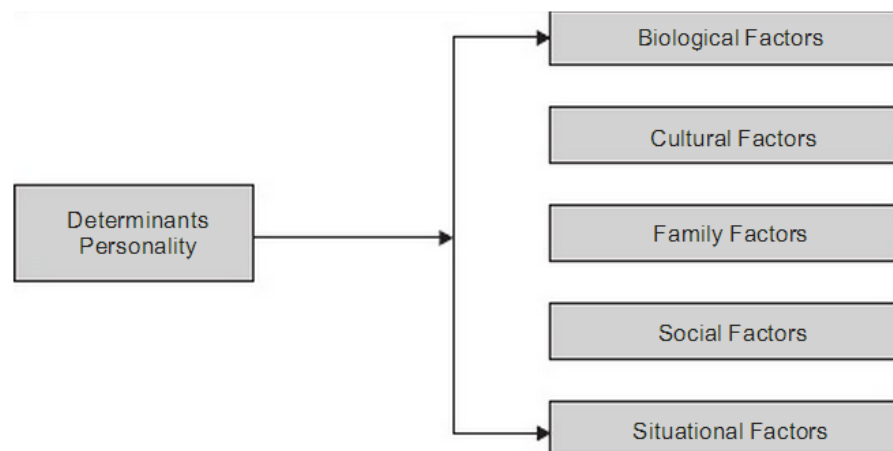
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There are two broad categories of factors that influence the formation and development of personality. These are heredity factors and environmental factors. It is debatable as to which of these factors have a greater influence on the structure, of personality. The probable consensus is that heredity and environment jointly affect personality development. The full potential of a person may or may not be achieved due to environmental constraints and requirement, but the potential for development, both physically and psychologically is determined by the complex set of genes.

The factors affecting personality development are:

### 5.2.1 Determinants of Personality

It refers to the factors like biological, cultural, family, social and situational factors are directly and indirectly influenced to individual behaviour. Personality is different from one person to another person. Therefore, we shall study the major determinants of personality (See Figure 5.1).

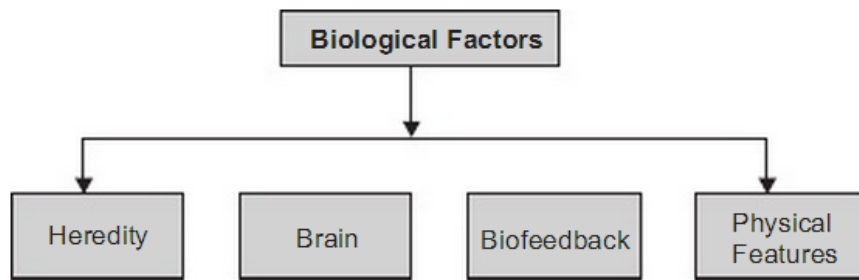


**Figure 5.1:** Determinants of personality.

### ***Biological Factors***

Biological factors are heredity, brain, biofeedback and physical features (See Figure 5.2).





**Figure 5.2:** Biological factors

### *Heredity*

The notion of heredity characteristics as contributing towards personality structure is deeply grained in our minds. Sayings such as like “father, like son”, when referring to characteristics has some validity.

Even two real brothers may have different personality traits. These traits are those of physique, eye colour, hair colour, attractiveness, height and nervous systems. Out personality is formed on the basis of how others react to our appearances and intellect. Another aspect of the influence of heredity factors on personality as proposed by Maier is the impact of a person’s endocrine glands. For ex: an under-active, thyroid gland results in a person becoming generally tired, sluggish and unable, to concentrate, If it over functions, then one becomes restless, irritable and prone to excessive worry. These characteristics affect the behaviour of a person who is in a state of biological disequilibrium such as being hungry or fatigued, and thus is more prone to irritation and lack of concentration.

- It refers to physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are considered to be inherent.
- It plays an important part in determining an individual’s personality.
- Heredity approach argues that the ultimate explanation of an individual’s personality is the molecular structures of the genes, which are located in the chromosomes.
- Recent research studies shows that young children lend strong support to the power of heredity and finding shows that some personality traits may be built into the same genetic code that affects factors like height and hair colour.

### *Brain*

- Brain is the second biological approach to determine personality.
- It plays an important role in determining personality.
- Electrical Stimulation of the Brain (ESB) and Split brain psychology results indicates that a better understanding of human personality and behaviour might come from a closer study of the brain.
- The definite areas of the human brain are associated with pain and pleasure. Research study shows that these things are true.

### *Biofeedback*

- It is third biological approach to determine personality.
- Physiologists and psychologists felt that biological functions like brain wave patterns, gastric and hormonal secretions, and fluctuations in blood pressure and skin temperature were beyond conscious control. Recent research shows that these functions can be consciously controlled through biofeedback techniques.
- For this purpose, individual can learns the internal rhythms of a particular body process through electronic signals that are feedback from equipment which is wired to body.
- In this process, the person can learn to control the body process through questions.

- It is one of the interesting topics to do future research work in personality.

### *Physical Features*

- It is third biological approach to determine personality.
- It is vital ingredient of the personality, it focus an individual person's external appearance which also determined the personality.
- Physical features like tall or short, fat or skinny, black or white. These physical features will be influenced the personal effect on others and also affect self concept of individual.
- Recent research studies shows that definitely this features influence to individual personality in an organization.

In totally, heredity would be fixed at birth and no amount of experience can be altering them through creation of suitable environment. Apart from this, personality characteristics are not completely dictated by heredity. There are other factors also influenced to determining personality.

### *Cultural Factors*

One of the environmental influences on personality is that of culture within which a person has been brought up. Individuals born into a particular culture are exposed to existing values, beliefs and norms of that culture concerning an acceptable form of behaviour. Such cultures would also define the, processes by which these behaviours are reinforced. For example a spirit of independence and aggressiveness and competition is rewarded by American cultural environment, while Japanese culture reinforces attitudes of cooperation and team spirit. It is a unique system of perceptions, beliefs, norms, values, and patterns of behaviour and a code of conduct that influences the behaviour of individuals in a given society. There are extreme differences among individual behaviours within this culture and these differences are based upon socio-economic classes, age's education, professions and geographic regions. Similarly, blue collar workers are not influenced by the same culture as managers, and skilled workers have different behaviour patterns than unskilled workers. Hence, management must recognize these differences when dealing with people in the organizational context.

“Each culture expects, and trains, its members to behave in ways that are acceptable to the group. To a marked degree, the child's cultural group defines the range of experiences and situations he is likely to encounter and the values and personality characteristics that will reinforce and hence learned”.

- Cultural factors are also major factors which influence to determine individual personality.
- It refers to traditional practice, customs, procedure, norms and rules and regulation followed by the society.
- It significantly influence to individual behaviour compare to biological factors.
- Cultural factors determine attitudes towards independence, aggression, competition, cooperation, positive thinking, team spirit, and a host of the human being and discharge his/her duties towards valuable responsibilities to society.
- Western culture influence to Indian society. It is best example of the cultural factors also determine the personality.

### *Family Factors*

Family plays an especially important part in the early personality development. The nature of such influences depends upon the socioeconomic level of the family, family size, birth order, race, religion, parent's educational level, and geographic location and so on. For ex: a person brought up in a poor family has different experiences and attitudes towards life than persons coming from rich or stable families. Similarly, being an only child exposes him to different type of environment than being raised with seven brothers and sisters.

- Family factors are also major factors which influence to determine individual personality.
- Family consists of husband and wife and their children's.
- Family role is very important for nurturing and personality development of their children.
- Family will be guided, supervised, take care of all family members, cooperation, coordination and cooperation in work and also explained the role and responsibilities towards the family, society and real life.
- Family either directly or indirectly influence to person for development of individual personality.

### ***Social Factors***

Social influences relate to person's interaction with other people throughout his/her life, starting with playmates during childhood. While the, interaction with environment in the earlier years has a more lasting influence on patterns of behaviour and personality, the social contacts and group belonging in later years continue to have considerable impact on the person's life,

In addition to family members, factors as friends, peers at work, associates, groups to which an individual belongs, all influences a person's behaviour. Much of the behaviour is an outcome of respect for norms and laws of the society in which the individual exists. Norms are unwritten rules and informal expectations about people behave in certain social situations.

- Social factors are also major factors which influence to determine individual personality.
- It involves the reorganization of individual's in an organization or society.
- It refers to acquiring of wide range of personality by acquiring and absorbed by themselves in the society or an organization.
- Socialization process is starting from home and extending to work environment in an organization or society.
- It focuses on good relationships, cooperation, and coordination and interaction among the members in the society or an organization or a family.

In totally, environment factors consist of cultural factors, family factors, and social factors.

### ***Situational Factors***

It is often said that "Life is nothing but a collection of experiences." Each individual's life is unique in terms of events and experiences that he goes through. These events and experiences can serve as important determinants of personality. Sonic traumatic experiences can sometimes change the structure of the entire personality.

Sometimes, certain incidents reveal the personality of a person that was so far hidden. For example a shy and timid person may spontaneously perform heroic actions in saving other people's lives without regard to his own safety. Similarly, some of the most religious and law abiding citizens have indulged in unethical or illegal behaviour due to situational pressures and constraints. The role of psychiatrists in personality shaping and changing is well known.

- Situational factors also influence to determine of personality.
- Situational factors are very important to change the individual behaviour in a different circumstance at different situations, it also influence to personality of individual person.
- In general term, personality is stable and consistent and it does change in different situations.

The Interaction of Personality and Situational Factors are outlined:

- Strong situational pressures
- Personality may not predict behaviour

- Example: enforcement of rules
- Weak Situational pressures
- Personality may predict behaviour
- Example: Customer sales representative
- A strong situation can overwhelm the effects of individual personalities by providing strong cues for appropriate behaviour.

### **Did You Know?**

Michael Ashton and Kibeom Lee, in 2008, proposed a six dimensional HEXACO Model of Personality Structure.

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## **5.3 Theories of Personality**

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There are four major theories of personality, they are:

### **5.3.1 Trait Theory**

It is to understand individuals; we must breakdown, behaviour patterns into a series of observable traits. There are more thousands of traits. Recently, researchers have argued, that all traits can be reduced to five basic factors “Big Five” traits.

The “Big Five” personality traits:

#### ***Extraversion***

The person is gregarious (need for company), assertive (forcing), and sociable. As opposed to reserved, timid (not bold) and quiet.

#### ***Agreeableness***

The person is cooperative, warm and agreeable. As opposed to cold, disagreeable and antagonistic (enmity).

#### ***Conscientiousness (awareness)***

The person is hardworking, organized and dependable. As opposed to lazy, disorganized and unreliable.

#### ***Emotional stability***

The person is calm, self-confident and cool. As opposed to insecure, anxious (desirous) and depressed.

#### ***Openness to Experience***

The person is creative, curious (eager) and cultured. As opposed to practical with narrow interests.

### **5.3.2 Psychodynamic Theory**

It emphasizes the unconscious (unaware) determinants (decisions) of behaviour. Sigmund Freud, saw personality as the interaction among these elements of personality: id, ego and super-ego. ID is the source of drives and impulses (sudden thought or force) that operate in an uncensored manner. The super-ego, similar to what we know as conscience (moral feeling) contains values and the “should and should not’s” of the personality. The ego serves to manage the conflict between the id and super-ego.

### **5.3.3 Humanistic Theory**

It focuses on individual growth and improvement. It is people centered and emphasizes the individual’s view of the world. This approach contributes an understanding of the self to personality theory.

### **5.3.4 Integrity Approach**

Personality dispositions include emotions, cognitions, attitudes, expectancies, and fantasies. This approach focuses on both person and situational variables as combined predictors of behaviour.

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## **5.4 Characteristics of Personality**

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We have an identity unique in all the universes. Regardless of how similar personality might seem to others, no other precisely like exists.

The following characteristics enable one to identify personality:

1. Self-Consciousness - Sense of self, aware of feeling aware
2. Morality - able to make moral decisions
3. Relationships - able to communicate thoughts, ideas, and ideals knowingly with others
4. Love - able to desire to do well to others
5. Religion - able to become devoted to supreme values
6. Divinity - able to crave, seek, find, know, and become like God.

### ***1. Self-consciousness***

Only humans and higher-ordered creatures possess this characteristic. Dogs, cats, and other lower ordered creatures have no self-consciousness or awareness of awareness – they do not actually know they exist. Considering our own awareness, we get the notion of yourself as an everlasting being, quite aside from body. We never feel conscious of any sensation of having aged, even though we can see the evidence of the aging process. Feeling self-conscious imposes a kind of cosmic obligation to expand the quality and quantity of self of which one has awareness.

### ***2. Morality***

Only a person can make moral decisions. Morality means deciding to do either what one considers right or what one considers wrong. Humans can make moral decision, but lower ordered creatures like dogs and insects cannot because to them anything they do seems right. A child first exercises moral will at about the age of 4 or 5. At that age he begins to realize some choices seem right (true, beautiful, good) and get approval from people, while other choices seem relatively wrong (less true, beautiful, or good) and result in disapproval from people. And at that point humans begin to evolve a system of ethics, the contemplation of optimum survival for one's self, family, group, all of humanity, all of life, the physical universe, and eventually the spiritual universe and God. The maturing process makes the human's ethical awareness extend outward from the central self toward the First Source and Center of all reality. In the process, humans must ever more finely tune the morality and ethics of their decisions and actions, until the central and outer extremes meet and become unified – the human becomes like God.

### ***3. Relationships***

Only a person can knowingly communicate thoughts, ideas, and ideals with other persons. In the process of communicating in such a manner, human beings evolve relationships.

All relationships on this world serve as training for more profound relationships we may have as we traverse the circles of eternity after the death of our human bodies. A person can eventuate no relationship more ultimate than the relationship with God.

### ***4. Love***

Love means the desire to do well to others. Only a person can truly love another. Animals may feel affection or loyalty, but they can never truly love. The maturing process makes a person crave loving relationships as

the only valuable kind of relationship to have. The amount of love one exchanges with another determines the sense of value with which one regards their relationship.

### ***5. Religion***

Religion means devotion to supreme values. Lower-ordered creatures cannot consider or recognize values. In a person's quest for ever more valuable experiences, the person ends up in the presence of God. Why? Because that consists of sincerely pursuing true values involves loyalty to truth, beauty, and goodness, the highest values achievable by the human personality. We express the pursuit of those values through acts of love, mercy, and ministry.

### ***6. Divinity***

Divinity means godlike in quality. Only a person can crave to know God and become like him - to seek, find, know, and love God. Interestingly, a person becomes devoted to the quest precisely to the extent that person demonstrates the nature of God to others. One's craving to become like God makes one seek to know what God desires for one to experience and accomplish in life. While God has a different destiny planned for each person, he has a common plan for all people – to develop a majestic and well-balanced personality. People who pursue this purpose with courage and unbending intent eventually become like God.

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## **5.5 Ability**

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Ability refers to an individual's capacity to perform the various tasks in a job. It is a current assessment of what one can do. Managers are less interested in whether people differ in terms of their abilities and more interested in knowing how people differ in abilities and using that knowledge to increase the likelihood that an employee will perform his or her job well.

### **5.5.1 Intellectual Ability**

It encompasses mental activities such as thinking, reasoning, and problem solving—is one of the best predictors of performance across all sorts of jobs. Of course, jobs differ in the demands they place on incumbents to use their intellectual abilities. The more complex a job is in terms of information-processing demands, the more general intelligence and verbal abilities will be necessary to perform the job successfully. One reason intelligent people are better job performers is that they are more creative. Smart people learn jobs more quickly, are more adaptable to changing circumstances, and are better at inventing solutions that improve performance. Interestingly, while intelligence is a big help in performing a job well, it does not make people happier or more satisfied with their jobs. The correlation between intelligence and job satisfaction is about zero. Why? Research suggests that although intelligent people perform better and tend to have more interesting jobs, they also are more critical in evaluating their job conditions. Thus, smart people have it better, but they also expect more.

### **5.5.2 Ability and Job Fit**

Employee performance is enhanced when an employee and position are well matched—what we call a high ability–job fit. If we focus only on the employee's abilities or the ability requirements of the job, we ignore the fact that employee performance depends on the interaction of the two. What predictions can we make when the fit is poor? If employees lack the required abilities, they are likely to fail. If we are hired as a word processor and we cannot meet the job's basic keyboard typing requirements, performance is going to be poor in spite of positive attitude or high level of motivation. When an employee has abilities that far exceed the requirements of the job, our predictions would be very different. The employee's performance may be adequate, but it may be accompanied by organizational inefficiencies and possible declines in employee satisfaction because the

employee is frustrated by the limitations of the job. Additionally, 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 pay.

### **Case Study-Media Framing of a Political Personality**

Media and politics are indeed inseparable. There is a Malay proverb saying like "nail and flesh" indicating the closeness of the two. Media favours more sources concerning politicians who are involved in policy making and governance of the country which directly involve public interest. These are considered to be items of high news value. At the same time, a politician needs the media for publicity and to inform the people of their activities, especially during an election campaign. Media is a platform to gain exposure and popularity, and hence to get votes for politicians in the political arena. If political actors want to gain a place in the media, they should stick to certain conventions and genre which are needed by the media organizations to give priority to conflicts, power struggles and dramas. Both the print and electronic media have a big influence in shaping the public perception on issues. Past research and evidence state that the media is a powerful tool in influencing public opinions and shaping their political perceptions. Firstly, by stating the issue covered, media prescribes the public's agenda. Secondly, by putting an issue higher than others (throughput priming), the media influences the voters. Then they will make an evaluation on the political actors and change the criteria used by the public to judge them. Nevertheless, agenda setting and priming are not the only power of the media. Political issues can be pictured and shown in various ways, and the media's choice to frame what can be used can affect the consideration of the people and political elites on the support level of certain issues.

The chances to frame any upheaval or political problem emerge from the media's ability to pick and decide the choices from rhetoric which are offered by pressure groups and politicians. In extreme cases, media can drop all message inputs given by other parties and can create a debate fully moulded by them. Is it true that the media is more powerful than the political characters in moulding the people's perception? The answer is 'yes'. Any group who has interest or political actors can create various current issues that they think are important but their domination is insignificant towards the media. In reality, the media has full control over any matter and the way they report the news. The realities that we access through the media might be the realities that are created by the media and do not really represent the actual situation. All this while, the Malaysian press now represents the people's views and sentiments apart from Government's. Cook in 1998 believes that Government officials are more dependent on the media to communicate effectively. Newspapers in Malaysia can be differentiated in various forms, the mainstream media and the alternative media, the print and electronic media, prestige media in particular super-regional subscriber newspapers or popular media such as the tabloid dailies, television and radio and so on. News or editorial views are different according to different newspapers. Newspapers in politics, especially during elections are used to attract votes and insert propaganda to put down adversaries. Good or bad image broadcasting is believed to influence the people's perceptions towards the leader. Newspapers are able to downplay or play up a certain issue while portraying the image of a political personality. Based on environment driven rating states that news are packaged and delivered by a journalist who often exploits personality, uses sensation, drama and story conflict, does not downplay the social picture, economy and politics. Environment based on market where media operations put them with strategic actors in their effort to redefine and to change political rhetoric. Hence, the role played by the media is more complex compared to other actors. Media simultaneously may act as a unique frame builder to be expressed to public. By deciding selectively to do coverage on one side of the party or both parties on certain issues, gives them their own interpretation, facilitates an event or story, or by giving a greater coverage to a certain issue compared to other issues, media act as gatekeepers, supporters, and interpreters. Journalists and editors draw the map or the internal story pattern for readers, and the map which is also known as framing, functions cognitively in structuring political debates, influencing the information leveling on the readers, and attributing

to the policy responsibility. Whether it is from the journalism norm, the dependency of media on the source, the desire to comply with public's priority, the desire to acquire profit, the priority of the journalist's value, or the accessibility of the spokesman and other practical considerations, media frame forms over how certain issues are being portrayed, either directly or through chosen message to who they want.

From strategic political perspectives, the media is a 'mine field' which needs to be negotiated cautiously to put in the exact frame. For example, according to Gans and Hess, the relationship between the media and other elite is symbiotic, based on giving and receiving information. The political actor needs the media to relay their message to the public and so does the media who needs the political elite to serve as a spokesman, to fill news and provide drama, and to merge the issues. The Press has the freedom to deal with any issue which can influence the views of a society. News framing is important because it can highlight certain issue until it is able to satisfy the society or highlight it until it is able to arouse dissatisfaction among the society. There are many Malaysian political personalities who are known by the people through their portrayal in the media compared to interpersonal ways. This proves that the perceived good or bad image of the political personalities among the people mainly depends on what they can get from the media.

### ***Media Framing***

Media plays a role in focusing the people's attention towards a certain issue. The frequency, depth and importance given by the media towards a certain issue is believed to determine the level of observation, reaction or the thoughts of the targeted audience or society towards it. According to Reese, "framing is organizing principles that are socially shared and persistent over time, that work symbolically to meaningfully structure the social world." Media is believed to have authority in influencing the people's views towards a certain issue. The influence used by the media is the same either concerning the positive or negative image or character of a certain race, society, country or the individual himself. Someone who is involved in the media from whichever level in the organizational structure of the media can influence the framework of the news either through choosing the news angle, choosing the sources to be used, headline expression, summarizing the main point of the story and choosing appropriate photos. Metaphors, catchphrases, exemplars, depictions, moral appeals, visual images, and other symbolic devices are tools that cluster into competing packages.

### ***Methodology***

The main purpose of this study is to focus exclusively on the role of media in portraying a political personality through an empirical method and communication concept. In this study, online news from the news websites is chosen as sample to test the difference of online media in a certain area and the socio-cultural resonance, and the degree of freedom of internet newspapers, the different approach of journalism to control certain issues. The group consists of news sites in crisis mode area (high social association and high press freedom), news portals in alert mode area (low social association but high press freedom), news portal in suppression mode area (high social association but low press freedom), and news portal in separation mode area (low social association and low press freedom). They represent different geographical areas, in other words, journalistic approach on issue (epidemic) (for example, uplifting or downplaying the issue), content selection (what information related to the issue that has been distributed), delivery pattern (how information is displayed online), and the social role of online news media in global context.

### ***Content Analysis***

The content analysis in this article is based on the news source, focuses on the news text concept, written scripts, discussed theme, and rhetoric structure. Generally, a content analysis is a method to collect data on media contents such as topics or issues, frequencies, messages determined by keyword, circulation, and media type. The content analysis technique has been long used in communication studies and could be detected



through Lasswell's effort in examining propaganda in 1927. Neuman, Marion and Ann explained that content analysis is a technique to collect and analyze text content where the content mentioned consists of word, meaning, picture, symbol, idea, theme, or any message that could be used in communication. The ideology that Neuendr of tried to deliver is much simpler, where he defined the media content analysis as a way to shorten and analyze quantitative on message through scientific method. On the other hand, other scholars such as Shomeker and Reese disagreed with the brief explanation.

They explained that media content analysis could be split into behavior tradition and humanity. Behavior tradition prioritizes the media's effect by using scientific method, whereas in humanity tradition, the content analysis is done by looking through the media's content and what they wish to deliver to the society and the culture where the media exist. But this matter is not what we will focus on this study. Instead, we will focus more on the idea of Shomeker and Reese which suggests that media contents should be analyzed from the aspect of medium, publication technique, message, source, reference, and the context to find the meaning of a certain message.

### Questions

1. Describe the political personality.
2. Discuss about the media framing

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## 5.6 Summary

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- Personality is a concept that we, use continuously in our day-to-day routine when dealing with people.
- The probable consensus is that heredity and environment jointly affect personality development.
- Situational factors also influence to determine of personality.
- Situational factors are very important to change the individual behaviour in a different circumstance at different situations, it also influence to personality of individual person.
- Personality is stable and consistent and it does change in different situations.
- Cultural factors are also major factors which influence to determine individual personality.
- Cultural factors determine attitudes towards independence, aggression, competition, cooperation, positive thinking, team spirit, and a host of the human being and discharge his/her duties towards valuable responsibilities to society.
- The probable consensus is that heredity and environment jointly affect personality development.

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## 5.7 Keywords

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**Attitude:** It is a favourable or unfavourable evaluation of something. Attitudes are generally positive or negative views of a person, place, thing, or event this is often referred to as the attitude object.

**Individual behaviour:** It is the way in which one person acts apart from another person or group. Individual behaviour can be different than anyone else and is personalize by that person.

**Perception:** It is the organization, identification, and interpretation of sensory information in order to fabricate a mental representation through the process of transduction, which sensors in the body transform signals from the environment into encoded neural signals.

**Personality:** It is the particular combination of emotional, attitudinal, and behavioural response patterns of an individual. Different personality theorists present their own definitions of the word based on their theoretical positions.

**Psychiatry:** It is the medical specialty devoted to the study and treatment of mental disorders.

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## 5.8 Self Assessment Questions

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1. .... is a relatively stable set of characteristics that influences an individual's behaviour.  
(a) Personality (b) behaviour  
(c) Culture (d) None of these
2. Personality is a concept that we, use continuously in our day-to-day routine when dealing with.....  
(a) Organization (b) people  
(c) Both (a) and (b) (d) None of these
3. ....is the second biological approach to determine personality.  
(a) Learning (b) People  
(c) Brain (d) None of these
4. ....factors are also major factors which influence to determine individual personality  
(a) Cultural (b) Personality  
(c) Both (a) and (b) (d) None of these
5. ....plays an especially important part in the early personality development.  
(a) Family (b) organizational  
(c) Culture (d) None of these
6. ....factors are also major factors which influence to determine individual personality.  
(a) Family (b) Culture  
(c) Brain (d) None of these
7. ....factors are also major factors which influence to determine individual personality.  
(a) Family (b) Culture  
(c) Social (d) None of these
8. Socialization process is starting from home and extending to work environment in an .....  
(a) organization (b) people  
(c) politics (d) None of these
9. Situational factors also influence to determine of personality.  
(a) True (b) False.
10. Ability refers to an individual's capacity to perform the various tasks in a job.  
(a) True (b) False.

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## 5.9 Review Questions

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1. Explain the meaning of personality.
2. What are various personality traits that are generally found in each individual?
3. Discuss the concept of personality.
4. What are various factors that shape individuals personality?
5. What are the assumptions of personality?

6. What are the determinants of personality?
7. Give overview of biological factors.
8. Explain the cultural factors.
9. Give detailed note on family factors.
10. What are characteristics of personality?

**Answers for Self Assessment Questions**

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(b) | 3.(c) | 4.(a) | 5.(a)  |
| 6. (a) | 7.(c) | 8.(a) | 9.(a) | 10.(a) |

# 6

## Motivation

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### Objectives

After studying this chapter, you will be able to:

- Explain the concept of motivation
- Define primaries and secondary motivation

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### Introduction

Motivation is defined as an urge in an individual to perform goal directed behaviour. Therefore, motivation cannot be inflicted from outside but it is an intrinsic desire in a man to achieve the target goal through performance or activity. Motives are expression of person's need. Hence, they are personal and internal. Incentives on the other hand are external to the person. They are made part of work environment by management in order to encourage workers to accomplish task. The motivational model indicates that a sense of felt deprivation generates needs and such needs create tension in an individual. The individual perceives and makes cost benefit analysis on the ways and means of releasing such tension. Once such perception is cleared, individual pounces upon the activities and achieves some results. If it is success he feels rewarded and falls in the cycle of motivation again. If it is failure he feels punished and once again after due modification of ways and means pounces back on the cycle or feels frustrated. Therefore, motivation leads to a goal directed behaviour.

When people join an organization, they bring with them certain needs that affect on-the-job performance. Some of these needs are physiological; others are related to psychological and social values. The later are much more difficult to determine and satisfy, and they vary greatly from one to another. Maslow has developed a hierarchy of needs as follows: physiological, security, social, esteem, and self-actualization needs. They

interact with the environment to shape on-the-job wants that are the basis of motivation. In addition, motivation is affected by people's perceptions, including their feelings of equity or fairness in a situation. According to a model developed by Herzberg, motivation is influenced by maintenance and motivational factors. Important motivational factors are the work itself, achievement, growth, responsibility, advancement and recognition. These are primarily intrinsic motivators rather than extrinsic ones. The Maslow and Herzberg models have many similarities because they both focus on needs, but they do so from somewhat different points of view. Maslow's Hierarchy of Needs Theory deals with achieving one's potential are self-actualization.

Two different models of motivation are the expectancy model and behaviour modification. The expectancy model states that motivation is a product of how much one wants something and the probability that a certain action will lead to it. The formula is valence X expectancy = motivation. Valence is the strength of a person's performance for one outcome in relation to others. Expectancy is the strength of belief that a given act will be followed by particular outcomes. A series of expectations between an individual and the organisation which are not defined formally, but which will influence the motivation to work is the psychological contract. Behaviour modification states that behaviour depends on its consequences. It is achieved through operant condition. Its various approaches include positive and negative reinforcement, shaping, and extinction. Punishment normally is not used. Reinforcement can be continuous or partial. Criticism of behaviour modification is that it manipulates people and does not apply very well in complex work environments. Cognitive models dominate thinking about motivation, but behaviour modification is finding increasing use. Most attention has been given to type A motivation (macro motivation); but in order to build a complete motivational environment, more emphasis must be given to type B motivation (micro motivation).

Motivation therefore, though is a dominant intrinsic urge in an individual yet the leader of the team can guide the ways and means by which the followers can satisfy their needs. It is obviously difficult to motivate an individual since he is guided by expressed motivation or unconscious motivation and multiplicity of motivational sequences. It is easy to introduce a team motivation or group motivation where the individual idiosyncrasy loses importance and the group goal becomes the target. It is then not motivation per se but a group morale - a "spirit de corps" i.e. a sense of group activity with desire for high achievement of the group goal where an individual can comfortably ignore his personal goals or needs. Such morale is mostly psychological in nature and not physiological.

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## **6.1 Concepts of Motivation**

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Motivation is generally defined as the force that compels us to action. It drives us to work hard and pushes us to succeed. Motivation influences our behaviour and our ability to accomplish goals. There are many different forms of motivation. Each one influences behaviour in its own unique way. No single type of motivation works for everyone. People's personalities vary and so accordingly does the type of motivation, that is most effective at inspiring their conduct.

### **6.1.1 Types of Motivation**

There are different types of motivation...

#### ***Incentive***

A form of motivation that involves rewards, both monetary and nonmonetary is often called incentive motivation. Many people are driven by the knowledge that they will be rewarded in some manner for

achieving a certain target or goal. Bonuses and promotions are good examples of the type of incentives that are used for motivation.

### ***Fear***

Fear motivation involves consequences. This type of motivation is often one that is utilized when incentive motivation fails. In a business style of motivation often referred to as the, “carrot and stick,” incentive is the carrot and fear is the stick. Punishment or negative consequences are a form of fear motivation. This type of motivation is commonly used to motivate students in the education system and also frequently in a professional setting to motivate employees. If we break the rules or fail to achieve the set goal, we are penalized in some way.

### ***Achievement***

Achievement motivation is also commonly referred to as the drive for competency. We are driven to achieve goals and tackle new challenges. We desire to improve skills and prove our competency both to others and to ourselves. Generally, this feeling of accomplishment and achievement is intrinsic in nature. However, in certain circumstances be motivation for achievement may involve external recognition. We often have a desire or need to receive positive feedback from both our peers and our superiors. This may include anything from an award to a simple pat on the back for a job well done.

### ***Growth***

The need for self-improvement is truly an internal motivation. A burning desire to increase our knowledge of ourselves and of the outside world can be a very strong form of motivation. We seek to learn and grow as individuals. Motivation for growth can also be seen in our yearning for change. Many of us are wired by our personality or upbringing to constantly seek a change in either our external or internal environment or knowledge. We view stagnation to be both negative and undesirable.

### ***Power***

The motivation of power can either take the form of a desire for autonomy or other desire to control others around us. We want to have choices and control over our own lives. We strive for the ability to direct the manner in which we live now and the way our lives will unfold in the future. We also often aspire to control others around us. The desire for control is stronger in some people than others. In some cases, the craving for power induces people to harmful, immoral, or illegal behaviour. In other situations, the longing for power is merely a desire to affect the behaviour of others. We simply want people to do what we want, according to our timetable, and the way we want it done.

### ***Social***

Many people are motivated by social factors. This may be a desire to belong and to be accepted by a specific peer group or a desire to relate to the people in our sphere or in the larger world. We have an innate need to feel a connection with others. We also have the need for acceptance and affiliation. A genuine and passionate desire to contribute and to make a difference in the lives of others can be another form of social motivation. If we have a longing to make a contribution to the world around us, it is generally a sign that we are motivated by social factors. The real importance of understanding the different types of motivation is in our ability to determine which form of motivation is the most effective for inspiring the desired behaviour in either others or ourselves. None of these styles of motivation is inherently good or bad, the positive or negative outcome is truly determined by the way they are used.

### **6.1.2 Characteristics or Features of Motivation**

Some important features of motivation may be brought out as follows:

#### ***1. Personal and Internal Feeling***

Motivation is a psychological phenomenon, which is generated within an individual in the form of an energetic force that drives him to behave or not to behave in certain ways. These are some environmental and other forces that trigger these drives.

#### ***2. Art of Stimulating Someone or Oneself***

A manager can use motivation to inspire not only his subordinates, but to motivate himself also. For self-motivation, he has to take following steps

He should set a goal for himself and should not close sight of it.

He should supplement his long term objectives with short-term goals.

He should learn a challenging task every year.

He should make his job a different one with a view to improving objectives for his position and increasing his productivity.

He should develop an area of expertise by building on his strengths and developing his weaknesses into strengths.

He should give himself the feedback and reward himself by celebrating his accomplishment.

#### ***3. Produces Goal – Directed Behaviour***

Motivation is closely intertwined with behaviour. As a Behavioural concept, it directs human behaviour toward certain goals.

#### ***4. Motivation can be either Positive or Negative***

Positive motivation is also known as Carrot Approach and includes use of additional pays, incentives, praise possibility of becoming a permanent employee etc. Negative motivation is also called Stick Approach and implies punishment, such as reprimands, threat of demotion, threat of termination, etc.

#### ***5. The Central Problem of Motivation***

Motivation is necessary for successful achievement of goals. However, it is a complex process because different employees have different needs, their motives are varied and needs and motivates change from time to time. Moreover, motivation is partly logical and partly emotional. Further, people satisfy their needs in many different ways. Hence, the central problem of motivation is how to inspire such a typical group of individuals towards attainment of goals in a concerned manner.

#### ***6. Motivation is System Oriented***

Motivation is the result of interplay among three sets of different factors: Influences operating within an individual, for example, his needs, tensions, motives, values, goals etc. Influences operating within the organisation for example, its structure, technology, physical facilities, various processes, the nature of job, advancement avenues etc. Forces operating in the external environment, for example, society is culture, norms, values, customs, government policy regarding the business of the enterprise etc.

***7. Motivation is a Sort of Bargaining*** Inducements from the side of the enterprise and contributions from the side of the employees.

### ***8. Motivation is different from Satisfaction***

Motivation refers to the drive and effort to satisfy a want or goal. Satisfaction refers to the contentment experienced when a want is fulfilled. In other words, motivation implies a drive toward an outcome and satisfaction is the outcome already experienced.

#### **Did You Know?**

Abraham Maslow's Hierarchy of Needs (1943) was applied to offer an explanation of how the work environment motivates employees.

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## **6.2 Primaries and Secondary Motives**

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An incentive to act or a reason for doing something or anything that prompted a choice of action. Anything that arouses the individual and directs his or her behaviour towards some goal is called a Motive or "Motive is a factor which influences to do anything because anything we do has a motive behind"

There are two popular types of motives:

- Primary or biological
- Secondary or psychosocial

### **6.2.1 Primaries Motives**

Primary motives also known as biological motives have a definite physiological basis and are biologically necessary for survival of the individual or species. These arouse the behaviour of the organism in directions that lead to the required change in internal environment.

The sources of biological motivational needs include:

- Increase/decrease stimulation (arousal)
- Activate senses (taste, touch, smell, etc.)
- Decrease hunger, thirst, discomfort, etc.
- maintain homeostasis, balance

#### ***The Biological Motives consist of:***

- Hunger
- Thirst
- Pain
- Sex
- Air or need for respiration
- Fatigue
- Sleep
- Maternal

#### ***Hunger***

The tendency to seek and eat food is the hunger drive. We get hungry in many circumstances. All of the following can make us want to eat: the smell or sight of food, the sound of a dinner bell, even passing our favourite restaurant.

#### ***Interest of Psychologists***

Psychologists are interested in the mechanisms underlying the hunger drive. What happens internally that makes us desire food? The hypothalamus has a great influence not only over drinking, but over eating



behaviour as well. In the hypothalamus, there are two nerve centres whose actions have opposite effects. If one of these, the feeding centre, is stimulated, an animal will eat whether he is hungry or not. If the feeding centre is removed, the animal will not eat. The other hypothalamic center is called the satiety centre. The satiety center tells the organism when he has had enough to eat. Removal of the satiety center causes an animal to eat continuously and he will grow far beyond his normal size. When we are subjected to certain stimuli, the hunger-producing center initiates the eating response. When we have eaten enough, the satiety center tells us to stop. Many of the stimuli that tell the hypothalamus that we are hungry originate in the organs of the body. If the nutrient level of the blood is too low, the hypothalamus is alerted and the feeding center initiates eating behaviour. External stimuli can also initiate eating behaviour. The sight, sound, and even the thought of food initiate impulses that eventually reach the feeding center in the hypothalamus. Specific hungers are stimulated by specific deficiencies. Deficiencies in the body produce a specific hunger for certain foods.

Scott and Verney showed that when an individual is deprived of food containing vitamin B, he develops a marked preference for foods containing this vitamin. Women who are pregnant apparently need a great deal more of certain nutrients than they need normally. There are instances in which women have eaten plaster from walls to provide their bodies with minerals not available to them in any other form. As might be expected, there are specific satiations as well as specific hungers. Organisms fed a high-protein diet will tend to avoid high protein foods if given a choice, even when hungry. When human beings are kept from eating, they show definite signs of psychological impairment. Obsession with food. This obsession became so strong that it interfered with their intellectual performance.

### ***Thirst***

When organisms are thirsty, they have a tendency to seek water. When they find water and drink, they are no longer thirsty, and the thirst drive is reduced. In order to find out more about the mechanisms involved in the thirst drive, researchers have tried to determine the conditions under which organisms drink. Adolph performed an experiment to find out how dryness of the mouth relates to thirst. A surgical operation made it possible for water to be placed in a dog's stomach without passing through and wetting the dog's mouth. It was also possible for water to pass through the mouth but not into the stomach. The dog was deprived of water for a time and then offered a drink. The dog drank a normal amount of water, even though none of it passed into his stomach. After a short time, the dog drank again. The experimenters proved that dryness of the mouth has something to do with the thirst drive. In the next part of the experiment, water was placed directly into the dog's stomach without passing through and wetting the mouth. When offered water immediately, the dog drank. If, however, the experimenter waited 15 to 30 minutes after water had been placed in the stomach, and then offered water, the dog refused to drink. It was concluded that in order for the thirst drive to be reduced, time must be given for water to be assimilated by the organs of the body. Hunger and thirst can be stimulated artificially. The thirst drive is under the control of the hypothalamus. When this area is stimulated artificially, an animal drinks. When the organs of the body need water, the hypothalamus is stimulated and it, in turn, brings about the drinking response.

### ***Pain***

An unpleasant sensory and emotional experience associated with actual or potential tissue damage, or described in terms of such damage". In 1968 Melzack and Casey described pain in terms of its three "Dimensions"

- "*Sensory-Discriminative*": Sense of the intensity, location, quality and duration of the pain
- "*Affective-Motivational*": Unpleasantness and urge to escape the unpleasantness
- "*Cognitive-Evaluative*": Cognitions such as appraisal, cultural values, distraction and hypnotic suggestion

They theorized that the degree of unpleasantness a person feels (the affective-motivational dimension) is not solely determined by the intensity of the painful sensation (the sensory discriminative dimension), and that “higher “cognitive activities (the cognitive-evaluative dimension) can influence both unpleasantness and perceived intensity. Cognitive activities “may affect both sensory and affective experience or they may modify primarily the affective-motivational dimension. Thus, excitement in games or war appears to block both dimensions of pain, while suggestion and placebos may modulate the affective-motivational dimension and leave the sensory-discriminative dimension relatively undisturbed.” The paper ended with a call to action:”Pain can be treated not only by trying to cut down the sensory input by aesthetic block, surgical intervention and the like, but also by influencing the motivational-affective and cognitive factors as well.” Psychogenic pain, also called psychalgia or somatoform pain is physical pain that is caused, increased, or prolonged by mental, emotional, or behavioural factors. Which shows it is effected by psychological feelings.

### ***Sleep***

Sleep is a naturally recurring state of relatively suspended sensory and motor activity, characterized by total or partial unconsciousness and the inactivity of nearly all voluntary muscles. In humans, other mammals, and a substantial majority of other animals that have been studied (such as some species of fish, birds, ants, and fruit flies), regular sleep is essential for survival. The purposes and mechanisms of sleep are only partially clear and are the subject of intense research. Researchers at the University of Warwick and University College London have found that lack of sleep can more than double the risk of death from cardiovascular disease, but that too much sleep can also be associated with doubling of the risk of death, though not primarily from cardiovascular disease. So sleep is a very essential motive for life.

Sleep difficulties are closely associated with psychiatric disorders such as depression, alcoholism, and bipolar disorder. Sleep debt is the effect of not getting enough rest and sleep; large debt causes mental, emotional, and physical fatigue. It is unclear why a lack of sleep causes irritability; however, theories are emerging that suggest if the body produces insufficient cortisol during deep sleep, it can have negative effects on the alertness and emotions of a person during the day. Sleep debt results in diminished abilities to perform high-level cognitive functions. Neurophysiologic and functional imaging studies have demonstrated that frontal regions of the brain are particularly responsive to homeostatic sleep pressure. A considerable amount of sleep-related behaviour is apparently hard-wired into human biology - humans in all cultures get tired, require sleep for good health, and have similar symptoms when sleep deprived.

### ***Fatigue***

Fatigue is a state of awareness. It can describe a range of afflictions, varying from a general state of lethargy to specific work-induced burning sensation within one’s muscles. It can be both physical and mental. Mental fatigue not necessarily, includes any muscle fatigue. Such a mental fatigue, in turn, can manifest itself either as somnolence (decreased wakefulness) or just as a general decrease of attention, not necessarily including sleepiness. It may also be described as more or less decreased level of consciousness. In any case, this can be dangerous when performing tasks that require constant concentration, such as driving a vehicle. For instance, a person who is sufficiently somnolent may experience micro sleeps. However, objective cognitive testing should be done to differentiate the neurocognitive deficits of brain disease from those attributable to tiredness. To avoid this mental fatigue a person required proper rest

### ***Sex Drive***

The sex drive is considered to be biological in nature. It is not a response to a lack of some substance in the body and arises from any excess of substance like hormones in the blood. In the human beings, sexual drive is primarily is triggered by external stimuli, and its expression depends very much upon learning. People’s

motivations ranged from the mundane, to the spiritual and from the altruistic to the manipulative. Some said they had sex to feel powerful, others to debase themselves. Some wanted to impress their friends; others to harm their enemies. The Texas psychologists identified four major factors and 13 sub-factors for why people have sex. Physical reasons such as to reduce stress, feel pleasure, improve or expand experiences and the physical desirability of their partner.

- Goal-based reasons, including utilitarian or practical considerations
- Social status and revenge
- Emotional reasons such as love and commitment and expression
- Insecurity-based reasons, including self-esteem
- A feeling of duty or pressure and to guard a mate.

### ***Maternal Drive***

The maternal drive or instinct refers to the tendency for the female of the species to perform the maternal behaviours of nesting, feeding, sheltering and protecting their offspring. The behaviour involving the care and protection of the offspring by the females of a species is called maternal behaviour and the motive that energizes a female to indulge in such behaviour and the motive that energizes a female to indulge in such behaviour called the maternal drive or motive. The maternal drive is stimulated both by the biological and psychological factors inter-related with learning. The earlier scene in this direction is dominated by the role of the hormones. The hormone progesterone has been found to be important in maintaining pregnancy and oestrogen helps to trigger birth. Another hormone, prolactin produced by the pituitary gland, directs the mammary glands to secrete milk for the new born. The later period of other maternal behaviour is controlled and guided by the learning components of the maternal drive and behaviour spring from a variety of sources: from mother and grandmother, from observing the behaviour of friends and neighbours, from books, from movies and television, etc. One's own physical and mental health may also contribute in this direction. However, much depends upon the impact of the social learning and earlier experiences that leave an unforgettable impression on the mind of the mother justifying the finding that being a good and loving mother depends considerably on having a good and loving mother.

### ***Air drive or need for respiration:***

Need for air is inborn and universally needed. Continuous supply of air is required to keep one healthy and alive. This need is fulfilled by oxygen. Oxygen is the most important requirement in the human body. We inhale air to fill up our lungs with oxygen and distribute it to every part of the body through arteries. Our respiratory system constantly inhales oxygen and exhales carbon dioxide. Shortage of oxygen can affect the individual's activities, emotional life, and circulatory system by making him restless, mentally confused, physically imbalanced and unconscious.

## **6.2.2 Secondary Motives**

Secondary motives are learned motives and are sometimes known as psychobiological motives. They are not physiologically based. These are the causes of the development of a personality. Secondary motives originate during our life time. They are acquired and learned through our interaction with people.

They are classified in two types which are:

- Social motives
- Psychological motives

### ***Social Motives***

Social motives are those which motivate us to go out, interact with people and do the things that give a feeling of pleasure and satisfaction. Social motives evoke unity, love, sympathy, love, cooperation, coordination

and the formation of a leadership in a group for its existence and survival. Everybody loves to live according to his social norms.

Social Motive helps to:

- Imitate positive models
- Be a part of a group or a valued member
- Know one's self
- Communicate

### *Psychological Motives*

Psychological motives are individualistic in nature as they are related to self esteem, self security, self exhibition, self freedom and self assertion. As psychology is the scientific study of an individual's behaviour in relation to his environment, psychological motives are regarded very important in the development of an individual's behaviour and personality. Emotions are psychological perspectives and Emotions occur as a result of an interaction between perceptions of environmental stimuli, neural/hormonal responses to these perceptions. So psychological motives are very important because our emotions motivate us to do thing

Psychological motives help us in many things like:

- Maintain attention to something interesting or threatening
- Develop meaning or understanding
- Increase/decrease cognitive disequilibrium; uncertainty
- Solve a problem or make a decision
- Figure something out
- Eliminate threat or risk

Secondary or psychosocial motive are important to live a happy life and adequate satisfaction of secondary motives is necessary for mental health to avoid depressions etc.

Psychosocial or secondary motives contain:

- Need for affiliation
- Need for approval
- Need for achievement
- Need for security
- Curiosity motive
- Competence motive
- Power motive
- Aggression motive
- Self actualization

### *Need for Affiliation*

Need for affiliation is the desire to be with others and have harmonious and satisfying relationships. Affiliation can be defined as a positive, sometimes intimate, personal relationship. A need for affiliation drives a person to be with different kind of people and have many different kinds of relationships. People, who are high on need for affiliation like to spend time with others, they like to be with others, they like to form friendships and more and more intimate relationships. They try to seek out pleasure by being in the company of others. They have a desire for acceptance and approval from others. They have a need to be liked bothers. They choose work that enables them to be with more and more people and that requires social interaction. They also tend to conform to others. People affiliate to have interesting and lively interactions that create some sort of positive stimulation. People affiliate to compare themselves with others to know exactly where they belong in a

particular task. This reduces uncertainty among them and they are able to get some kind of feedback about themselves. There are many situations in which people feel a need for affiliation. One situation that causes greater need for affiliation is during a stressful situation. If being with others may increase the negative aspects such as adding the possibility of embarrassment to the already present stressor the individual's desire to affiliate with others decreases. The increase in an individual's need for affiliation allowed individual's responding to the same stressor to come together and find security in one another. Situations that include fear often lead people to want to be together and trigger a need for affiliation

### ***Need for Approval***

Need for approval comes from a deeply rooted belief of not being worthy. The very belief of unworthiness sends out an army to search for the seal of approval. One's happiness and sense of being gets trapped in the dependency on approvals

### ***Need for Achievement***

Need for achievement is the desire to accomplish difficult tasks and to meet standards of excellence. A need for achievement gives an incentive to have a sense of accomplishment. People who are high on need for achievement choose tasks that are moderately difficult for them. They are persistent and do not give up till they have a sense of accomplishment. They are intrinsically motivated. They do things for a sense of pleasure and satisfaction and not for extrinsic rewards like money. They also prefer to have accurate feedback about themselves. They are clear about their strengths and weaknesses. They attribute their performance to themselves rather than circumstances. They like to take responsibility for their success as well as their failures. They prefer to be alone or with likeminded people. They also like to face challenges in their life. People who are high on need for achievement prefer to be with like-minded people. This enables them to generate positive stimulation, which suggests a desire to affiliate among people who are high on need for achievement. Those who are high on need for achievement also require some feedback about themselves from time to time. This shows some kind of relation between need for achievement and need for affiliation. Thus, people who are high on need for achievement canals have a need to affiliate

### ***Need for Safety***

It includes security, stability, dependency, protection, freedom from fear and anxiety and the need for structure and order. We can feel just as unsafe when faced with the taunts of our peers as we do when faced with the knife of a mugger Psychological safety is, of course, 'all in the mind', and this intangible nature can make it difficult to handle. It can also be difficult to make the decision as to whether the threat is intended and real or not. We can also psychologically threaten ourselves, as that little voice in side berates us for our wrong-doings. We cannot get away from the repeated self-harming cycles of recurring memories or future projections and much psychotherapy is designed to stop us from continuing to harm ourselves.

### ***Curiosity Motive***

Motive that causes the individual to seek out as certain amount of novelty is called as curiosity motive. Curiosity is an emotion related to natural inquisitive behaviour such as exploration, investigation, and learning, evident by observation in human and many animal species. As this emotion represents a drive to know new things, curiosity is the fuel of science and all other disciplines of. Although curiosity is an innate capability of many living beings, it cannot be subsumed under category of instinct because it lacks the quality of fixed action pattern; it is rather one of innate basic emotions because it can be expressed in many flexible ways while instinct is always expressed in fixed way. human curiosity about curiosity itself combined with the ability to think in an abstract way, lead to mimesis, fantasy and imagination - eventually leading to an

especially human way of thinking which is abstract and self-aware, or conscious. Some people have the feeling of curiosity to know what is after death

### ***Competence Motive***

Competence is “the ability to interact effectively with the environment.” Competence Motives serve to enhance the abilities of the organism, rather than to regulate a biological process. They are not based on a state of biological deprivation. Rather, they help an organism improve itself. Competence motivations visible in children. Toddlers try to act powerful and capable, big and grown up, almost as soon as they understand the concepts. Children of all ages try to exercise control over some domain of objects. Competency motivation emerges as a critical factor in career success.

### ***Power Motive***

Power is a measure of an entity’s ability to control the environment around itself, including the behaviour of other entities. The term authority is often used for power, perceived as legitimate by the social structure. Power can be seen as evil or unjust, but the exercise of power is accepted as endemic to humans as social beings. A type of power is Reward. Reward Power depends upon the ability of the power wielder to confer valued material rewards; it refers to the degree to which the individual can give others a reward of some kind such as benefits, time off, desired gifts, promotions or increases in pay or responsibility. This power is obvious but also ineffective if abused. People who abuse reward power can become pushy or become reprimanded for being too forthcoming or ‘moving things too quickly’. Recent experimental psychology suggests that the more power one has, the less one takes on the perspective of others, implying that the powerful have less empathy.

### ***Aggression Motive***

In psychology, as well as other social and behavioural sciences, aggression refers to behaviour between members of the same species that is intended to cause pain or harm. Predatory or defensive behaviour between members of different species is not normally considered “aggression.” Aggression takes a variety of forms among humans and can be physical, mental, or verbal. There are two broad categories of aggression. These include hostile, affective, or retaliatory aggression and instrumental, predatory, or goal-oriented aggression. Like most behaviours, aggression can be examined in terms of its ability to help reproduce and survive. Many researchers focus on the brain to explain aggression. The areas involved in aggression in mammals include the amygdala, hypothalamus, prefrontal cortex, cingulate cortex, hippocampus, septal nuclei, and periaqueductal gray of the midbrain.

### ***Self Actualization***

Self-actualization is the motive to realize all of one’s potentialities. Maslow explicitly defines self-actualization as “the desire for self-fulfilment, namely the tendency for him (the individual) to become actualized in what he is potentially. This tendency might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming.” What a man can be, he must be. This need we may call self-actualization...It refers to the desire for self-fulfilment, namely, to the tendency for him to become actualized in what he is potentially. This tendency might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming.

The characteristics of self actualization are:

- Acceptance and Realism:
- Problem-solving
- Spontaneity
- Autonomy and Solitude
- Continued Freshness of Appreciation

- Peak Experiences

### **Caution**

Homeostatic sleep propensity must be balanced against the circadian element for satisfactory sleep.

### **Case Study-A Session of Motivation at Management Development**

Motivation is a complex subject, although it seems very interesting to all of us, but it has many facets for different people. I have come across many such incidents during my tenure as HR professional at various companies. Some of them are very complicated and some are just the result of some or the other conflicts. If all the reader here has some knowledge on the topic of motivation, this case study would surely be of some value as well as interesting to read. Motivation has many theories written by various authors, one such theory is Reward and Punishment theory also known as Theory X, another name of which is Carrot and stick. Here in this case our main focus will be on this THEORY X. As a part of the company's Management Development Program, a group of managers from various functional areas have devoted several class sessions to a study of motivation theory and the relevance of such knowledge to the manager's responsibility for directing and controlling the operations of his organizational unit.

One of the participants is Rohan Sharma, who has been the supervisor of production department from last one year. During his past in the industrial unit he had no chance to attend any supervisory or development program and his duties have been concentrated on routine technical jobs. The present plant manager has seen Rohan grow from an apprentice to a supervisor and is yet to reconcile with the change of responsibilities and designation of Rohan Sharma. Rohan prepared the schedule on a particular day for all machines and on a specific machine, which was on a top priority from another established company. When Rohan came for his round he was surprised to find that the operator had loaded some other job rather than the job of the company which is on priority. "Motivation theory makes sense in general, but there is no opportunity for us to apply these concepts in job situation. After all our shop level employees are unionized and have job security. Motivation theories help me get the work done from my kids, but in a working environment we are working with adults and it seems to me this reward and punishment thing smacks of manipulation that just would not go over with people". So, now it has become a complicated situation as Rohan does not seem to be interested in the Motivational theories at all.

### **Questions**

1. How can you define motivation is interesting to all of us, but it has many facets for different people?
2. What is management development according to you?

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## **6.5 Summary**

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- Motivation is generally defined as the force that compels us to action. It drives us to work hard and pushes us to succeed. Motivation influences our behaviour and our ability to accomplish goals.
- Motives are expression of person's need. Hence, they are personal and internal. Incentives on the other hand are external to the person.
- Behaviour modification states that behaviour depends on its consequences. It is achieved through operant condition.
- A genuine and passionate desire to contribute and to make a difference in the lives of others can be another form of social motivation. If we have a longing to make a contribution to the world around us, it is generally a sign that we are motivated by social factors.
- Competence is "the ability to interact effectively with the environment." Competence Motives serve to enhance the abilities of the organism, rather than to regulate a biological process.

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## 6.6 Keywords

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**Incentive Motivation:** A form of motivation that involves rewards, both monetary and nonmonetary is often called incentive motivation.

**Achievement Motivation:** It is also commonly referred to as the drive for competency.

**Internal Feeling:** It is a psychological phenomenon, which is generated within an individual in the form of an energetic force.

**Fear Motivation:** Fear motivation involves consequences. This type of motivation is often one that is utilized when incentive motivation fails.

**Psychosocial Motive:** Psychosocial motives are important to live a happy life and adequate satisfaction of secondary motives is necessary for mental health to avoid depressions.

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## 6.7 Self Assessment Questions

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1. Motivation cannot be inflicted from outside but it is an intrinsic desire in a man to achieve the target goal through performance or activity.

- (a) True (b) False

2. A series of expectations between an individual and the organisation which are not defined formally, but which will influence the motivation to work is.....

- (a) The psychological contract. (b) The sociological contract.  
(c) The social contract. (d) None of these

3. ....motivation is influenced by maintenance and motivational factors. Important motivational factors are the work itself, achievement, growth, responsibility, advancement and recognition.

- (a) Maslow. (b) Theory X.  
(c) Herzberg. (d) None of these

4. The formula is  $\text{Valence} \times \text{Expectancy} = \text{Motivation}$ . Valence is the strength of a person's performance for one outcome in relation to others.

- (a) True (b) False

5. The law of effect is also known as.....

- (a) Law of use and disuse (b) Law of satisfaction  
(c) Law of recency (d) Law of frequency.

6. Which step in Maslow's Hierarchy of Needs Theory deals with achieving one's potential?

- (a) Physiological (b) Safety  
(c) Social (d) Self-actualization

7. Social motives evoke unity, love, sympathy, cooperation, coordination and the formation of a leadership in a group for its existence and survival.

- (a) True (b) False

8. Which of the following would be classified by Herzberg as a hygiene factor?

- (a) Personal growth (b) Responsibility  
(c) Company policy (d) Promotion



9. Aggression takes a variety of forms among humans and can be physical, mental, or verbal is called.....

- (a) power motive
- (b) competence Motive
- (c) control motive
- (d) aggression motive

10. Psychogenic pain, also called.....pain is physical pain that is caused, increased, or prolonged by mental, emotional, or behavioural factors.

- (a) cognitive-Evaluative
- (b) psychological feelings
- (c) psychological motives
- (d) somatoform

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## 6.8 Review Questions

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1. Explain motive, motivation and motivating.
2. What is an intrinsic desire in a man to achieve the goal through performance or activity?
3. What is motivation according to a model developed by Herzberg?
4. What are the types of motivation?
5. Define the characteristics or features of motivation.
6. Can motivation be increased? Discuss various factors that influence motivation.
7. What is psychosocial motive and importance of secondary motives to necessary for mental health to avoid depressions in happy life?
8. What are the social factors of motivation?
9. What are self actualization and its characteristics?
10. What are the biological motives and its types?

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(a) | 3.(c) | 4.(b) | 5.(b)  |
| 6. (d) | 7.(a) | 8.(c) | 9.(d) | 10.(d) |

# 7

## Theories of Motivation

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### Objectives

After studying this chapter, you will be able to:

- Explain content theories
- Understand process theories
- Discuss Vroom's expectancy theory
- Describe the Alderfers ERG theory
- Explain McClelland's theory of needs

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### Introduction

The term motivation is derived from the Latin word “movere” meaning to move. Motivation represents “those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal-oriented.” Managers need to understand these psychological processes if they are to successfully guide employees towards accomplishing organizational objectives. Motivation is at the heart of how innovative and productive things are done within work organizations. This chapter focuses on the basic motivational factors that can energize a person's work and help him decide on the right action based on his requirements, and how motives are learnt through experience. Several theories have evolved to help explain different facets of motivation. Behaviour, in general, is directed by different needs. These needs can cause people to seek out

experiences that enrich their lives or they can trigger behaviour to avoid threatening conditions and feelings of deprivation. Beyond human needs are the acquired tastes for specific motives. A different explanation for motivation focuses on expectancies, or people's expectation about whether they can affect performance outcomes and how closely the expected rewards are linked to performance. People also consider the equity of how they are treated, and their evaluations help determine whether they will be motivated or demotivated. The foundations of employee motivation can be studied from two perspectives: the content theories of motivation, which focus on "what" motivates employees in organizations, and the process theories of motivation, which focus on "how" employees in an organization can be motivated. Process theories of motivation help us explain why people behave the way they do. In doing so, they help us understand, predict, and influence employee performance, attendance, work satisfaction, and other outcomes.

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## 7.1 Content Theories

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Maslow outlined the most influential of content theories. He suggested a hierarchy of needs up which progress. Once individuals have satisfied one need in the hierarchy, it ceases to motivate their behaviour and they are motivated by the need at the next level up the hierarchy.

1. Physiological needs such as hunger and thirst are the first level on the hierarchy.
2. Security needs such as shelter and protection are the next level.
3. Social needs such as need for satisfactory and supportive relationships are the next level.
4. From these needs, the individual can move up the hierarchy to higher order needs. Self esteem needs for recognition and a belief in oneself is the next level.
5. Finally, the progression leads to the need to realize one's full potential, which is termed self actualization. Only a small proportion of the population achieves this level.

Content motivation theory focuses on analyzing what motivates people but not achieving one's potential and self-fulfilment. This theory was not intended as an explanation of motivation in the workplace; however, many managerial theorists have enthusiastically adopted it. The theory suggests that employees will always tend to want more from their employers. When they have satisfied their subsistence needs, they strive to fulfil security needs. When jobs are secure they will seek ways of satisfying social needs and if successful will seek the means to the ultimate end of self – actualization.

Alderfer 1972 suggests that individual needs can be divided into three groups:

1. Existence needs, which include nutritional and material requirements (at work this would include pay and conditions.)
2. Relatedness needs, which are met through relationships with family and friends and at work with colleagues.
3. Growth needs, which reflect a desire for personal psychological developments.

Alderfer's theory differs from Maslow in a number of important respects.

Alderfer argued that it was better to think in terms of a continuum rather than a hierarchy; from concrete existence needs to least concrete growth needs and argued that we could move along this in either direction.

Maslow argued that when satisfied a need becomes less important to an individual, but Alderfer argues that relatedness or growth needs become more important when satisfied. This means that team - working arrangements can continue to motivate employees and are not necessarily superseded by growth needs.

Mumford 1976 argues that workers have:

1. Knowledge needs, work that utilizes their knowledge and skills.

2. Psychological needs, such as recognition, responsibility, status and advancement.
3. Task needs, which include the need for meaningful work and some degree of autonomy.
4. Moral needs, to be treated in the way those employers would themselves wish to be treated.

Mumford's assumption was that employees did not simply see their job as a means to an end but had needs which related to the nature of their work. Herzberg 1959 presented a two – factor theory, which looks at motivators and hygienes and proposed that job satisfaction and dissatisfaction appeared to be caused by two sets of different factors. The presence of motivators in the workplace caused enduring states of motivation in employees but their absence did not lead to dissatisfaction. Hygiene on the other hand produced an acceptable working environment but did not increase satisfaction – their absence did however cause job dissatisfaction.

<b>Motivation</b>	<b>Hygiene's</b>
Responsibility	Supervision
Recognition	Salary
Promotion	Work environment
Achievement	Company policies
Intrinsic aspects of the job	Relation with colleagues

This theory suggests how people's jobs can be redesigned to incorporate more motivators.

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## **7.2 Process Theories**

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What all process theories have in common is an emphasis on the cognitive processes in determining his or her level of motivation. Equity theory assumes that one important cognitive process involves people looking around and observing what effort other people are putting into their work and what rewards follow them. This social comparison process is driven by our concern for fairness and equity. Research by Adams and others confirms equity theory as one of the most useful frameworks for understanding work motivation. Valence, instrumentality and expectancy (VIE) theory had resulted from Vroom's (1964) work into motivation. His argument was that crucial to motivation at work was the perception of a link between effort and reward. Perceiving this link could be thought of as a process in which individuals calculated first whether there was a connection between effort and reward and then the probability (valences) would follow from high performance (instrumentality.) The motivational force of a job can therefore be calculated if the expectancy, instrumentality and valence values are known. The individual's abilities, traits, role perceptions and opportunities attenuate the motivational force. The main contribution of both types of process theory has been to highlight the effects of cognitive and perceptual processes on objective work conditions.

It suggests that managers need to pay attention to four main aspects of their subordinate's perceptions:

1. Focus on the crucial expectancy values (the link between effort and their performance.)
2. Managers should determine what outcome employee values.
3. They need to link the reward that subordinates value to their performance.
4. Managers need to ensure that wage rates are not perceived as inequitable.

### **Did You Know?**

Building on Maslow's theory, Clayton Alderfer in 1959 collapsed the levels in Maslow's theory from five to three: existence, relatedness and growth.

## 7.3 Vroom's Expectancy Theory

According to Vroom's expectancy theory, an employee who lacks confidence in his or her ability is likely to have poor motivation due to low expectancy. Vroom's Expectancy Theory states that an individual will act in a certain way based on the expectation (belief) that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. This motivational model has been modified by several people, to include Porter and Lawler. Vroom's Expectancy Theory is written as a formula:

Valence x Expectancy x Instrumentality = Motivation

- Valence (Reward) = the amount of desire for a goal (What is the reward?)
- Expectancy (Performance) = the strength of belief that work related effort will result in the completion of the task (How hard will I have to work to reach the goal?)
- Instrumentality (Belief) = the belief that the reward will be received once the task is completed (Will they notice the effort I put forth?)

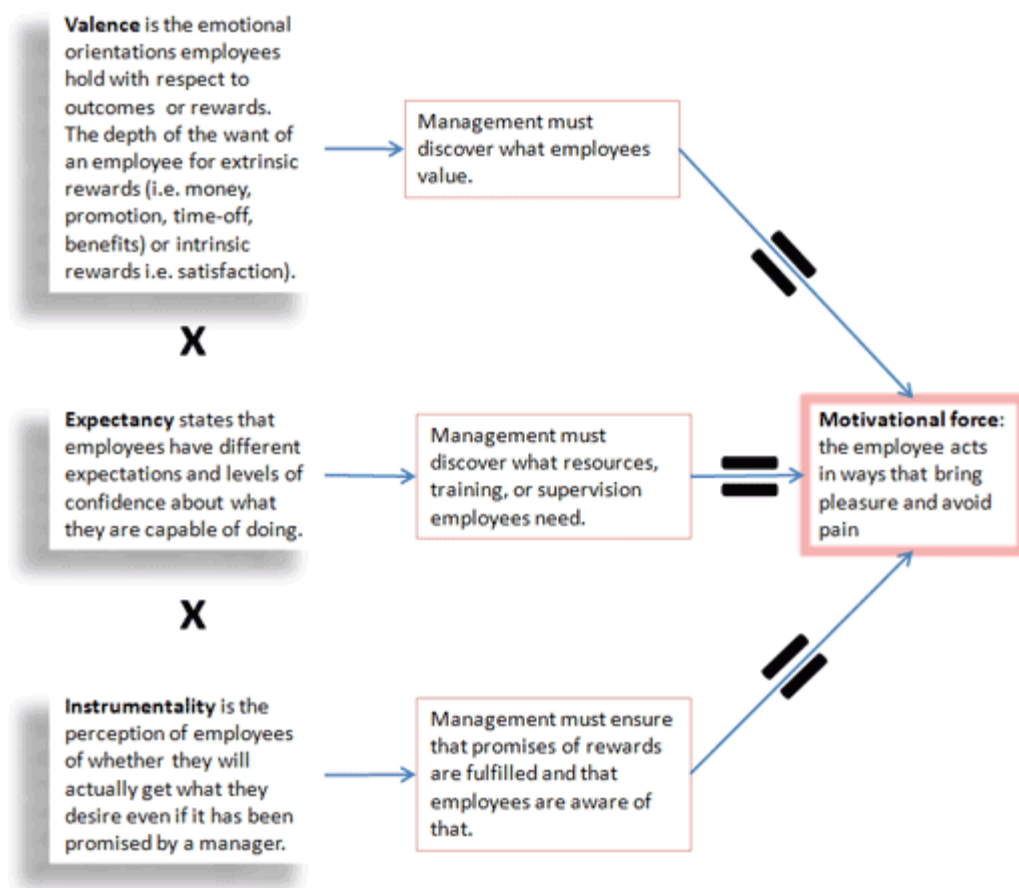


Figure 7.1: Vroom's expectancy theory.

The product of valence, expectancy, and instrumentality is motivation. It can be thought of as the strength of the drive towards a goal (See Figure 7.1). For example, if an employee wants to move up through the ranks, then promotion has a high valence for that employee. If the employee believes that high performance will result in good reviews, then the employee has a high expectancy. However, if the employee believes the company will not promote from within, then the employee has low instrumentality, and the employee will not be motivated to perform better.

The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality). In short, Valence is the significance associated by an individual about the expected outcome. It is an expected and not the actual satisfaction that an employee expects to receive after achieving the goals. Expectancy is the faith that better efforts will result in better performance. Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job. Instrumentality is the faith that if we perform well, then a valid outcome will be there. Instrumentality is affected by factors such as believe in the people who decide who receives what outcome, the simplicity of the process deciding who gets what outcome, and clarity of relationship between performance and outcomes.

Thus, the expectancy theory concentrates on the following three relationships:

- Effort-performance relationship: What is the likelihood that the individual's effort be recognized in his performance appraisal?
- Performance-reward relationship: It talks about the extent to which the employee believes that getting a good performance appraisal leads to organizational rewards.
- Rewards-personal goals relationship: It is all about the attractiveness or appeal of the potential reward to the individual.

Vroom was of view that employees consciously decide whether to perform or not at the job. This decision solely depended on the employee's motivation level which in turn depends on three factors of expectancy, valence and instrumentality.

### **7.3.1 Advantages of the Expectancy Theory**

- It is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction.
- This theory stresses upon the expectations and perception; what is real and actual is immaterial.
- It emphasizes on rewards or pay-offs.
- It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain.

### **7.3.2 Limitations of the Expectancy Theory**

- The expectancy theory seems to be idealistic because quite a few individuals perceive high degree correlation between performance and rewards.
- The application of this theory is limited as reward is not directly correlated with performance in many organizations. It is related to other parameters also such as position, effort, responsibility, education, etc.

### **7.3.3 Implications of the Expectancy Theory**

- The managers can correlate the preferred outcomes to the aimed performance levels.
- The managers must ensure that the employees can achieve the aimed performance levels.
- The deserving employees must be rewarded for their exceptional performance.
- The reward system must be fair and just in an organization.
- Organizations must design interesting, dynamic and challenging jobs.
- The employee's motivation level should be continually assessed through various techniques such as questionnaire, personal interviews, etc.

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## 7.4 Alderfers ERG Theory

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We all are familiar with the classical theories of motivation, but they all are not empirically supported. As far as contemporary theories of motivation are concerned, all are well supported with evidences. Some of the contemporary / modern theories of motivation are explained below:

To bring Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms. His rework is called as ERG theory of motivation. He recategorized Maslow's hierarchy of needs into three simpler and broader classes of needs:

**Existence Needs-** These include need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.

**Relatedness Needs-** These include the aspiration individual's have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition. Maslow's social needs and external component of esteem needs fall under this class of need.

**Growth Needs-** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.



The significance of the three classes of needs may vary for each individual.

### 7.4.1 Difference between Maslow Need Hierarchy Theory and Alderfer's ERG Theory

- ERG Theory states that at a given point of time, more than one need may be operational.
- ERG Theory also shows that if the fulfilment of a higher-level need is subdued, there is an increase in desire for satisfying a lower-level need.
- According to Maslow, an individual remains at a particular need level until that need is satisfied. While according to ERG theory, if a higher- level need aggravates, an individual may revert to increase the satisfaction of a lower- level need. This is called frustration- regression aspect of ERG theory. For instance- when growth need aggravates, then an individual might be motivated to accomplish the relatedness need and if there are issues in accomplishing relatedness needs, then he might be motivated by the existence needs. Thus, frustration/aggravation can result in regression to a lower-level need.
- While Maslow's need hierarchy theory is rigid as it assumes that the needs follow a specific and orderly hierarchy and unless a lower-level need is satisfied, an individual cannot proceed to the higher-level need; ERG Theory of motivation is very flexible as he perceived the needs as a range/variety rather than perceiving them as a hierarchy. According to Alderfer, an individual can work on growth needs even if his existence or relatedness needs remain unsatisfied. Thus, he gives explanation to the issue of "starving artist" who can struggle for growth even if he is hungry.

### **7.4.2 Implications of the ERG Theory**

According to the ERG theory, if the manager concentrates solely on one need at a time, this will not effectively motivate the employee. Also, the frustration- regression aspect of ERG Theory has an added effect on workplace motivation. For instance- if an employee is not provided with growth and advancement opportunities in an organization, he might revert to the relatedness need such as socializing needs and to meet those socializing needs, if the environment or circumstances do not permit, he might revert to the need for money to fulfil those socializing needs. The sooner the manager realizes and discovers this, the more immediate steps they will take to fulfil those needs which are frustrated until such time that the employee can again pursue growth.

#### **Caution**

Managers must understand that an employee has various needs that must be satisfied at the same time. Otherwise employees are not performed.

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## **7.5 McClelland's Theory of Needs**

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David McClelland and his associates proposed McClelland's theory of Needs / Achievement Motivation Theory. This theory states that human behaviour is affected by three needs - Need for Power, Achievement and Affiliation. Need for achievement is the urge to excel, to accomplish in relation to a set of standards, to struggle to achieve success. Need for power is the desire to influence other individual's behaviour as per our wish. In other words, it is the desire to have control over others and to be influential. Need for affiliation is a need for open and sociable interpersonal relationships. In other words, it is a desire for relationship based on co-operation and mutual understanding. The individuals with high achievement needs are highly motivated by competing and challenging work. They look for promotional opportunities in job. They have a strong urge for feedback on their achievement. Such individuals try to get satisfaction in performing things better. High achievement is directly related to high performance. Individuals who are better and above average performers are highly motivated. They assume responsibility for solving the problems at work. McClelland called such individuals as gamblers as they set challenging targets for themselves and they take deliberate risk to achieve those set targets. Such individuals look for innovative ways of performing job. They perceive achievement of goals as a reward, and value it more than a financial reward.

The individuals who are motivated by power have a strong urge to be influential and controlling. They want that their views and ideas should dominate and thus, they want to lead. Such individuals are motivated by the need for reputation and self-esteem. Individuals with greater power and authority will perform better than those possessing less power. Generally, managers with high need for power turn out to be more efficient and successful managers. They are more determined and loyal to the organization they work for. Need for power should not always be taken negatively. It can be viewed as the need to have a positive effect on the organization and to support the organization in achieving its goals.

The individuals who are motivated by affiliation have an urge for a friendly and supportive environment. Such individuals are effective performers in a team. These people want to be liked by others. The manager's ability to make decisions is hampered if they have a high affiliation need as they prefer to be accepted and liked by others, and this weakens their objectivity. Individuals having high affiliation needs prefer working in an environment providing greater personal interaction. Such people have a need to be on the good books of all. They generally cannot be good leaders.



### **7.5.1 Goal Setting Theory**

In 1960's, Edwin Locke put forward the Goal-setting theory of motivation. This theory states that goal setting is essentially linked to task performance. It states that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. In simple words, goals indicate and give direction to an employee about what needs to be done and how much efforts are required to be put in.

The important features of goal-setting theory are as follows:

- A. The willingness to work towards attainment of goal is main source of job motivation. Clear, particular and difficult goals are greater motivating factors than easy, general and vague goals.
- B. Specific and clear goals lead to greater output and better performance. Unambiguous, measurable and clear goals accompanied by a deadline for completion avoids misunderstanding.
- C. Goals should be realistic and challenging. This gives an individual a feeling of pride and triumph when he attains them, and sets him up for attainment of next goal. The more challenging the goal, the greater is the reward generally and the more is the passion for achieving it.
- D. Better and appropriate feedback of results directs the employee behaviour and contributes to higher performance than absence of feedback. Feedback is a means of gaining reputation, making clarifications and regulating goal difficulties. It helps employees to work with more involvement and leads to greater job satisfaction.
- E. Employees' participation in goal is not always desirable.
- F. Participation of setting goal, however, makes goal more acceptable and leads to more involvement.
- G. Goal setting theory has certain eventualities such as:

**Self-efficiency-** Self-efficiency is the individual's self-confidence and faith that he has potential of performing the task. Higher the level of self-efficiency, greater will be the efforts put in by the individual when they face challenging tasks. While, lower the level of self-efficiency, less will be the efforts put in by the individual or he might even quit while meeting challenges.

**Goal commitment-** Goal setting theory assumes that the individual is committed to the goal and will not leave the goal. The goal commitment is dependent on the following factors:

- a. Goals are made open, known and broadcasted.
- b. Goals should be set-self by individual rather than designated.
- c. Individual's set goals should be consistent with the organizational goals and vision.

#### ***Advantages of Goal Setting Theory***

- A. Goal setting theory is a technique used to raise incentives for employees to complete work quickly and effectively.
- B. Goal setting leads to better performance by increasing motivation and efforts, but also through increasing and improving the feedback quality.

#### ***Limitations of Goal Setting Theory***

- I. At times, the organizational goals are in conflict with the managerial goals. Goal conflict has a detrimental effect on the performance if it motivates incompatible action drift.
- II. Very difficult and complex goals stimulate riskier behaviour.
- III. If the employee lacks skills and competencies to perform actions essential for goal, then the goal-setting can fail and lead to undermining of performance.
- IV. There is no evidence to prove that goal-setting improves job satisfaction.

### 7.5.2 Equity Theory

The core of the equity theory is the principle of balance or equity. As per this motivation theory, an individual's motivation level is correlated to his perception of equity, fairness and justice practiced by the management. Higher is individual's perception of fairness, greater is the motivation level and vice versa. While evaluating fairness, employee compares the job input (in terms of contribution) to outcome (in terms of compensation) and also compares the same with that of another peer of equal cadre/category. O/I ratio (output-input ratio) is used to make such a comparison.

#### *Equity Theory*

Ratio Comparison	Perception
$O/I a < O/I b$	Under-rewarded (Equity Tension)
$O/I a = O/I b$	Equity
$O/I a > O/I b$	Over-rewarded (Equity Tension)

**Negative Tension State:** Equity is perceived when this ratio is equal. While if this ratio is unequal, it leads to "equity tension". J.Stacy Adams called this a negative tension state which motivates him to do something right to relieve this tension. A comparison has been made between two workers A and B to understand this point.

**Referents:** The four comparisons an employee can make have been termed as "referents" according to Goodman. The referent chosen is a significant variable in equity theory. These referents are as follows:

- Self-inside: An employee's experience in a different position inside his present organization.
- Self-outside: An employee's experience in a situation outside the present organization.
- Other-inside: Another employee or group of employees inside the employee's present organization.
- Other-outside: Another employee or employees outside the employee's present organization.

An employee might compare himself with his peer within the present job in the current organization or with his friend/peer working in some other organization or with the past jobs held by him with others. An employee's choice of the referent will be influenced by the appeal of the referent and the employee's knowledge about the referent.

**Moderating Variables:** The gender, salary, education and the experience level are moderating variables. Individuals with greater and higher education are more informed. Thus, they are likely to compare themselves with the outsiders. Males and females prefer same sex comparison. It has been observed that females are paid typically less than males in comparable jobs and have less salary expectations than male for the same work. Thus, a women employee that uses another women employee as a referent tends to lead to a lower comparative standard. Employees with greater experience know their organization very well and compare themselves with their own colleagues, while employees with less experience rely on their personal experiences and knowledge for making comparisons.

**Choices:** The employees who perceive inequity and are under negative tension can make the following choices:

- A. Change in input (e.g. Do not overexert)
- B. Change their outcome (Produce quantity output and increasing earning by sacrificing quality when piece rate incentive system exist)
- C. Choose a different referent
- D. Quit the job
- E. Change self perception

## F. Change perception of others

### ***Assumptions of the Equity Theory***

The theory demonstrates that the individuals are concerned both with their own rewards and also with what others get in their comparison. Employees expect a fair and equitable return for their contribution to their jobs. Employees decide what their equitable return should be after comparing their inputs and outcomes with those of their colleagues. Employees who perceive themselves as being in an inequitable scenario will attempt to reduce the inequity either by distorting inputs and/or outcomes psychologically, by directly altering inputs and/or outputs, or by quitting the organization.

### **16.7.5 Expectancy Theory**

The expectancy theory was proposed by Victor Vroom of Yale School of Management in 1964. Vroom stresses and focuses on outcomes, and not on needs unlike Maslow and Herzberg. The theory states that the intensity of a tendency to perform in a particular manner is dependent on the intensity of an expectation that the performance will be followed by a definite outcome and on the appeal of the outcome to the individual.

The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality). In short, Valence is the significance associated by an individual about the expected outcome. It is an expected and not the actual satisfaction that an employee expects to receive after achieving the goals. Expectancy is the faith that better efforts will result in better performance. Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job.

Instrumentality is the faith that if we perform well, then a valid outcome will be there. Instrumentality is affected by factors such as believe in the people who decide who receives what outcome, the simplicity of the process deciding who gets what outcome, and clarity of relationship between performance and outcomes.

Thus, the expectancy theory concentrates on the following three relationships:

- *Effort-performance relationship:* What is the likelihood that the individual's effort be recognized in his performance appraisal?
- *Performance-reward relationship:* It talks about the extent to which the employee believes that getting a good performance appraisal leads to organizational rewards.
- *Rewards-personal goals relationship:* It is all about the attractiveness or appeal of the potential reward to the individual.

Vroom was of view that employees consciously decide whether to perform or not at the job. This decision solely depended on the employee's motivation level which in turn depends on three factors of expectancy, valence and instrumentality.

### ***Advantages of the Expectancy Theory***

- It is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction.
- This theory stresses upon the expectations and perception; what is real and actual is immaterial.
- It emphasizes on rewards or pay-offs.
- It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain.

### ***Limitations of the Expectancy Theory***

- The expectancy theory seems to be idealistic because quite a few individuals perceive high degree correlation between performance and rewards.
- The application of this theory is limited as reward is not directly correlated with performance in many organizations. It is related to other parameters also such as position, effort, responsibility, education, etc.

### ***Implications of the Expectancy Theory***

- The managers can correlate the preferred outcomes to the aimed performance levels.
- The managers must ensure that the employees can achieve the aimed performance levels.
- The deserving employees must be rewarded for their exceptional performance.
- The reward system must be fair and just in an organization.
- Organizations must design interesting, dynamic and challenging jobs.
- The employee's motivation level should be continually assessed through various techniques such as questionnaire, personal interviews, etc.

### **Case Study-MR. Alok Banarjee**

Mr. Alok Banarjee is the Chief Executive of a medium- sized pharmaceutical firm in Calcutta. He holds a Ph D in Pharmacy. However, he has not been involved in research and development of new products for two decades. Though turnover is not a problem for the company, Mr. Banarjee and his senior colleagues noticed that the workers on hourly basis are not working up to their full potential. It is well known fact that they filled their days with unnecessary and unproductive activities and worked only for the sake of a pay cheque. In the recent past the situation has become quite alarming as the organization began to crumble under the weight of uneconomical effort. The situation demanded immediate managerial attention and prompt remedial measures. Mr. Banarjee knew very well that the only way to progress and prosper is to motivate workers to peak performance through various incentive plans. One fine morning, Mr. Banarjee contacted the Personnel Manager and enquired: "What is the problem with the workers on hourly basis? The wage bill shows that we pay them the highest in the industry. Our working conditions are fine. Our fringe benefits are excellent. Still these workers are not motivated. What do they require really?" The Personnel Manager gave the following reply: "I have already informed you a number of times, that money, working conditions and benefits are not enough. Other things are equally important. One of workers in that group recently gave me a clue as to why more and more workers are joining the bandwagon of 'non-performers'. He felt bad that hard work and efficiency go un-noticed and un-rewarded in our organization. Our promotion and benefit plans are tied to length of service. Even the lazy workers, accordingly, enjoy all the benefits in the organization, which, in fact according to workers, should go only to those who work hard." Mr. Banarjee then wanted the Personnel Manager to look into the problem more closely and find out a solution to the problem of workers on hourly basis.

### **Question**

1. Explain the motivational problem in this case by relating to Herzberg's theory.
2. If you were the manager, how would you motivate the employees so that they work better?

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## **7.6 Summary**

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- Motivation is at the heart of how innovative and productive things are done within work organizations.
- Content motivation theory focuses on analyzing what motivates people but not achieving one's potential and self-fulfillment.

- Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality).
- Maslow argued that when satisfied a need becomes less important to an individual, but Alderfer argues that relatedness or growth needs become more important when satisfied.
- The motivational force of a job can therefore be calculated if the expectancy, instrumentality and valence values are known.
- Vroom's expectancy theory, an employee who lacks confidence in his or her ability is likely to have poor motivation due to low expectancy.

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## 7.7 Keyword

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- **Existence Needs:** These include need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.
- **Expectancy Theory:** It was proposed by Victor Vroom of Yale School of Management in 1964.
- **Goal Setting Theory:** It is a technique used to raise incentives for employees to complete work quickly and effectively.
- **Growth Needs:** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.
- **Vroom's Expectancy Theory:** It states that an individual will act in a certain way based on the expectation (belief) that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

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## 7.8 Self Assessments Question

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1. ....at the heart of how innovative and productive things are done within work organizations.
 

(a) manager	(b) motivation
(c) team	(d) None of these
2. The process theories of motivation, which focus on \_\_\_\_\_ employees in an organization can be motivated.
 

(a) "how" motivates	(b) why motivates
(c) "what" motivates	(d) None of these
3. Team - working arrangements cannot continue to motivate employees and are not necessarily superseded by growth needs
 

(a) True	(b) False
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4. According to ..... "a two – factor theory, which looks at motivators and hygienes and proposed that job satisfaction and dissatisfaction appeared to be caused by two sets of different factors".
 

(a) Maslow	(b) Herzberg
(c) Alderfer	(d) None of these
5. The motivational force of a job can therefore be calculated if the expectancy, instrumentality and valence values are known
 

(a) True	(b) False
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6. According to Vroom's expectancy theory, an employee who lacks confidence in his or her ability is likely to have poor motivation due to.....
- (a) high valence (b) low valence.  
(c) low expectancy. (d) high expectancy.
7. Content motivation theory focuses on.....
- (a) analysing what motivates people. (b) analysing what motivates organization  
(c) achieving one's potential and self-fulfillment (d) None of these
8. ....states that an individual will act in a certain way based on the expectation.
- (a) Expectancy Theory (b) Vroom's expectancy theory  
(c) Motivational theory (d) Alderfers ERG theory
9. If the manager concentrates solely on one need at a time, this will effectively motivate the employee.
- (a) True (b) False
10. The employee believes that getting a good performance appraisal leads to organizational rewards.
- (a) Effort-performance relationship (b) Performance-reward relationship  
(c) Rewards-personal goals relationship (d) None of these

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## 7.9 Review Questions

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1. What do you understand motivation. How does it affect behaviour? What happens when a person is not able to satisfy his needs?
2. Explain in detail the motivation theory of need hierarchy propagated by Maslow. Carry out analysis.
3. Explain two factor theory of Herzberg? What are hygiene factors and why they are called demotivators?
4. Explain ERG Theory of motivation of Aldefer. What do you understand by satisfaction-progression pattern of need satisfaction?
5. Explain Expectancy Theory of Vroom.
6. Explain Porters and Lawlers motivational theory. Do you feel that the theory is any significant and that it has made a change in the motivation pattern in the organization?
7. Theory X Theory Y is concerned with the nature of the people. What are its implications?
8. Explain in detail the ERG theory of motivation. How does it significantly differ from Maslow's model of motivation?
9. Explain Mc Gregar's Theory X and Theory Y. How is theory Y an improvement over the traditional view that you can motivate employees by paying them the money.
10. Explain McClelland's theory of needs.

### Answers for Self Assessment Questions

1. (b)            2.(a)            3.(b)            4.(b)            5.(a)  
6. (c)            7.(a)            8.(b)            9.(b)            10.(b)

# 8

## Group Dynamics

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8.1 Definition, Features and Importance of Groups

8.2 Theories of Groups

8.3 Group Norms and Roles

8.4 Summary

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8.6 Self Assessment Questions

8.7 Review Questions

### Objectives

After studying this chapter, you will be able to:

- Explain the theories of groups
- Describe theories of groups
- Define group norms and roles
- Understand ego state analysis of transactions

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### Introduction

People in a group behave differently in comparison to when they are alone. Understanding of group dynamics is necessary to understand organisational behaviour. Groups are important to improve organisational out-puts and to influence the attitudes and behaviour of members of the organisation. Importance of groups and its values and norms in influencing behaviour in an organisation, has been duly recognised in “modern management”. An important factor of the preplanning stage in group dynamics is determining what the group is to accomplish; this is known as clarity of purpose. The work group is usually the primary source of social identity for employees, and the nature of the group can affect their performance at work as well as their relationships outside the organization. There could be many reasons why people form groups. The propinquity theory of group formation attempts to explain why some people come together to form groups. Yet another popular theory of group formation is the exchange theory. The structure of a group helps the management predict individual behaviour within the group and the performance of the group itself. Some of the structural variables are formal leadership, roles, norms, group status, group size and the composition of the group. All these variables affect the functioning of groups. The style or behaviour of the group leader tends to be imitated

or repeated by the members of the group. As everyone is required to play a diverse set of roles within and outside an organization, one of the tasks in understanding behaviour is grasping the role that is currently being played by a person. Group members share some acceptable standards of behaviour among themselves, and once they are established, they become norms. Status also has major behavioural consequences when individuals perceive a disparity between what they believe their status to be, and what others perceive it to be. Research has shown that small groups are faster at completing tasks than large ones, whereas large ones are good for obtaining diverse inputs from members. The composition of a group may sometimes, prove to be a critical factor in its total performance and turnover.

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## **8.1 Definition, Features and Importance of Groups**

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### **8.1.1 Definition of Group**

According to Smith, a group is the set of two or more individuals who are jointly characterised by a network of communication with a shared sense of collective identity and one or more shared dispositions with associated normative strength. A group is defined as two or more individuals, integrating and interdependent who have come together to achieve particular objectives. A group is collection of people having common interest, interaction, and awareness of one other. A group is that its members have common goals. A group is one that the members of which have ties and relationship among them. A group is that the members in it interact with each other. Shaw defines group as two or more persons who are interacting with one another in such a manner that each person influences and is influenced by the others. Members within a group that share similar experiences and feelings are known as universality . A group is the aggregation of small number of persons who work for common goals, develop a shared attitude and are aware that they are part of a group and perceive themselves as such. Group dynamics implies the kind of interactions that the members come into.

### **8.1.2 Features of Group**

1. More persons. A group consists of two or more persons. There is no maximum limit of members.
2. Shared interest. The members subscribe for group objectives. It is not necessary that each member agrees with all the objectives. But each member subscribes to at least one objective. The shared objectives bind them together.
3. Aware of group. In a group, members know personally each other more closely. They are aware their membership, each member believes that he is a participant in some specific group.
4. Interaction. Members of the group interact with each other. They have the opportunity to communicate with others face to face, in writing or through telephone or network.
5. Enduring relationship. The members endure tighter social relationships. They are less organised.
6. Rules and regulations. Group starts with mutual awareness and establishes rule for comfortable coexistence.
7. Interdependence. The members are often dependent on each other to serve common purpose.

### ***Types of groups***

People form into groups under various circumstances. The group tendency depends upon the circumstances, size, and objectives of the institution.

*Formal Group:* Group is defined by the organisation's structure with designated work assignments establishing tasks. The behaviour of the members is directed by the organisations.

*Informal Group:* It is an alliance among people that are neither formally structured nor organisationally determined. These groups are natural formations in the work environment in response to need for social contract.

*Common Group:* It is determined by the organisation chart. It is composed of the subordinates who report directly to a given manager.



*Task group:* It is organisationally determined. It represents those working together to complete a job or task. Group's boundary is not limited to its immediate superior. MI command groups are task groups and not vice versa.

*Interest Group:* People may affiliate to attain a specific objective with which they are concerned. People form into a united body to further their common interest.

*Friendship Group:* Groups often develop because the member has one or more common characteristics. Social alliances can be based on similar age, habit, political views, etc.

*Apathetic Group:* Low paid workers form into group because of discontentment.

*Erratic Group:* The behaviour of erratic group is unpredictable. Semi-skilled workers who require interaction work together. Their relations with management are erratic.

*Strategic Group:* In the plant, skilled workers who perform key jobs form into groups. They are always interdependent.

*Conservative Group:* People at the top of the organisation are highly specialised and form into group. They display self-confidence. They can influence the functioning of the organisation.

*Primary and Secondary Groups:* In primary group members have opportunity of discussing face to face. The group is also small in size. The membership is based on intimate relationship. The secondary group is more formal and members may not be found in secondary groups Primary groups are defined as those with whom there is regular but in family, it is not informal contact.

*Reference Group:* It is a group to which the member really belongs. An individual may be a member of several groups but he may not actively participate in all such groups. Member would like to participate in a group where norms are attractive to the individual. Such group norms become more influential in determining behaviour.

*Membership Group:* It is a group with which member identifies himself. His association ceases the moment individual stops paying subscription towards the membership.

*In-group:* The in-group represents a cluster of persons having values in a society or dominant place in social functioning.

### **8.1.3 Importance of Group Dynamics**

- Formal and informal work groups are becoming increasingly important competitive factors in organizations due to changes in an organization.
- Teamwork is the result of groups working together to effectively and efficiently achieving organizational tasks, vision and mission.
- In the case of formal groups include command and task groups in an organization.
- In the case of informal groups include interest and friendship groups.
- Group dynamic is a useful way to analyze groups as systems that use inputs and engage in various processes or transformations, and produce outcomes in an organization.
- Managers ready to help and bring about higher performance from formal work groups by weighing the characteristics of members who assign to particular groups.
- Group dynamic is a degree of diversity among group members that usually adds to performance in project
- Group training, particularly for diverse groups which has been found to be useful and helpful to other members in a team.
- Team members may be attracted to a group for a number of reasons like as liking other members of the group, liking the activities of the group, the goals or purposes of the group, the group satisfies an individual's need for affiliation, and the group can help an individual achieve a goal outside the group.
- In the case of the absence of attraction can prevent the group from achieving high-performance in an organization.
- Team member roles in groups like as group task roles, group maintenance roles, and self-performance.

- The size of the group has also plays significant role in improving the group's performance.
- In the case of mid-sized groups, it consists of five to seven members that seem to be an optimum size in an organization.
- In the case of smaller groups can often intensify individual differences in teamwork.
- In the case of large groups which tend to be when working in groups than when working alone.
- Provide free riding is particularly likely when members exhibit individualism rather than collectivism.
- In the case of the team, a manager can combat social loafing by several methods and assign few extra people to do the work, it is one key method to achieve task in team.
- Team dynamic is using other methods for measuring team performance like as making each individual's work visible, providing for individual feedback, have to work with team people with respect, to measure standards to actually what is the group performance, and making suitable rewards to individual members in the team for enhance of group performance.

### **Caution**

Group members should have task-relevant expertise and appropriate interpersonal skills for accomplishment of tasks.

### **Did You Know?**

In 1945, the group dynamics research Centre at the Massachusetts Institute of Technology was established, the first institute devoted explicitly to the study of group dynamics.

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## **8.2 Theories of Groups**

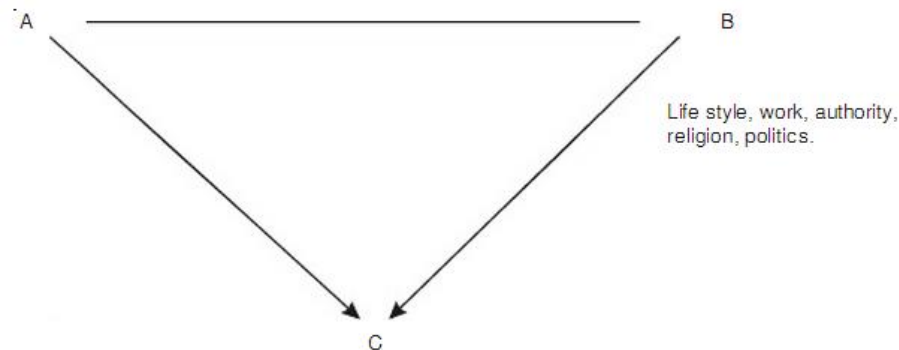
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Proximity means affiliation which may be due to spatial or due to geographical proximity. Group Behaviour refers to activities, interactions and enticements. In any organization, the behaviour of a group is analysed based on 'required' behaviour that refers to those actions the organization expects employees to perform effectively. It relates to the job that each group has to perform. The instructions for job performance are communicated to the group by way of job description, meetings, and instructions by supervisors to the workers other formal instructions that may be used from time to time. The managers expect that the employees follow these instructions in letter and spirit. While on the contrary, members of the group display an emergent behaviour. It refers to the activities the member's get involved in the workplace which are of private nature and applicable to common interest of the members of the group.

Whatever be the type of behaviour, each member is involved in various activities, carryout interaction with group members and develops sentiments. Let us see as to how does this phenomenon occur? Activities are those behaviours when group member is involved with other member or group to perform his duties as is laid down in the work schedule. More complex the job and critical nature of work more will be the activities involved. These are certain activities like chatting or taking coffee together is called emergent activities that the group often gets involved. Activities that are required to be carried out officially with the other members of the group involve interaction. Group member also interact with other members on social platform, which may be called emergent behaviour that relates to feelings, beliefs and values held by group members. All these activities require interaction and exchange of knowledge, knowhow and ideas to perform. More of such interactions develop a bond of friendship (or even hate) among the group members. Apart from official side there are certain impersonal side of organizational systems and process that must be promoted for better group member relationship for higher productivity and conflict free organizational work environment.

### 8.2.1 Balance Theory

Balance theory was proposed by Theodore Newcomb that states “persons are attracted to one another on the basis of similar attitudes and common interest relevant twosome object or a group goal” (See Figure 8.1).



**Figure 8.1:** Common attitude and value system.

As long as there is a balance, the relationship lasts. If due to some reason an imbalance is created, efforts are made by both to restore the balance by compromising. If that does not work, the relationship breaks. Reasons for maintaining a relationship are based on common interest in politics, religion, similar life style, authority etc. In the organization, it is the responsibility of the manager to ensure effective functioning of the group.

### 8.2.2 Exchange Theory

Exchange theory is based on cost-reward relationship. Every individual before joining the group evaluates its outcome. If he feels that the outcome (reward) is greater than the cost, he joins the group. It should be noted that an individual joins a group if a minimum positive level of outcome exists in order to establish attraction and affiliation to take place. The cost of relationship or affiliation is measured in terms of outcome that relates to fulfillment of various levels of needs of an individual.

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## 8.3 Group Norms and Roles

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Group norms and roles are defined as....

### 8.3.1 Group Norms

“Group Norms are a set of beliefs, feelings, and attitudes commonly shared by group members. These are also referred to as rules or standards of behaviour that apply to group members”. These are prescriptions of behaviour accepted and determined by the group. As per the Handbook of Industrial and Organizational Psychology, norms are defined as “acceptable standards of behaviour that are shared by the group members.” All groups have established norms, that is - norms tell members what they ‘ought’ and ‘ought not’ to do a thing under certain circumstances. From an individual standpoint, they tell what is expected of them in certain situations. When agreed to and accepted by the group, norms act as a means of influencing the behaviour of group members with a minimum of external control. Norms differ among groups, communities and societies, but they all have them. A study conducted by P.C. De La Porte showed that the group norms that are favourable to the organization were — organizational pride, team work, honesty, security, planning and customer relations. The norms about profitability and supervision were unfavourable to the organization.

Behaviour of an individual as a group member must be acceptable to all the members; this will give an individual “Good standing” and recognition in the group. If norms are violated by an individual, corrective measures such as sanctions are applied. In case the individual persists in his behaviour contrary to the group

norms he will be totally neglected by other members and can even lose the membership of the group by way of total ignorance by other members of the group and thereby losing status in the group.

### ***Types of Norms***

Norms may differ from organization to organization; nature of work and the location. Following norms are generally found and practiced by all the organizations:

#### ***1. Performance Norms***

Performance standard is set by the individual worker and approved by the superiors. These are general norms, industry standards prevailing in a particular type of industry and restricted to geographical limits. All the individuals are expected to fulfil their task within the stipulated time. If some worker is slow and cannot cope up with the work load, is assisted by other group members. On the contrary if some worker produces more than what is required to do is reprimanded by the group members and discouraged to produce more than upper limits set by the organization so that management does not raise their expectations.

#### ***2. Appearance Norms***

Appearance norms are related to dress code and code of conducting the organization. In good organization dress while on work, dress for sports function or for dinner are laid down. In defence services such norms are inbuilt in the organizational culture. As regards to code of conduct, an individual is expected to be loyal and display total dedication to the organization he serves. Workers are not expected to report about fellow workers to the superiors. In the same way members are not expected to divulge company secrets to any other organization, no matter how much tension prevails between workers and management. Group norms are a very powerful tool for high productivity and maintenance of peaceful relationship among the fellow workers.

#### ***3. Behaviour Norms***

Guidelines for general behaviour are issued by the managements that all the employees display behaviour in an identical manner. These guidelines may cover various aspects relating to the work. This may include time management, punctuality, salutation, showing respect to the views of other member's behaviour while on shop floor and level of professionalism that an individual should possess. These norms eventually take the form of organization culture and are very useful for bringing down the conflict or stress level among the group members.

### **8.3.2 Roles**

There are two kinds of roles present in groups. The first is assigned roles. These include titles such as chairperson, secretary, manager, treasurer, etc. The second kind is emergent roles and arises as a result of group social or emotional needs. They include confidant, group clown, gossip, mentor, or scapegoat. Two factors that impact the effectiveness of organizational roles are role ambiguity and role conflict. Role ambiguity occurs when a person is unclear of what is expected of him or her, instructions about performance are not clear, tasks are assigned without context or if a supervisor's actions and instructions send contradictory messages. Role Conflict occurs when a group member feels his or her job overlaps with others, or if the job description is unclear. Role collision is a conflict between the role an individual has outside the group and the role he or she is expected to have in the group.

### ***Status***

Most organizations have ways of giving status or rank to members depending on any number of factors. In many cases, these status symbols reinforce the authority, hierarchy and reward system within the group. Obvious examples include the move from a cubicle to an inner office to a window office, and finally, to a

corner office, and as an individual moves through this progression, authority, decision-making, and prestige also increases. These symbols are meant to increase motivation (Maslow's esteem needs), as a reward for loyal and productive service, and as an acknowledgment of the level of decision-making accorded the individual.

### ***Cohesiveness***

One of the primary factors in group performance involves group cohesion. The ultimate role of groups is to come together as a unit and perform with professionalism and dedication. A group that can work as a unit, share tasks and recognize the contributions of its members will meet with more success than a group mired in conflict, role ambiguity, and lack of motivation. Group cohesion makes it attractive for members to belong, attracts high performers, and provides opportunities for individual recognition within a group setting. Cohesion may result from internal successes, high social-emotional support, or external threats. Group size can also affect cohesion. A group that is too large may find that members cannot get the recognition they are looking for. This can lead to the formation of subgroups or cliques which further causes members to withdraw or withhold input. It is an act of protest because he or she may feel that their achievement is being used to raise the credibility of the whole group, or because there is a feeling that members are not pulling their weight. As we have seen earlier, this self-interest approach distracts from group performance and cohesion.

### ***Support***

Any team or group will need support if it is to be effective. While the successful sports team requires training camps, coaching, and team discipline, other work teams have the same needs. First, there must be recognition of the need for training. Members bring individual skills to the group that may need to be adapted to maximize their contribution to the group task. How are the skills complimenting each other? Is there an overlap and duplication? Is there a skills gap that must be addressed? Second, there may be a need for team-building skills. Is there a need for adaptation from a former environment? For example, a nurse who enters a new institution will need to become familiar with new procedures being used in that environment and the members of the unit that he or she will interact with. All groups need to be able to identify their successes. This usually takes the form of rewards that recognize accomplishments. Group members should know what is expected and what the rewards are. Are there opportunities for individual recognition? What are the group rewards, what are their performance requirements for achieving these rewards and how will performance be measured?

Management plays a major role in group performance. Is the group self-managed and what is the impact on formal managers? Attempts at new and innovative approaches may threaten "old school" managers and their comfort levels with more traditional approaches. Managers should approach their roles as coaches who ensure that all necessary skills are included, systems and procedures are outlined and that goals and visions are clearly understood, rather than play the role of "boss knows best". There is often a tendency to have people with similar skill sets on the same team. There is an argument that teams may perform better if people from all parts of the organization are in the group. This brings diversity and allows the group to take into account all aspects of the job and to include the needs of other parts of the organization which may be affected by the work of the group. It also helps members to identify the need for, and importance of other organizational functions in achieving the overall organizational goals.

### ***Transactional Analysis***

"Transaction analysis offers a mode of expression of personality and dynamics of self and its relationship with others". Participation in groups is a social transaction between individuals and is called transactional analysis.

These interactions were identified by Eric Berne in the 1950s as ego states. There are three ego states which Berne identified; they are *parent*, *adult* and *child*.

*Parent*: Individuals who operate from a parent state may display a protective, nurturing, controlling, critical, or guiding role. They may refer to policies or standards by stating “We know the rules, now follow them”.

*Adult*: Individuals displaying this approach will appear to be rational, calculating, factual, and unemotional. Decision-making relies on research, facts, data processing, and estimating probabilities.

*Child*: Individuals displaying this behaviour reflect emotions similar to those of childhood. It may be rebellious, spontaneous, dependant or creative and is often recognized by its emotional tone. Like a child, this state looks for approval and immediate rewards.

We can usually recognize the behaviour not only by the tone, but by postures, gestures, and facial expressions. We can also see that conversations can be complimentary or contradictory. A conversation between two individuals using an adult-to-adult state will be very rational and reasonable. Both see themselves as equals, and therefore, will try and find the best solutions to problems. Interactions may be contradictory or complimentary. Contradictory behaviours may be a parent-to-child, adult-to-child, or adult-to-parent interaction. In a conversation between a supervisor and an employee displaying a parent-to-child pattern, the employee may assume the behaviour of a child and thus respond to the reward and punishment systems that exemplifies such behaviour. On the other hand, a parent-to-adult interaction can result in conflict and dissension due to the unacceptable approach of each participant.

While complimentary interactions such as adult-to-adult, child-to-child or parent-to-parent are the most desirable, other interactions can be positive. Should both parties accept the parent-to-child or adult-to-child relationships, there may be good relationships without conflict. If, for example, the supervisor and employee are comfortable with the parent-to-child arrangement, they may continue to work together in harmony. Unfortunately, the employee fails to grow and mature, and may learn only to contribute to the extent that will meet with the supervisor’s approval. Whether a person is passive, assertive, or aggressive affects the performance of individuals in a group. The passive person is compliant, submissive and non-resistant. He/she may appear to be comfortable with the situation that they find themselves in, but may be building up stress and anxiety as a result of being “pushed around”. The aggressive person on the other hand, may be hostile, forceful and may find him/herself in conflict because they either push ahead without regard for others, or “blow-up” at the first sign of control. The assertive person is self-assured, positive and will protect his or her own rights, respect the rights of others, and act with confidence and honesty.

### **Case Study-Group Decision Making**

Technically, decision making can be explained as a cognitive process of the brain that involves making a selection among different variations. However, one needs to go through a reasoning process before making a decision. This reasoning can be either rational or irrational. Group decision making can be defined as the process where decisions are made by a group after complete analysis of the situation. Group decision making can be an effective way of arriving at a solution for certain types of problems. This is a classical example where decision making was entrusted on a group. The trout population of a particular running creek in a town in the U.S. was diminishing due to increased community development activities. The state government was inclined to designate this stream as a trout stream so as to ensure a sustaining trout population. However, the government was unable to make any decision as the issue was volatile and required regulations over development. In this regard, the government wanted to involve the public and all the stakeholders so as to

arrive at a conclusion and consensus. With this intention, a public notice about the schedule and objective of group meeting was announced to the public and businesses in the area. Based on the outcome of the meeting, decision was made to preserve the aesthetic value of the river. A study was conducted to determine whether the water in the creek is good enough to support trout population and what are the factors that are required so as to ensure a sustained trout population. Decision was taken to communicate the public about the current situation and the progress being made. The entire proceedings of the meetings were kept transparent and were regularly communicated through newspapers. A monitoring agency was established to monitor the changes in the water quality and the conditions affecting trout habitat. The monitoring agency will be working in coordination with the general public and the results of the agency will be regularly updated to all the stakeholders.

There are different ways in which a group can make a decision or decide on a solution. Some of these include consensus decision making, compromise decision making, majority vote, decision by the leader and arbitration. Arbitration involves an external body or a person who is roped in to make a decision on behalf of the group. Before making a meaningful decision, there are different factors that a group must consider. These include identifying, understanding and analyzing the problem, listing out probable solutions available, goals of final decision, evaluation of solutions and solution implementation. In certain situations, brainstorming sessions are conducted, where group members are encouraged to generate as many ideas about a particular topic as they can.

### Questions

1. What is the group decision making?
2. Describe the example of the group decision making.

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## 8.4 Summary

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- Groups are important to improve organisational out-puts and to influence the attitudes and behaviour of members of the organisation. Importance of groups and its values and norms in influencing behaviour in an organisation, has been duly recognised in “modern management”.
- A group is the aggregation of small number of persons who work for common goals, develop a shared attitude and are aware that they are part of a group and perceive themselves as such. Group dynamics implies the kind of interactions that the members come into.
- Team members may be attracted to a group for a number of reasons like as liking other members of the group, liking the activities of the group, the goals or purposes of the group, the group satisfies an individual’s need for affiliation, and the group can help an individual achieve a goal outside the group.
- The managers expect that the employees follow these instructions in letter and spirit. While on the contrary, members of the group display an emergent behaviour.
- Behaviour of an individual as a group member must be acceptable to all the members; this will give an individual “Good standing” and recognition in the group.
- Participation in groups is a social transaction between individuals and is called transactional analysis.

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## 8.5 Keywords

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**Aware of Group:** It is members know personally each other more closely. They are aware their membership, each member believes that he is a participant in some specific group.

**Conservative Group:** People at the top of the organisation are highly specialised and form into group. They display self-confidence. They can influence the functioning of the organisation.

**Emergent Behaviour:** It is relates to feelings, beliefs and values held by group members.

**Group:** It is collection of people having common interest, interaction, and awareness of one other.

**Role Conflict:** Role conflict occurs when a group member feels his or her job overlaps with others, or if the job description is unclear.

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## 8.6 Self Assessment Questions

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1 A.....as two or more persons who are interacting with one another in such a manner that each person influences and is influenced by the others.

- (a) group dynamics
- (b) group
- (c) group member
- (d) None of these

2 .....that are neither formally structured nor organisationally determined these groups are natural formations in the work environment in response to need for social contract.

- (a) Formal group
- (b) common group
- (c) Informal group
- (d) Interest group

3. Primary groups are defined as those with whom there is regular but informal contact. Which of the following are not described as a primary group?

- (a) Work colleagues
- (b) Fellow drinkers at the pub.
- (c) Friends.
- (d) family

4. The work group is usually the primary source of social identity for employees, and the nature of the group can affect their performance at work as well as their relationships outside the organization.

- (a) True
- (b) False

5. Reference group is a group to which the member really belongs. An individual may be a member of several groups. Which of the following are not described as a reference group?

- (a) actively participate
- (b) Aspirational groups.
- (c) Religious groups
- (d) None of these

6. Conservative group is a people at the top of the organisation are highly specialised and form into group. They display over-confidence. They can influence the functioning of the organisation.

- (a) True
- (b) False

7. Members within a group that share similar experiences and feelings are known to have:

- (a) process.
- (b) universality.
- (c) content.
- (d) conflict.

8. An important factor of the preplanning stage in group dynamics is determining what the group is to accomplish; this is known as

- (a) goal setting.
- (b) cohesion.
- (c) clarity of purpose.
- (d) group orientation.

9 . Role ..... is a conflict between the role an individual has outside the group and the role he or she is expected to have in the group

- (a) Collision
- (b) transition
- (c) Confusion
- (d) incompatibility



10. Behaviour of an individual as a group member must be acceptable to all the members; this will give an individual “Good standing” and recognition in the group.

(a) True

(b) False

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## 8.7 Review Questions

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1. Explain the concept of group
2. What are various types and importance of group?
3. Explain various theories of group dynamic.
4. “Group Norms are set of beliefs, feelings, and attitude commonly shared by group members. These are also referred to as rules of standards of behaviour that apply to group members” Explain.
5. What is the type of group norms?
6. Define status and cohesion.
7. What is “Good standing” and recognition in the group?
8. “Transaction analysis offers a mode of expression of personality and dynamics of self and its relationship with others” Explain the above statement.
9. How can you define “persons are attracted to one another on the basis of similar attitudes and common interest relevant twosome object or a group goal”.
10. What is role ambiguity in effectiveness of organizational?

### Answers for Self Assessment Questions

- |        |        |       |       |        |
|--------|--------|-------|-------|--------|
| 1. (b) | 2. (c) | 3.(d) | 4.(a) | 5.(a)  |
| 6. (b) | 7. (b) | 8.(c) | 9.(c) | 10.(a) |

# 9

## Team

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### **Objectives**

After studying this chapter, you will be able to:

- Explain definition of team
- Define concept of team and types of teams
- Understand work teams
- Describe creating effective teams

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### **Introduction**

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In recent years as organizations have been striving to hone their competitive advantage, many have been organizing work around specific types of groups known as teams. Because the team movement frequently takes different forms, some confusion has arisen regarding exactly what teams are. We will clarify the basic nature of teams by describing their key characteristics and then identifying the various types of teams that exist.

### ***What Is a Team? Key Characteristics***

At the Miller Brewing Company in Trenton, Ohio, groups ranging from 6 to 19 employees work together to perform all operations, including brewing (Miller Genuine Draft beer is made at this facility), packaging, and distribution. They schedule their own work assignments and vacations, conduct assessments of their peers' performance, maintain the equipment, and perform other key functions. Each group is responsible for meeting pre-specified targets for production, quality, and safety. Data regarding costs and performance are made available. Clearly, these groups are different in key respects from the ones we have been describing thus far, such as a budget committee or company ski club. The Miller employees are all members of special kinds of groups known as teams. Formally, we define a team as a group whose members have complementary skills and are committed to a common purpose or set of performance goals for which they hold themselves mutually accountable. Applying this definition to our description of the way work is done at Miller's Trenton plant, it's clear that teams are in use at this facility. Given the complicated nature of teams, we will highlight some of their key characteristics and distinguish them from the traditional ways in which work is structured.

First, teams are organized around work processes rather than functions. So, for example, instead of having traditional departments each focusing on a specialized function, (such as engineering, planning, quality control, and so on) team members have many different skills. They come together to perform key processes, such as designing and launching new products, manufacturing, and distribution.

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## **9.1 Definition of Team**

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First, teams are organized around work processes rather than functions. So, for example, instead of having traditional departments each focusing on a specialized function, (such as engineering, planning, quality control, and so on) team members have many different skills. They come together to perform key processes, such as designing and launching new products, manufacturing, and distribution. Second, teams "own" the product, service, or processes on which they work. By this, we mean that people feel part of something meaningful, and that they understand how their work fits into the big picture. For example, employees at many hospitals work in teams within four minihospitals (surgical, general, specialty medical, and outpatient)—not only to boost efficiency, but to help them feel more responsible for their patients. By working in small units, team members have greater contact with patients and are more aware of the effects of their work on patient care. This is in contrast to the traditionally more distant way of organizing hospital work, in which employees tend to feel less connected to the results of their actions.

Third, members of teams are trained in several different areas and have a variety of different skills. For example, at insurance companies, policies are now processed by team members who rate policies, underwrite them, and then enter them into the system. Before the switch to teams, these three tasks were performed by specialists in three separate departments. In fact, this is typical. Traditionally, people only learned single jobs and performed them over and over again, unless there was some need for retraining.

Fourth, teams govern themselves. And, as a result, team leaders may be thought of as coaches who help members of the team, rather than bosses who use more authoritarian means of leadership.

Fifth, in teams, support staff and responsibilities are built-in. traditionally, such functions as maintenance, engineering, and human resources operate as separate departments that provide support to other groups requiring their services. Since this often causes delays, teams may contain members who have expertise in needed support areas. For example, at some companies, there are no longer any quality inspectors. Instead, all team members are all trained in matters of inspection and quality control. Or sometimes, organizations hire people with highly advanced or specialized skills who are assigned to work as members of several different

teams at once. For example, teams at Texas Instruments have access to specialized engineering services in this way. Regardless of how it is done, the point is that teams do not rely on outside support services to help get their jobs done; they are relatively self-sufficient.

Sixth, and finally, teams are involved in company-wide decisions. This is in contrast to the traditional practice of using managers to make all organizational decisions.

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## 9.2 Concept of Team and Types of Teams

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A team is any group of people organized to work together interdependently and cooperatively to meet the needs of their customers by accomplishing a purpose and goals. Teams are created for both long term and short term interaction. A product development team, an executive leadership team, and a departmental team are long lasting planning and operational groups. Short term teams might include a team to develop an employee on boarding process, a team to plan the annual company party, or a team to respond to a specific customer problem or complaint.

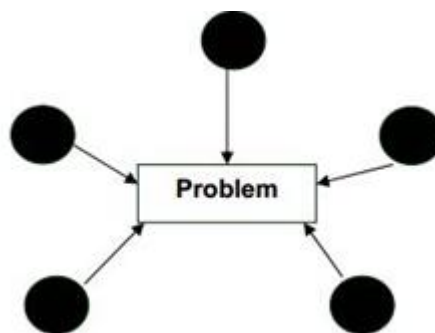
Teams can be classified into four most common forms

- Problem-solving teams
- Self-managed teams
- Cross-functional teams
- Virtual teams

### *Problem-Solving Teams*

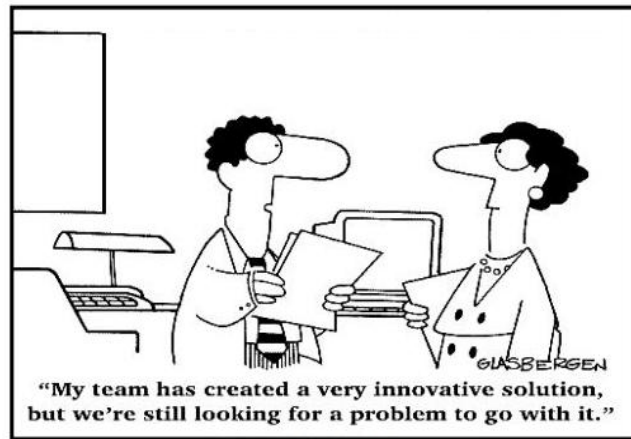
They are typically composed of 5 to 12 employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency, and the work environment.

Organizations are relying more and more on problem-solving teams to help solve organizational problems, as shown in Figure 9.1.



**Figure 9.1:** Problem-solving team.

In problem-solving teams, members share ideas or offer suggestions on how work process and methods can be improved. Rarely, however, are these teams given the authority to unilaterally implement any of their suggested actions, as shown in Figure 9.2.



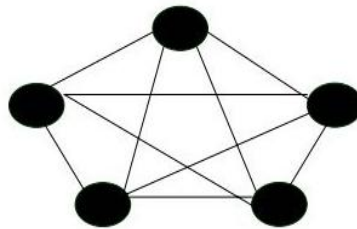
**Figure 9.2:** Team hoac.

### ***Self-managed Teams***

They are generally composed of 10 to 15 people who take on the responsibilities of their former supervisors. Typically, these responsibilities include:

- a) Collective control over the pace of work
- b) Determination of work assignments
- c) Organization of breaks
- d) Collective choice of inspection procedures used

Fully self-managed teams select their own members, and the members evaluate each other's performance. As a result, supervisory positions take on decreased importance and may even be eliminated, see Figure 9.3.



**Figure 9.3:** Self-managed team.

### ***Cross-functional Teams***

Cross-functional teams are made of employees at about the same hierarchical level, but from different work areas, who come together to accomplish a task. Cross-functional teams are an effective means of allowing people from diverse areas within an organization to exchange information, develop new ideas, solve problems, and coordinate complex projects. Cross-functional teams bring people with different functional specialties to better invent design, or deliver a product or service. The general goals of using cross-functional team include some combination of innovation, speed and quality that come from early coordination among the various specialties.

### ***Virtual Teams***

Virtual teams use computers technology to tie tighter physically dispersed members in order to achieve a common goal. They allow people to collaborate online: whether they are only a room apart or separated by continents.

The three primary factors that differentiate virtual teams from face-to-face teams are:

- a).The absence of Para verbal and nonverbal cues
- b).Limited social context
- c).The ability to overcome time and space constraints

### **Caution**

If the employees are not properly informed about the work to be performed during a specified period it may be cause of delay in the project.

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## **9.3 Understand Work Teams**

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In the last fifteen years, organizational structure has undergone a shift from the individual climb up the corporate ladder to an increasing emphasis on work teams and groups. The shift to work teams is largely due to factors such as globalization, downsizing and the need for technological efficiency. As companies expand and tasks become more complex, more and more specialists are needed within organizations. These specialists must learn to work together so that colleagues have an understanding of the role and responsibility of those whose skill sets differ from their own. The convergence of products, services and technology from around the world has forced companies to work in a cross functional environment for which the best organizational design is often working in teams.

There are other reasons for the emergence of work teams as well. Stiff competition, particularly in technology-driven fields, requires teamwork with a concerted effort to keep the company as a whole on the cutting edge. Because technology-driven tasks have become far too complex for one person to handle alone, many organizations create work teams to accomplish collective goals. Organizations are all but eliminating middle management as a result of downsizing efforts. Shifting authority down to members of a work team allows management to capitalize on a positive synergy those results in significant increases in productivity. When teams operate in such a way that the whole is greater than the sum of its parts, productivity invariably increases.

A well-functioning team can bring out the best in its members because problem solving skills and creativity increase with mutual support that builds morale. The characteristics that make a team effective include complementary skill sets, a sense of accountability among the team as a whole, and a synergistic approach to problem solving. Most importantly, the team must have a desire to work together to implement solutions. A team that functions efficiently learns to benefit from the diversity of skills among its members, and the result is much more than can be accomplished by each member of that team working alone. It follows that the single most important factor in determining whether a team will work well and be productive is a sense of teamwork. This foundation should be in place before the team's tasks are even defined. With a sense of teamwork and the right mix of skills, teams will have the basis for functioning autonomously and the commitment to accomplish their goals. Work teams are usually self-managed, which is very different from the traditional management approach of holding individuals responsible for the whole group.

Though they function collaboratively, most teams have a member who can function in a leadership role. When teams develop, natural leaders should be allowed to emerge. Team leaders have a role that is very different from traditional managers. The leader may facilitate group activities, such as brainstorming sessions in which no idea is a bad idea. With a free expression of ideas in an environment that encourages people to think actively, team members are more likely to proactively seek solutions in a way that allows every member of the team to participate according to his or her strengths and level of skill. When every member of the team is engaged, the group as a whole is productive.

While at best work teams operate to increase productivity, there are many challenges that can affect their efficiency and lead frustrated human resource managers to abandon the effort entirely. For example, members of a team can suffer from “groupthink,” the belief that every member already knows what the others will propose as solutions. When this happens, teams can become paralyzed by inaction. Issues related to globalization create what are perhaps the most daunting challenges to teams. As national borders become transparent and economies intertwine, there is an increased risk of choosing solutions that isolate or marginalize some team members because the solutions are based on preconceived notions that do not apply across international borders. Human resources managers can do a variety of things to support team efforts. To begin with, management should communicate clear expectations for a team’s performance, as well as a rationale for why the team was created.

Messages to various departments should be tailored to individual needs for information with the awareness that everyone has different perceptions about what goes on in an organization. Multiple channels should be used to convey messages as well. Letters, phone calls, meetings and memos are all ways to communicate with team members. All communication should involve empathy with others, and managers should be aware that face-to-face communication is sometimes more valuable and effective than less personal methods. For a message to be conveyed most effectively, words and actions should always match. Relevant feedback and active listening are other strategies that skilled communicators use as well. Finally, managers can bring in external facilitators and mediators to help resolve conflicts when necessary. Unresolved or excessive conflict can hinder the effectiveness of a group or organization, resulting in reduced productivity and lowered morale. A skilled, impartial third party is an invaluable resource, particularly when conflicts become personal. Consultants can improve relationships between parties in conflict and help to facilitate resolution to interpersonal problems.

### **Did You Know?**

HPTs fell out of general favour by 1995, and the term high-performance began to be used in a promotional context, rather than a performance-based one.

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## **9.4 Creating Effective Teams**

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A team is made up of a group of people working together to achieve a common goal. An effective team has certain characteristics that allow the team members to function more efficiently and productively. An effective team develops ways to share leadership roles and ways to share accountability for their work products, shifting the emphasis from the individual to several individuals within the team. A team also develops a specific team purpose and concrete work products that the members produce together. Team building skills are essential for every aspect of life. A manager, entrepreneur or just setting up a neighbourhood park clean up, basic team building skills can determine the success of any project. Needless to say, many projects and events have failed because team collaboration and team work was sacrificed for individual grand standing and personal achievements. Belonging to a team sets us up for greater effectiveness that never could accomplish on own. Organizations and groups that promote teamwork create environments that lead to greater productivity, creativity not to mention a feeling of ownership. Here are 8 basic strategies for effective team building:

### ***Common Goal***

The success of any group project is that there must be a clear single goal. Many teams fail when there are multiple agendas. Teams and organizations that succeed are those that have communicated a common purpose and goal.

### ***Clarity Goal***

With all communication clarity is a must. Great communication keeps team members from aborting the core of the project due to lack of understanding of the overall purpose. Frequent communication of the project purpose can be vital in keeping the team on track.

### ***Commitment from Each Team Member***

For a group of people to function as a productive team, there has to be a commitment from each team member to the team. This can be the fall of many team projects when there is a lack of commitment.

### ***Do What You Do Best***

The purpose of assembling a team is to group together individuals that have specific skills to accomplish a specific project. The purpose in which an individual is selected is based on their skills that they bring to the task. When putting a team together, there are two ways to look at this approach. We can select those that we can guarantee their performance or mingle in new members to set the tone for productive team collaboration.

### ***It is not About You!***

The hardest attitude to grasp in playing a role on a team is that “it is not about us.” It not about our resume, what others will think, it is about playing a role to accomplish the goal or task that has been given. The hardest challenge to any project lead or manager is getting a group of individuals to function as a team and place their personal ambitions to the side.

### ***We have got to Talk to Each Other***

Not only is communication of the project goal vital, but frequent updates of the task is important. With multiple tools at fingertips like email, mobile phones, wiki's, and project management software, to not communicate is a sure sign of lack of commitment from team members.

### ***Work as a Team, Play as a Team***

We can tell when teams have spent time together both in a working and social environment. Successful teams can anticipate what others will do and how they will respond. This can only happen by being together. Any person that is responsible for building teams will factor in the importance of spending time together both on projects and in non-working events.

### ***Everyone Cannot Lead***

Every task must have a project lead. There are many ways to choose a lead. Some managers choose to select by an individual's area of expertise or their ability to communicate and manage projects and people. The ideal situation is to delegate to an individual that is skilled in both areas

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## **9.5 Organizational Benefits of Teams**

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The major impetus for organizations to embrace the team concept is the effort to improve productivity and quality. Teams are a key component of many total quality management programs. The QS 9000 program, which suppliers to the major automobile manufacturers have embraced, relies on the team approach to ensure quality while maintaining a low-cost approach to manufacturing. In addition to improved productivity and quality, some of an organization's major benefits from the use of teams are improved quality of work life for employees, reduced absenteeism and turnover, increased innovation, and improved organizational adaptability and flexibility. Effective implementation of teams can also improve office politics by improving the communication and trust between the team members.



### ***Improved Quality of Work Life***

Effective teams frequently improve the quality of work life for the employees. An effective team is generally one in which members are empowered to make decisions about how to get work done. Giving team members authority and control over the work processes reduces the amount of external control and increases the sense of ownership and accountability for the work being done. This helps to create a satisfying and rewarding work environment.

### ***Lower Absenteeism and Turnover***

A satisfying and rewarding work environment helps to lower absenteeism and turnover. Teams are particularly effective in this area. Membership in a work team gives an employee a sense of belonging, interaction with others on a regular basis, and recognition of achievements. All of these help to eliminate a sense of isolation within the organization. Team members identify with and feel pride in the work they are doing and come to rely on one another being there. At some companies, employees are evaluated based on their contribution to their team's efforts.

### ***Increased Innovation***

W.L. Gore & Associates is an excellent example of a firm that utilizes the team concept and has a strong record of innovation. Gore is a multinational company structured around the concept of small plants (no more than 250 employees) where everyone works in teams. Everyone is allowed to experiment with the products and develop new uses. The result is that Gore has a continuous stream of patent applications and has been successful in developing new products in areas as diverse as clothing, surgical supplies, and coatings for industrial use.

## **9.5.1 Selecting the Team Members**

Forming an effective team is more complex than simply throwing a group of people together, assigning them a task, and hoping for the best. Potential team members need to be interviewed and their skills and knowledge should be assessed. Issues to consider in selecting team members include: the individual's motivation with respect to both the team and the task at hand; the attitudes and goals of potential team members; potential problems with intergroup relationships; and potential problems with relationships with external groups.

The organization needs to first assess what the skills, knowledge, and attitudes of potential team members should be. What are the tasks that need to be accomplished for the team to be successful? Have managers analyzed the jobs and developed an inventory of required skills and knowledge?

Once these steps have been completed, potential team members can be interviewed. Among the issues the interview process should cover are:

- What strengths does the individual bring to the team?
- What is she or he willing to work on improving?
- What problem solving style does the individual employ?
- Can she or he share information in an effective manner?
- Does the individual have good listening skills?
- Can the individual provide constructive feedback?

It is important to remember that effective teams are generally made up of a variety of personalities. The selection process needs to be structured so that it is not biased toward one personality type. An effective team needs both the thoughtful, detail-oriented individuals, as well as the outgoing, insightful individuals.

Additional considerations for building an effective team are being identified. There are four important factors to consider when selecting team members:

1. Years of professional work experience;

2. Frequency of team participation;
3. Type of team training;
4. Situational entry to team assignments (volunteered, assigned, requested).

These factors can be effectively utilized by management when selecting team members to increase the opportunity for overall success.

### **9.5.1 Team Building**

The most successful teams go through five stages of development.

#### ***Forming***

Forming is the stage when team members become acquainted with one another. They also assess the group task and the ground rules that will apply to that task. At this stage everyone is typically very polite and willing to go along with suggestions made by other team members. Team members try to avoid making enemies and are frequently more patient with one another than they might be later in the process.

#### ***Storming***

As the novelty of being a member of the team wears off, conflict emerges. Members of the team emerge who want to exert greater influence over the process. Leadership struggles begin, as do interpersonal conflicts. Conflicts erupt over the task requirements and the best way to achieve that task. This is the stage at which listening and finding mutually acceptable resolutions to the conflict is most important. The team can either emerge united and ready to take on the assigned task, or divided, with some members taking a passive role.

#### ***Norming***

In the norming stage team members make an effort to discover what standards of performance are acceptable. What do deadlines really mean? How high a level of quality is necessary? Does every member have to be at every meeting? What about developing sub-teams? If the team can establish harmonious relationships at this stage, they are ready to move on to the performing stage. Some teams, however, disband at this stage.

#### ***Performing***

At this stage the team is ready to be productive and work on the task assigned. Team members' roles have been established and clarified. Group interaction should be relatively smooth as the team applies some of the problem-solving skills it learned in earlier stages to the task at hand. If the team has reached this stage without successfully working through the problems and issues of the earlier stages, it may disband or regress and work through those issues.

#### ***Adjourning***

At some point almost all teams are disbanded, whether their task is completed or a team member leaves. On the one hand this can be a happy stage, with members congratulating one another on a job well done. On the other hand adjourning means the disruption of working arrangements that may have become comfortable and efficient, and possibly the end of friendships.

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## **9.6 Characteristics of Effective Teams**

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Some characteristics of effective teams are clear direction and responsibilities, knowledgeable members, reasonable operating procedures, good interpersonal relationships, shared success and failures, and good external relationships.

### ***Clear Direction***

Clear direction means that the team is given a clear and distinct goal. The team may be empowered to determine how to achieve that goal, but management, when forming the team, generally sets the goal. A clear direction also means that team outcomes are measurable.

### ***Clear Responsibilities***

Clear responsibilities means that each team member understands what is expected of her or him within the team. The roles must be clear and interesting to the team members. Each team member needs to be able to rely on all the other members to carry out their roles so that the team can function effectively. Otherwise, one or two team members come to feel that they are doing all the work. This is one of the reasons so many individuals are initially reluctant to join teams.

### ***Knowledgeable Members***

An effective team will be comprised of individuals who have the skills and knowledge necessary to complete the team's task. Cooperation is essential at an early stage in inventorying the skills and knowledge each member brings to the team, and working to determine how to utilize those skills to accomplish the team task.

### ***Reasonable Operating Procedures***

All teams need a set of rules by which they operate. Sports teams for example, operate according to a clearly laid-out set of rules about how the game is played. Similarly, work teams need a set of procedures to guide meetings, decision making, planning, division of tasks, and progress evaluation. Setting, and sticking to, procedures helps team members become comfortable relying on one another.

### ***Interpersonal Relationships***

Teams are composed of diverse individuals, each of whom comes to the team with his or her own set of values. Understanding and celebrating this diversity helps to make a stronger, more effective team.

### ***Sharing Success and Failures***

Everyone wants to feel appreciated. Within a team, members should be willing to express their appreciation, as well their criticisms, of others' efforts. Similarly, the organization must be willing to reward the team for successful completion of a task and hold all members responsible for failure.

### ***External Relationships***

In the process of building a strong team, groups external to the team are frequently ignored. In order for the team to successfully complete its task, it cannot operate in isolation from the rest of the organization. Teams need help from people within the organization who control important resources. Establishing clear lines of communication with these people early on will facilitate the completion of the team's task.

### **Case Study-Team Building - Developing Performing Teams.**

The command and control style of leadership is becoming redundant and the team-based approach to work is increasingly becoming popular. The article explains the characteristics of great teams and the leadership approaches to building performing teams. Michael Dell, the founder and CEO of DELL Computers, believes that business is all about building teams and building talent in the organization. According to him, it is the most essential component of success as diversity of ideas and input helps a lot in making better decisions. Dell always encourages his teams, even if some of their products fail or have to be scrapped. He motivates them to work better on their next product. In April 1993, John Medica, who led the development of Apple's PowerBook, was put in charge of the Notebook division of DELL. By the time he took over, one product had

already been cancelled and the development of other products was taking longer than expected. After a realistic assessment of the situation, it was felt that only one of the products under development – the Latitude XP – would be competitive in the market. The company decided to cancel several products that were in the development stage. This demotivated the engineers who had spent a lot of time and energy developing the products that had been cancelled. To motivate them, Dell reinforced the company's strategy to the notebook group and encouraged them to pull together to make the Latitude XP a success. Dell realized that aligning teams toward a common objective and creating the same incentive system across the entire company would help direct everyone's talent toward creating value for customers and shareholders.

At Dell, people work in teams of two to receive, manufacture, and pack an order for delivery to a customer. The profit sharing incentive encourages them to be productive as a team. Hourly metrics are posted on monitors on the factory floor so that each team can see if its performance meets the company's goals. Dell also believes that 360. performance appraisals help identify areas that might require further development or improvement and also keep people focused on achieving their goals as a team. He believes that teamwork is all about people who are interested in each other's growth.

### ***Moving From Command and Control to Teamwork***

As more and more organizations move towards a team-based approach to work, the command and control style of leadership is becoming redundant. Leaders are playing the role of facilitators more and are now expected to teach their team members, and let them make decisions for the team. A team-based approach is expected to improve efficiency and productivity levels in an organization. However, the transformation from a command and control style to the team based approach can be confusing and gruelling. Companies expect their middle level managers to transform themselves into team leaders. They are expected to coach, motivate, and empower their people. However, very few managers or companies really understand the transformation process. Most managers find the transition difficult to make. Often, the things they were encouraged to do during the command and control days are no longer appropriate. These managers do not realize the shift in mindset and the behavioural skills required to be successful team leaders. Managers in their new role are not sure what long-term effect this team-based approach will have on their careers. Soft skills such as communication, conflict resolution, and coaching though crucial for success as team leaders may not add much value to their resumes. According to some, being an effective team leader does not guarantee promotion within a company or opportunities outside. Managers should not worry if they are asked to make the transition from the command and control style to the team-based approach. They can acquire the skills needed to be effective team leaders: patience to share information, trust in others' abilities to make decisions, and willingness and ability to share power with team members.

### ***Understanding Teams & Teamwork***

What is a team? A team is a small number of people with complementary skills who are committed to a common purpose, a set of performance goals, and an approach for which they hold themselves mutually accountable. To become a powerful unit, all the team members should have a common commitment. Without a common commitment, all the team members will perform as individuals. Developing common commitment requires a common purpose in which the team fervently believes. The way they shape their purpose is contingent upon the demands and opportunities placed by the top management. The top management determines the character, rationale, and performance challenges for teams. The management should give enough flexibility to the teams to develop commitment based on the given purpose, specific goals, timing, and approach. Successful teams invest significant time and effort to determine collective and individual purpose. Unsuccessful teams fail to create a collective and challenging aspiration due to various reasons such as lack of emphasis on performance, lack of effort, and poor leadership. Successful teams convert their common purpose

into specific performance goals. Without these specific performance goals, members of the team lack clarity on their contribution and perform in a mediocre manner. When purposes and goals of the teams are consistent, and are backed by team commitment, they lead to improved performance. Teamwork plays an important role in the success of any organization. Teamwork characterizes values that encourage listening and responding constructively to others' views, providing support, and recognizing the interests and achievements of others. These values ensure team performance, individual performance, and organizational performance.

### Questions

1. How can you define building teams and building talent in the organization?
2. What is the control of teamwork?

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## 9.7 Summary

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- Team is any group of people organized to work together interdependently and cooperatively to meet the needs of their customers by accomplishing a purpose and goals.
- Cross- functional teams bring people with different functional specialties to better invent design, or deliver a product or service.
- A team that functions efficiently learns to benefit from the diversity of skills among its members, and the result is much more than can be accomplished by each member of that team working alone.
- The purpose of assembling a team is to group together individuals that have specific skills to accomplish a specific project.
- The organization needs to first assess what the skills, knowledge, and attitudes of potential team members should be. What are the tasks that need to be accomplished for the team to be successful?
- An effective team needs both the thoughtful, detail-oriented individuals, as well as the outgoing, insightful individuals.

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## 9.8 Keywords

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**Clarity Goal:** It is great communication keeps team members from aborting the core of the project due to lack of understanding of the overall purpose.

**Cross-functional:** It is teams are an effective means of allowing people from diverse areas within an organization to exchange information.

**Norming:** It is stage team members make an effort to discover what standards of performance are acceptable.

**Storming:** Storming is the stage at which listening and finding mutually acceptable resolutions to the conflict is most important.

**Team:** It is a small group of people with complementary skills committed to a common purpose and set of specific performance goals.

**Virtual teams:** It is use computers technology to tie tighter physically dispersed members in order to achieve a common goal.

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## 9.9 Self Assessment Questions

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1. Many have been organizing work around specific types of groups known as.....
  - (a) organization
  - (b) group
  - (c) teams
  - (d) combination
2. The Miller employees are all members of special kinds of groups known as group.

- (a) True (b) False
3. Organizations are relying more and more on problem-solving teams to help solve of.....  
 (a) organization (b) organizational problems  
 (c) teams problem (d) None of these
4. Self-Managed teams responsibilities include.....  
 (a) improving quality (b) cross-functional teams  
 (c) collective control over the pace of work (d) virtual teams
5. A product development team, an executive leadership team, and a departmental team are long lasting planning and operational groups.  
 (a) True (b) False
6. Work teams are usually....., which is very different from the traditional management approach of holding individuals responsible for the whole group.  
 (a) self-group (b) self-managed  
 (c) member of team (d) None of these
7. The success of any group project is that there must be a clear single goal is known as.....  
 (a) common goal (b) clarity goal  
 (c) simplicity goal (d) None of these
8. An effective team is generally one in which members are empowered to make decisions about how to get work done.  
 (a) True (b) False
9. The .....needs to first assess what the skills, knowledge, and attitudes of potential team members should be.  
 (a) team members (b) organization  
 (c) increased innovation (d) improved quality
10. The most successful teams go through stages of development is.....  
 (a) knowledgeable members (b) clear direction  
 (c) performing (d) turnover

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## 9.10 Review Questions

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1. What do you understand by work teams?
2. What should be desire to work together to implement solutions?
3. How will you creating effective teams?
4. Write the short note on:
  - (a) Problem-solving teams
  - (b) Cross-functional teams, and
  - (c) Virtual teams
5. What are the benefits of team? And describe the process of selecting team members.
6. Define the self-managed teams with the help of diagram.

7. How does differ performing from norming?
8. How can you building of team?
9. Why a well-functioning team can bring out the best in its members?
10. Describe the characteristics of effective teams?

**Answers for Self Assessment Questions**

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (c) | 2.(b) | 3.(b) | 4.(c) | 5.(a)  |
| 6. (b) | 7.(a) | 8.(a) | 9.(b) | 10.(c) |

# 10

## Leadership

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### Objectives

After studying this chapter, you will be able to:

- Define meaning of leadership
- Discuss about characteristic and features of leadership
- Explain leadership styles and skills
- Understand the importance of leadership
- Explain the functions and types of a leaders

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### Introduction

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Leadership is one of the most important aspects of studies of human behaviour in organization. It is the leader who creates working environment. The success of an organization depends upon the efficiency of the leader. It is the attributes, positive approach and the ability to solve problems that make a person leader. Leader should be able to turn the hopeless situation in favour. In the environment of tough competition in the market where it is undergoing financial recession, layoffs is the order of the day, market is facing poor demand for product because everybody has enough and poor or no growth situation persists. In this situation leader should not lose



his balance but turn the situation in his favour. He should be able to evolve techniques and lead the organization to win-win strategy. Leader should be able to motivate employees. All leaders are not managers as they have to work in non-organized sectors while the managers work in the organized sectors. All managers should be leaders so that they are able to work efficiently. Warren and Benin have identified certain criteria between manager and a leader. Our introduction to management and leadership is a comprehensive two day management and leadership training course that will give delegates an insight into the management and leadership of people. This is one of the key areas that effects motivation and productivity in business today and will make delegates aware of different management and leadership styles and the affect they can have on others. When people operate as leaders their role is always clearly established i.e. it is not leadership. Leadership necessarily takes place within a hierarchical structure of an organization. Successful managers are able to develop and use a range of management and leadership styles and to apply the most appropriate one for the task facing them. The management style chosen may also need to be adapted to fit with different teams and individuals and this course will provide delegates with a range of management and leadership styles to employ in the workplace plus the ability to judge which the best one to use.

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## **10.1 Definition Leadership**

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Although many definitions of leadership could be cited, the most would depend on the theoretical orientation taken. Besides influence, leadership has been defined in terms of group processes, personality, and compliance particular behaviour, persuasion, power, goal achievement, and interaction, role differentiation, initiation of structure, and combination of two or more of these Bernard. Leader has an ability to lead effectively. He is visionary and accomplishes objective by using discretion (authority). It is generally seen that good leader achieves willing obedience of their subordinates. They follow the leader unquestioned because he fulfils their desires, wants and needs. Leadership can be defined as influence, that is, the area or process of influencing people so that they will strive willingly and enthusiastically towards achievement of group goals. People should be brought to such a pitch of their devotion to duty that they not only work willingly, but also work with utmost zeal. The leaders are like front line captain, who not only inspires his soldiers by physical presence but also brings down accurate fire from supporting weapons (utilizing skills) and displays high degree of bravery and is not perturbed by danger of enemy fire. Leader in stills values of honesty takes calculated risk and displays concern for employees and customers. They do not stand and wait to see in despair things taking shape.

Leadership is a great quality and it can create and convert anything. There are many definitions of leadership. Some of the definitions of leadership are reproduced below:

“Leadership” according to Alford and Beatty “is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion”.

According to Chester I Barnard, “It (leadership) refers to the quality of the behaviour of the individual whereby they guide people on their activities in organized efforts”.

According to Terry, “a leader shows the way by his own example. He is not a pusher, he pulls rather than pushes”.

According to Koontz and O’Donnell—Managerial leadership is “the ability to exert interpersonal influence by means of communication, towards the achievement of a goal.

Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership”.

In the words of R.T. Livingston Leadership is “the ability to awaken in others the desire to follow a common objective”.

According to the Encyclopaedia of the Social Sciences—”Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him”.

According to Peter Drucker—Leadership “is not making friends and influencing people i.e. salesmanship. Leadership is the lifting of man’s vision to higher sights, the raising of man’s performance to higher standards, the building of man’s personality beyond its normal limitations”.

According to Louis A Allen—”A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour”.

In the words of Theo Haimann—: “Leadership is the process by which an executive imaginatively directs guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction”.

In the words of James Gibbon—Leadership is “a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided”.

According to Katz and Kalm—”In the descriptions of organizations, no word is used with such varied meanings. The word leadership is sometimes used to indicate that it is an attribute of personality; sometimes, it is used as if it were a characteristic of certain positions, and sometimes as an attribute of behaviour”.

From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading.

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## **10.2 Nature, Characteristic, and Issues of Leadership**

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***Leadership Implies the Existence of followers:*** We appraise the qualities of leadership by studying his followers. In an organization leaders are also followers for e.g. Supervisor works under a branch head. Thus, in a formal organization a leader has to be able to be both a leader as well as a follower, and be able to relate him both upward and downward.

***Leadership involves a Community of Interest between the Leader and his followers:*** In other words, the objectives of both the leader and his men are one and the same. If the leader strives for one purpose and his team work for some other purpose, then it is not a leadership.

***Leadership involves an Unequal Distribution of Authority Among Leaders and Group Members:*** Leaders can direct some of the activities of group members, i.e., the group members are compelled or are willing to obey most of the leader’s directions. The group members cannot similarly direct the leader’s activities, though they will obviously affect those activities in a number of ways.

**Leadership is a Process of Influence:** Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions.

**Leadership is the Function of Stimulation:** Leadership is the function of motivating people to strive willingly to attain organizational objectives. A successful leader allows his subordinates (followers) to have their individual goals set up by themselves in such a way that they do not conflict with the organizational objectives.

**A Leader must be Exemplary:** In the words of George Terry “A Leader shows the way by his own example. He is not a pusher, he pulls rather than pushes”.

According to L.G. Urwick “it does not what a leader says, still less what he writes, that influences subordinates. It is what he is. And they judge what he is by what he does and how he behaves”.

From the above explanation it is clear that a leader must set an ideal before his followers. He must stimulate his followers for hard and sincere work by his personal behaviour. In other words a leader must set an exemplary standard before his followers.

**A Leader Ensures Absolute Justice:** A leader must be objective and impartial. He should not follow unfair practices like favouritism and nepotism. He must show fair play and absolute justice in all his decisions and actions.

### **Caution**

A good leader must avoid from the negative thoughts about his juniors and organization.

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## **10.3 Importance of Leadership**

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The importance of leadership in an organization cannot be denied people working in an organization needs individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization. The leader guides the action of others in accomplishing these tasks. A good leader motivates his subordinates, creates confidence and increases the morale of the workers.

In the words of Peter F. Drucker “Good leadership is a must for the success of a business but the business leaders are the scarcest resources of any enterprise”. The following points highlight the importance of leadership:

- Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.
- An effective leader motivates the subordinates for higher level of performance.
- Leadership promotes team spirit and team work which is quite essential for the success of any organization.
- Leadership is an aid to authority. A leadership helps in the effective use of formal authority.
- Leadership creates confidence in the subordinates by giving them proper guidance and advice.

The history of business is full of instances where good leaders led their business concerns to unprecedented peaks of success .To quote George R. Terry “ The will to do is triggered by leadership and lukewarm desires for achievement are transformed into burning passion for successful accomplishments by the skilful use of leadership.”

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## 10.4 Transformational Leadership

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This type of leaders guides their subordinates by establishing goals which can be achieved by role identity and task requirement. Transactional leader use reward system very effectively to achieve organizational goals and set new standards. Transformational leadership follows various leadership models. Transformational leadership is practiced when leader intellectually stimulates the subordinates, excites, arouses and inspires them to perform beyond their expectations. By providing a new vision, the transformational leader transforms the followers into people who want to self-actualize. Leader by inspiration have won wars by voluntarily demanding highest sacrifices of soldiers in the battlefields. History is replete of various examples of valour and sacrifices. Transformational leadership is beyond the charismatic leadership. Field Marshall S H F J Manekshaw, the then COAS of Indian Army provided transformational leadership which won 1971 war by Indian Army.

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## 10.5 Leadership Skill

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The leader is expected to play many roles and therefore, must be qualified to guide others to organizational achievement. Although no set of absolute traits or skills may be identified, the individuals who possess abilities to lead others must have certain attributes to help them in performing their leadership roles.

In a broad way the skills which are necessary for an industrial leader may be summarized under four heads:

1. Human skill
2. Conceptual skill
3. Technical skill and
4. Personal skill.

### 10.5.1 Human Skill

A good leader is considerate towards his followers because his success largely depends on the co-operation of his followers. He approaches various problems in terms of people involved more than in terms of technical aspects involved. He should know people; know their needs, sentiments, emotions, and also their actions and reactions to particular decisions, their motivations etc. Thus, a successful leader possesses the human relations attitude. He always tries to develop social understanding with other people. The human skill involves the following:

**Empathy:** A leader should be able to look at things objectively. He should respect the rights, belief and sentiments of others. He should equip himself to meet the challenges emanating from the actions and reactions of other people. The leader should be empathetic towards his followers so that he can carefully judge their strengths, weakness, and ambitions and give them the attention they deserve.

**Objectivity:** A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. His approach to any issue or problem should be objective and not based on any pressure, prejudice or preconceived notions. Objectivity is a vital aspect of analytical decision making. Honesty, fair play, justice and integrity of character are expected of any good leader.

**Communication Skill:** A leader should have the ability to persuade, to inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communications seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.

**Teaching Skill:** A leader should have the ability to demonstrate how to accomplish a particular task.

**Social Skill:** A leader should understand his followers. He should be helpful, sympathetic and friendly. He should have the ability to win his followers confidence and loyalty.

### **10.5.2 Conceptual Skill**

In the words of Chester Barnard, “the essential aspect of the executive process is the sensing of the organization as a whole and the total situation relevant to it”.

Conceptual skills include:

- The understanding of the organization behaviour,
- Understanding the competitors of the firm, and
- Knowing the financial status of the firm.

A leader should have the ability to look at the enterprise as a whole, to recognize that the various functions of an organization depend upon one another and are interrelated, that changes in one affect all others. The leader should have skill to run the firm in such a way that overall performance of the firm in the long run will be sound.

### **10.5.3 Technical Skill**

A leader should have a thorough knowledge of, and competence in, the principles, procedures and operations of a job. Technical skill involves specialized knowledge, analytical skill and a facility in the use of the tools and techniques of a specific discipline. Technical competence is an essential quality of leadership.

### **10.5.4 Personal Skill**

The most important task of the leader is to get the best from others. This is possible only if he possesses certain qualities. These personal skills include:

**Intelligence:** Intellectual capacity is an essential quality of leadership. Leaders generally have somewhat higher level of intelligence than the average of their followers.

**Emotional Maturity:** A leader should act with self-coincidence, avoid anger, take decisions on a rational basis and think clearly and maturely. A leader should also have high frustration tolerance. According to Koontz and O’Donnell “Leaders cannot afford to become panicky, unsure of themselves in the face of conflicting forces, doubtful of their principles when challenged, or amenable to influence”.

**Personal Motivation:** This involves the creation of enthusiasm within the leader himself to get a job done. It is only through enthusiasm that one can achieve what one wants. Leaders have relatively intense achievement type motivational drive. He should work hard more for the satisfaction of inner drives than for extrinsic material rewards.

**Integrity:** In the words of F.W Taylor “integrity is the straight forward honesty of purpose which makes a man truthful, not only to others but to himself; which makes a man high-minded, and gives him high aspirations and high ideals”.

**Flexibility of Mind:** A leader must be prepared to accommodate other’s viewpoints and modify his decisions, if need be. A leader should have a flexible mind, so that he may change in obedience to the change in circumstances. Thomas Carle has said “A foolish consistency is the hobgoblin of a little mind”.

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## 10.6 Types of Leaders

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The different types of leadership are:

1. Autocratic or task management leadership,
2. Participative or democratic leadership,
3. Laissez faire or free-rein leadership, and
4. Paternalistic leadership.

### 10.6.1 Autocratic or Task Management Leadership

The autocratic leader gives order which he insists shall be obeyed. He determines policies for the group without consulting them, and does not give detailed information about future plans, but simply tells the group what steps they must take. In other words, an autocratic leader is one who centralizes the authority in himself and does not delegate authority to his subordinates. He is dictatorial by nature, and has no regard for the subordinates. He drives himself and his subordinates with one thought uppermost in his mind action must produce results. An autocratic close the entire planning and cells upon his subordinates to execute what he has planned.

An Autocratic leader operates on the following assumptions:

- An average human being has inherent dislikes of work and will avoid it if he can.
- His assumption is that if his subordinate was intelligent enough, he would not be in that subordinate position.
- He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.
- As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation i.e. through threats of penalty and punishment.

Types of autocratic leadership are:

**Strict autocratic leaders:** A strict autocratic relies on negative influence and gives orders which the subordinates must accept. He may also use his power to disperse rewards to his group.

**Benevolent Autocrat:** The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

**Manipulative Autocrat:** A manipulative autocratic leader is one who makes the subordinates feel that they are participating in decision making process even though he has already taken the decision.

### 10.6.2 Participative or Democratic Leadership

A democratic leader is one who consults and invites his subordinates to participate in the decision making process. He gives orders only after consulting the group; sees to it that the policies are worked out in group decisions and with the acceptance of group. The manager largely avoids the use of power to get a job done. He behaves that a desired organizational behaviour can be obtained if employees' needs and wants are satisfied. Therefore, he not only issues orders but interprets them and sees to it that the employees have the necessary skill and tool to carry out their assignments. He assigns a fair work load to his personal and recognizes the job that is well done; there is a team approach to the attainment of organizational goals. He recognizes human value for greater concern for his subordinates.

A participative leader operates on the following assumptions:

- Subordinates are capable of doing work and assuming the responsibility if they are given opportunities and incentives.

- Subordinates are supervised, guided and aided rather than threatened and commanded to work.
- Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

### **10.6.3 Laissez Faire or Free-rein Leadership**

A free-rein leader does not lead, but leaves the group entirely to itself. The leader avoids using power and interest the decision making authority to his subordinates. He does not direct his subordinates and there is complete freedom for the subordinates. Group of members work them and provide their own motivation. The manager exits as a contact man with outsiders to bring for his group the information and resources it needs to accomplish its job.

A free-rain leadership operates on the following assumption:

- He follows the rule of minimum exposure to accountability.
- He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.
- He has no clear idea of the goals to be attained.
- He is more security conscious than status conscious.

This mode of direction can produce good and quick results if the subordinates are highly educated and brilliant people who have a will to go ahead and perform their responsibility.

### **10.6.4 Paternalistic Leadership**

Under this type of leadership, the leader assumes that his function is fatherly. His attitude is that of treating the relationship between the leader and his groups that of family with the leader as the head of the family. The leader works to help to work, guide, protect and keep his followers happily working together as members of a family. He provides them with good working condition, fringe benefits and employee services. It is said that employees under such leadership well work harder out of gratitude.

### **Did You Know?**

The managerial grid model was developed by Robert Blake and Jane Mouton in 1964 and suggests five different leadership styles, based on the leaders' concern for people and their concern for goal achievement.

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## **10.7 Leadership and Manager**

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Leadership and manager ship are two synonymous terms” is an incorrect statement. Leadership does not require any managerial position to act as a leader. On the other hand, a manager can be a true manager only if he has got the traits of leader in him. By virtue of his position, manager has to provide leadership to his group. A manager has to perform all five functions to achieve goals, i.e., Planning, Organizing, Staffing, Directing, and Controlling. Leadership is a part of these functions. Leadership as a general term is not related to manager ship. A person can be a leader by virtue of qualities in him. For example: leader of a club, class, welfare association, social organization, etc. Therefore, it is true to say that, “All managers are leaders, but all leaders are not managers.” A leader is one who influences the behaviour and work of others in group efforts towards achievement of specified goals in a given situation. On the other hand, manager can be a true manager only if he has got traits of leader in him. Manager at all levels are expected to be the leaders of work groups so that subordinates willingly carry instructions and accept their guidance. A person can be a leader by virtue of all qualities in him. Both a manager and a leader may know the business well. But the leader must know it better and in a different way. S/he must grasp the essential facts and the underlying forces that determine the past and present trends in the business, so that s/he can generate a vision and a strategy to bring about its future. One

telling sign of a good leader is an honest attitude towards the facts, towards objective truth. A subjective leader obscures the facts for the sake of narrow self-interest, partisan interest or prejudice.

Effective leaders continually ask questions, probing all levels of the organization for information, testing their own perceptions, and rechecking the facts. They talk to their constituents. They want to know what is working and what is not. They keep an open mind for serendipity to bring them the knowledge they need to know what is true. An important source of information for this sort of leader is knowledge of the failures and mistakes that are being made in their organization. To survive in the twenty-first century, we are going to need a new generation of leaders — leaders, not managers. The distinction is an important one. Leaders conquer the context the turbulent, ambiguous surroundings that sometimes seem to conspire against us and will surely suffocate us if we let them — while managers surrender to it.

Leaders investigate reality, taking in the pertinent factors and analyzing them carefully. On this basis they produce visions, concepts, plans, and programs. Managers adopt the truth from others and implement it without probing for the facts that reveal reality. There is profound difference — a chasm — between leaders and managers. A good manager does things right. A leader does the right things. Doing the right things implies a goal, a direction, an objective, a vision, a dream, a path, a reach.

Lots of people spend their lives climbing a ladder — and then they get to the top of the wrong wall. Most losing organizations are over-managed and under-led. Their managers accomplish the wrong things beautifully and efficiently. They climb the wrong wall. Managing is about efficiency. Leading is about effectiveness. Managing is about how. Leading is about what and why. Management is about systems, controls, procedures, policies, and structure. Leadership is about trust — about people.

Leadership is about innovating and initiating. Management is about copying, about managing the status quo. Leadership is creative, adaptive, and agile. Leadership looks at the horizon, not just the bottom line. Leaders base their vision, their appeal to others, and their integrity on reality, on the facts, on a careful estimate of the forces at play, and on the trends and contradictions. They develop the means for changing the original balance of forces so that their vision can be realized. A leader is someone who has the capacity to create a compelling vision that takes people to a new place, and to translate that vision into action. Leaders draw other people to them by enrolling them in their vision. What leaders do is inspire people, empower them (See Table 10.1). Leaders and Managers can be compared on the following basis:

**Table 10.1:** Leaders and managers

<b>Basis</b>	<b>Manager</b>	<b>Leader</b>
Origin	A person becomes a manager by virtue of his position.	A person becomes a leader on basis of his personal qualities.
Formal Rights	Manager has got formal rights in an organization because of his status.	Rights are not available to a leader.
Followers	The subordinates are the followers of managers.	The group of employees whom the leaders lead are his followers.



Functions	A manager performs all five functions of management.	Leader influences people to work willingly for group objectives.
Necessity	A manager is very essential to a concern.	A leader is required to create cordial relation between person working in and for organization.
Stability	It is more stable.	Leadership is temporary.
Mutual Relationship	All managers are leaders.	All leaders are not managers.
Accountability	Manager is accountable for self and subordinates behaviour and performance.	Leaders have no well defined accountability.
Concern	A manager's concern is organizational goals.	A leader's concern is group goals and member's satisfaction.
Followers	People follow manager by virtue of job description.	People follow them on voluntary basis.
Role continuation	A manager can continue in office till he performs his duties satisfactorily in congruence with organizational goals.	A leader can maintain his position only through day to day wishes of followers.
Sanctions	Manager has command over allocation and distribution of sanctions.	A leader has command over different sanctions and related task records. These sanctions are essentially of informal nature.

### **Case Study-Coco Raynes Associates**

Coco Raynes is a pioneer in the field of Universal Design. Her work includes an Accessible Information and Way finding system for Charles de Gaulle Airport in Paris, and inclusive exhibits that have opened National Museums in Colombia and France to blind visitors. She designed the award winning, multisensory identity for the United States Access Board, as well as manufacturing techniques to permit tactile maps and information on glass. The Raynes Rail, a Braille and Audio Handrail System with multilingual capabilities have been recognized as an invention and are covered by U.S. and international patents. Coco Raynes Associates, Inc. is a leader in the field of Environmental Graphics and Coco has lectured worldwide on the subject. Her philosophy to work beyond minimum requirements -- with regard to quality, aesthetics, ADA-Americans with Disabilities Act, and client expectations -- has resulted in innovative designs and solutions. The firm's design excellence has been acknowledged with many prestigious awards, including the Gold Awards from the industrial Designers Society of America (IDSA) in 1994, Honor Awards from the society of Environmental

Graphic Design (SEGD) in 1994 and 2002, and the CLIO Award in 2003. For her career achievements, Coco Raynes was honored with the 2006 Women in Design Award of Excellence from the Boston Society of Architects.

### Question

1. Explain about the Coco Raynes.
2. When Coco Raynes was honored for Women in Design Award of Excellence from the Boston Society of Architects.

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## 10.8 Summary

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- Leadership is a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided.
- Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals.
- The importance of leadership in an organization cannot be denied. People working in an organization needs individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization.
- The subject of leadership is so vast and perceived to be so critical; there are four distinct approaches to leadership, viz. Traits theory, Behaviouristic theory, Contingency theory and Charismatic theories of leadership.
- The dynamics of the relationship change when two people go from uncommitted companionship to making a lifelong promise in front of God and a few of their closest friends.

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## 10.9 Keywords

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**Communication Skill:** A leader should have the ability to persuade, to inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communications seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.

**Conceptual Skill:** Conceptual skills are skills that utilize the ability of a human to form concepts. Such skills include thinking creatively, formulating abstractions, analyzing complex situations, and solving problems.

**Leadership:** Leadership has been described as the “process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task”.

**Social Skill:** A social skill is any skill facilitating interaction and communication with others. Social rules and relations are created, communicated, and changed in verbal and nonverbal ways. The process of learning such skills is called socialization.

**Teaching Skill:** A leader should have the ability to demonstrate how to accomplish a particular task.

**Technical Skill:** The knowledge and abilities needed to accomplish mathematical, engineering, scientific or computer-related duties, as well as other specific tasks. Those with technical skills are often referred to as “technicians” in their chosen field, i.e. audio technicians, electronics technicians, engineering technicians, et.

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## 10.10 Self Assessment Questions

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1. According to .....”A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour”.

- (a) Katz and Kalm
- (c) Peter Drucker

- (b) Louis A Allen
- (d) None of these

2. "Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him".

- (a) True
- (b) False

3. Which of the following statements about leadership is false?

- (a) When people operate as leaders their role is always clearly established and defined.
- (b) Not every leader is a manager.
- (c) Leadership does not necessarily take place within a hierarchical structure of an organization.
- (d) All the above

4. ....is someone who has the capacity to create a compelling vision that takes people to a new place, and to translate that vision into action.

- (a) manager.
- (c) a management
- (b) a leader
- (d) None of these

5. Leadership is the function of motivating people to strive willingly to attain organizational objectives.

- (a) True
- (b) False

6. Understanding the competitors of the firm, and knowing the financial status of the firm is known as.....

- (a) technical Skill
- (c) personal Skill
- (b) conceptual skill
- (d) social skill

7. .... are capable of doing work and assuming the responsibility if they are given opportunities and incentives.

- (a) Free-rein leader
- (c) participative leader
- (b) Paternalistic leader
- (d) None of these

8. Management is about copying, about managing the status quo. Leadership is creative, adaptive, and agile. Leadership looks at the horizon, just the bottom line.

- (a) True
- (b) False

9.....is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

- (a) The benevolent
- (c) The manipulative
- (b) The strict autocratic
- (d) None of these

10. A leader is one who influences the behavior and work of others in group efforts towards achievement of specified goals in a given situation.

- (a) True
- (b) False

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## 10.11 Review Questions

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1. Define leadership. What are various ingredients a leader should possess?
2. What are the skills that a leader should possess?
3. Leadership is a corner stone of managing an organization. Discuss.

4. What are the differences between leadership and management?
5. What is the importance of leaders in an organization?
6. What do you mean by group decision-making?
7. Explain the characteristics of leadership.
8. What are the different leadership styles?
9. What do you think of universalistic theories of leadership? Critically examine Likert's four systems of leadership. Which of the systems, you feel is ideal. Give reasons.
10. Explain the qualities of a good leader.

**Answers for Self Assessment Questions**

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (b) | 2.(a) | 3.(a) | 4.(b) | 5.(a)  |
| 6. (b) | 7.(c) | 8.(b) | 9.(a) | 10.(a) |

# 11

## Theories of Leadership

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### Objectives

After studying this chapter, you will be able to:

- Understand Trait theory of leadership
- Explain behavioural theory
- Describe Fiedler's contingency theory
- Evaluate leadership styles
- Define managerial grid

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### **Introduction**

There is a wide and ever growing variety of theories to explain the concept and practice of leadership. We will provide a brief overview of the more dominant or better known theories. In the future we can discuss some of the emerging leadership theories/approaches such as adaptive, authentic, and appreciative. It is important to note that this submission attempts to provide an overview of leadership theories versus models. Models as attempts to functionalize the more theoretical aspects of leadership and make them easier to put into play by organizations and consultants. This is, in and of itself, an important activity. Most theories view leadership as grounded in one or more of the following three perspectives: leadership as a process or relationship, leadership as a combination of traits or personality characteristics, or leadership as certain behaviours or, as they are more

commonly referred to, leadership skills. In virtually all of the more dominant theories there exist the notions that, at least to some degree, leadership is a process that involves influence with a group of people toward the realization of goals. We will say on the front end that, in my opinion, leadership is a dynamic and complex process, and that much of what is written these days tends to over-simplify this process. My goal here is to provide an overview that keeps things simple, without crossing into over-simplification, and for the most part refraining from any critiquing of the various theories.

### ***Ingredients of Leadership***

Every group in the organization has a leader. A successful leader has within him the following ingredients.

1. *The Ability to use Power Effectively:* A leader inherits power by virtue of his appointment. Known as the legitimate power apart from the above he achieve swilling obedience by using one or more of power bases like expert power, referent power, reward and coercive power. Line authority also facilitates to influence subordinate.

2. *An ability to comprehend:* Human beings have different motivational needs at different times and situations. The ability to comprehend relates to understanding people, their needs, expectations and what a leader has been doing to satisfy them. This is a continuous process that gives a leader the understanding of his subordinates and an ability to explore the situation to his advantage to get the organizational goal achieved.

3. *Ability to inspire:* Inspiration is best judged when subordinates work with zeal in hopeless situation. Leader must identify each individual's capabilities, skill and inspire them. Inspiration emanates from a leader who may have charm, an appeal, and devotion to duty, which subordinates further want to enhance them by loyally obeying the leader wilfully. Inspirations also come from charismatic personality of the leader. Subordinates promote what leader desires.

4. *Leadership style:* Leadership style is firstly the ability of a leader to act in a manner that will develop a climate conducive to the response from the led and secondly arouse motivation among the employees; leader must design and maintain an environment for efficient performance. He should identify motivational needs, desires of the subordinates and work out a plan that fulfils motivational needs and aspirations of the employees. Organizations practices must include appropriate reward system, freedom of action in work environment, recognition, open communication system and very informal and cordial behaviour pattern among various layers of organizational structure. Leaders must be participative, face the same problems as his subordinates, work in the identical environment and not show the signs of tiredness. He must be loyal to his subordinates and follow an appropriate leadership style taking into consideration the organizational climate and the environment he has to work. His approach must be reconciliatory.

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## **11.1 Trait Theory of Leadership**

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Not all managers are effective leaders and not all leaders are effective managers. It is therefore difficult to identify effective managers and leaders. Early studies of leaders defined them by traits they were supposed to exhibit. Sometimes it was also called "attributes" that the leader possesses. The theory therefore was called "trait theory" or attribute theory of leadership. It is also known as "great man's" theory. A leader might be described as loyal, brave, trustworthy or companionate. But all these qualities may not be found in a successful leader. Therefore long list of unending traits may be listed as desirable for a leader. Despite these difficulties, Davis has identified four characteristics that leader tends to have. They are more likely to be present in middle and upper-level managers than in those who hold lower-level supervisory positions.

Their characteristics are as under:

1. *Intelligence*: Leaders tend to have higher degree of intelligence than their followers.
2. *Social Maturity and Breadth*: Leaders have a tendency to be emotionally mature and to have a broad range of interests. They are members of somewhat exclusive social club.
3. *Inner Motivation and Achievement Drives*: leaders want to accomplish things, when they achieve one goal they seek out another. They are inner motivated and do not depend on outside forces for their motivation.
4. *Human Relations Attitude*: Leaders are able to work effectively with other persons. They understand that to accomplish any task they must be considerate of others.

Many studies of traits have been undertaken. Ralph. M.stogdill found following traits in a effective leader:

### **Physical Traits**

Such as Energy, appearance, height, intelligence, ability and personality traits such as adaptability, aggressiveness, enthusiasm and self-confidence They also have task related characteristics such as achievement drive, persistence and initiative and social drive like cooperativeness, interpersonal skills and administrative ability. Not all leaders possess all the traits. Trait theory of leadership gives no guidance as to how much of any trait a leader should have. The theory is not conclusive. Most of the traits identified in successful leaders are actually the pattern of behaviour.

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## **11.2 Behavioural Theory**

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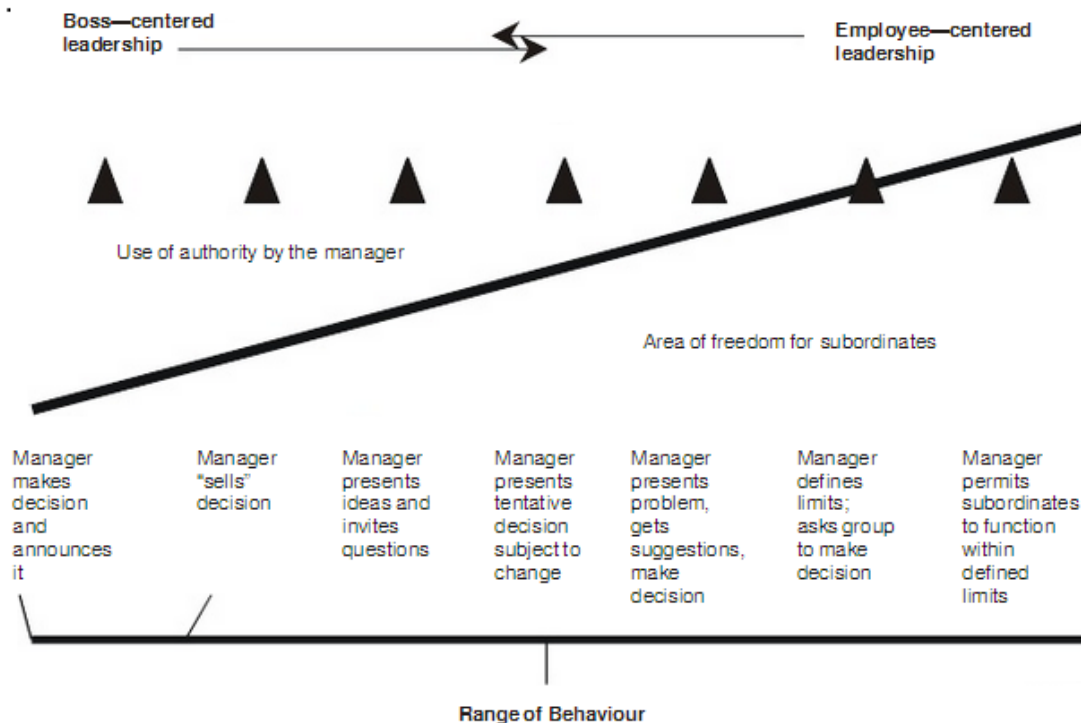
Every leader has to undertake two major functions in any organization ie one task related functions and two functions that will promote group effectiveness (maintenance). Managers who have task-oriented style of leadership will closely supervise employees as far as the progress of the work is concerned. Getting the job done is given more emphasis than employee growth. On the contrary managers who have employee oriented style of leadership will put more emphasis on employee motivation rather than controlling subordinates. Managers seek friendly, cooperative, trusting relationship with employees. It may be noted that no manager is either task oriented or employee oriented. Every manager uses little of each style. Robert Tannenbaum and Warren H.Schmidt were among the first theorist to describe various factors that influence leadership style. They have developed a leadership continuum on which various styles of leadership have been shown ranging from highly boss entered to highly subordinate cantered. The same has been shown in Figure 11.1. The most important element that may influence managers' style can be seen along the continuum.

1. *Leader*: The forces that operate while leading subordinates are the manager's personality, skill, ability and attitude towards the work, employees and the organization he is serving. Confidence in subordinates and his personal inclination towards leadership style which play a dominating role in selecting a particular style of leadership.

2. *Subordinate*: According to Tannenbaum and Schmitt, a manager can allow greater participation and freedom when employees crave independence and freedom of action, want to have decision – making responsibility, identify with the organization's goals and are experienced enough to deal with a problem efficiently. They should possess experience that leads to “participative management.”

When these conditions are nonexistent, the managers initially can have tight control and use authoritarian type of leadership. They can later modify the style as employees develop skill, confidence and organizational commitment.

3. *Situation*: The forces of situation play a decisive role in selecting leadership style. They include organizational value system, tradition, and delegation of authority, group cohesiveness and time management. The level of organizational effectiveness is an important factor to be considered.



**Figure 11.1:** Influence managers' style.

Wehrich and Koonz have stated that in reviewing their continuum model in 1973 (it was originally formulated in 1958). Tannenbaum and Schmidt placed circles around the model, indicated above to represent the influence on style imposed by both the organizational environment and the social environment. This was done to emphasise the open system nature of leadership styles and the various impacts of the organizational environment and of the social environment outside the enterprise. In their 1973 commentary, they put increased stress on the interdependency of leadership style and environmental forces such as labour unions, greater pressure for social responsibility, the civil rights movement, and the ecology and consumer movement that challenge the rights of managers to make decisions or handle their subordinates without considering interests outside the organization.

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## 11.3 Fiedler's Contingency Theory

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Fiedler carried out intensive work on leadership. He believes that most of the leaders are inflexible and tries to fit in every situation they face. If they succeed they are considered good leaders. Fiedler feels that matching the managerial style with the situation or changing the situation to match the manager's leadership style can achieve effective group performance. The research is based on the leadership styles similar to the employee oriented leader or the task oriented leader studied earlier. What differentiate Fiedler's model is the measuring instrument he used in his research work. Fiedler measured leadership style on the scale that indicated the degree to which a person described favourably or unfavourably. He coined the concept of least preferred co-worker (LPC) –The employee with whom the person could work least well. As per Fiedler's findings one, a person who describes his least preferred co-worker in a relatively favourable manner (high LPC rating) tend to be permissive, human relations oriented and considerate of the feelings of his men. But a person who describes

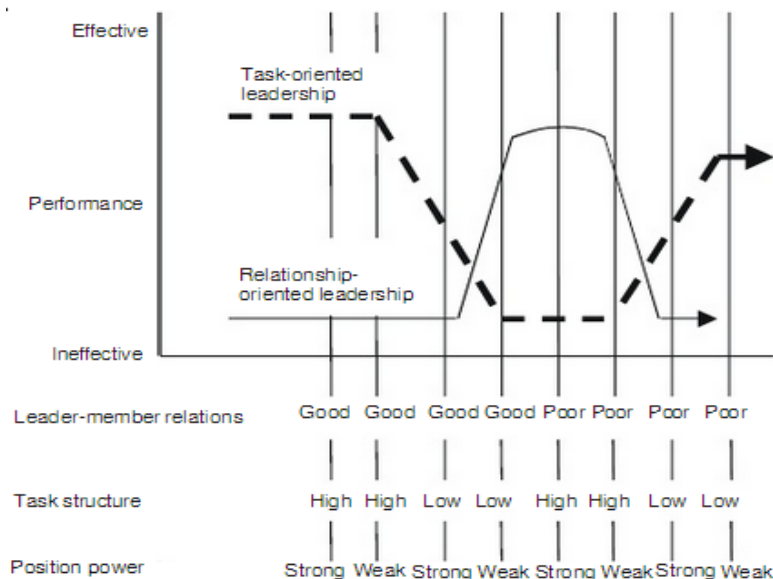


his least preferred co-worker (LPC) in an unfavourable manner- (low LPC rating) tends to be managing, task oriented and less concerned with the human relations aspect of the job. Two, the scores on the Assumed Similarity between Opposites(ASO) Scale-ratings based on then degree to which leader see group members as being themselves. High LPC managers are employee oriented and want to maintain a good interpersonal relationship with their co-workers. They regard their close ties with employees important for their efficiency. While managers having low LPC are task oriented. They display lower priority for employees than the level of productivity. Fiedler identified three variables to determine the ideal leadership style as given in Figure 11.2.

(a) *Leader-member Relationship*: If a manager is able to establish good relations with his workers based on personality, skill and knowledge he may be success full eader and does not have to depend on power and authority. Leader-member relations were measured on LPC scale, either they were good or bad depending upon the degree of cohesion, co-operation and the level of conflict prevailing between the leader and led.

(b) *Task Structure*: High task structure is related to a task where all actions required to be taken are explained in sequential manner and employees understand and anticipate what is coming next. On the contrary when a task is unstructured, the employees do not know as to how to handle the work and group-member's role become ambiguous.

(c) *Position Power*: In this situation power derived by the leader from his formal position and other power bases are not considered. Fiedler feels that a leader having a strong power position can obtain (wield ) followership more easily than a leader not having a formal power base. The position of power is determined by the amount of control which the leader has over allocation of resources, determination of salaries, rewards, punishments and hiring of people.



**Figure 11.2:** Fiedler's model of leadership.

	LPC Score								Scoring
Pleasant	8	7	6	5	4	3	2	1	Unpleasant
Friendly	8	7	6	5	4	3	2	1	Unfriendly
Rejecting	1	2	3	4	5	6	7	8	Accepting
Tense	1	2	3	4	5	6	7	8	Relaxed
Distant	1	2	3	4	5	6	7	8	Close
Cold	1	2	3	4	5	6	7	8	Warm
Supportive	8	7	6	5	4	3	2	1	Hostile
Boring	1	2	3	4	5	6	7	8	Interesting
Quarrelsome	1	2	3	4	5	6	7	8	Harmonious
Gloomy	1	2	3	4	5	6	7	8	Cheerful
Open	8	7	6	5	4	3	2	1	Guarded
Backbiting	1	2	3	4	5	6	7	8	Loyal
Untrustworthy	1	2	3	4	5	6	7	8	Trust worthy
Considerate	8	7	6	5	4	3	2	1	Inconsiderate
Nasty	1	2	3	4	5	6	7	8	
Agreeable	8	7	6	5	4	3	2	1	Disagreeable
Insincere	1	2	3	4	5	6	7	8	Sincere
Kind	8	7	6	5	4	3	2	1	Unkind
									Total

**Figure 11.3:** LPC score.

Fiedler then went on to specify eight possible combinations on the above three variables. Leader-member relations may be good or poor, task may be structured or unstructured and lastly the position power may be strong or weak. He then measured the performance of a leader under favourable, moderate and unfavourable situations.

#### *Least Preferred Co-worker (LPC) Scale*

Describe the person on the scale that follows by placing an “X” in the appropriate space. Look at the words at both ends of the line before we mark “X”. There are no right or wrong answers. Work rapidly; our first answer is likely to be the best. Do not omit any item and mark each item only once. Now describe the person with whom we can work least well. Enter the score in the column provided. LPC Score method is explained in Figure 11.3. For example determine LPC score and its implied leadership style by adding the numbers recorded in the right hand column. Mark this total in the space provided. If your score is 64 or higher, Fiedler considers you to be a high LPC person. The high LPC person essentially says of his or her least preferred co-worker, “Even if I cannot work with you, you may still be an okay person”. Because of this sensitivity for relationships with others, the high LPC person is considered to be “relationship-motivated” as a leader.

If your score is 57 or lower, you are a low LPC leader. A low LPC person describes the least preferred co-worker in very negative terms. Essentially he or she says, “Work is extremely important to me, therefore, if you are a poor co-worker and prevent me in my efforts to get things done, then I cannot accept you in other respects either.” This low LPC individual is termed “task motivated” as a leader.

A score of 58 to 63 indicates a possible mix of motivation and goals. If you fall in this range, Fiedler argues that you need to decide for yourself where you fit between task and relationship motivations. Fiedler, in his research concluded that the task oriented leadership style would be ideal for favourable and unfavourable situations. In favourable situations when Leader-Member relations are good, the task is structured and position power is strong, the task oriented leader will be effective. On the other hand, under unfavourable situation, when leader-member relations are poor, task is unstructured and position power is weak, task oriented style of leadership will be good. However when the situation is moderate (moderately favourable or unfavourable) the human relations-oriented leader will be most effective.

**Analysis of the Model:** There is however, some criticism. One of the major criticisms is that the model is simplest. Early research relied heavily on correlation findings, cause and effect conclusions. Indeed, as we have mentioned earlier, it may well be that the LPC scale is a better measure of the personality of the individual than it is a description of leadership behaviour through motivation. There is another aspect to the correlations. There are some people who would utterly reject them on the basis that they do not always reach conventional levels of statistical significance. Perhaps the most damaging criticism, however, is the LPC scale itself.

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## 11.4 Leadership Styles

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The Vroom and Yetton Model describes the different ways leaders can make decisions and guides leaders in determining the extent to which subordinates should participate in decision making. The expanded version of their model, the “Vroom, Yetton, Jago Model,” holds that

- (1) Organizational decisions should be of the highest quality and
- (2) Subordinates should accept and be committed to organizational decisions that are made. The model presents methods for determining the appropriateness of leader style.

***The Manager makes Decision and Announces it:*** It is an extreme form of autocratic leadership whereby decisions are made by the boss who identifies the problem, considers alternative solutions, selects one of them and then reports his decision to his subordinates for implementation.

***The Manager sells his Decisions:*** It is a slightly improved form of leadership wherein the manager takes the additional step of persuading the subordinates to accept his decision.

***The Manager Presents his Ideas and Invites Questions:*** There is greater involvement of the employees in this pattern. The boss arrives at the decision, but provides a full opportunity to his subordinates to get fuller explanation of his thinking and intentions.

***The Manager Presents a Tentative Decision Subject to Change:*** Herein the decision is tentatively taken by the manager but he is amenable to change and influence from the employees.

***The Manager may Present the Problem, get the Suggestions and then take his own Decision:*** Herein sufficient opportunity is given to the employees to make suggestions that are coolly considered by the Manager.

***The Manager may define the Limits and Request the Group to make a Decision:*** A manager of this style of management lets the group have the right to make the decision. The subordinates are able to take the decision to the limits defined by the manager.

***The Manager may Permit full Involvement of the Subordinates in the Decision-making Process:*** It is often designated as ‘Democratic’ leadership.

Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership styles to another. The selection of a leadership style will depend on the consideration of a number of factors. Tannenbaum and Schmidt have pointed out the important factors that affect the choice of a style of leadership is:

- Forces in the manager i.e., the manager’s personality, experience, and value system.
- Forces in the subordinates i.e., the subordinates readiness for making decisions, knowledge, interest, need for independence etc.
- Forces in the situation i.e., complexity of the problem, pressure of time etc.

### Caution

We should be the authoritarian leadership style useful when seeking information on a particular situation or before inspections.

## 11.5 Managerial Grid

“Managerial Grid” style of leadership was developed by Robert Blake and Jane mouton (1969). The managerial grid model explains concern of a manager for production and people. Blake and mouton’s model helps to measure a manager’s relative concern for people and task and reflects bi-directional nature of leadership. The managerial grid shown at Figure-11.4 identifies a range of management behaviour based on the various ways that the task oriented and employee oriented styles, which have been explained as a continuum on a scale of 1 to 9 as Figure 11.4. Blake and mouton have very clearly emphasized the concern for people and production. Concern for people includes such elements as degree of personal commitment to-towards goal achievement, maintenance of self-esteem of people, assigning task based on trust, provision of good working conditions and maintenance of good inter-personal relationship. When a manager has concern for people, he is more worried about fulfilment of various need factors that are included in hygiene factors of McGregor in his motivational style. As far as the leadership style that displays concern for production includes elements like output of the workers, work efficiency, quality of policy decisions, various processes and procedures that are followed during the production line. It also includes creativity, research and development undertaken, quality of product produced and last but not the least services provided by the staff. Let us now study four styles of leadership.

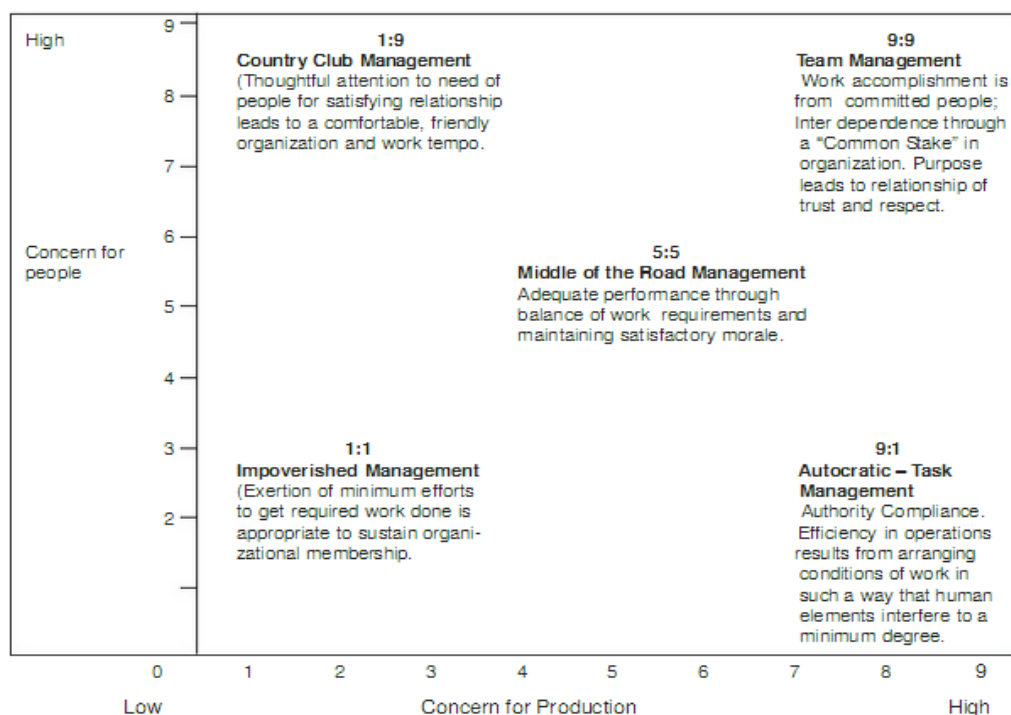


Figure 11.4: Managerial grid.

### ***Impoverished Management 1:1***

Under this style (as shown in the figure-left bottom corner,) is referred to as impoverished management or Laissez-faire type of management. Managers do not involve themselves with the work or people, they only mark time and have abandoned their job. They act as messenger to pass information from superiors to subordinates. They neither display any concern for people nor for the production. They display minimum involvement in the job they are assigned to. This amount to exertion of minimum efforts on the part of leader to get required work done is appropriate to sustain organizational membership.

### ***Team Management 9:9***

At the extreme opposite is team management style of leadership where managers mesh interest of people and production needs in the balanced manner. Their involvement is total. They are real team leaders who have full knowledge, skill and aptitude for job and also concern for the welfare of workers. Blake and Mouton argue strongly that style 9:9 is the most effective management style. They believe, this leadership approach will, in all situations, result in improved performance, low absenteeism, and turnover and high job satisfaction.

### ***Country Club Management 1:9***

Leaders who follow this style of leadership display very high concern for people and very little interest for production. They create a very relaxed and friendly environment. There are no organizational goals and exist very loose style of functioning. The working environment is workers welfare oriented.

### ***Autocratic-task Oriented 9:1***

This leadership style concentrates on setting of organizational goals, development of effective operations systems, utilization of organizational resources, achievement of objectives and stress on quality of work and production. The leader functions in an autocratic way with no or very little concern for people.

### ***Middle of the Road Management 5:5***

Managers have both concern for people and production. They set moderate production goals and achieve them. They have equal concern for people and work. They achieve reasonably satisfactory results in maintain high morale of workers and meet production requirements the managerial grid is widely used model for training and development of managers. The model cannot determine a particular style of a leader because leadership is influenced by personality traits, skills, attitude of the leader and the followers. Apart from the above situational factors in work environment and the organizational culture affects the leadership style to a great extent.

## **Case Study-Transformational Leadership**

### ***Transformational Leadership in Merging Higher Education Institutions***

The transformational leadership framework is superior when imparting change within organizations. The transformational process does hit road blocks and is not successful when the people within the organization do not follow the leadership's dictate of the leadership. This process was examined after the South African government reduced the number of smaller colleges and developed larger universities after political independence and democracy occurred in 2001. The population for the research case study involved 350 full-time faculty and employees in a higher education setting in South Africa. In one sector of the study, six executive management leaders were surveyed. In the second sector of the study, 153 employees were surveyed during the transitional change period. The findings indicated that neither group liked or were satisfied with the charismatic, transformational leadership team's successful changes in the academic structure. The reasoning for why the transformational leadership experience failed in the minds of the people was because the faculty did not feel empowered or supported in making decisions during the process of merger and incorporation. Instead, employees stated that they felt that there was a lack of direction in empowering them.

### ***Background Information Important to the Leadership example***

The problems that occurred during the mergers of colleges were many. First, the problem of leadership with race and political expediency under a new governmental model happened during the merger of schools. The right leaders needed to be chosen because of their leadership qualities and credibility. Secondly, the leadership of the schools had different ideas of what a transformational leader was supposed to be and how changes were to be adhered to within the organization. Leaders were chosen because they had experience and communication skills. Questions were not asked about how the leaders should manage those traits. Thirdly, the leaders needed human resource skills. This meant that leaders needed to understand each department of the organization so that they were able to adopt the best processes for achieving individual success. Historically there had not been a credible leader to develop a strong cohesive academic community. So, this meant that the college employees had bad experiences with change and no past experience of quality leadership with which to gauge success. Lastly, the government sabotaged the academic community by trying to make the colleges into center of commerce and technology without a focus on scholarship.

### ***Theoretical Perspectives that help Explain and/or Evaluate Success***

Transformational leadership was the goal for this collegiate merger in South Africa. By definition a shared vision incorporates values and inspirational aspects to produce a successful merger. Clarification never happened because the employees were not aware of the deeper content and meaning for the direction of change that the organization chose. An empowering climate in a business structure rewards employees for making decisions and creating innovative new ideas to solve old problems. Further, employees need an aptitude and openness to learn new ideas from other departments and allow changes in their own support structures. Lastly, leaders must make assessments of readiness, which means timing is important when transforming ideas into reality. Leaders must train employees to deal with the emotional aspects of always questioning what the norm is and creating solutions which regularly happen because problems do occur during change. The four pillars of transformational leadership must be adhered to in order for change to be successful.

These precepts include:

- Shared vision – values and inspirational aspects of the vision,
- Clarity of strategic design
- Empowering climate
- Capacity for change

### ***Conclusion***

In conclusion, change in any organization is challenging for both leadership as well as the employees. Employees might not understand or like change when mergers occur. This model fits into all organizational structures that range from educational hierarchies, to small and large business organizational structures. The details of transformational leadership are performed when the leader's characteristics enhance their personality and vision for the future. The transformational style of leadership was successful in the merger situation despite employees dislike and discomfort during the process. Results indicated the need for leaders to be educated on the processes of transformational rather than transactional leadership skills long before a merger takes place. Transformational leadership is best achieved when followers and other stakeholders become empowered and share the organizations vision. This is definitely a lesson that subordinate attitudes and feelings of satisfaction can only happen when they are actively involved in the change process from the beginning and feel that they are heard and appreciated for their efforts. This is a lesson for all organizational groups that undergo change in their historical and structural roots.

### ***Questions***

1. What is the information important to the leadership?
2. "Employees might not understand or like change when mergers occur" Explain

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## 11.6 Summary

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- Leadership style is firstly the ability of a leader to act in a manner that will develop a climate conducive to the response from the led and secondly arouse motivation among the employees.
- Managers who have task-oriented style of leadership will closely supervise employees as far as the progress of the work is concerned.
- The managerial grid model explains concern of a manager for production and people.
- When a manager has concern for people, he is more worried about fulfilment of various need factors that are included in hygiene factors of McGregor in his motivational style.
- The model cannot determine a particular style of a leader because leadership is influenced by personality traits, skills, attitude of the leader and the followers.

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## 11.7 Keywords

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**Inspiration:** It is best judged when subordinates work with zeal in hopeless situation.

**Human beings:** Human being has different motivational needs at different times and situations.

**Human Relations Attitude:** It is leaders are able to work effectively with other per-sons.

**Physical Traits:** It is an energy, appearance, height, intelligence, ability and personality traits such as adaptability, aggressiveness, enthusiasm and self-confidence.

**Task Structure:** Task structure is related to a task where all actions required to be taken are explained in sequential manner and employees understand and anticipate what is coming next.

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## 11.8 Self Assessment Questions

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1. A leader inherits power by virtue of his appointment. Known as.....  
(a) legitimate power (b) ability to comprehend  
(c) ability to inspire (d) capabilities
2. Theory of leadership is important to note that this submission attempts to provide an overview of leadership theories versus models.  
(a) True (b) False
3. Inspiration is best judged when subordinates work with zeal in hopeless situation is known as.....  
(a) an ability to comprehend (b) an ability to inspire  
(c) an ability to power (d) leadership style
4. Early studies of leaders defined them by traits they were supposed to exhibit. Sometimes it was also called.....  
(a) trustworthy (b) companionate  
(c) attributes (d) None of these
5. Which of the following at leaders are able to work effectively with other per-sons? They understand that to accomplish any task they must be considerate of others.  
(a) Human relations attitude (b) Social maturity  
(c) Inner Motivation (d) Achievement drives

6. Physical traits are energy, appearance, height, intelligence, ability and personality traits such as adaptability, aggressiveness, enthusiasm and self-confidence.  
 (a) True (b) False
7. A managers who have task-oriented style of leadership will closely supervise employees as far as the progress of the work is concerned is known as.....  
 (a) organizational theory (b) behavioural theory  
 (c) group behaviour (d) None of these
8. Which of the follow matching the managerial style with the situation or changing the situation to match the manager's leadership style can achieve effective group performance?  
 (a) Fidler's model (b) Fidler's findings  
 (c) Fidler feels (d) None of these
9. The Vroom and Yetton Model describes the different ways leaders cannot make decisions and guides leaders in determining the extent to which subordinates should participate in decision making.  
 (a) True (b) False
- 10 Blake and mouton's model helps to measure a manager's relative concern for people and task and reflects bi-directional nature of leadership is known as.....  
 (a) managerial grid (b) country club management  
 (c) impoverished management (d) road management

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## 11.9 Review Questions

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1. Explain the Trait theory of leadership.
2. Explain "managerial Grid" with the help of diagram.
3. Explain Fiedler's Contingency approach to leadership.
4. Path-Goal theory of leadership is an amalgamation of contingency theory and expectancy theory of leadership. Explain the above statement.
5. Explain various skills. How are they distributed in organizational hierarchy? Explain with the help of appropriate diagram.
6. Charismatic leaders have different characteristics that make them stand out a successful leader. Explain.
7. What do you mean by physical traits?
8. Draw out a leadership skech of a charismatic leader you have known.
9. Explain transformational leadership. This type of leadership style has come to stay. Express your views.
10. Write short notes on:
  - (a) Position Power (b) Task Structure
  - (c) Leader-member Relationship

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(a) | 3.(b) | 4.(c) | 5.(a)  |
| 6. (a) | 7.(b) | 8.(c) | 9.(b) | 10.(a) |



# 12

## Management of Conflicts

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### **Objectives**

After studying this chapter, you will be able to:

- Understanding outcomes of conflicts
- Explain sources of organizational conflict
- Discuss stages of conflict
- Describe conflict management strategies
- Explain levels of conflict or forms of conflict
- Discuss causes of conflict
- Describe conflict process

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### **Introduction**

To study the dynamics of organizational behaviour, study of conflict management deserves attention. In present corporate environment conflict has become very common phenomenon. Conflict is bad as it has adverse effects on the individual performance. If conflict is beyond control it takes a destructive dimension.

When employees do not cope up with the conflict situation, there is an increased absenteeism and exit of employees. It can be so disastrous that can lead to demise of an organization. American Firm Shea and Gould perished due to high degree of conflict. On the other hand it has been opinioned that conflict is good for the organization as it produces new ideas, increases competitive spirit, cohesiveness in the team and in stills an atmosphere of brotherhood in the organization. This is only possible if ideas are properly chanelised and there is proper delegation of authority, empowerment and autonomy in functioning.

### ***Definitions***

Conflict can be defined (Thomas K.A.) as the “process that begins when one party perceives that another party has negatively affected something that the first party cares about.” Conflict must be perceived by either of the parties. Stiff opposition due to incompatibility of organizational goals characterizes it. Conflict can also be caused due to difference about interpretation of facts or issues involved. Conflict takes an ugly turn and takes a form of violence due to disagreement based on behavioural expectations. It could be covert or overt and can be seen when one observes violent acts of individual in organizations. Austin defines conflict “as a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objective over others.” Conflict in itself is neither good nor bad. The key is how we understand and respond to conflict. The participants in a conflict establish the meaning of conflict with the ultimate results being determined by the feelings, beliefs, and values of those involved.

Conflict is state of unresolved differences within an individual, between individuals, an individual and a group, or two or more groups, conflict of some kind will occur throughout our career. To turn it into a positive factor, it must be managed in a way that will benefit us and organization. Conflict is based on caring. Each of the parties involved in the difficulty desires something. Usually those involved are frustrated because they cannot get something they believe they need or cannot give something they believe they should be able to give. It is also necessary that the two parties be locked into some kind of interdependent relationship, where what one does affects the other. The simplest way to reduce conflict is to eliminate the relationship, by leaving or by refusing to interact with the other party. In many situations, however, this is not only impractical, but it may be impossible. So leaders must learn how to address and manage conflict.

### ***Nature and Scope of Conflict***

Every organization has its objective. It is further broken down as departmental objectives, group goals and lastly individual goals. When individual interacts with another individual there is perceptual and communication problems that causes misunderstanding and leads to individual conflict situation. It is also true of groups. Group conflicts indicate the way of inter-group behaviour in an organization. This is more relevant in the Indian context, where inter-union rivalry is most cognigible. Inter-group conflict occurs due to group competition and group cohesiveness. This leads to a feeling of ‘we’ and ‘they’. “We are always right and they are always wrong”. Hence a beginning of conflict. Aims and objectives of various organizations differ drastically that give rise to greater competition hence a high level of conflict. Conflict can arise between employer and employees, management and workers, one department and another, stakeholders, shareholders, producer and customers and between various trade unions that are often politically motivated. Schein has pointed out that, this problem exists because as groups become more committed to their goals and norms, they are likely to become competitive with one another and seek to undermine their rivals’ activities, thereby becoming a liability to the organization as a whole. The overall problem, then, is how to establish high productive, collaborative inter-group relations. Michael states that conflict can lead to breakdown in standard mechanism of decision making so that an individual or group experiences difficulty in selecting an action alternative. The breakdown may be because of competing demands on an individual or group rivalry and competition. There can be vertical and horizontal conflicts; or individual conflict, group conflict and organizational conflict.

Conflict can be considered as expression of hostility, negative attitude, aggression and gross misunderstanding. It is caused due to varying interest of individual or groups. Pondy has described that the term 'conflict' is used in four ways to indicate.

1. Antecedent conditions of conflictual behaviour, such as scarcity of resources.
2. Affective states of individuals involved such as stress, tension, hostility, anxiety etc.
3. Cognitive state of individuals, which is their perception or awareness of conflictual situations.
4. Conflictual behaviour, ranging from passive resistance to overt aggression.

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## 12.1 Outcomes of Conflicts

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There are two types of outcomes.

### 12.1.1 Positive Outcomes of Conflict

1. Increased motivation and creativity.
2. Healthy interactions/involvement stimulated.
3. Number of identified alternatives increased.
4. Increased understanding of others.
5. People forced to clarify ideas more effectively.
6. Feelings aired out.
7. Opportunity to change bothersome things.

### 12.1.2 Negative Outcomes of Conflict

1. Decreased productivity.
2. Relevant information not being shared.
3. Unpleasant emotional experiences.
4. Environmental stress.
5. Excessive consumption of time.
6. Decision-making process disrupted.
7. Poor work relationships.
8. Misallocation of resources.
9. Impaired organizational commitments.

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## 12.2 Sources of Organizational Conflict

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There are five basic sources of organizational conflicts:

**Competition for Scarce Resources:** Because the vital resources of money, manpower, time, materials and equipment are limited, allocating them to groups produces conflict, for some groups will certainly get less than they need or want.

**Inherent Conflict:** Standardized procedures, rules, and policies that regulate behaviour tend to reduce the likelihood of conflict. But at the same time, resistance to the control that they impose is fostered. Moreover, in a complex organization the number of levels of authority may create problems that increase the potential for conflict.

**Line-staff Relationships:** The differences of the task responsibilities of line and staff members, while enabling them to accomplish their respective tasks, also increases the likelihood of conflict between them.

***Differences in Goals and Values:*** Groups within an organization often find it difficult to agree on action plans because they usually develop different goals and objectives. Similarly, many conflicts arise because some believe that a popular value should be applied to all situations, thus exceeding those whose values are different.

***Organizational Ambiguities:*** Conflict may occur when goals are questionable and roles are not clearly defined. In addition, adequate standing operating procedures (SOPs) or non-systematic approaches to mission planning and problem solving may also increase conflict.

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## 12.3 Stages of Conflict

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The conflict process can be seen as comprising five stages:

- (1) Potential opposition or incompatibility
- (2) Cognition and personalization
- (3) Intentions
- (4) Behaviour
- (5) Outcome.

***Stage 1: Potential Opposition or Incompatibility:*** The first step in the conflict process is the presence on conditions that create opportunities for conflict to rise. These cause or create opportunities for conflict to rise. These causes or sources of conflict have been condensed into three general categories:

(a) *Communications:* Different words connotations, jargon insufficient exchange of information and noise in communication channel are all antecedent conditions to conflict. Too much communication as well as too little communication can rely foundation for conflict.

(b) *Structure:* The term structure is used, in this context to include variables such as size, degree of specialization in the tasks assigned to group members, jurisdictional clarity, members/ goal compatibility, leadership styles, reward systems and the degree of dependence between groups.

The size and specialization act as forces to stimulate conflict. The larger the group and the more specialized its activities, the greater the likelihood of conflict. Tenure and conflict have been found to be inversely related. The potential for conflicts tends to be greatest when group members are younger and when turnover is high. The greater the ambiguity in defining where responsibility for action lies, the greater the potential for conflict to emerge. Such Jurisdictional ambiguity increases inter group fighting for control or resources and territory.

(c) *Personal Variables:* Certain personality types- for example individuals who are highly authoritarian and dogmatic- lead to potential conflict. Another reason for conflict is difference in value systems. Value differences are the best explanations of diverse issues such as prejudice disagreements over one's contribution to the group and rewards one deserves.

***Stage 2: Cognition and Personalization:*** conflict must be perceived by the parties to it whether or not conflict exists is a perception issue. If no one is aware of a conflict, then it is generally agreed that no conflict exists. Because conflict is perceived does not mean that is personalized. For e.g. "A may be aware that B and A are in serious disagreements but it may not make A tense or nervous and it may have no effect whatsoever on A's affection towards B" It is the felt level, when individuals become emotionally involved that parties experience anxiety, tension or hostility.

Stage 2 is the place in the process where the parties decide what the conflict is about and emotions plays a major role in shaping perception.

**Stage 3: Intentions:** Intentions are decisions to act in a given way intentions intervene between people's perception and emotions and their overt behaviour.

Using two dimensions cooperativeness (the degree to which one party attempts to satisfy the other party's concerns) and assertiveness (the degree to which one party attempts to satisfy his or her own concerns) - five conflict handling intentions can be identified.

(a) **Competing:** when one person seeks to satisfy his or her own interests regardless of the impact on the other parties to the conflict, he is competing.

(b) **Collaborating:** A situation in which the parties to a conflict each desire to satisfy fully the concerns of all the parties. In collaborating, the intention of the parties are to solve the problem by clarifying differences rather than by accommodating various points of view.

(c) **Avoiding:** a person may recognize that a conflict exists and want to withdraw from it or suppress it. Avoiding included trying to just ignore a conflict and avoiding others with whom we disagree.

(d) **Accommodating:** The willingness of one partying a conflict to place the opponent's interest above his or her own.

(e) **Compromising:** A situation in which each party to a conflict is willing to give up something.

Intentions provide general guidelines for parties in a conflict situation. They define each party's purpose. Yet people intention is not fixed. During the course of conflict, they might change because of reconceptualization or because of an emotional reaction to the behaviour of other party.

**Stage 4: Behaviour:** This is a stage where conflict becomes visible. The behaviour stage includes the statements, actions and reactions made by the conflicting parties. These conflict behaviours are usually overt attempt to implement each party's intentions.

**Stage 5 Outcomes:** The action reaction interplay between the conflicting parties result in consequences. These outcomes may be functional in that the conflict results in an improvement in the group's performance, or dysfunctional in that it hinders group performance. Conflict is constructive when it improves the quality of decisions stimulates creativity and innovations encourages interest and curiosity among group members provides the medium through which problems can be aired and tensions released and fosters an environment of self evaluation and change. Conflict is dysfunctional when uncontrolled opposition breeds discontent, which acts to dissolve common ties and eventually leads to the destruction of the group. Among the more undesirable consequences are a retarding of communication, reductions in group cohesiveness and subordination of group goals to the primacy of infighting between members.

### **Did You Know?**

In 1964 Blake and Mouton were among the first to present a conceptual scheme for classifying the modes (styles) for handling interpersonal conflicts into five types: forcing, withdrawing, smoothing, compromising, and problem solving.

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## 12.4 Conflict Management Strategies

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Different people use different strategies for managing conflict. These strategies are learned usually in childhood, and they seem to function automatically. Usually we are not aware of how we act in conflict situations. We just do whatever seems to come naturally. But we do have a personal strategy; and because it is learned, we can always change it by learning new and more effective ways of managing conflicts.

When we become engaged in a conflict, there are two major concerns we have to take into account:

***Achieving your Personal Goals:*** We are in conflict because we have a goal that conflicts with another person's goal. Our goal may be of high importance to us, or it may be of little importance.

***Keeping a Good Relationship with the other Person:*** We may need to be able to interact effectively with the other person in the future. The relationship may be very important to us or may be of little importance. How important personal goals are to be and how important the relationship is to us affects how we act in a conflict. Given these two concerns, it is possible to identify five styles of managing conflict.

### **Caution**

In the workplace, managers sometimes avoid directly dealing with conflict among co-workers by simply separating them.

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## 12.5 Levels of Conflict or Forms of Conflict

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Conflict can occur at a number of levels of human functioning. Conflict in head between opposing motives or ideas is shown by "internal dialogue" and is at the intrapersonal level. Beyond that, the primary concern here is with social conflict, i.e., conflict between people whether they are acting as individuals, as members of groups, or as representatives of organizations or nations. The processes of resolving conflict are influenced to a great degree by the situations in which the conflict occurs, for example within the context of the organization. Three types of possible conflict in an organization are intrapersonal, interpersonal, and intergroup.

### ***Intrapersonal Conflict***

An experience that takes place within an individual. It occurs in relation to temptations to stop dieting as well as in a major decision of getting into better physical shape to get a good evaluation report. An individual experiencing guilt as a result of inner conflicts often becomes depressed, irritable, and restless. However, identifying the actual source of the conflict and distinguishing between what one wishes to do and what should be done are two steps in managing inner conflict successfully. Wishing leads to daydreaming and continued conflict, while authentic wanting leads directly to a specific behaviour. Thus, when there is follow-through behaviour, an individual feels stronger and more confident: he has risen to a personal challenge and brought about positive personal change. Intra personal conflict is also called the conflict within the individual.

This type of conflict can be of two types

(a) ***Value Conflict:*** Every individual has to play certain roles, which conforms to his value system. However, there are certain situations when an individual may have to compromise on value system and beliefs. For example, finance manager of an organization, while submitting tax returns to the government may conceal some facts, which may go against his belief and value system. This situation may cause tension and conflict within the individual.

(b) *Decision-making*: Problem solving is one of the important jobs every individual has to undertake in work environment. Every problem has various courses open. At times it is difficult for a person to select an appropriate course of action. This situation causes conflict within the individual. He therefore will have to take decisions based on the past experience and the knowledge. It may be noted that decision-making has become simpler these days due to firstly; information technology where required data is available and secondly, group decision is the norm in most of the organizations.

### ***Interpersonal Conflict***

Conflict between individuals in the same organization. It exists whenever people interact in some way to produce results or achieve goals. Because they differ, however, in many ways; attitude, personality, values, goals, background, experience, etc. The resultant conflict makes the attainment of the goals quite difficult. Therefore, learning to make the proper adjustments is an important factor in managing interpersonal conflict. Interpersonal conflict occurs when two people have incompatible needs, goals, or approaches in their relationship. Communication breakdown is often an important source of interpersonal conflict and learning communication skills is valuable in preventing and resolving such difficulties.

At the same time, very real differences occur between people that cannot be resolved by any amount of improved communication. "Personality conflict" refers to very strong differences in motives, values or styles in dealing with people that are not resolvable. For example, if both parties in a relationship have a high need for power and both want to be dominant in the relationship, there is no way for both to be satisfied, and a power struggle ensues. Common tactics used in interpersonal power struggles include the exaggerated use of rewards and punishments, deception and evasion, threats and emotional blackmail, and flattery or ingratiation. Unresolved power conflict usually recycles and escalates to the point of relationship breakdown and termination.

### ***Intergroup Conflict***

It occurs whenever there is a contact or interaction between the groups. Three sources of intergroup conflict are: cohesion- "sticking together" within a group often causes out-group hostility; structure-type of leadership and status of individuals within a group are factors that increase conflict; power-taking actions which affect others and ) urposely influencing the welfare of others produce conflict with less powerful groups. Parties' involved n conflict, by trying to find solutions acceptable to all, can reduce the dysfunctional aspects of conflict. Intergroup conflict occurs between collections of people such as ethnic or racial groups, departments or levels of decision making in the same organization, and union and management. Competition for scarce resources is a common source of intergroup conflict, and societies have developed numerous regulatory mechanisms, such as collective bargaining and mediation, for dealing with intergroup conflict in less disruptive ways. Social-psychological processes are very important in intergroup conflict. Group members tend to develop stereotypes (oversimplified negative beliefs) of the opposing group, tend to blame them for their own problems (scapegoating), and practice discrimination against them. These classic symptoms of intergroup conflict can be just as evident in organizations as in race relations in community settings. Intergroup conflict is especially tense and prone to escalation and intractability when group identities are threatened. The costs of destructive intergroup conflict can be extremely high for a society in both economic and social terms.

### ***Multi-party Conflict***

It occurs in societies when different interest groups and organizations have varying priorities over resource management and policy development. These complex conflicts typically involve a combination of economic, value and power sources. This complexity is often beyond the reach of traditional authoritative or adversarial procedures, and more collaborative approaches to building consensus are required for resolution.

### ***International Conflict***

It occurs between states at the global level. Competition for resources certainly plays a part, but value and power conflict are often intertwined and sometimes predominate. The differences are articulated through the channels of diplomacy in a constant game of give and take, or threat and counter threat, sometimes for the highest of stakes. Mechanisms of propaganda can lead to many of the same social-psychological distortions that characterize interpersonal and intergroup conflict.

### ***Inter-organizational Conflict***

Inter-organizational conflict takes place between two dependent organizations. Conflict can take place between government organization, unions and the operating industry. Government organizations function to ensure that minimum standards are followed by the organizations. Managers must try and reduce inter-organizational conflicts by adopting positive approach and by following strictly, the rules and regulations laid down by the government agencies. Conflict can also take place between seller and buyer organizations.

### ***Intra-organizational Conflicts***

Intra organizational conflict encompasses horizontal, vertical, line–staff and role based conflicts. Let us briefly study these situations.

#### ***Horizontal Conflict***

Horizontal Conflict is caused due to incompatibility of goals, sharing limited resources and difference in time orientation. It leads to tension, misunderstanding and frustration on the part of both the parties. Horizontal conflict relates to employees or group at the same level. Organizational goal at implementation level vary from department to department. Finance department may not be able to spare additional amount as may be required by research and development department for new product development, that may cause tension, misunderstanding between two individuals or departments. Individuals may not be able to meet the targets of production in given time due to variety of reason that may cause conflict with sales department as the latter would like to flood the market with their product to make the presence felt. It has been seen that due to increased interdependence of individuals or groups to carry out various functions, situations do arise where there is difference of opinion on issues that cause conflict between individuals or groups.

#### ***Vertical Conflict***

Vertical conflict refers to conflicts that might take place between different levels of hierarchy. Conflicts between subordinates and superior occur due to incompatibility. It is generally caused because of differences in perception, value system, goals that may be assigned, cognition and difference in individual behaviour. Conflict is also caused due to inappropriate communication between individuals at two different levels.

#### ***Line and Staff Conflict***

Line and staff conflict has been traditional. Line authority creates product and services and contributes directly towards the revenue generation. While staff authority assists line authority and acts in advisory capacity. Staff and line authority have a different predispositions and goals. They have different skills and expertise. Since staff authorities (managers) are in the chain of command and have a day to day access to the top boss, have a tendency to dictate terms to the line authority and usually disregard the working know-ledge of the line authority. They have tendency to dominate and disregard the efforts put in by line authority managers. On the contrary staff managers have a technical knowhow and they are able to advice the line authority to cut down cost of production and save on wastage etc. Line authority does not like their advice at times. Staff managers get frustrated when their suggestions and ideas are not implemented by line managers and hence the cause for conflict. In the process the organizational goals are not achieved as per plans.



### *Role Conflict*

A person in an organization has to perform various roles. Conflict arises when roles assigned to him have different expectations. 'Time' management may cause conflict. A person may be asked to take care of an additional section in the absence of section head. Value system in an organization is also a cause for conflict. Supervisor is asked to be honest while he is dealing with sale of the product while the same person may be asked to pay commission to an official from whom a sanction is required to be obtained, thereby causing a conflict situation in the ethical value system of an individual. When an individual is line or a staff employee and also a union representative, has to perform duties of conflicting nature hence a role conflict.

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## 12.6 Causes of Conflict

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There are six basic sources of organizational conflicts:



**Figure 12.1:** Causes of conflict.

### ***Organizational Structure***

Conflict tends to take different forms, depending upon the organizational structure. For example, if a company uses a matrix structure as its organizational form, it will have decisional conflict built in, because the structure specifies that each manager reports to two bosses (See Figure 12.1). For example, global company ABB Inc. is organized around a matrix structure based on the dimensions of country and industry. This structure can lead to confusion as the company is divided geographically into 1,200 different units and by industry into 50 different units.

### ***Limited Resources***

Resources such as money, time, and equipment are often scarce. Competition among people or departments for limited resources is a frequent cause for conflict. For example, cutting-edge laptops and gadgets such as a BlackBerry or iPhone are expensive resources that may be allocated to employees on a need-to-have basis in some companies. When a group of employees has access to such resources while others do not, conflict may arise among employees or between employees and management. While technical employees may feel that these devices are crucial to their productivity, employees with customer contact such as sales representatives may make the point that these devices are important for them to make a good impression to clients. Because important resources are often limited, this is one source of conflict many companies have to live with.

### ***Task Interdependence***

Another cause of conflict is task interdependence; that is, when accomplishment of our goal requires reliance on others to perform their tasks. For example, if we are tasked with creating advertising for our product, we are dependent on the creative team to design the words and layout, the photographer or videographer to create the visuals, the media buyer to purchase the advertising space, and so on. The completion of our goal (airing or publishing our ad) is dependent on others.

### ***Incompatible Goals***

Sometimes conflict arises when two parties think that their goals are mutually exclusive. Within an organization, incompatible goals often arise because of the different ways department managers are compensated. For example, a sales manager's bonus may be tied to how many sales are made for the company. As a result, the individual might be tempted to offer customers "freebies" such as expedited delivery in order to make the sale. In contrast, a transportation manager's compensation may be based on how much money the company saves on transit. In this case, the goal might be to eliminate expedited delivery because it adds expense. The two will butt heads until the company resolves the conflict by changing the compensation scheme. For example, if the company assigns the bonus based on profitability of a sale, not just the dollar amount, the cost of the expediting would be subtracted from the value of the sale. It might still make sense to expedite the order if the sale is large enough, in which case both parties would support it. On the other hand, if the expediting negates the value of the sale, neither party would be in favour of the added expense.

### ***Personality Differences***

Personality differences among co-workers are common. By understanding some fundamental differences among the way people think and act, we can better understand how others see the world. Knowing that these differences are natural and normal lets us anticipate and mitigate interpersonal conflict it is often not about "we" but simply a different way of seeing and behaving. For example, Type A individuals have been found to have more conflicts with their co-workers than Type B individuals.

### ***Communication Problems***

Sometimes conflict arises simply out of a small, unintentional communication problem, such as lost e-mails or dealing with people who do not return phone calls. Giving feedback is also a case in which the best intentions can quickly escalate into a conflict situation. When communicating, be sure to focus on behaviour and its effects, not on the person. For example, say that Jeff always arrives late to all our meetings. We think he has a bad attitude, but do not really know what Jeff's attitude is. Do know, however, the effect that Jeff's behaviour has on. We could say, "Jeff, when come late to the meeting, I feel like my time is wasted." Jeff cannot argue with that statement, because it is a fact of the impact of his behaviour on. It is indisputable, because it is our reality. What Jeff can say is that he did not intend such an effect, and then can have a discussion regarding the behaviour.

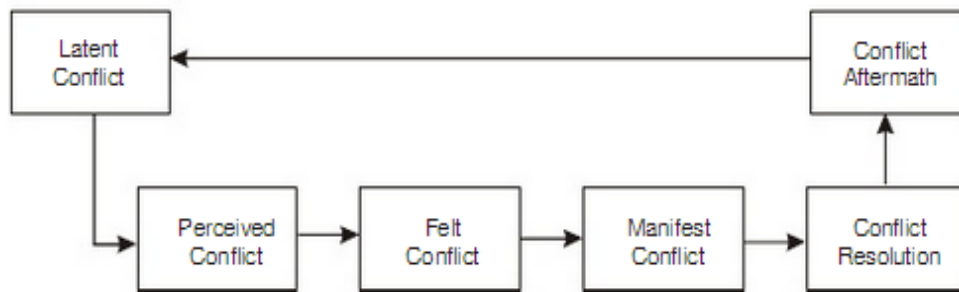
In another example, the Hershey Company was engaged in talks behind closed doors with Cadbury Schweppes about a possible merger. No information about this deal was shared with Hershey's major stakeholder, the Hershey Trust. When Robert Bowler, CEO of the Hershey Trust, discovered that talks were underway without anyone consulting the Trust, tensions between the major stakeholders began to rise. As Hershey's continued to underperform, steps were taken in what is now called the "Sunday night massacre," in which several board members were forced to resign and Richard Lenny, Hershey's then current CEO, retired. This example shows how a lack of communication can lead to an escalation of conflict. Time will tell what the lasting effects of this conflict will be, but in the short term, effective communication will be the key. Now, let us turn our attention to the outcomes of conflict.

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## **12.7 Conflict Process**

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Pondy developed a conflict process model, which is useful to understand how a conflict starts. He has delineated five steps that he calls as 'conflict episode'. These are latent conflict, perceived conflict, felt conflict, manifest conflict, conflict resolution and conflict aftermath. The process is adopted and explained Figure 12.2.



**Figure 12.2:** Pondy's conflict episode process.

### *Latent Conflict*

It is a first stage of conflict when conflict-promoting situations appear on the scene between individuals and groups. In this stage potential conflict inducing forces exist. For example demand for various resources by departments when some may get and be satisfied and others may not get and be dissatisfied. Hence there may exist a situation between two groups. At this stage the seeds of dissatisfaction have been sown.

### *Perceived Conflict*

When one party frustrate the design of the other party, people perceive that a confluctual conditions exist. For example sales manager may need additional budget for promotional activities which financial manager may not release. The sales manager may attribute lack of finance as potential cause for fall in sales. Thus a conflict between the two may brew. At this stage the conflict does not surface.

### *Felt Conflict*

At this stage, the conflict is actually felt and cognised. As stated earlier, the funds are not released by the finance manager and the problem is being surfaced and there is a likelihood of confrontation.

### *Manifest Conflict*

In this stage, there is not only recognition or acknowledgement of conflict but also manifestation of conflict by covert or overt behaviour. It is a stage of open dispute. Both parties devise their strategies to face each other. In the above example sales manager may make his point for additional funds for promotional activities especially during festival season. Finance manager may openly turn down the request since he might have allotted additional funds for procurement of better raw material for production department. Sales manager may argue that better raw material has no meaning unless the facts are brought to the notice of customers, which can only be done through promotional campaign. The debate may be unending and frustrating.

### *Conflict Aftermath*

Once the conflict is resolved between the two parties, there is always a party, which is looser because the resolution is the outcome of win – lose or the compromise strategy, a stage is set for subsequent conflict episodes. A party, which feels defeated, may start preparations and be on the lookout for the assault to take the revenge. Conflict resolution has been added as an additional box in the figure to elucidate that conflict aftermath is a direct function of the results of the conflict resolution style adopted and exercised in any given situation.

## **Case Study-Conflict Management**

Shirley and Abdul both work for a software development company. The manager of the new product division was originally the leader of the project team for which she interviewed and hired Abdul. Shirley, another project team member, also interviewed Abdul, but strongly opposed hiring him for the project because she

thought he was not competent to do the job. Seven months after Abdul was hired, the manager left the project to start her own company and recommended that Abdul and Shirley serve as joint project leaders. Shirley agreed reluctantly with the stipulation that it be made clear she was not working for Abdul. The General Manager consented; Shirley and Abdul were to share the project leadership. Within a month Shirley was angry because Abdul was representing himself to others as the leader of the entire project and giving the impression that Shirley was working for him. Now Shirley and Abdul are meeting with us to see if we can resolve the conflict between them.

Shirley says: "Right after the joint leadership arrangement was reached with the General Manager, Abdul called a meeting of the project team without even consulting me about the time or content. He just told me when it was being held and said I should be there. At the meeting, Abdul reviewed everyone's duties line by line, including mine, treating me as just another team member working for him. He sends out letters and signs himself as project director, which obviously implies to others that I am working for him." Abdul says: "Shirley is all hung up with feelings of power and titles. Just because I sign myself as project director does not mean she is working for me. I do not see anything to get excited about. What difference does it make? She is too sensitive about everything. I call a meeting and right away she thinks I am trying to run everything. Shirley has other things to do "other projects to run" so she does not pay too much attention to this one. She mostly lets things slide. But when I take the initiative to set up a meeting, she starts jumping up and down about how I am trying to make her work for me."

### Questions

1. Abdul and Shirley seem to have several conflicts occurring simultaneously. Identify as many of these individual conflicts as possible.
2. What are the possible ways to deal with the conflict between Abdul and Shirley (not just the ones that you would recommend, but all of the options)?

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## 12.8 Summary

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- Conflict is state of unresolved differences within an individual, between individuals, an individual and a group, or two or more groups, conflict of some kind will occur throughout your career.
- Interpersonal conflict occurs when two people have incompatible needs, goals, or approaches in their relationship
- Role conflict involves very real differences in role definitions, expectations or responsibilities between individuals who are interdependent in a social system.
- International conflict occurs between states at the global level.
- Conflict must be perceived by the parties to it whether or not conflict exists is a perception issue.

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## 12.9 Keywords

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**Conflict:** Conflict is dysfunctional when uncontrolled opposition breeds discontent, which acts to dissolve common ties and eventually leads to the destruction of the group.

**Human functioning:** Human functioning relates to the behavioural patterns of any individual in the different roles and systems that the individual forms part of within his/her environment.

**Organizational Ambiguities:** It may occur when goals are questionable and roles are not clearly defined.

**Intentions:** It is decisions to act in a given way intentions intervene between people's perception and emotions and their overt behaviour.

**Avoiding:** It is a trying to just ignore a conflict and avoiding others with whom you disagree.

**Compromising:** It is a situation in which each party to a conflict is willing to give up something.

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## 12.10 Self Assessment Questions

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1. Process that begins when one party perceives that another party has negatively affected something that the first party cares about is known as.....
  - (a) agreement
  - (b) cognigible
  - (c) conflict
  - (d) None of these
  
2. When individual interacts with another individual there is perceptual and communication problems that causes understanding and leads to individual conflict situation.
  - (a) True
  - (b) False
  
3. Which one of the following positive outcomes of conflict?
  - (a) People forced to clarify ideas more effectively.
  - (b) Feelings aired out
  - (c) Both (a) and (b)
  - (d) None of these
  
4. Which one of the sources of organizational conflict?
  - (a) decreased productivity
  - (b) inherent conflict
  - (c) conflictual behaviour
  - (d) conflictual situations
  
5. These cause or create opportunities for conflict to rise.....
  - (a) communications
  - (b) competing
  - (c) collaborating:
  - (d) avoiding
  
6. An individual experiencing guilt as a result of inner conflicts often becomes depressed, irritable, and restless.
  - (a) True
  - (b) False
  
7. Finance manager of an organization, while submitting tax returns to the government may conceal some facts, which may go against his belief and value system. This situation may cause .....within the individual.
  - (a) decision-making
  - (b) tension and conflict
  - (c) structure
  - (d) personal variables
  
8. ....occurs when two people have incompatible needs, goals, or approaches in their relationship.
  - (a) Intergroup Conflict
  - (b) Multi-party conflict
  - (c) Interpersonal conflict
  - (d) International Conflict
  
9. Vertical conflict refers to conflicts that might take place between different levels of hierarchy.
  - (a) True
  - (b) False
  
10. Which one of the following conflict process?
  - (a) Intergroup Conflict
  - (b) Perceived conflict
  - (c) Personality differences
  - (d) None of these

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## 12.11 Review Questions

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1. Define conflict. What forms does it take in an organization?
2. What are various types of conflict? Explain.
3. Explain with help of diagram Pondy's conflict management process.
4. What are various causes of conflict?
5. What are the stages of conflict?
6. Explain the causes of conflict.
7. Explain the conflict management strategies.
8. Visit one of the industrial organizations in your neighbourhood and study conflict management adopted by them.
9. Conflict can be beneficial if it is kept to minimum. Explain the statement
10. Write shorts notes on:
  - (a) Latent conflict
  - (b) Perceived conflict
  - (c) Felt conflict
  - (d) Manifest conflict
  - (e) Conflict aftermath
  - (f) Behavioural conflict

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(b) | 3.(c) | 4.(b) | 5.(a)  |
| 6. (a) | 7.(b) | 8.(c) | 9.(a) | 10.(b) |

# 13

## Power

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### Objectives

After studying this chapter, you will be able to:

- Define power
- Explain bases of power
- Discuss sources of power in organizations
- Describe allocation of power
- Explain implications for performance and satisfaction
- Discuss managing the boss
- Describe consequence of using power

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### **Introduction**

Study of power is important in the corporate environment. Power depends from person to person and its use depends upon the attitude of an individual. Power in public life is different than corporate world. While former is situational the later is object oriented. In public life, its promises may or may not work as desired. Proper

use of power in organization is necessary so that the sources of power is not misused and directed towards attainment of organizational goal. It is important to understand the manager who uses power to understand employee behaviour, because methods of using power are different for different managers in the organization. It is therefore essential to allow minimum power that maybe necessary to maintain peaceful environment. The study to understand how power is acquired and used for attainment of organizational goals is essential. Power is derived from the official position held by an individual in an organization. As Rosabeth Kanter says, “power is the ability to get things done.” Those in power are able to marshal their resources in a way that helps them achieve their goals. They are able to be effective in their jobs and earn the respect of others. Having power as resource can help we gain support, information, supplies—everything and anything that is needed to be productive in job. Power is a tool and resource, a means as an end while politics represents tactics used by employees to use to manipulate power in organizational setting. Leaders use power as a means of attaining group goals. Leader use power to ensure compliance of job assigned to them. Power is also used to control various activities of individuals and groups. A purchase manager may be given power to procure raw material worth only Rs 10,000 in one transaction. This is to control his activities. A leader may use punitive power to prevent individual from restraining undisciplined activities.

Manager having power to promote his subordinates uses it to attain organizational goals. Power should be used for attainment of growth of the organization and should be reward oriented in nature. Threat of power is not desirable as it has negative re-enforcement character inbuilt in it. When we discuss power, authority is associated with it. Authority is acquired from the organizational hierarchy. When we say that HR manager has an authority to employ an individual, this authority is associated with the appointment of an individual as HR manager. It is therefore legitimate. Authority relationship of various individual is contained in organizational pyramid chart, higher one goes, higher the authority. Authority and power go hand in hand. To be effective, power and authority should be equalized. Authority and power are synonymous. But in present environment it is observed that while authority remains constant there is a tendency to exercise more power. This is because of the politics played by an individual to maintain higher influence over resources. On the contrary, there may be situation when an individual does not use full potential of his authority for one reason or the other. Interpersonal and group conflicts are indicative of more influence one wants to exercise in the organizational setting. These happening are common to every layers of organizational hierarchy. Power is therefore personal and acquired. Power is an ability of a person to possess what he feels as valuable and deprive another person of the same. According to Wolfe, power is potential ability of a person to induce forces on another person towards movement or change in a given direction within a given behaviour region, at a given time.

Cavanaugh states that ‘Power’ is a multifaceted concept, which has been analysed from interpersonal influence process, as a commodity to be traded, as a type of causation and as an issue in the study of values and ethics. Politics is a process whereby power is acquired and used to influence behaviour of others. It is endemic to every organization. People form groups, camps or cliques when they play politics. People playing politics for power where ethics, moral values, organizational goals are of little concern. Dalton identified following six areas where politics was being played actively.

- Pressure for economy
- Co-operation of officially powerless experts with their administrative superior line and staff-relationship.
- The conflict between labour and management for interpreting agreements.
- Uncertainly about standards and strategies of promotion.
- Difficulty in linking reward with productivity
- Practicality of policies



Dalton observed that various type of alliances tend to develop among individuals; these alliances may be vertical, horizontal or mixed and are prime means of acquiring influence. This phenomenon of acquiring and exercising power seriously changes the command and control system in the organization. It forces to deviate from the established norm and process

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## 13.1 Definition of Power

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In social terms, power, almost by definition, involves the rule by the few over the majority and we have to understand the political processes (both Structural and Interpersonal) whereby power is legitimated the process whereby power ceases to be nakedly coercive and becomes power that is based upon authority. By power is meant the ability of individuals or groups to make their own concerns or interests count, even where others resist. Power sometimes involves the direct use of force, but is almost always also accompanied by the development of ideas (ideology) which justify the actions of the powerful. Politics, in this sense, is a concept that can be defined as a process involving the “exercise of control, constraint and coercion in society”. Power which is derived from social positioning lacks legitimacy. It is dependent upon individual strength and competencies.

Depending upon situation, there are several kinds of power, some of which are described below:

- Reward power
- Coercive power
- Legitimate power
- Personal power
- Expert power
- Referent power

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## 13.2 Bases of Power

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French and Raven (1959) and Raven (1965) have put forward following six bases of power.

Rewards

This power source derives from the person’s control over resources, for example power to control human resources, pay and promotion. Greater the perceived value of each rewards the greater the power. These rewards can be extrinsic in nature with tangible values as well as intrinsic such as praise or recognition.

The extent to which a manager can use extrinsic and intrinsic rewards to control other people is described as reward power .success in accessing and utilizing rewards depends on manager’s skills.

### ***Coercive Power***

The power to punish or reward the power to threaten and to use one’s position to force others to take action. It reflects the extent to which a manager can deny desired rewards or administer punishment to control other people. For example a threat to meet given targets otherwise there would be reduction in salary. The extents to which a manager can deny desired rewards or administer punishments to control other people. Availability varies from one organization and manager to another.

### ***Legitimate Power***

The power which is exercised in accordance with organizational rules. This power which is exercised with the authority of organization. Power derives from our cultural system of rights, obligations and duties, whereby position is accepted by people, i.e. right of private property. The extent to which a manager can use

subordinates' internalized values or beliefs that the "boss" has a "right of command" to control their behaviour. If legitimacy is lost, authority will not be accepted by subordinates.

**Referent Power**

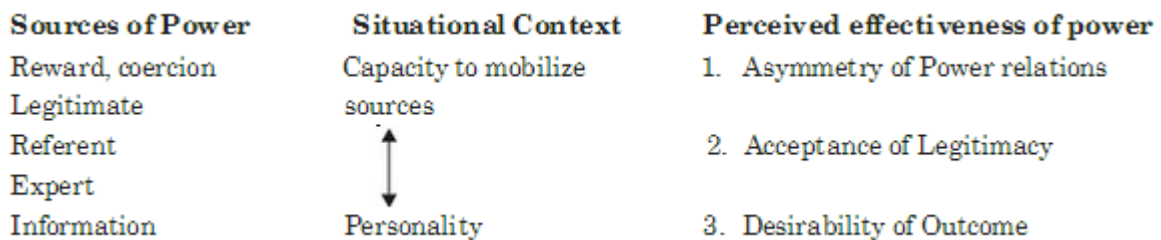
This depends on charisma or personal attraction of the individual. Interpersonal skill and emotional support from others are the sources of power for a person. Stronger the association, stronger the power. The ability to control another's behaviour because the person wants to identify with the power source it can be enhanced by linking to morality and ethics and long-term vision. For example Mahatma Gandhi, people believed in his ideology.

**Expert Power**

Power which derives from knowledge. Sometimes called sapient authority, this is power based on an acknowledgement of others expertise e.g. Physician. Is ability to control another person's behavior through the possession of knowledge, experience, or judgments that the other person needs but does not have?

**Information**

Information about people, events or other facts assists prediction about future behaviour or events. Power exists within two parties i.e. those exercising it and those responding to power. Power is the capacity to mobilize resources for effective use. Mobilizing capacity depends on the situation involved.



Capacity to exercise power depends upon the situation which provides opportunities or restrictions on the use of power and the personality of those wishing to exercise the same. Asymmetry of power refers to the perceived differences between the power of involved parties and its relationship. Personality refers to physical and psychological advantage an individual has over other persons. For example Sachin Tendulkar enjoys charisma and power related to it due to his personality. The military power relies upon the notion of legitimacy. If it is challenged the whole system will collapse.

**13.3 Sources of Power in Organizations**

To be an effective change agent, must have some power within our organization. In general, power is the energy to make something happen. In the context of an organization, our personal power directly impacts our ability to influence change. Without it, are just spinning our wheels. Having power provides benefits that help implement change. For example, the more power have, the more freedom is given to take action without permission. Power enables to make decisions, especially those that affect other people. Since people tend to pay more attention to those who have power, with it can be more effective at modelling behaviour and having our message and ideas heard. So then, where does power come from? In an organization, our ability to make things happen depends on others' willingness to let us. They choose consciously or not to pay attention to, to allow to influence them, to accept our decisions, and to move in the direction suggest. Power is not, then, something can create independently for us. Power is given to by other people.

It may seem pointless to try to increase our personal power if we have to rely on other people to give it to. Fortunately, there are sources of power we can draw upon that are within our control. As we grow in these four areas, we will be given more power in our organization.

### ***Authority***

When we think of who has power in organizations, we automatically think of those whose positions give them authority. Based on tradition, management titles—officers, vice presidents, directors, managers, supervisors—indicate a hierarchy so we know who has more or less power than we do. Titles are shortcuts to communicating status. They tell us who is in charge of something, and who is the boss. But, authority is more than just a title. Having authority means we are responsible and accountable for achieving something, with the freedom to accomplish it. Authority comes with resources (even if it is our own time) and the ability to decide how they will be used. Authority can be delegated by others who already have some. In fact, when we are truly given authority, we say we are “empowered.”

### ***Knowledge, Skills and Expertise***

We have probably heard the saying, “Knowledge is power.” There are a number of ways in which this statement is true in organizations. When we have knowledge, people seek out our opinion. They listen to, and often defer to us as the expert. Applying our knowledge and skills also helps us succeed, which increases our chances of gaining authority. And, sharing our expertise elicits feelings of respect and reciprocity in our relationships. For our knowledge to translate to power, it must be relevant to the success of the organization, and we need to know at least as much as the people around us, and probably more.

### ***Relationships***

We also gain power in organizations through our relationships. We have greater power from the people we frequently interact with, due in part to proximity—we are around certain people more, so we have more opportunities to influence them. More importantly, our closest relationships benefit from greater trust. The more people trust us, the more power they are willing to give us. Our span of power within our organization depends on who we know. Our relationships with those who have authority increase our own power, because they can now use their power on our behalf. Our relationships with the people who are going through the change are important, since people are influenced by people they like. As we expand our network of relationships, our power will grow, not just because there are more people to give power, but also because there are more sources of knowledge and authority for us to draw upon when we need them.

### ***Confidence and Courage***

While power is ultimately something that is given to us by other people, we are the one who chooses to use the power we have been given. Yes, we already have power in the form of our existing authority, knowledge, and relationships and can earn more by exercising what we have and using it effectively. We need the confidence to know that we have power, and the courage to use it. Our personal power does not exist unless we use it. Acknowledge the power that we have. Be willing to do and say what needs to be done and said. If we need something, then ask for it. No one else can use our personal power for us. If we do not use it, it is a wasted resource.

### ***Caution***

As a change agent, we should be knowledgeable about the change we are delivering, and must also be the subject matter expert about change itself.

### **Did You Know?**

The work of Max Weber (1947) served as a point of departure for thought about power because it continued the rational Hobbesian line and developed organizational thinking.

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## **13.4 Allocation of Power**

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Allocations of power are following:

### ***Division of Work***

Work is divided in the organization based on technical and functional requirements. Though all jobs are important from the organizational point of view, yet it cannot be denied that some job is comparatively more important than the other and persons holding those jobs hold more power irrespective of their personal leadership qualities. Division of work brings dependence hence power. There is also a smoothing effect phenomenon hidden in division of power because of distribution of power among various appointments thus leading to minimizing absolute power with a particular authority.

### ***Organizational Power***

Organization allocates power in two ways:

#### ***Structural Power***

Organization structure has hierarchy of authority. Higher the position higher the legitimate authority. Mere granting of authority does not make a person powerful unless he uses it effectively. Invoking sanctions, awarding promotions or even punishments makes a manager powerful. If a leader does not use power, displays lack of interest, does not keep pace with development, delays decisions and lacks effective communication it makes a manager ineffective and powerless.

#### ***Functional Power***

Functional power is related to a job a person does. By virtue of division of labour explained above, people in organization do a very specific element of a job. Interdependence of employees develops rather smoothly which culminates in completion of job. Any specialization in isolation does not lead to power generation; rather it diminishes its effect. Scarce skills, longer duration of a person in organization, extent of access to vital information are some of the factors that make a person more powerful. Power comes from functional exclusiveness which can be achieved as under:

- Devote more effort, time and energy on unbeaten, unattended fields.
- Develop friendly work relations.
- Share information with subordinates and make them part of decision-making. By seemingly sharing, one attains more power.
- Communicate judgements rather than justifying it.
- Handle expertise carefully and yet let there be exclusiveness of skill.
- Be available when required. Gather relevant information before decision.

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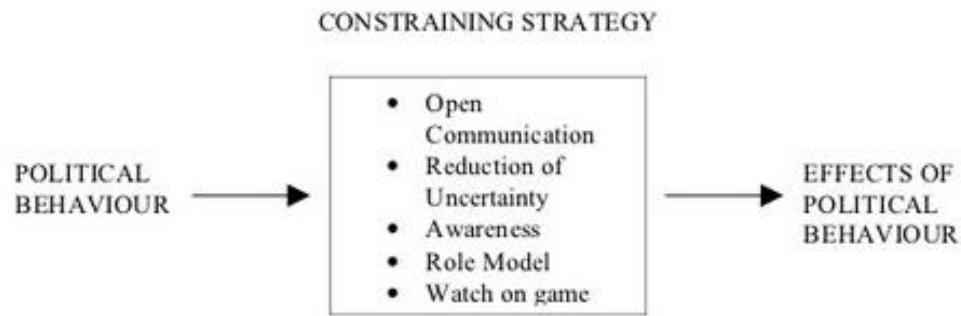
## **13.5 Implications for Performance and Satisfaction**

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Power and politics are inevitable concomitants of coary organizations. It has both functional & dysfunctional roles.

Example: Expert power has have influent employee's performance and satisfaction. It provides an ideological framework loan organization for determining the allocation. Distribution and maintenance. But, it may also weaken morale; demotivate the employees, Victims and victors.

Limiting the Effects of Political Behaviour:



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## 13.6 Managing the Boss

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Managing our bosses? Is not that merely manipulation? Corporate cozying up? Out-and-out apple polishing? In fact, we manage our bosses for very good reasons: to get resources to do the best job, not only for ourselves, but for our bosses and our companies as well. We actively pursue a healthy and productive working relationship based on mutual respect and understanding—understanding our own and our bosses’ strengths, weaknesses, goals, work styles, and needs. Here’s what can happen when we do not:

A new president with a formal work style replaced someone who had been looser, more intuitive. The new president preferred written reports and structured meetings. One of his managers found this too controlling. He seldom sent background information, and was often blindsided by unanticipated questions. His boss found their meetings inefficient and frustrating. The manager had to resign. In contrast, here is how another manager’s sensitivity to this same boss’s style really paid off: This manager identified the kinds and frequency of information the president wanted. He sent ahead background reports and discussion agendas. Managers often do not realize how much their bosses depend on them. They need cooperation, reliability, and honesty from their direct reports. Many managers also do not realize how much they depend on their bosses—for links to the rest of the organization, for setting priorities, and for obtaining critical resources. Recognizing this mutual dependence, effective managers seek out information about the boss’s concerns and are sensitive to his work style. They also understand how their own attitudes toward authority can sabotage the relationship. Some see the boss as the enemy and fight him at every turn; others are overly compliant, viewing the boss as an all-wise parent.

**The idea in Practice:** We can benefit from this mutual dependence and develop a very productive relationship with your boss by focusing on:

- **Compatible Work Styles.** Bosses process information differently. “Listeners” prefer to be briefed in person so they can ask questions. “Readers” want to process written information first, and then meet to discuss. Decision-making styles also vary. Some bosses are highly involved. Touch base with them frequently. Others prefer to delegate. Inform them about important decisions we have already made.

- **Mutual Expectations.** Do not passively assume we know what the boss expects. Find out. With some bosses, write detailed outlines of work for their approval. With others, carefully planned discussions are key. Also, communicate your expectations to find out if they are realistic. Persuade the boss to accept the most important ones.

- **Information Flow.** Managers typically underestimate what their bosses need to know—and what they do know. Keep the boss informed through processes that fit his style. Be forthright about both good and bad news.
- **Dependability and Honesty.** Trustworthy subordinates only make promises they can keep and do not shade the truth or play down difficult issues.
- **Good use of Time and Resources.** Do not waste your boss's time with trivial issues. Selectively draw on his time and resources to meet the most important goals—yours, his, and the company's.

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## 13.7 Consequence of Using Power

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When a person abuses or misuses their power, it is immediately recognized. “Trust and confidence” in the person is damaged. But what about the opposite? Try to identify a person we know who uses their power well and at the appropriate times.

If we think about the power, power comes to us in two ways:

Bestowed forms of power are given to us. They are usually based upon our position or title. Or

They may be granted to us in terms of who we have access to in the company or what actions we are able to authorize (based upon our position.) For example, as a human resources director, I was able to authorize payroll to cut a manual check for an employee. That was something I had the power to do based upon my title within the company.

Earned forms of power are related to who we are as an individual. Or what we know in terms of expertise and information. It is less about title/position and more about what we know. Like the recent focus group I participated in on HR and social media – it is not about my job as a training consultant but my expertise as an HR pro and a blogger. During those meetings I was able to have a voice (aka power) toward suggesting changes for a new community network being developed.

When faced with a situation, ask yourself the following two questions:

1. What action would I like to take?
2. Do I have the power to make it happen?

If the answer to both questions is yes, then it is a good use of the power that we have either earned or have been given to us. If not, then ask yourself if there is a way to align with a person who does have the power we need to make it happen. Just because we have all experienced the person on a power trip, does not mean power has to be scary or avoided. Using power the right way is the sign of a good management.

### **Case Study-Sudhaker Ghate: An Entrepreneur by Choice**

Sudhaker Ghate, a successful entrepreneur and recipient of the ‘Vijay Ratna’ award, has been the chairman of Miraj Pharmaceuticals since its inception. The award is given by the International Friendship Society every year to 20 people for substantial contribution in their respective fields. Miraj Pharmaceuticals is a family managed organization that was started by Sudhaker Ghate about 23 years back. Initially starting as marketing organization, he expanded his business by adding manufacturing units to it later on. Ghate has three sons and a daughter; two sons are Chemical Engineers and the third is a Pharmacist and all of them have obtained postgraduate degree in management. His sons joined him as Vice-Presidents after 1982. His daughter has been looking after computer operations at the Corporate Office. All of the family members including his wife are board members and most of the decisions are restricted to the top management. The sales turnover of the company in the last financial year was 12 crores and had a manpower of 600 people. The marketing network

of the firm was covering almost the entire country having divisional offices at Bombay, Calcutta, Delhi and Hyderabad. The sales force of 250 medical representatives was given 'detailing training' regularly as a part of staff development activity. Apart from inculcating professional skills and capabilities, it had contributed a lot in creating an environment where interaction and information sharing could take place easily amongst executives and staff. The marketing strategy was based on review of the market through such meetings. Ghate was born in small village in Maharashtra in the year 1934. He was the youngest in a family of nine children. His father was a farmer and was educated up to the primary level. As his father was very particular about the education of his children, Ghate went to Nagpur after high school. He did his intermediate at Nagpur and then graduation from Bombay. Being determined about progressing in life, he completed the Bachelor's degree in Pharmacy followed by a degree in law at Nagpur. During his college days he believed that he was of a different 'breed'. At that time he used to chalk out his future plans. He always wanted to do something of his own. In spite of discouragement from his mother and elder brother, he thought of starting and managing a pharmaceutical unit when he was a student.

His father was all along a source of inspiration to him. He joined a pharmaceutical company as a medical representative in 1959 and rose to the position of Deputy Sales Manager in the span of seven years. He was transferred from Nagpur to Bombay in 1966. By now he had seriously made up his mind to quit the job and start an enterprise of his own. Morally supported by his wife, he took the final decision and resigned in November 1967 from the company in which he had been working. The only financial resource available to Ghate at that time was gratuity and provident fund with which he made his initial investment of `55,000/-. His friends helped him in setting up the firm. Instead of venturing into manufacturing he thought of capturing market share first and took a loan license with another company. He used to get two types of tablets and a capsule manufactured by the company under the formula and supervision provided by him. He encountered many difficulties while marketing the products and realized that a common product that could be prescribed to every second patient would fetch a better market than the products he was offering. At this stage he was assisted by his wife in secretarial work and two medical representatives in field work. He knew from his experience that a particular tonic called "Metatone" was doing well in the market. He went for an agreement with the concerned pharmaceutical company and then onwards used to get the tonic manufactured by them and marketed it under his own registered brand name 'ViTL' tone'. Although he met with heavy losses during the first two financial years, he could reach the breakeven point in 1971. He applied for Government land in Bombay to start a manufacturing unit and succeeded in getting a loan of Rs.1,98,000 from Maharashtra State. After acquiring the land and capital for investment, he went ahead with the manufacturing as well as marketing of ViTL tone. He could achieve 100% annual growth for quite few years.

Encouraged by the performance, the firm came up with four more pharmaceutical manufacturing units at Nasik, by the year 1985. As suggested by his enthusiastic and change oriented sons, ten more products were added to the product line by now. Ghate was taken aback when the firm met with heavy losses during the financial year 1986 – 1987. As it came to him as a shock, he went in for extensive market surveys, only to find that a few of his new products which were introduced in the recent past were not doing well in most of the regions. He restricted the market territories for such products and even stopped the manufacture of some of them. The strategy worked and he started to regain his position in the market. The main product of Miraj Pharmaceuticals, i.e., 'ViTL-tone' alone achieved 26% line by adding one product every year and came up with a new project every second year. The firm also diversified by acquiring a sick chemical unit in 1989, which started production in September 1990. Now, Ghate was planning to enter into a joint venture by starting and running pharmaceutical unit at U.A.E.

### **Questions**

1. What were the personal characteristics of Sudhaker Ghate which helped him to become an entrepreneur?
2. Does this case reveal anything about the vision of Sudhaker Ghate?

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## 13.8 Summary

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- Organizations have a formal structure which is the way that the organization is organized by those with responsibility for managing the organization.
- Formal organization is a fixed set of rules of intra-organization procedures and structures.
- Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
- The supportive model depends on leadership instead of power or money.
- The line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters.

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## 13.9 Keywords

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**Coercive power:** The extents to which a manager can deny desired rewards or administer punishments to control other people. Availability varies from one organization and manager to another.

**Delegation:** Delegation of authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of job.

**Expert power:** Is ability to control another person's behaviour through the possession of knowledge, experience, or judgment that the other person needs but does not have?

**Legitimate power:** The extent to which a manager can use subordinates' internalized values or beliefs that the "boss" has a "right of command" to control their behaviour. If legitimacy is lost, authority will not be accepted by subordinates.

**Organizing:** The function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives.

**Personal power:** Personal power is derived from individual sources.

**Referent power:** The ability to control another's behaviour because the person wants to identify with the power source. It can be enhanced by linking to morality and ethics and long-term vision.

**Reward power:** The extent to which a manager can use extrinsic and intrinsic rewards to control other people is described as reward power .success in accessing and utilizing rewards depends on manager's skills.

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## 13.10 Self Assessment Questions

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1. A .....depends from person to person and its use depends upon the attitude of an individual.

- |                   |             |
|-------------------|-------------|
| (a) Power         | (b) Quality |
| (c) Understanding | (d) value   |

2. "Power is the ability to get things done." This statement of.....

- |                     |                   |
|---------------------|-------------------|
| (a) Raven           | (b) French        |
| (c) Rosabeth Kanter | (d) None of these |

3. A leader may not be use punitive power to prevent individual from restraining undisciplined activities.

- |          |           |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

4. Which of the following power to punish or reward the power to threaten and to use one's position to force others to take action.

- |                      |                    |
|----------------------|--------------------|
| (a) Legitimate power | (b) Coercive power |
| (c) Referent power   | (d) Expert power   |



5. Interpersonal skill and emotional support from others are the sources of power for a person.  
 (a) True (b) False
6. Which of the following example more power have, the more freedom is given to take action without permission?  
 (a) Power in organizations (b) Implement change  
 (c) Authority in organizations (d) both (a) and (b)
7. Organization allocates power s known as.....  
 (a) political power (b) organizational power  
 (c) supporting power (d) None of these
8. Many managers also do realize how much they depend on their bosses-for links to the rest of the organization, for setting priorities, and for obtaining critical resources  
 (a) True (b) False
9. Which of the following is not use in our personal power?  
 (a) Blow resource (b) wrong resource  
 (c) Wasted resource. (d) Both (b) and (c)
10. Expert power has influent employee's is example of.....  
 (a) victors (b) performance and satisfaction  
 (c) victims (d) None of these

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## 13.11 Review Questions

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1. Define power. What are the various bases of power?
2. What are various organizational factors which if suitably manipulated can lead to enhance one's power base?
3. How can managers play power to their advantages to improve self-image? Are these techniques desirable in the larger interest of the organization?
4. Explain various techniques of political play.
5. Explain in detail the characteristics of people who measure high on Mach Scale. Do you recommend such attitude conducive to organizational growth?
6. What are various strategies used by executives when they interact with specialist to undermine later's credibility as suggested by Pittigrew?
7. Define organization allocates power in two ways.
8. What are the effects of political behaviour?
9. Define the authority in an organization.
10. Explain the model proposed by Baddeley and James.

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(c) | 3.(b) | 4.(b) | 5.(a)  |
| 6. (b) | 7.(b) | 8.(b) | 9.(d) | 10.(b) |

# 14

## Organizational Change

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### Objectives

After studying this chapter, you will be able to:

- Define organizational change
- Explain forces of change
- Discuss key elements in the organizational
- Describe types of change
- Explain steps in managing change
- Discuss resistance to change

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### Introduction

Change is inevitable. Nothing is permanent except the change. It is the duty of the management to manage change properly. Organizations must keep a close watch on the environment and incorporate suitable changes if the situation so demands. Change is a continuous phenomenon. Organizations must be proactive in affecting change. Even in most stable organizations change is necessary just to keep the level of stability. The major environmental forces, which make the change necessary, are technology, market forces and socio-economic factors. Resistance to change is not desirable. It is counterproductive for growth and destructive in nature.

Managers must evolve policies to affect change. According to Barney and Griffin, “the primary reason cited for organizational problems is the failure by managers to properly anticipate or respond to forces for change.”

### ***Understanding Change***

Change refers to any alteration which occurs in over all work environment of an organization. It may relate to change in technology, organizational structure, working processes, work environment, organizational policy and even the roles people play. Introduction of change in one part in an organization forces change in other part. If the change is beneficial people accept it willingly. If it is not desirable, there is great resistance. If it is of noconsequence to the people, they may adopt an attitude of indifference. If they consider the change detrimental to their growth and prosperity, they may resist through counter pres-sure. This reaction is based not necessarily on the reality or facts but on their perception. The change therefore should be sufficiently strong enough to overcome the counter pres-sure. Due to advancement of technology and social environment change has become a necessity. If the change takes place, a balance or equilibrium is achieved by the organization. Thus people learn to expect various environment relationships within the organization. They learn adaptation. The essence is that when people feel that there is need to change, and when they change, they actually are adjusting to changed situation thus equilibrium is achieved with the changed environment. This process carries on and is never ending because change takes place continuously.

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## **14.1 Forces of Change**

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An organization is an open system which has to interact with environment and is solely dependent on it. Any change in environment makes it necessary for the organization to incorporate change in the internal systems, sub-systems and processes. This change has a chain reaction on the other internal elements of organization. For example any change in consumer preferences, may change product feature, cost, technology, marketing strategy and the like. Organization must interact with external environment in order to survive. Organization gets input from environment (men, material, process, finance, information etc.) Transform it and export output (product and services) to environment. Organizations take what environment gives and in the process passes on what the environment wants. Thus organizations are responding to the social requirements. If the response is positive, then the change takes place and growth is achieved. If on the contrary response is negative it will adversely affect the growth. So there are various factors that must be considered to implement change.

### ***External Forces of Change***

Technology is a major external force which calls for change. In the recent times information technology has made a remarkable impact on the ability of managers to use information to arrive at a decision. Storage, retrieval of information and its utilization is important part of technology. Where human being cannot operate, robot has been replaced to work for and on behalf of human beings. Financial decisions, operations, product features, new product development, market potential and marketing strategies are changing at a fast speed and organizations must carry out appropriate change in time otherwise one will beleft behind in the race. Because of liberalization market has become one entity. Organizations have to be highly sensitive to the changes in the external environment. External environment is task related and general in nature. Task related environment has a direct influence on the health of the organization. It consists of customers, competitions, suppliers, labour and stakeholders. All these factors induce change in the organization. General environment consists of political, legal, economic, socio-cultural and technological forces. Change in government policies or fiscal policies have a direct impact on the organization. Changes in needs, expectation and desires of society for housing have changed a financial sectors outlook and loans are easily available to all sections of society.

### ***Internal Forces of Change***

Once the organizations adapt to the external change, the managers have to take appropriate steps as far as internal systems are concerned. Change of process, modification to human behaviour, training and development of work force based on new technology and adopting new policies, which are beneficial to the organization. Due to current social changes where women are taking jobs in greater numbers, child care, more and frequent rest periods, flex time may be necessary. Workers are more educated and are aware of their duties and rights. This may necessitate change in corporate policies towards wage and salary implementation, promotion policy and management's obligation towards them. Changes in internal environment may be brought about by customers, shareholders, board of directors and employees. These however, have to be in line with the external factors and not arbitrary. Change which is deliberately designed and implemented is a 'planned change'. This is carried out to counter threats and encash opportunities. "Reactive changes" are unknown and cause as a response to sudden surprises like change in price of a particular product etc. It is therefore necessary that the management must be 'proactive' in incorporating change with fewer surprises.

### ***Force Field Analysis***

When a decision to implement change has been taken, it is necessary to identify and understand as to what forces are likely to push change and what forces are likely to restrain it. The process of identifying the number and strength of driving and restraining force is called the force field analysis. If the analysis indicated that the restraining force is strong, steps may be required to reduce their strength or increase the strength of the driving force. This may be carried out by briefing sessions, meetings and conveying a point informally. The communication must be appropriately modulated. It is the responsibility of the leader to select appropriate leadership style to incorporate change. Knowledge of organizational climate in general and group behaviour and attitude in particular is essential for implementing change. If the subordinates are not communicative among group members, participative style of leadership may be necessary. If the pattern of communication permits mutual consultations among subordinates, the Autocratic style may mar the prospects of change. Modification may be required not only to the style of leadership but also to the 'change' itself. The implementation may start by introducing readiness of the group to proposed change and later introduce the required change. It is a gradual process and emotions, value, feelings, attitudes of employees need study in depth. Implementation of change in defence services is comparatively easier because people are customized to change and have achieved a higher degree of readiness to change by virtue of their professional climate.

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## **14.2 Key Elements in the Organizational**

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The key elements in the organizational behaviour are people, structure, technology, and the environment in which the organization operates.

**People:** People make up the internal and social system of the organization. They consist of individuals and groups. The groups may be big or small; formal or informal; official or unofficial. Groups are dynamic and they work in the organization to achieve their objectives.

**Structure:** Structure defines the formal relationships of the people in organizations. Different people in the organization are performing different type of jobs and they need to be (elated in some structural way so that their work can be effectively co-ordinate.

**Technology:** Technology such as machines and work processes provide the resources with which people work and affects the tasks that they perform. The technology used has a significant influence on working relationships. It allows people to do more and work better but it also restricts' people in various ways.

**Environment:** All organizations operate within an external environment. It is the part of a larger system that contains many other elements such as government, family and other organizations. All of these mutually influence each other in a complex system that creates a context for a group of people.

Major elements of organizational behaviour as outlined:

- The organization's base rests on management's philosophy, values, vision and goals.
- This in turn drives the organizational culture which is composed of the formal organization, informal organization, and the social environment.
- The culture determines the type of leadership, communication, and group dynamics within the organization.
- The workers perceive this as the quality of work life which directs their degree of motivation.
- The final outcomes are performance, individual satisfaction, and personal growth and development.
- All these elements combine to build the model or framework that the organization operates from.
- Designing and developing the organization roles and responsibilities.
- Employing all kinds of people—ensuring a diverse workforce in an organization.
- Managing our people effectively and efficiently with productive results for accomplishments of goals and objectives.
- Developing people skills and motivate them in an organization for reaching their mission and vision of an organization.
- Paying and rewarding people in an organization.
- How to develop policies and systems to improve comprehensive performance.
- Assessment (CPA) results.
- Pool information, ideas and resources around workforce issues.

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#### **14.2.1 Models of Organizational Behaviour**

**Autocratic:** The basis of this model is power with a managerial orientation of authority. The employees in turn are oriented towards obedience and dependence on the boss. The employee need that is met is subsistence. The performance result is minimal.

**Custodial:** The basis of this model is economic resources with a managerial orientation of money. The employees in turn are oriented towards security and benefits and dependence on the organization. The employee need that is met is security. The performance result is passive cooperation.

**Supportive:** The basis of this model is leadership with a managerial orientation of support. The employees in turn are oriented towards job performance and participation. The employee need that is met is status and recognition. The performance result is awakened drives.

**Collegial:** The basis of this model is partnership with a managerial orientation of teamwork. The employees in turn are oriented towards responsible behaviour and self-discipline. The employee need that is met is self-actualization. The performance result is moderate enthusiasm.

Although there are four separate models, almost no organization operates exclusively in one. There will usually be a predominate one, with one or more areas overlapping in the other models. The first model, autocratic, has its roots in the industrial revolution. The managers of this type of organization operate out of McGregor's Theory X. The next three models begin to build on McGregor's Theory Y. They have each evolved over a period of time and there is no one "best" model.

**Social Systems:** A social system is a complex set of human relationships interacting in many ways. Within an organization, the social system includes all the people in it and their relationships to each other and to the outside world. The behaviour of one member can have an impact, either directly or indirectly, on the behaviour of others. Also, the social system does not have boundaries; it exchanges goods, ideas, culture, etc. with the environment around it.

**Culture:** Culture is the conventional behaviour of a society that encompasses beliefs, customs, knowledge, and practices. It influences human behaviour, even though it seldom enters into their conscious thought. People depend on culture as it gives them stability, security, understanding, and the ability to respond to a given situation. This is why people fear change. They fear the system will become unstable, their security will be lost, they will not understand the new process, and they will not know how to respond to the new situations.

**Individualization:** Individualization is when employees successfully exert influence on the social system by challenging the culture.

The following point explains how individualization affects different organizations:

- Too little socialization and too little individualization create isolation.
- Too high socialization and too little individualization create conformity.
- Too little socialization and too high individualization creates rebellion.
- While the match the organizations want to create is high socialization and high individualization for a creative environment.

What it takes to survive in a very competitive environment. Having people grow with the organization, but doing the right thing when others want to follow the easy path. This can become quite a balancing act. Individualism favours individual rights, loosely knit social networks, self respect, and personal rewards and careers. It becomes look out for number 1. Socialization or collectivism favors the group, harmony, and asks "What is best for the organization?" Organizations need people to challenge, question, and experiment while still maintaining the culture that binds them into a social system.

There are seven characteristics of OB:

1. **Humanistic Values:** Positive beliefs about the potential of employees (McGregor's Theory Y).
2. **Systems Orientation:** All parts of the organization, to include structure, technology, and people, must work together.
3. **Experiential Learning:** The learners' experiences in the training environment should be the kind of human problems they encounter at work. The training should not be all theory and lecture.
4. **Problem Solving:** Problems are identified, data is gathered, corrective action is taken, progress is assessed, and adjustments in the problem solving process are made as needed. This process is known as Action Research.
5. **Contingency Orientation:** Actions are selected and adapted to fit the need.
6. **Change Agent:** Stimulate, facilitate, and coordinate change.
7. **Levels of Interventions:** Problems can occur at one or more level in the organization so the strategy will require one or more interventions.

## Caution

The collegial model should not be thought as the last or best model, but the beginning of a new model or paradigm.

### 14.2.2 Quality of Work Life

Quality of Work Life (QWL) is the favourableness or favourableness of the job environment. It purposes is to develop jobs and working conditions that are excellent for both the employees and the organization. One of the ways of accomplishing QWL is through job design.

Some of the options available for improving job design are:

- Leave the job as is but employ only people who like the rigid environment or routine work. Some people do enjoy the security and task support of these kinds of jobs.
- Leave the job as is, but pay the employees more.
- Mechanize and automate the routine jobs.
- And the area that OD loves redesigns the job.

When redesigning jobs there are two spectrums to follow job enlargement and job enrichment? Job enlargement adds a more variety of tasks and duties to the job so that it is not as monotonous. This takes in the breadth of the job. That is, the number of different tasks that an employee performs. This can also be accomplished by job rotation. Job enrichment, on the other hand, adds additional motivators. It adds depth to the job more control, responsibility, and discretion to how the job is performed. This gives higher order needs to the employee, as opposed to job enlargement.

The benefits of enriching jobs include:

- Growth of the individual
- Individuals have better job satisfaction
- Self-actualization of the individual
- Better employee performance for the organization
- Organization gets intrinsically motivated employees
- Less absenteeism, turnover, and grievances for the organization
- Full use of human resources for society
- Society gains more effective organizations

There are a variety of methods for improving job enrichment:

- **Skill Variety:** Perform different tasks that require different skill. This differs from job enlargement which might require the employee to perform more tasks, but require the same set of skills.
- **Task Identity:** Create or perform a complete piece of work.

This gives a sense of completion and responsibility for the product:

- **Task Significant:** This is the amount of impact that the work has on other people as the employee perceives.
- **Autonomy:** This gives employees discretion and control over job related decisions.
- **Feedback:** Information that tells workers how well they are performing. It can come directly from the job (task feedback) or verbally from someone else.

### 14.2.3 Major Goals for Organizational Behaviours

Major goals are listed below:

- Explain, predict, and control behaviour of worker in an organization.
- It is the study of human behaviour in the workplace, interaction between people and the organization, and the organization itself.
- It is the study of how employees work to become assets of organization and how leadership works to assist them in doing so in organization.
- It is study of the interaction between individuals and groups (may include reactions).
- It is the study of peoples work habits, ethics, and how people conduct their day-today tasks how leaders can oversee work in an organization.
- It is the study of interactions between various employees within the organization with encompasses various levels of management, chain of command within organization and interactions between employees and their superiors. It involves action taken by a group of people in an organized way...pre-thought in order to have actions done at peak performance of group.
- It is based on relationships and interactions between different people with similar or different roles, inside the organization, and their relationships with outside stakeholders.
- It includes the way an enterprise condones doing business. Ethics are the guide to achieve goals in organization.
- It primarily focuses on attitudes, customs and beliefs that a company/organization holds.
- It is expected for certain ways of business. The way people think and act in an organized manner. The way corporations will gear its thinking or actions toward other companies or people.
- It is the way in which function and interact with fellow employees in a business setting.
- It is an attitude and judgment of those within an organization.

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## 14.3 Types of Change

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Types of change are the following:

### ***Strategic Change***

Strategic change requires when mission is changed. A single mission of defence forces participating under UNO banner may require changes in use of weapon system, co-operation at international level, serving under a person not of an Indian origin and the very thought of employing various strategic and tactical doctrines. The multinational companies have to adapt to the culture of the nation where they are providing product and services. Various cultural factors have to be considered in this regard. This is generally carried out as 'planned change'.

### ***Structural Change***

Decentralization of authority and introducing flatter organizational structure enable employee to experience a sense of autonomy in work environment. Decentralization leads to empowerment of lower level employees to take appropriate decisions pertaining to their job parameters. It has major impaction the social climate of the organization on one hand and development of team spirit on the other. Structural changes promote acquisition of new skills and improve ability of subordinates to take on the spot decisions even in critical situation.

### ***Process-oriented Change***

Process changes are necessary to keep pace with the development in technology, automation, information technology, free market environment and availability of trained manpower. The organization must take advantages of these processes. This however needs heavy investment and entails various operational changes but cuts down time and energy. This would bring about change in work environment, organizational culture and modify behaviour pattern of employees.



### ***Cultural Change***

Due to electrifying changes in communication, an individual is exposed to social changes. This has necessitated introducing a right culture in the organization. It is the responsibility of the top management to ensure proper organizational philosophy, in still culture and value system among employees and practice ethical approach in business. These are important inputs for improved performance, group cohesion, devotion to duty and for development of 'we' feeling in the organization. This can be achieved by close interaction, training in behavioural sciences and building a sense of belonging to the organization. These changes are people – oriented and therefore have to be continuous for achievement of organizational mission.

### **Did You Know?**

Starting in the 1980s, cultural explanations of organizations and change became an important part of study.

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## **14.4 Steps in Managing Change**

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Organizations must plan to implement change in a systematic manner. It must identify the field in which the change is required whether it is strategic, structural, process –oriented or cultural change. Changes can also be affected in all the areas concurrently, but it must be managed appropriately so that there is no bottleneck effect. Once the need for change is identified and the area in which it is to be implemented, the following steps have been suggested by Greiner.

### ***Develop New Goals and Objectives***

Objectives and goals are derived out of mission statements, objects may need revision due to change in external or internal forces.

### ***Select an Agent for Change***

It is the responsibility of the management to entrust execution of change to appropriate authority. A manager may be given this responsibility. Outside change agent can also be employed for the purpose. A specialist ora consultant can be brought in to suggest change and monitor implementation. He is also called a facilitator.

### ***Diagnose the Problem***

Diagnosis is the first step to implement change. If an organization has a large number of employee turnover then the data must be collected and made available to the consultant so that the reasons for turnover can be identified and appropriate corrective measures taken. The process of identification of problem is not simple as it appears. This it may need a research.

### ***Select Methodology***

It is comparatively easy to implement material change as a part of change of a system. What is important is to protect the emotions they must be made party to select methods so that it is easier to implement at a later stage.

### ***Develop Pan***

If the organization wants to reduce employee turnover, it may like to carry out comparative study of other organizations in respect of job content, reward system, employee performance, appraisal system, promotion criteria, training and development and the strategy adopted by the organization for its growth. Based on examination of these factors, consultant would be able to develop a plan for change. It may require introducing a new training and development policy that may reduce employee turnover. While developing a plan, various other factors must also be reviewed. Plan should not be finalized in isolation. All departmental heads must be co-opted in the exercise.

### ***Strategy for Implementation***

Timings of implementation of change are very crucial. A deliberate decision must be taken in this regard like hike in price of a product, the decision to implement change is critical.

If the change is related to internal employees, it must be communicated at an appropriate time so that there is no resistance to planned change.

### ***Implementation of Plan***

Once the decision to implement the plan and communication through which the plan is to be implemented is decided, it is the responsibility of the various departments to implement the same. This may need notification, briefing sessions or in-house seminars so as to ensure acceptance of all the members of the organizations specially those who are likely to get affected. Implementation may be for a short duration as one time change of system or process but its aftermath is of great value. Employee reactions in attitudes, aspirations, emotions and behaviour must be canalized in positive directions due to change.

### ***Evaluation and Feedback***

The result of the change must be evaluated and suit-able feedback obtained. If modification to training & development causes decrease in employee turnover, the objective of change would deemed to have been achieved. If the results are contrary to the expectation, then a new change may be required to diagnose cause.

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## **14.5 Resistance to Change**

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Change is a constant phenomenon. Dynamic forces are always at play and therefore individuals must adjust to it and carryout change. If the change is not implemented, society will be stagnant and become hopeless. Individuals accept change in the technical field but resist the other as it has far reaching consequences for the social change. Change no matter how beneficial, is generally resented and is always difficult to implement. It must be emphasised that change brings with it new challenges, new experiences, spirit and associated rewards and therefore it should be welcomed and implemented with positive-ness and full support. However, there are certain factors that resist change; these are as given in Figure 14.1.

### ***Job Security***

One of the major reasons for change is job security. In recent times there has been the trend for downsizing the organization as a measure of cost cutting. Introduction of modern technology and systems should lead to the growth in productivity of the organization and should not lead to employee turnover.

### ***Lack of Communication***

Different people will see different meanings in the proposed change. Management must communicate in advance the need for change, process to adopt for implementation of change. Employees should be co-opted right from the beginning in the process of change so that they are party to change and resistance is reduced to a great extent.

<i>Reasons for Resistance</i>	<i>Management of Change</i>
- Job security	- Participation & Involvement
- Lack of communication	- Communication & Education
- Rapidity and Extent of Change	- Leadership
- Group resistance	- Negotiations & Agreement
- Emotional turmoil	- Willingness for sake of group
- Loss of power & Control	- Timing of Change
- Technology	
- New practices	
(a) Acquisitions and mergers	
(b) Woman Power	

**Figure 14.1:** Factors of resist change.

### ***Rapidity and Extent of Change***

Autocratic leader has a tendency to introduce change abruptly with speed. Resistance therefore may be expected to the degree that the persons influenced by the change have pressure put upon them to make it happen. If the change is of a minor nature and involves routine operations, the resistance would be minimal. If on the contrary the change is major and involves large number of employees there could be tremendous resistance to it. For example when Balco was privatised all employees resisted it.

### ***Group Phenomenon***

Individual on occasions resist change because group wants it that way. Importance of group cohesion, group norms, code of conduct and the security group provides to individuals play a dominant role in individual behaviour that makes them to resist change.

### ***Emotions***

Resistance can be expected when those influenced are caught in a jam between forces of change and forces of resistance. Resistance may be expected if the change is made on personal ground and past history of change of identical emotions. If the experience has been pleasant, then the resistance would be negligible. Workers willingly accept technical change if it does not have adverse effect on social fiber of the group. Resistance can be expected if the nature of the people who are going to be influenced by the change. Resistance may also be expected if the change ignores already established institutions in the group with particular reference to customs and group norms. It is therefore necessary that due care must be taken to protect the emotions of people.

### ***Loss of Power***

Downsizing of department or posting of an executive to different department, where there is a reduction of power base will be resisted by the affected individuals though it may be of overall interest to the organization. For example superintendent of police of a district will resist positing as an instructor to the police-training academy.

### ***Technology***

Technology changes are required for the growth of organization. People have now realized to be competitive. Latest technology, which improves the human skills, must be introduced in the organization. It is important to consider that no human resources should be re-placed by these changes. Certain amount of displacement

should be taken in stride. Introduction of technology that causes economic loss and disturb social relationship are generally resisted.

### ***New Practices***

Due to advent of technology and education, more and more female employees are joining organizations. Some of them are serving in the position of top decision-making. Women domination is not liked by the people and is therefore resisted. For survival, organizations have to adopt the strategy of acquisitions and mergers, which is also resisted by the employees.

### ***Managing Resistance to Change***

Change ultimately affects people in the organization. It is always better to explain to them why change is necessary, what benefits are likely to accrue as a result of change and how these benefits are to be shared by employees and the organization. Free flow of information and two-way communication is necessary. If proper communication is not maintained negative attitudes are likely to be formed while change is being implemented. There is a general impression that benefits from change accrue to the organization and management at the cost of workers. This is a false impression and must be corrected by appropriate authority. It must be remembered that without full cooperation of workers, no change can be planned, implemented and the benefits, enjoyed. No growth of the organization can take place unless workers bring it about. Management must understand that workers are the key element of any organization and that they must be involved from planning stage of change. This will result in increased productivity of the organization. Participation should not be simply a mechanical act of calling upon employees to "Participate". It should be clearly understood that there is no one simple panacea to be used in all situations. Participation is not being universally followed. The different combinations of different methods, techniques and procedures may have to be tried. There may be need for the counselling and training of people.

If the situation so warrants, the plan even may have to be dropped. Conscious efforts must be made by the leader to remove the fears of employees. Participation should be a part of total treatment of change. Such participation of workers would ensure commitment to implementation of change. Individual involvement right from the planning stage of the change is essential to ensure total commitment. It should ultimately appear that the employees require the change and management is implementing it at their behest. It has been observed that management is regarded as the instigator of change and unions are considered as forestaller of change. It is therefore for management to take labour leaders in confidence so that they are able to convince the members of the need and utility of change. It is important to make the workers feel that they can discuss the modalities of change and understand the nature of fears they may have, know for themselves that there is no danger or a trap in the change being planned and that the change is for the benefit of workers and organization. Coch and French's study showed that the group which was not only informed of change and why it was to occur, but also participated in helping to design and plan the new jobs as well as retaining programmes, demonstrated more successful adaptation to change than the other two groups.

These included:

- 1) Group which had no orientation to change other than a short announcement by management that the change would be made.
- 2) Group which was informed by management of the need for change and its implications and the workers were asked to select representatives to help devise the necessary retaining programmes. The results were much better in the second group involving all than the first group in which only an announcement regarding change was made.

## **Case Study-Employee Participation at Chaparral Steel**

Although few people may have heard of Chaparral Steel, the company enjoys a stellar reputation as one of the most effective firms in the steel industry. Chaparral was founded in 1973 in a small town of Dallas and today enjoys annual sales of almost \$500 million. In earlier times, most steel companies were large, bureaucratic operations like U.S. Steel (now USX) and Bethlehem Steel. However, increased competition from low-cost foreign steel firms especially in Japan and Korea has caused major problems for these manufacturers with their high overhead costs and inflexible modes of operation. These competitive pressures, in turn, have also led to the formation of so-called mini-mills like Chaparral. These mini-mills are consciously designed to be much smaller and more flexible than the traditional steel giants. Because of their size, technology, and flexibility, these firms are able to maintain much lower production costs and to respond more quickly to customer requests. Today, Chaparral is recognized as one of the best of this new breed of steel companies. For example, whereas most mills produce one ton of steel with an average of 3 to 5 hours of labour, Chaparral produces a ton with fewer than 1.2 hours of labour. Chaparral has also successfully avoided all efforts to unionize its employees.

Since its inception, Chaparral has been led by Gordon Forward. Forward knew that if Chaparral was going to succeed with what was then a new strategic orientation in the industry, it would also need to be managed in new and different ways. One of the first things he decided to do as a part of his new approach was to systematically avoid the traditional barriers that tend to be created between management and labour, especially in older industries like steel. For example, he mandated that there would be neither reserved parking spaces in the parking lot nor a separate dining area inside the plant for managers. Today everyone dresses casually at the work site, and people throughout the firm are on a first-name basis with one another. Workers take their lunch and coffee breaks whenever they choose, and coffee is provided free for everyone. Forward also insisted that all employees be paid on a salary basis-no time clocks or time sheets for anyone, from the president down to the custodians. Workers are organized into teams, and each team selects its own leader. The teams also interview and select new members as needed and are responsible for planning their own work, setting their own work schedules, and even allocating vacation days among themselves. And teams are also responsible for implementing any disciplinary actions that need to be taken toward a member. Finally, no one has a specific and narrowly defined job that must be routinely performed on a continuous and monotonous basis. That is, each team has an array of tasks and functions for which it is responsible; the teams themselves are encouraged to ensure that everyone on the team knows how to perform all of its assigned tasks and functions and to rotate people regularly across them.

Forward clearly believes in trusting everyone in the organization. For example, when the firm recently needed a new rolling mill lathe, it budgeted \$1 million for its purchase; they put the purchase decision in the hands of an operating machinist. This machinist, in turn, investigated various options, visited other mills in Japan and Europe, and then recommended an alternative piece of machinery costing less than half of the budgeted amount. Forward also helped pioneer an innovative concept called open-book management any employee at Chaparral can see any document, record, or other piece of information at any time and for any reason.

Chaparral also recognizes the importance of investing in and rewarding people. Continuous education is an integral part of the firm's culture, with a variety of classes being offered all the time. For example, one recent slate of classes included metallurgy, electronics, finance, and English. The classes are intended to be of value to both individual workers and to the organization as a whole. The classes are scheduled on site and in the evening. Some include community college credit (there are tuition charges for these classes, although the company pays for half the costs) while others are noncredit only (there are no charges for these classes). Forward has a goal that at any given time at least 85% of Chaparral's employees will be enrolled in at least one class. Everyone also participates in the good and the bad times at Chaparral. For example, all workers have a guaranteed base salary that is adequate but which, by itself, is below the standard market rate. However, in addition to their base pay, employees get pay-for-performance bonuses based on their individual

achievements. Finally, there are also companywide bonuses paid to everyone on a quarterly basis. These bonuses are tied to overall company performance. The typical bonuses increase an employee total compensation to a level well above the standard market rate. Thus, hard work and dedication on everyone's part means that everyone can benefit.

### Questions

1. Describe how managers at Chaparral Steel appear to be implementing various need and process-based theories of motivation.
2. Discuss the apparent role and nature of job design at Chaparral.

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## 14.6 Summary

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- Organizations must keep a close watch on the environment and incorporate suitable changes if the situation so demands.
- Quality of Work Life (QWL) is the favourableness or unfavourableness of the job environment. Its purpose is to develop jobs and working conditions that are excellent for both the employees and the organization.
- Process changes are necessary to keep pace with the development in technology, automation, information technology, free market environment and availability of trained manpower.
- Resistance may be expected if the change is made on personal ground and past history of change of identical emotions. If the experience has been pleasant, then the resistance would be negligible.
- Participation should not be simply a mechanical act of calling upon employees to "Participate".

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## 14.7 Keywords

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**Autonomy:** It gives employees discretion and control over job related decisions.

**Custodial:** Its basis is economic resources with a managerial orientation of money.

**Force Field Analysis:** It is necessary to identify and understand as to what forces are likely to push change and what forces are likely to restrain it

**Individualization:** When employees successfully exert influence on the social system by challenging the culture.

**Skill Variety:** It is different tasks that require different skill. This differs from job enlargement which might require the employee to perform more tasks, but require the same set of skills.

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## 14.8 Self Assessment Questions

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1. The primary reason cited for organizational problems is the success by managers to properly anticipate or respond to forces for change.

- (a) True (b) False

2. A .....refers any alteration which occurs in over all work environment of an organization. It may relate to change in technology, organizational structure, working processes, and work environment.

- (a) change (b) organization force  
(c) environment (d) None of these

3. In the recent times information technology has made a remarkable impact on the ability of managers to use information to arrive at a decision is known as.....

- (a) internal forces of change (b) external forces of change  
(c) force field analysis (d) planned change

4. Which of the following are the key elements in the organizational?  
 (a) Autocratic (b) Custodial  
 (c) Technology (d) None of these
5. Which of the following model of organizational behavior?  
 (a) Social systems (b) People  
 (c) Environment (d) Change agent
6. The employees in turn are oriented towards responsible behaviour and self-discipline.  
 (a) True (b) False
7. Which of the following One of the ways of accomplishing QWL is through job design?  
 (a) Self-actualization of the individual  
 (b) Leave the job as is, but pays the employees more.  
 (c) Society gains more effective organizations  
 (d) Create or perform a complete piece of work
8. ....are necessary to keep pace with the development in technology, automation, information technology, free market environment and availability of trained manpower.  
 (a) Structural change (b) Cultural change  
 (c) Process changes (d) None of these
9. Changes can also be defected in all the areas concurrently, but it must be managed appropriately so that there is no bottleneck effect.  
 (a) True (b) False
10. Management must communicate in advance the need for change, process to adopt for implementation of change which is the benefit of.....  
 (a) extent to change (b) managing change  
 (c) resistance to change (d) None of these

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## 14.9 Review Questions

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1. What is the deference between external and internal forces of change?
2. What are the major elements of organizational behaviour?
3. Define models of organizational behaviour.
4. What are the benefits of enriching jobs?
5. How individualization affects different organizations? Explains
6. What is the quality of work life? and give some of the options available for improving job design
7. Describe the variety of methods for improving job enrichment.
8. What are the various types of change? Explain brief.
9. Define rapidity and extent of change.
10. What are steps have been suggested by Greiner in managing change?

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (b) | 2.(a) | 3.(b) | 4.(c) | 5.(a)  |
| 6. (a) | 7.(b) | 8.(c) | 9.(b) | 10.(c) |

# 15

## Process of Change

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### Objectives

After studying this chapter, you will be able to:

- Explain organizational growth as a kind of change
- Discuss change process
- Describe levels of change
- Explain change agents
- Discuss learning organizations
- Describe future of organizational behaviours

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### Introduction

An organizational behaviour scholar is how change affects people in an organization and how the process of change can be managed to maximize its success and minimize unintended disruptions. Change is compelled by many sources: social and demographic trends, economic cycles, competition, technology, and politics and regulation, to name a few. Scholars distinguish between change that is incremental and ongoing, sometimes called first-order change, and change that is radical and episodic, termed second-order change. While each



form can have both positive and negative consequences, radical changes are commonly seen as requiring the most caution and skill at pulling off. For example, one of the most visible trends in corporate America since the 1980s has been the rise of sudden mass layoffs at large corporations, or downsizing. This clearly represents one of the largest kinds of changes a company might face, and its scope affects not only the workers who lose their jobs but also those who remain. Researchers have found that downsizing can have both positive and negative effects on the employees who stay on. In some cases, for example, layoffs can induce employees to work harder and engage in other behaviours that benefit the company. One obvious explanation is that these workers might fear losing their jobs if they don't improve their performance, but there are likely other reasons as well, such as a move to fill a performance vacuum left by the departing workers. Still, other workers may respond by diminishing their performance; they may be demoralized by the corporate policies and may lower their mental and emotional investment in their jobs.

However, studies in organizational behaviour suggest that all of these responses aren't inevitable. Scholars have suggested that the way in which the company goes about managing the change, in this case, the events leading up to and following downsizing, can have a significant effect on how employees react. This is not to say all negative reactions can be eliminated, but that there is a good chance they can be reduced. In the downsizing example, taking actions that foster trust in the management (such as open communication or demonstrating objective and consistent criteria for decision making) and that increase employee feelings of empowerment (letting workers have a say in some aspects of change) have been posited as methods of reducing some of the negative shocks of massive organizational change. Similar principles apply to managing other forms of organizational change.

More broadly, scholars like psychologist Kurt Lewin have identified basic models for managing change in organizations. In Lewin's widely cited three-step process, outlined in his 1951 classic *Field Theory in Social Science*, management must first "unfreeze" the status quo in the organization, facilitate a move to a new set of practices or environment, and then solidify or "refreeze" the new practices or environment into a permanent state. The process of unfreezing the current status involves introducing new policies or initiatives that begin to actively move employees away from the old way of doing things and/or removing policies or practices that tie them to the old. The second step, the shift to the new practices, is the formal implementation of the changes, for example, reorganizing a division or closing a branch office. Third, during refreezing management must solidify the changes by ensuring all the policies and practices are now geared toward maintaining the new equilibrium, and not throwbacks to the supplanted practices or lingering transition measures that create an atmosphere of instability or uncertainty.

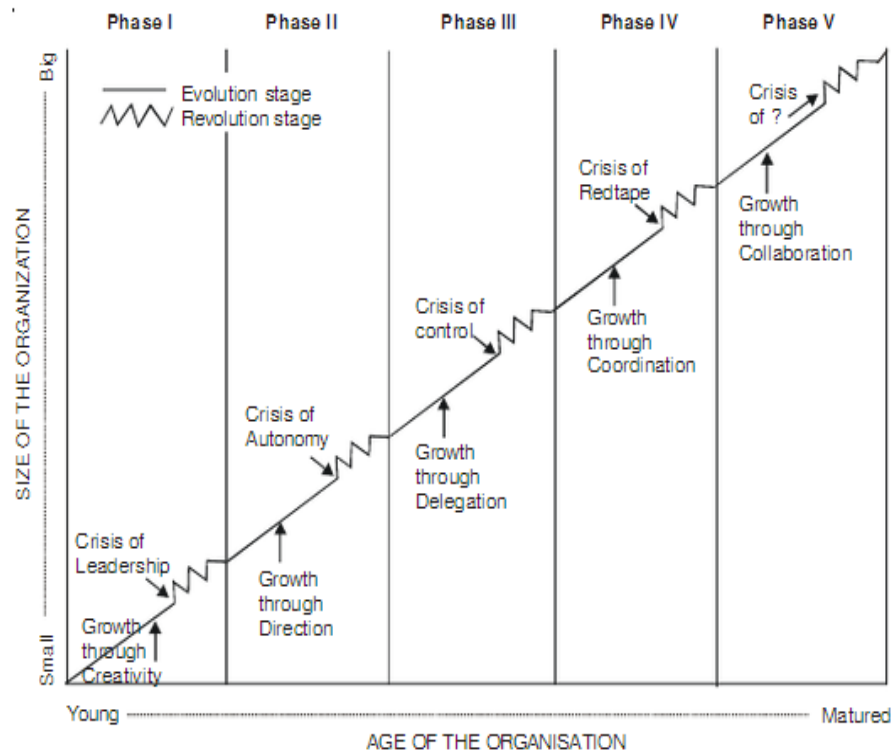
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## **15.1 Organizational Growth as a Kind of Change**

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Grainier has evolved a theory of change by considering 'growth' as a factor for change. He has identified various problems at each stage of evolution. The solution to the problem brings about the change. To illustrate, he quotes an organization that desires to achieve 'growth'. Initially growth is achieved through creativity of founders who are usually entrepreneurial oriented but that create a problem of leadership. To tie over the problem of leadership, management hires top class managerial personnel who take charge of the situation. Over a period of time it comes to the notice that excessive leadership creates a situation of concentration of power in the organization. With the effect the subordinates have to wait for the decision on a trivial issue. Therefore a change is necessitated and that leads to delegation of authority to subordinates. This leads to another problem based on autonomy at group level and control becomes difficult. Since the organization has already changed from concentration to delegation a new change is envisaged to exercise adequate control over the group. The change is in the form of issuing fresh orders and detailed instructions on each of the perceivable

issue so that while individual enjoys autonomy in work culture, he still has to work within the framework of rules and regulations. It was later noticed that excessive rules and regulations brought with it the redtapeism. This problem leads to change of philosophy to collaboration. In this changed situation job is performed by individual employee, work teams and work groups. It will be seen that for achievement of organizational growth, the organization has



**Figure 15.1:** Greiner's model of organizational growth.

to change its strategy beginning from entrepreneurship, leadership – delegation – autonomy of work groups— collaboration leading to the current strategy of self control, self discipline and individual work ethics. It is important to understand that each change that takes place is associated with unforeseeable problems. It will also be seen that change is necessary at every stage. If that was not implemented the organization will not be able to achieve growth. Greiner's model is explained in Figure 15.1 above. Greiner's model shows various stages through which an organization is likely to pass during its growth period. The potential issues and problems between various stages are highlighted.

### **Caution**

The major problem should also be seen as one of managerial behaviour: that is, what managers have to do in order to overcome this crisis in relation to times pan.

### **Did You Know?**

Prigogine and Stengers explained in 1987, structure is the physical embodiment of the system's pattern of organization.

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## **15.2 Change Process**

Kurt Lewin proposed Three Stage Model of the change process for moving the organization from present position to the changed position.

This is as under:

**Stage 1: Unfreezing:** Creating motivation and rediness to change through

- (a) Disconfirmation or lack of confirmation.
- (b) Creation of gulit or anxiety.
- (c) Ensure subordinates of psychological safety.

**Stage 2: Changing through Cognitive Restructuring:** Helping the client to see things, judges things, feel things differently based on new point of view obtained through.

- (a) Identifying with a new role model, mentor, etc.
- (b) Scanning the environment for new relevant information.

**Stage 3: Refreezing:** Helping the client to integrate the new point of view into

- (a) The total personality and self – concept.
- (b) Significant relationship.

1. *Unfreezing:* Process of unfreezing makes individuals ready for change. Lewin believes that employees must be informed in advance of impending change and that they should not be surprised. Unfreezing entails unfreezing the old behaviour or situation. Edgar Schein took this excellent idea propagated by Lewin and improved by specifying psychological mechanism involved in each stage of the model. Unfreezing involves creating motivation and readiness to change by creating an environment of disconfirmation of existing psychological safety in the changed pattern of behaviour. This can be achieved by making announcements, meetings and promoting the idea throughout the organization through bulletin, boards, personal contacts and group conferences. The unfreezing process basically cleans the slate so that fresh behavioural patterns, customs, traditions can be imprinted which can then become a new way of doing things.

2. *Moving:* Once unfreezing process is completed, moving takes place. Moving is incorporating change. Persons undergo cognitive restructuring. The process is carried out by the following three methods as proposed by Kelman.

- Compliance: Compliance is achieved by introducing rewards and punishments. It has been established that individual accepts change if he is rewarded or punished. This is a behaviour modification tool.
- Identification: Members are psychologically impressed upon to select their role model and modify behaviour. If a leader can act as a role model the change is easier.
- Internalization: Internalization involves internal changing of individual's thought processes in order to adjust to a new environment. Members are advised to carryout soul searching and adopt a new behaviour.

3. *Refreezing:* It is related to integrate the new behaviours into the person's personality and attitude. It is referred to stabilization. The change behaviour must necessarily fit into the social surroundings. Refreezing takes place when the new behaviour is adopted in a normal way of life. New behaviour must replace the old on a permanent basis. New behaviours must be re-enforced continuously so that it does not diminish. Change process is not a onetime process but it is continuous hence unfreezing, change and refreezing must also be continuous. Another 'change model' was proposed by Ronald Lippitt, Jeanne Watson and Bruce Westley. They expanded the original Lewin (3 stage) model into seven stage model.

Phase 1: The development of need for change.

Phase 2: The establishment of change relationship (establishment of 'Client' and 'Change agent' relationship).

Phase 3: Diagnosis of client of client system's problems.

Phase 4: The examination of alternative routes and goals; Establishing goals and intentions of action.

Phase 5: The Transformation of moving intentions into actual change efforts.

Phase 6: The generalization and refreezing stabilization of change.

Phase 7: Achieving a Terminal relationship with client – change agent.

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## 15.3 Levels of Change

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Hersey and Blanchard identified four levels of change. These are knowledge change, attitudinal change, individual behaviour change and group or organizational performance change. The objective is to bring about change in the organization. It is possible through knowledge change which in turn changes attitude of the individual. Knowledge change is simple as one can improve the level of knowledge by reading or listening. Bringing attitudinal change is difficult, because it is difficult to change the individual and his perception. Change in individual is related to personality traits. A manager may believe that empowering subordinates is essential for organizational growth yet he may not empower them because of his upbringing. A change in group and organization is even more complicated than implementing individual level change as it involves change in group norms, customs, and traditions. Change in group level involves change in organizational culture. This is a long term process, which must be continuous with active involvement of top management.

**1. Knowledge Change:** Change in knowledge can bring change in individual and group behaviour. It is related to the leadership style, Hersey and Blanchard refer to as participative or democratic change cycle and autocratic or directive change cycle.

(a) Participative leadership style in bringing change in group or organization is largely based on the style of leadership. Change in knowledge of work force coupled with participative leadership style can transform an individual in his outlook. It can bring change in his attitude and an individual can be more committed towards the organization. He can be more responsible towards his duties and obligations. New methods and techniques can be implemented to bring change in the group in desired direction. Assistance from like minded leaders having democratic outlook can help managers to implement desired change. Once this is achieved, organizational change may be effected by getting other people to begin to pattern their behaviour on the lines of successful leaders. Thus the change cycle works through change in knowledge, attitude, individual behaviour, group behaviour and organizational change.

(b) There are autocratic leaders in the organization. This type of leadership announces the desired change all of a sudden. This type of process of change may result in whole hearted acceptance of change or the group may resist the change totally. What is expected in the autocratic change cycle is organizational change, group level change, knowledge change and through this cycle, to implement individual behaviour change. Since this approach is opposite of participative cycle change, it is difficult to implement and individuals are not ready to accept change in first place. Secondly, the change may not be of a permanent nature. Participative change is ideal when the employees are achievement oriented having task relevance and willing to accept responsibilities. It has deeper and longer lasting impact. Autocratic change cycle has fast speed and revolutionary in nature. It is sustainable where people are not willing and certain amount of force is required. This change cycles are complimentary to each other and therefore may be used according to the situations.

**2. Attitudinal Level Change:** It is difficult to bring attitudinal change. Attitudes are formed and conditioned by feelings. The way one feels about change will determine how one is likely to behave. Attitude is formed in early childhood based on social surroundings. When we are part of a group, an attitude is greatly influenced by group norms, expectations of the group members and behavioural code a group adopts. Further the work environment influences the attitudes. Due to complex nature of situations, there is positive or negative impact on individual behaviour. Often actions or reactions of individual are effects of group-think. It often happens

that workers join the strike to show togetherness of the group or organization. Individual may not be able to justify a particular behaviour but he does it merely because all others are engaged in a particular behaviour. We are not able to explain our emotions largely, that make us behave in a particular manner. These feelings as Davis explains are not a matter of logic. They are neither logical nor illogical; rather they are non-logical hence, logic alone is not enough to modify feelings in modern times, it is however necessary to effect change in individual attitude. It is possible by way of delegation of authority, empowering employees in their work. Making work more pleasant and interesting by way of providing the workers where-withal necessary for its accomplishment, creating autonomy in work and introducing management by objective concept in the organization. Cultural change is important. Organizational culture must conform to majority of workers culture and they must feel at home while working. Attitude of leaders also play a vital role in attitude change of subordinates. Participative leadership cultures go a long way in obtaining willing obedience of employees. It must be borne in mind that it is a continuous process and all members must sub-conscientiously attempt to improve work culture in the organization for attitudinal change.

**3. The Group Level Change:** Group plays variety of roles in bringing about change in the organization: The group as medium of change, the group as the target of change and the group as an agent of change. Cartwright has developed the following principles in this regard.

*(a) The group as a medium of change:*

- (i) If group is to be used effectively as a medium of change, those people who are to be changed and those who are to exert influence for change must have a strong sense of belonging to the same group.
- (ii) The more attractive the group is to its members, the greater is the influence that the group can exert on its members.
- (iii) In attempts to change attitudes, values, or behaviour the more relevant they are to the basis of attraction to the group, the greater will be the influence that the group can exert upon them.
- (iv) The greater the prestige of a group member in the eyes of the other members, the greater the influence he can exert.
- (v) Efforts to change individuals or sub-parts of a group which, if successful, would have the result of making them deviate from the norms of the group that will encounter strong resistance.

*(b) The group as a Target of change*

- (i) Strong pressure for change in the group can be established by creating a shared perception by members of the need for change, thus making the source of pressure for change lay within the group.
- (ii) Information relating to the need for change, plans for change, and consequences of change must be shared by all relevant people in the group.
- (iii) Changes in one part of a group produce strain in other related parts which can be reduced only by eliminating the change or by bringing about readjustments in the related parts.

**4. Organizational-wide Change:** Organizational change is of a mega nature. It starts at the bottom level and acquires a very huge dimension. In defence services if a person is promoted at the top level, there is a chain reaction upward for promotion and resultant placement, transfers etc. If an organization is attempting to change the job of an individual, his role-set is also likely to change which may distrusts the self – concept of the individual. Thus any action for change may also have chain reaction. It is therefore necessary to plan for change carefully.

Allen has suggested following steps:

- (a) Development of clear objectives
- (b) Analysis of existing organizations

- (c) Preparation of an ideal plan
- (d) Trying out the plan
- (e) Establishment of uniform nomenclature
- (f) Overcoming resistance to change

In the fast developing world today, there are pressures on the human resources. Due care must be taken to ensure that employees are not disturbed physiologically and psycho-logically. Careful review of the situation to identify the gaps must be carried out. Change costs money and therefore it is advisable to undertake a pilot project before a universal change is implemented. Status system, titles and appellations attached to it must be protected by introducing uniform nomenclature, designation etc. People must be educated about the impending change so that they are not taken by surprise. Benefits of change must be highlighted. Automation of systems in organization has proved fruitful and cost effective for which it had initial resistance. 'Change Management' has already emerged as a discipline. It requires proper planning, programming, evolving appropriate procedures and systems. An organization must modify policies, procedures, rules and regulations based on changed objectives. Behavioural science plays an important role by way of ensuring that revised system is in tune with the time.

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## 15.4 Change Agents

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Change agents are factors that are responsible for the change in individual behaviour. Other changes like change in organization structure, organizational strategy, process, policy and the like can always be introduced in the organization with proper consultations of the employees so that they are accepted by them. Change in human behaviour is a complex phenomenon that may require a number of strategies to make desirable change. These are called change agents. They may either be initiator of change or serve as catalysts for such change. Four types of change agents have been identified.

**Outside Pressures:** External environment like fiscal policy, government policy, technology and social change bring change into the organization. Change is generally executed by the organizations itself. Government may also indulge and help organizations to adopt to new policy like controlling strike in the organizations.

**Changes form Top Management:** The organizational change may come from the top management. It may be in the form of structural, strategic or institutions changes that may be beneficial to the organization with particular reference to employees.

**Internal Organizational Development:** Organizational objectives must be re-viewed from time to time. This is necessitated because of the environmental changes. Areas where organizational development can be carried out are work design, delegation of authority, team building, empowerment, autonomy, job enrichment, job rotation etc.

**Individual Level Change:** Individual level change refers to change in attitude, skills and behaviour. Management by objective (MBO) encompasses self decision making, setting objective for self, evaluating whether those have been met and resultant modification to work. If such development processes are introduced, individuals are likely to be more responsible and accountable for the work they are assigned. It is therefore necessary to introduce development processes / models in the organization.

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## 15.5 Learning Organizations

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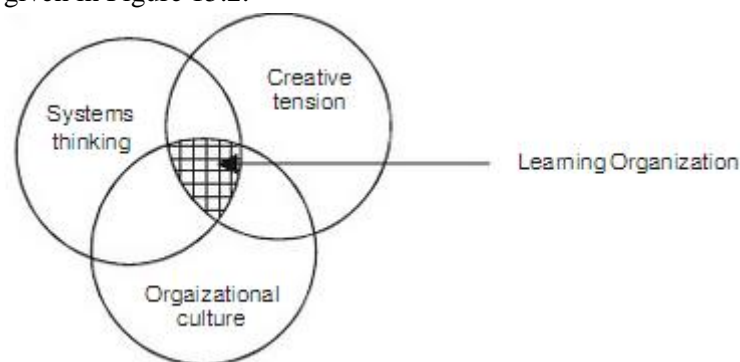
Major work towards learning organization was done by Frederick W. Taylor by introduction of scientific management. However, use of term learning organization is usually attributed to seminal work of Chris Argyris and his colleagues, who made the distinction first – order or “single – loop” and second – order or “double loop” learning.

### ***1. Single – loop Learning***

It involves improving the organization’s capacity to achieve known objectives. It is associated with routine and behavioural learning. Under single – loop, the organization is learning without significant change in basic assumptions.

### ***2. Double – loop Learning***

It re-evaluates the nature of the organizations objective and the values and belief surrounding them. This type of learning involves changing of the organization’s culture. Single – loop and double – loop learning organization made a drastic change in the present times, in which adoptive learning, generally based on change in basic assumptions like cultural, value and structural change was introduced. The system faced several difficulties. The more important generative learning was needed. Generative learning involves creativity and innovations. Generative process leads to a total reframing of an organisation’s experiences and learning from that process. Generative learning was propagated by Senge. Based on the above factors, a characteristic of the learning organization is given in Figure 15.2.



**Figure 15.2:** Learning organization.

Figure 15.2 shows the three major dimensions or characteristics of learning organizations. The presence of tension – Senge calls it “Creative tension”–serves as a catalyst or motivational need to learn. This tension stems from the gap between the organization’s vision and reality and suggests the learning organizations continually questioning and challenging the status quo. The second circle–”systems thinking” refers to the ability of learning organizations to recognize the shared vision of employees throughout the whole organization and the openness to new ideas and the external environment. The third major characteristics are the “organizational culture”. It must place a high value to learning and setting up of a mechanism for suggestions, teams, empowerment and empathy. The factor of empathy reflects the genuine concern and interest in employee suggestion and innovations that can be backed up by reward system. The congruence of the three circles thus formed can be called as truly a learning organization

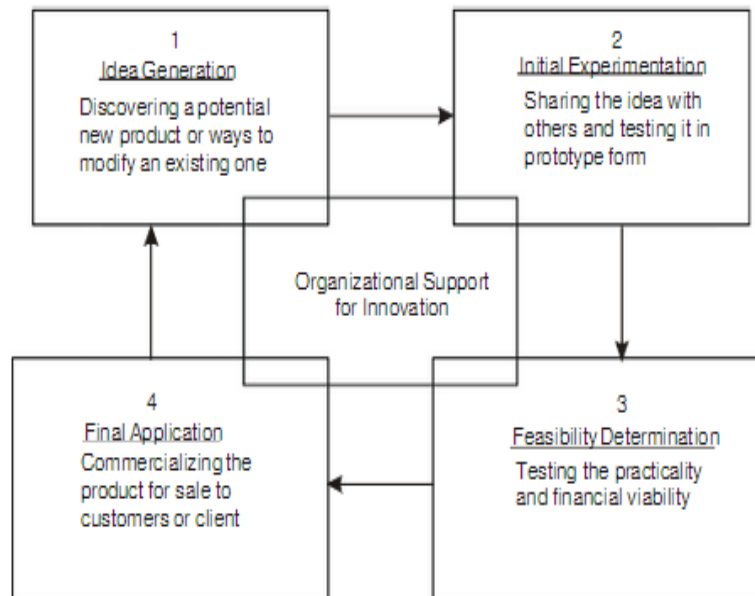
### **15.5.1 Innovation**

Innovation is the process of creating new ideas and putting them into practice. It is the means by which creative ideas find their way into everyday practices, ideally practices that contribute to improved customer service or organizational productivity. Product innovation result in the introduction of new or improved goods or services to better meet customer needs. Process innovations result in the introduction of new and better work methods and operations.

## Innovation Process

New product development can be carried out by innovative ideas. The process of innovation takes the following four steps:

1. **Idea Generation:** To create an idea through spontaneous creativity, ingenuity, and information processing.
2. **Initial Experimentation:** To establish the idea's potential value and application.
3. **Feasibility Determination:** To identify anticipated costs and benefits.
4. **Final Application:** To produce and market a new product or services, or to implement a new approach to operations. The innovation process is not complete until final application has been achieved. A new idea – even a great one – is not enough, In any organization, the idea must pass through all stages of innovation and reach the point of final application before its value can be realized (See Figure 15.3).



**Figure 15.3:** Innovation process: new product development.

### *Features of Innovative Organization*

- Highly innovative organizations have strategies and cultures that are building around a commitment to innovation.
- Tolerance to mistakes and respect for well-intentioned ideas.
- Highly innovative organizations have structures that support innovation.
- Emphasise creativity through team work and cross functional integration.
- Innovative organizations practice decentralisation and empowerment
- Plan and staff organization with clear commitment to innovation
- Innovative organizations pay special attention to critical innovation roles of idea generators, information gatekeepers, product champions and project leaders.
- Innovative organizations benefit from top-management support.

### **15.5.2 Creativity**

Creativity generates unique and novel responses to problems. Individual decisions are made by one individual on behalf of a group. In a dynamic environment full of non routine problems, creativity in crafting decisions often determines how well people and organizations do in response to complex challenges. We have examined in chapter on group dynamics that the group, as an important resource for improving creativity in decision making. Indeed, making good use of such traditional techniques as brain storming, nominal groups, and the



Delphi techniques can greatly expand the creative potential of people and organizations. MIS, DSS and other computer based techniques further enhance decision-making ability of individuals.

**Stages of Creative Thinking:** Creative thinking is carried out in five stages as under:

**Preparation:** In this stage people engage in the active learning and day to day sensing required to deal successfully with complex environment.

**Concentration:** Actual problems are defined and framed so that alternatives can be considered for dealing with them.

**Incubation:** People look at the problems in diverse ways that permit the consideration of unusual alternatives, avoiding tendencies towards purely linear and systematic problem solving.

**Illumination:** In this stage people respond to flashes of insight and recognize the problem.

**Verification:** Refers to proceeds with logical analysis to confirm that good problem-solving decisions have been made. All these stages of creativity need support and encouragement in the organizational environment. However creative thinking in decision making can be limited by number of factors.

These are:

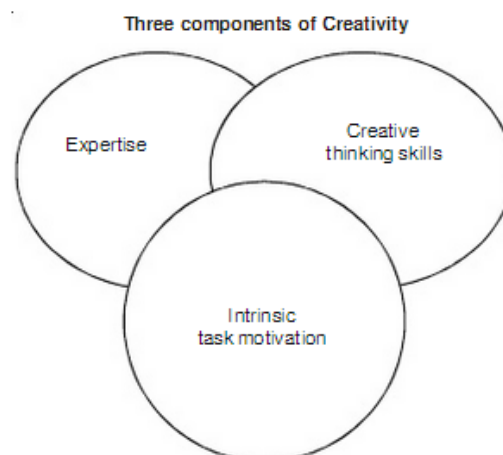
1. Judgemental heuristics can limit the search for number of alternatives.
2. When attractive options are left unconsidered.
3. Cultural and environment blocks.

### Creativity Model

The rational decision maker needs creativity: this is the ability to produce novel and useful ideas. Most people have creative potential that they can use when confronted with decision-making problem. But to unleash that potential, they have to get out of the psychological ruts most of us get into and learn how to think about a problem in divergent ways.

### **Three Component Model of Creativity**

This model is based on the extensive work done by T.M.Ambabile on the subject. This model proposes that individual creativity essentially requires expertise, creative-thinking skills, and intrinsic task motivation. The show is shown in Figure 15.4:



**Figure 15.4:** Creativity model.

### *1. Expertise*

Expertise is the foundation of all creative work. Aryabhata had an expertise hence he was creative in Mathematics. Dr. Bhaba's knowledge of Physics made him creative in nuclear sciences. The potential for creativity is enhanced when individuals have ability, knowledge and proficiencies.

### *2. Creative Thinking Skills*

This encompasses personality characteristics associated with creativity, the ability to use analogies, as well as the talent to see the familiar in a different light. For instance, the following individual traits have been found to be associated with the development of creative ideas: intelligence, independence, self-confidence, risk taking, an internal locus of control, tolerance for ambiguity and perseverance in the face of frustration. Introduction of telephone has been possible to use analogy of ear drum.

### *3. Intrinsic Task Motivation*

This is desire to work on something because it is interesting, involving, exciting, satisfying or personally challenging. This motivational component is what turns creativity potential into actual creative ideas. It determines the extent to which individual fully engage their expertise and creative skills. Creative people often love their work. An individual's work environment can have a significant effect on intrinsic motivation.

Specially, five organizational factors have been found that can impede your creativity:

1. Expected evaluation-focussing on how work is going to be evaluated;
  2. Surveillance – being watched while we are working;
  - 3 External motivators-emphazing external, tangible rewards;
  4. Competition-facing win-loose situation with peers;
  5. Constrained choice-being given limits on how we can do work.
- It is therefore necessary to objectively study and lay down evaluation systems. Installation of cameras for boss to observe what workers are doing is a bygone method of supervision as it kills creativity. For enhancement of creativity healthy competition and autonomy in work environment is necessary.

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## **15.6 Future of Organizational Behaviours**

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The international economy has taken on added importance in organizational behaviour circles in recent years, as international companies have special requirements and dynamics to contend with. Researchers currently are studying such things as communications between and among foreign business operations, cultural differences and their impact on individuals, language difficulties, motivation techniques in different cultures, as well as the differences in leadership and decision-making practices from country to country. Today, organizational behaviour scientists are dealing with a wide range of problems confronting the business world. For instance, they continue to study downsizing, career development in the global economy, social issues such as substance abuse and changes in family composition, and the global economy. They are trying to determine just what effects such factors are having on the workplace and what can be done to alleviate associated problems.

### **Case Study-Magic Kingdom**

One of the most popular tourist attractions in America is Disney World at Orlando in the State of Florida. It is a theme park with numerous attractions and a visit to America is not considered complete without the visit to Disney World. Prior to the opening of Disney World at Orlando, there was a similar theme park near Los Angeles in the State of California, known as Disneyland. Disneyland was a creation of Walt Disney, a famous family movie maker who had produced such movie hits as Fantasia and Snow White. Disney land is a family entertainment phenomenon and is also known as magic kingdom. Following Walt Disney's death, the magic kingdom hit a downward trend. The management rested on the past laurels of its success and the organization

stagnated into its status quo. It shunned innovation and stayed in its ivory tower away from the pulse of the audience. It became fearful to change and by all accounts, it was not fully utilizing its potential or its resources and considering the demand for its products and services, it was undercharging for its licensing of cartoon characters and admission to its theme parks. Michael Eisner, the head of the Disney organization felt that he had to become more like Walt Disney, an innovator and a risk taker who encouraged creativity and who had built the Disney Empire. After analysing the situation carefully, he devised a plan that would encourage openness to change, and culture of strong creativity, that was always hallmark of Disney's success. Eisner himself came up with a number of new and creative ideas including new health food restaurants and he encouraged an induced creativity among others and creativity became one of his top priorities. His idea of creating a Euro Disneyland in Paris came into high focus.

He met with 12 of the World's most respected architects in a widely creative session to bring out as best design for the theme park as possible. He encouraged and rewarded new ideas, opened the channels of communication and took the members into confidence by sharing with them his strategic plans and ambitious growth strategies. One change that came into being was the renovation and expansion of its hotel chains. He ordered an ambitious \$ 1.0 Billion hotel expansion plan that doubled its room capacity to 20,000 and came at par with the well known Ritz Carlton chain of hotels. The movie business that had practically come to a standstill and was hardly reaching break-even point got a boost of creativity. By tightening budget without sacrificing quality and working with adventurous scripts and unknown but talented actors, it became a dominant force in the American movie industry and produced such hit films as Beauty and the Beast, Pretty Woman, Ruthless People and so on. Michael Eisner's creativity, openness, innovation and team spirit has not been without its rewards. From 1984 to 1990, Disney's sales increased from \$ 1.7 billion to almost \$ 6.00billion. Disney has expanded his family entertainment business to include book publishing and records and has opened a theme park in Japan. Michael Eisner made a dramatic turnaround of Disney fortune in 1980s. He is even more ambitious during the 1990s and calls it The Disney Decade. He has surrounded himself with ambitious, energetic and creative staff and he expects a period of extensive growth for Disney operations around the Globe. With the fall of close societies and advent of instant communications and emphasis on internationalization, he is very optimistic that Disney will become a household name around the World, as it did in America.

### **Questions**

1. List and explain the internal and external forces that necessitated the change in the outlook of Disney operations.
2. Can you identify the change agents that were at work in changing the behaviour of the organizational members?

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## **15.7 Summary**

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- The process of unfreezing the current status involves introducing new policies or initiatives that begin to actively move employees away from the old way of doing things and/or removing policies or practices that tie them to the old.
- The change behaviour must necessarily fit into the social surroundings. Refreezing takes place when the new behaviour is adopted in a normal way of life.
- A manager may believe that empowering subordinates is essential for organizational growth yet he may not empower them because of his upbringing.
- Cultural change is important. Organizational culture must conform to majority of workers culture and they must feel at home while working.

- Innovation is to creative ideas find their way into everyday practices, ideally practices that contribute to improved customer service or organizational productivity.

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## 15.8 Keywords

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**Creativity:** It is unique and novel responses to problems individual decisions are made by one individual on behalf of a group.

**Innovation:** It is the means by which creative ideas find their way into everyday practices.

**Organizational Culture:** It must place a high value to learning and setting up of a mechanism for suggestions, teams, empowerment and empathy.

**Refreezing:** Helping the client to integrate the new point of view into the total personality and self – concept.

**Unfreezing:** It is creating motivation and readiness to change through disconfirmation or lack of confirmation.

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## 15.9 Self Assessment Questions

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1.....scholar is how change affects people in an organization and how the process of change can be managed to maximize its success and minimize unintended disruptions.

- |                                 |                   |
|---------------------------------|-------------------|
| (a) An organizational behaviour | (b) Scope affects |
| (c) Radical changes             | (d) Communication |

2 Reorganizing a division or closing a branch office is the example of.....

- |                           |                                  |
|---------------------------|----------------------------------|
| (a) Organizational growth | (b) implementation of the Change |
| (c) Kind of change        | (d) None of these                |

3. A change is necessitated and that leads to delegation of authority to subordinates.

- |          |           |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

4. Organizational growth is also known as.....

- |                          |                    |
|--------------------------|--------------------|
| (a) managerial growth    | (b) kind of change |
| (c) philosophy of change | (d) None of these  |

5.....related to integrate the new behaviours into the person's personality and attitude.

- |                |                             |
|----------------|-----------------------------|
| (a) Refreezing | (b) Moving                  |
| (c) Unfreezing | (d) Cognitive restructuring |

6. Hersey and Blanchard identified four levels of change. These are also known as.....

- |                        |                      |
|------------------------|----------------------|
| (a) knowledge change   | (b) need of change   |
| (c) attitudinal change | (d) Both (a) and (c) |

7. Change agents are factors that are irresponsible for the change in individual behaviour.

- |          |           |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

8. External environment like fiscal policy, government policy, technology and social change bring change into the organization is known as.....

- |   |                                 |
|---|---------------------------------|
| (a) internal organizational development | (b) outside pressures           |
| (c) individual level change             | (d) changes form top management |

9. ....is the process of creating new ideas and putting them into practice.

- (a) Innovation (b) Creativity  
(c) Intrinsic task motivation (d) Model of creativity

10. Most people have creative potential that they cannot use when confronted with decision-making problem.

- (a) True (b) False

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## 15.10 Review Questions

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1. Explain meaning of change; indicate whether all changes are beneficial.
2. Explain external and internal forces that induce change in the organization.
3. Describe the process of organizational change.
4. Discuss Lewin's model of change.
5. Discuss the functions of change in organizational viability. Why an organization so often does fails to make the necessary changes?
6. Explain the levels of change. How will you bring changes in individual behaviour?
7. Under what conditions does resistance to change develop? Does it show lack of awareness in those who resist.
8. Why is organizational change often resisted by individuals and groups? Suggest strategies to prevent such resistance.
9. How will you use group as a medium of change if change is to be affected.
10. Define the three component model of creativity.

### Answers for Self Assessment Questions

- |        |       |       |       |        |
|--------|-------|-------|-------|--------|
| 1. (a) | 2.(b) | 3.(a) | 4.(b) | 5.(a)  |
| 6. (d) | 7.(b) | 8.(b) | 9.(a) | 10.(b) |