Management Practice and Organisational Behaviour

DMGT402

Edited by:
Dr. Pretty Bhalla

LOVELY PROFESSIONAL UNIVERSITY

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MANAGEMENT PRACTICES AND ORGANISATIONAL BEHAVIOUR

Edited By
Dr.Pretty Bhalla

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SYLLABUS

Management Practices and Organisational Behaviour

Objectives: This course explores the group as well as individual behavior in a corporate setting and focuses on the development of knowledge and skills that all managers and leaders need.

Sr. No.	Description
1.	**Management:** Nature, purpose and scope of management, Skills and roles of a Manager, Functions, Development of Management Theories (Classical, Neo-Classical and Modern)
2.	**Planning:** Types of plans, Levels of planning, planning process, Management by objectives, Strategic Management, premising and forecasting; Decision-Making process, barriers, styles of decision making
3.	**Organizing:** Organizational design and structure, Coordination, centralization and de-centralization, Delegation, Authority & power – concept & distinction, Line and staff organizations.
4.	**Controlling:** Concept, planning-control relationship, process of control, Types of Control, Control Techniques, Staffing: Human Resource Management and Selection
5.	**Foundations of Organisational Behaviour:** The nature and determinants of organisational behaviour, need for knowledge of OB, contributing disciplines to the field, OB Model
6.	Individual differences, Learning, Values, attitudes, Personality (MBTI, Big Five Model), Emotions, Affective events theory, Emotional Intelligence, Perception, Attribution theory
7.	**Work Motivation:** Early Theories (Mc. Gregory's Theory X & Y , Abraham Maslow's Need Hierarchy Theory Herzberg's Two Factor Theory) & Contemporary Theories (Mc. Clelland's 3 Needs Theory , Alderfer's ERG Theory , Adam's Equity Theory & Vroom's Expectancy Theory, Goal Setting Theory), Application of Motivation Theories & **workers participation management.**
8.	**Group Behaviour:** Types of Groups, Stages of Group Development, Group Decision Making, Understanding **Teamwork:** Types of Teams, Creating Effective teams, **Communication:** significance, types, barriers, overcoming barriers.
9.	**Leadership:** Basic Approaches (Trait Theories, Behavioural Theories & Contingency Theories) & Contemporary Issues in Leadership. **Conflict:** levels of conflict, resolving conflicts; power and politics: sources of power, use of power
10.	**Organisation culture and Organisational Change:** Effects of culture, changing Organisational culture forces of change, Resistance to change, the change process

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Unit 1: Introduction to Management

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Objectives

After studying this unit, you will be able to:

- State the meaning and nature of management
- Describe the purpose and scope of management
- Identify roles, skills and functions of a manager
- Discuss Henry Fayol's Principles

Introduction

Management is a vital aspect of the economic life of man, which is an organised group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources – material, labour, capital etc. are entrusted to the organising skill, administrative ability and enterprising initiative of the management. Thus, management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Under competitive economy and ever-changing environment the quality and performance of managers determine both the survival as well as success of any business enterprise. Management occupies such an

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important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

1.1 Definition of Management

Management may be defined in many different ways. Many eminent authors on the subject have defined the term "management", some of these definitions are reproduced below:

According to Lawrence A Appley, "Management is the development of people and not the direction of things".

According to Joseph Massie, "Management is defined as the process by which a co-operative group directs action towards common goals".

In the words of George R Terry, "Management is a distinct process consisting of planning, organising, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources".

According to James L Lundy, "Management is principally the task of planning, co-ordinating, motivating and controlling the efforts of others towards a specific objective".

In the words of Henry Fayol, "To manage is to forecast and to plan, to organise, to command, to co-ordinate and to control".

According to Peter F Drucker, "Management is a multi-purpose organ that manages a business and manages managers and manages worker and work".

In the words of J.N. Schulze, "Management is the force which leads, guides and directs an organisation in the accomplishment of a pre-determined object".

In the words of Koontz and O'Donnel, "Management is defined as the creation and maintenance of an internal environment in an enterprise where individuals working together in groups can perform efficiently and effectively towards the attainment of group goals".

According to Ordway Tead, "Management is the process and agency which directs and guides the operations of an organisation in realising of established aims".

According to Stanley Vance, "Management is simply the process of decision-making and control over the actions of human beings for the express purpose of attaining pre-determined goals".

According to Wheeler, "Business management is a human activity which directs and controls the organisation and operation of a business enterprise. Management is centred in the administrators of managers of the firm who integrate men, material and money into an effective operating limit".

In the words of William Spriegel, "Management is that function of an enterprise which concerns itself with the direction and control of the various activities to attain the business objectives".

In the words of S. George, "Management consists of getting things done through others. Manager is one who accomplishes the objectives by directing the efforts of others".

In the words of Keith and Gubellini, "Management is the force that integrates men and physical plant into an effective operating unit".

According to Newman, Summer and Warren, "The job of management is to make cooperative endeavour to function properly. A manager is one who gets things done by working with people and other resources".

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According to John F M, "Management may be defined as the art of securing maximum results with a minimum of effort so as to secure maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public the best possible service".

In the words of Kimball and Kimball, "Management embraces all duties and functions that pertain to the initiation of an enterprise, its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organisation under which the enterprise is to operate and the selection of the principal officers. The group of officials in primary control of an enterprise is referred to as management".

In the words of E.F.L. Brech, "Management is a social process entailing responsibility for the effective and economical planning and regulation of the operations of an enterprise, in fulfilment of a given purpose or task, such responsibility involving:

1. judgement and decision in determining plans and in using data to control performance, and progress against plans; and
2. the guidance, integration, motivation and supervision of the personnel composing the enterprise and carrying out its operations".

According to E. Peterson and E.G Plowman, Management is "a technique by means of which the purpose and objectives of a particular human group are determined, classified and effectuated".

According to Mary Cushing Niles, "Good management or scientific management achieves a social objective with the best use of human and material energy and time and with satisfaction for the participants and the public".

From the definitions quoted above, it is clear the "management" is a technique of extracting work from others in an integrated and co-ordinated manner for realising the specific objectives through productive use of material resources. Mobilising the physical, human and financial resources and planning their utilisation for business operations in such a manner as to reach the defined goals can be referred to as "management". If the views of the various authorities are combined, management could be defined as "a distinct ongoing process of allocating inputs of an organisation (human and economic resources) by typical managerial functions (planning, organising, directing and controlling) for the purpose of achieving stated objectives namely – output of goods and services desired by its customers (environment). In the process, work is preformed with and through personnel of the organisation in an ever-changing business environment".

Management is a universal process in all organised social and economic activities. It is not merely restricted to factory, shop or office. It is an operative force in all complex organisations trying to achieve some stated objectives. Management is necessary for a business firm, government enterprises, education and health services, military organisations, trade associations and so on.

1.2 Nature of Management

An analysis of the various definitions of management indicates that management has certain characteristics. The following are the salient characteristics of management.

1. ***Management aims at reaping rich results in economic terms:*** Manager's primary task is to secure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilisation of available resources to maximise the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economising the resources and enhancing profit. According to Kimball, "management is the art of applying the economic

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principles that underlie the control of men and materials in the enterprise under consideration".

2. ***Management also implies skill and experience in getting things done through people:*** Management involves doing the job through people. The economic function of earning profitable return cannot be performed without enlisting co-operation and securing positive response from "people". Getting the suitable type of people to execute the operations is the significant aspect of management. In the words of Koontz and O'Donnell, "Management is the art of getting things done through people in formally organised groups".

3. ***Management is a process:*** Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved. "Management is a social process involving co-ordination of human and material resources through the functions of planning, organising, staffing, leading and controlling in order to accomplish stated objectives".

4. ***Management is a universal activity:*** Management is not applicable to business undertakings only. It is applicable to political, social, religious and educational institutions also. Management is necessary when group effort is required.

5. ***Management is a science as well as an art:*** Management is an art because there are definite principles of management. It is also a science because by the application of these principles predetermined objectives can be achieved.

6. ***Management is a profession:*** Management is gradually becoming a profession because there are established principles of management which are being applied in practice, and it involves specialised training and is governed by ethical code arising out of its social obligations.

7. ***Management is an endeavour to achieve pre-determined objectives:*** Management is concerned with directing and controlling of the various activities of the organisation to attain the pre-determined objectives. Every managerial activity has certain objectives. In fact, management deals particularly with the actual directing of human efforts.

8. ***Management is a group activity:*** Management comes into existence only when there is an group activity towards a common objective. Management is always concerned with group efforts and not individual efforts. To achieve the goals of an organisation management plans, organises, co-ordinates, directs and controls the group effort.

9. ***Management is a system of authority:*** Authority means power to make others act in a predetermined manner. Management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

10. ***Management involves decision-making:*** Management implies making decisions regarding the organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.

11. ***Management implies good leadership:*** A manager must have the ability to lead and get the desired course of action from the subordinates. According to R. C. Davis, "management is the function of executive leadership everywhere". Management of the high order implies the capacity of managers to influence the behaviour of their subordinates.

12. ***Management is dynamic and not static:*** The principles of management are dynamic and not static. It has to adopt itself according to social changes.

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13. ***Management draws ideas and concepts from various disciplines:*** Management is an interdisciplinary study. It draws ideas and concepts from various disciplines like economics, statistics, mathematics, psychology, sociology, anthropology etc.

14. ***Management is goal oriented:*** Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organisation.

15. ***Different levels of management:*** Management is needed at different levels of an organisation namely top level, middle level and lower level.

16. ***Need of organisation:*** There is the need of an organisation for the success of management. Management uses the organisation for achieving pre-determined objectives.

17. ***Management need not be owners:*** It is not necessary that managers are owners of the enterprise. In joint stock companies, management and owners (capital) are different entities.

18. ***Management is intangible:*** It cannot be seen with the eyes. It is evidenced only by the quality of the organisation and the results, i.e., profits, increased productivity etc.

Is Management a Science or an Art?

A question often arises whether management is a science or art. It is said that "management is the oldest of arts and the youngest of sciences". This explains the changing nature of management but does not exactly answer what management is? To have an exact answer to the question it is necessary to know the meanings of the terms "Science" and "Art".

What is "Science"?

Science may be described, "as a systematic body of knowledge pertaining to an area of study and contains some general truths explaining past events or phenomena".

The above definition contains three important characteristics of science. They are:

1. It is a systematized body of knowledge and uses scientific methods for observation,
2. Its principles are evolved on the basis of continued observation and experiment, and
3. Its principles are exact and have universal applicability without any limitation.

Judging from the above characteristics of science, it may be observed that:

1. Management is a systematized body of knowledge and its principles have evolved on the basis of observation.
2. The kind of experimentation (as in natural sciences) cannot be accompanied in the area of management since management deals with the human element.
3. In management, it is not possible to define, analyse and measure phenomena by repeating the same conditions over and over again to obtain a proof.

The above observation puts a limitation on management as a science. Management like other social sciences can be called as "inexact science".

What is "Art"?

'Art' refers to "the way of doing specific things; it indicates how an objective is to be achieved." Management like any other operational activity has to be an art. Most of the managerial acts have to be cultivated as arts of attaining mastery to secure action and results.

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The above definition contains three important characteristics of art. They are:

1. Art is the application of science. It is putting principle into practice.
2. After knowing a particular art, practice is needed to reach the level of perfection.
3. It is undertaken for accomplishing an end through deliberate efforts.

Judging from the above characteristics of art, it may be observed that:

1. Management while performing the activities of getting things done by others is required to apply the knowledge of certain underlying principles which are necessary for every art.
2. Management gets perfection in the art of managing only through continuous practice.
3. Management implies capacity to apply accurately the knowledge to solve the problems, to face the situation and to realise the objectives fully and timely.

The above observation makes management an art and that to a fine art.

Management is both a Science as well as an Art

Management is both a science as well as an art. The science of management provides certain general principles which can guide the managers in their professional effort. The art of management consists in tackling every situation in an effective manner. As a matter of fact, neither science should be over-emphasised nor should be the art discounted; the science and the art of management go together and are both mutually interdependent and complimentary.

Management is thus a science as well as an art. It can be said that-"the art of management is as old as human history, but the science of management is an event of the recent past."

1.3 Scope of Management

The scope of management is too wide to be covered in a few pages. Herbison and Myres have yet tried to restrict it under three broad groups, viz.

1. Economic Resource
2. System of Authority
3. Class or Elite

Let us understand each of them one by one.

1. ***Economic Resource:*** Business Economics classifies the factors of production into four basic inputs, viz. land, labour, capital and entrepreneur. By the use of all these four, basic production can be done. But to turn that into a profitable venture, an effective utilization of man, money, material, machinery and methods of production has to be ensured. This is guaranteed by application of management fundamentals and practices. The better is the management of an enterprise, the higher is its growth rate in terms of profit, sales, production and distribution. Thus management itself serves as an economic resource.
2. ***System of Authority:*** As already discussed, management is a system of authority. It formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.
3. ***Class or Elite:*** Management is considered to be a distinct class that has its own value system. Managerial class, often referred to as a collective group of those individuals that

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perform managerial activities is essential component of each organisation. The importance the class has become so huge that the entire group of mangers is known as "management" in every organisation.

1.4 Purpose of Management

The purpose of management can be understood as following:

1. Reducing ambiguity in methods of working,
2. Keeping costs down, and motivating others to do the same.
3. Taking calculated risks
4. Managing prospective risk
5. Exercise good judgement

Task Illustrate an example of managerial activities you ever involved in and enlist the purposes of each of them.

1.5 Characteristics of Management

Management is a distinct activity having the following salient features or characteristics:

1. ***Economic Resource:*** Management is an important economic resource together with land, labour and capital. As industrialization grows, the need for managers increases. Efficient management is the most critical input in the success of any organised group activity as it is the force which assembles and integrates other factors of production, namely, labour, capital and materials. Inputs of labour, capital and materials do not by themselves ensure production, they require the catalyst of management to produce goods and services required by the society. Thus, management is an essential ingredient of an organisation.
2. ***Goal Oriented:*** Management is a purposeful activity. It coordinates the efforts of workers to achieve the goals of the organisation. The success of management is measured by the extent to which the organisational goals are achieved. It is imperative that the organisational goals must be well defined and properly understood by the managers at various levels.
3. ***Distinct Process:*** Management is a distinct process consisting of such functions as planning, organising, staffing, directing, and controlling. These functions are so interwoven that it is not possible to lay down exactly the sequence of various functions or their relative significance. In essence, the process of management involves decision making and putting of decisions into practice.
4. ***Integrative Force:*** The essence of management is integration of human and other resources to achieve the desired objectives. All these resources are made available to those who manage. Managers apply knowledge, experience and management principles for getting the results from the workers by the use of non-human resources. Managers also seek to harmonize the individuals goals with the organisational goals for the smooth working of the organisation.
5. ***Intangible Force:*** Management has been called an unseen force. Its presence is evidenced by the result of its efforts – orderliness, informed employees, buoyant spirit and adequate work output. Thus, feeling of management is result-oriented. One may not see with the naked eyes the functioning of management but its results are apparently known. People often remark of the effectiveness (or ineffectiveness) of management on the basis of the end results, although, they can't observe it during operation.

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6. ***Results through Others:*** The managers cannot do everything themselves. They must have the necessary ability and skills to get work accomplished through the efforts of others. They must motivate the subordinates for the accomplishment of the tasks assigned to them.

7. ***A Science and an Art:*** Management has an organised body of knowledge consisting of well defined concepts, principles and techniques which have wide applications. So it is treated as a science. The application of these concepts, principles and techniques requires specialized knowledge and skills on the part of the manager. Since the skills acquired by a manager are his personal possession, management is viewed as an art.

1.6 Management – An Emerging Profession

The professionals enjoy high status in every society. Individuals desire to join a profession like medicine, chartered accountant, engineering and law. There has been a growing trend towards professionalisation of management, primarily, because of the desire of business leaders for social status and recognition.

A profession may be defined as an occupation backed by specialized knowledge and training, whose code of conduct is regulated by a professional body and which is duly recognized by the society. The basic requirements of a profession are as follows:

1. ***Knowledge:*** A substantial and expanding body of knowledge and information in the concerned field.

2. ***Competent Application:*** Skilled and judicious utilization of knowledge in the solution of complex and important problems. This requires education and training in the specified field.

3. ***Professional Body:*** Regulation of entry into the profession and conduct of members by the representative body.

4. ***Self Control:*** An established code of conduct enforced by the profession's membership.

5. ***Social Responsibility:*** Primarily motivated by the desire to serve others and the community.

6. ***Community Approval:*** Recognition of professional status by the society.

Does management satisfy the tests of a profession? The application of the above tests or criteria to management is examined below:

1. ***Specialized Knowledge:*** There exists a rapid expanding body of knowledge underlying the field of management. Since the beginning of this century, many thinkers on management have contributed to the field of management. Now we have systematic body of knowledge that can be used for the development of managers. Management is widely taught in the universities and other educational institutions as a discipline.

2. ***Competent Application-Education and Training:*** MBAs are generally preferred for managerial jobs, though MBA degree is not necessary to enter this profession. Persons with degree in psychology, engineering, etc., can also take up managerial jobs. Thus, there are no standard qualifications for managers.

3. ***Managerial Skills can't be Learnt by Trial and Error Method:*** To be a successful manager, it is essential to acquire management skills through formal education and training. Many institutes of management have been functioning in India and other countries which offer MBA and other courses in management.

4. ***Professional Body:*** For the regulation of any profession, the existence of a representative body is a must.

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Example: The Institute of Chartered Accountants of India lays down the standards of education and training for those who want to enter the accounting profession. Some organisations such as the Indian Management Association and the All India Management Association have been set up in India. But none of these have any legal authority to prescribe minimum qualifications for taking up managerial posts or to regulate the conduct of managers as is the case with the Medical Council of India and Bar Council of India. Management Association has prescribed a code for managers, but it has no power to take action against any manager who does not follow this code.

5. ***Social Responsibility:*** Managers of today recognize their social responsibilities towards customers, workers and other groups. Their actions are influenced by social norms and values. That is why, managers enjoy a respectable position in the society as is the case with doctors, chartered accountants, etc.

6. ***Society's Approval:*** The managers of modern organisations enjoy respect in the society. There is typically a positive correlation between a manager's rank and his status in the organisation where he is working. This status tends to affect the manager's status outside the organisation. Thus, community approves management as a profession.

It seems presumptuous to classify management as a profession. By all the bench marks, the professionalisation of management is still far from complete. It meets the above criteria of a profession only partially as discussed below:

1. Though management has a well defined body of knowledge, it is difficult to say whether management meets the criterion of competent application. It is not obligatory to possess specific qualifications for being appointed as a manager. But to practice law one has to be a graduate in the Laws. Similar is the position with the medical profession. Education and training in management are also getting importance day by day in the industrial world.

2. There is no professional body to regulate the educational and training standards of the managers. For instance, there is Bar Council of India to regulate the legal profession. It is encouraging to note that management associations are growing fast throughout the world. It is expected that they will be able to develop norms of behaviour for the practicing managers.

3. Management does not satisfy the test of self-controls as there is no central body to lay down and enforce professional standards and code of conduct for the managers. Thus, it may be concluded that management does not fulfill all the requirements of a profession. Therefore, it can't be fully recognized as a profession. However, it is moving in that direction because:

   (a) The field of management is supported by a well-defined body of knowledge that can be taught and learnt.

   (b) Management of modern organisations requires competent application of management principles, techniques and skills. Thus, there is a great need of formal education and training in management. That is why, the demand for management degrees is increasing rapidly.

   (c) Managers are aware of their social responsibilities towards various groups of the society. In their actions, they are guided by their social obligations rather than their personal interests.

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Case Study

Is Management really a Profession?

– By: Jena McGregor

Doctors must take the Hippocratic Oath and earn continuing education credits for years. Lawyers must pass the bar and adhere to strict codes about attorney-client privileges. But although managers have long been known colloquially as "professionals," the graduate schools many of them attended have long drifted away from their founding charters, which wanted to create a profession of management.

That's the argument made by Rakesh Khurana, a Harvard Business School professor, in his book, From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession. Khurana, who made a name for himself with his 2004 book, Searching for a Corporate Savior: The Irrational Quest for Charismatic CEOs, is a star at HBS, and builds a fascinating argument for why business school education is in need of reform. For an interesting discussion between him and Yale School of Management Dean Joel M. Podolny, click here.

I had the opportunity to hear Khurana speak about his book on Monday at a luncheon at the Princeton Club. Khurana defines a profession as one in which its practitioners have to master a certain body of knowledge, in which that knowledge is used to help others, and in which there's a governance system that's both ethical and self-policing in nature. None of those really describe management: Anyone can become a manager, whether or not they have an MBA; it's not really done to aid a client; and there is no self-policing body making sure ethical standards are met. Khurana argues that while the founders of today's elite business schools tried to legitimize business education by calling it a profession (no self-respecting elite institution at the time wanted to have anything to do with something so tied to making money), today, it's become anything but.

Khurana believes we're at an "inflection point of what the role of business should be," and as pressures build to create corporations more attuned to benefiting society, we also need to educate future managers to do the same. He suggests that business schools could have some way of proving their students have mastered the curriculum (a board exam for MBAs?) and that there should be some "evergreen" aspect to the MBA (continuing education requirements, for instance). He adds that in "Rakesh's normative world," there might even be an equivalent of the Hippocratic Oath for business students. He even has a suggestion for the first sentence: "First, I will not lie."

Question

What do you think? Should management be more of a profession?

Source: Business Week

1.7 Management vs. Administration

There has been some controversy over the use of the terms 'management', 'administration' and 'organisation'. At the outset, it may be pointed out that organisation is a narrower term as compared to the management process. The organisation function of management deals with the division of work among individuals, creation of structure of relationship in terms of authority and responsibility and laying down the channels of communication.

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A debate is very often raised as to whether or not there is a difference between 'management' and 'administration'. Conflicting views by various authors have led to some confusion over the use of these terms. American authors like Ordway Tead, Shulze, Oliver Sheldon and William Spriegel considered administration as a broader activity and management as a narrower activity. But British authors like Bench and Kimball and Kimball considered management wider than administration. The latest view is that there is no distinction between the two terms. Thus, the debate over the use of the terms management and administration has given rise to three viewpoints:

1. Administration is a higher level function concerned with the determination of policies whereas management with the implementation of policies.
2. Management is a generic term and includes administration.
3. There is no distinction between management and administration and both the terms are used interchangeably.

1. ***Administration is a Higher-Level Function:*** The first viewpoint considers administration as a determinative function and management as an executive function. William Newman, William R. Spriegel, Oliver Sheldon and Ordway Tead believe that administration involves the overall setting of major objectives, determination of policies, identifying of general purpose, laying down broad programmes, major projects and so forth. Management, according to them, refers essentially to the executive function, i.e., the active direction of human efforts with a view to getting things done. Thus, it could be said that administration, by and large, is more determinative, whereas management, by and large, is essentially executive.
2. ***Management is a Generic Term:*** The second viewpoint regards management as a generic term including administration. According to Brech, "Management is a social process entailing responsibility for the effective and economical planning and regulation of the operation of an enterprise in fulfillment of a given purpose. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans". Thus, Brech conceived administration as a part of management. Kimball and Kimball also subscribed to this view. According to these management scientists, 'management' is put at the same pedestal at which Spriegel, Oliver, Sheldon, Shulze and Ordway Tead have put 'Administration'. Thus, the first and the second viewpoints are exactly opposite to one another.
3. ***Management and Administration are Synonymous Terms:*** The modern viewpoint is that there is no distinction between the terms 'management' and 'administration'. Usage also provides no distinction between these terms. The term 'management' is used for higher executive functions like determination of policies, planning, organising, directing and controlling in the business circles while the term 'administration' is used for the same set of functions in the Government circles. So there is no difference between these two terms and they are often used interchangeably.

Task Give an event when you took an administrative role? If yes, what features of management you found in administration?

The distinction between management and administration may be of academic interest, but in practical life this distinction seems superfluous. Even if we accept the distinction made by Sheldon or Tead, it will be very difficult to demarcate between the so-called administrative and managerial functions because the same set of persons perform these functions.

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In order to do away with the controversy, we can classify management into (i) administrative management, and (ii) operative management. Administrative management is primarily concerned with laying downs policies and determination of goals whereas operative management is concerned with the implementation of the policies for the achievement of goals. But both these functions, i.e., framing of policies and executing them, are performed by the same set or group of individuals known as managers.

Figure 1.1: The Management Process

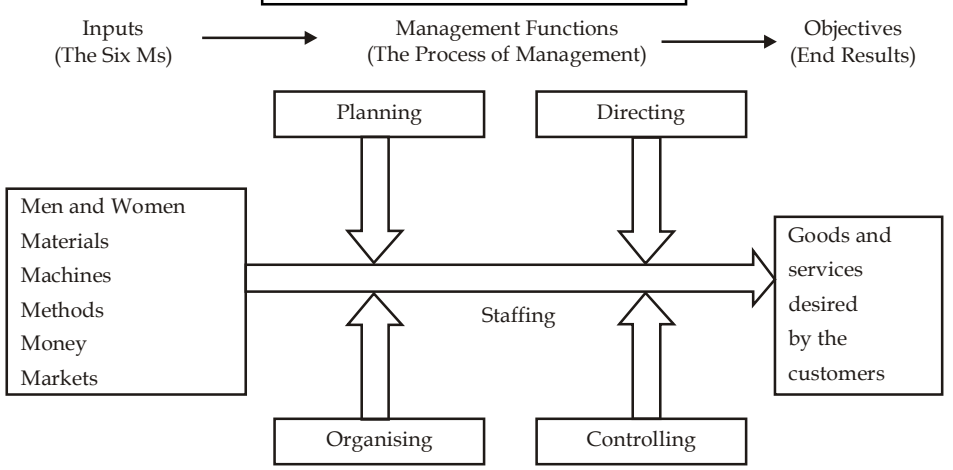

Figure 1.1 shows that every manager spends a part of his time in performing administrative management functions and the remaining time on operative management functions. However, the managers who are higher up in the hierarchy devote more time on administrative functions. They are known as 'top management'. Top management devotes a major portion of its time in determination of objectives and laying down of policies. Managers at the lower levels in the hierarchy devote comparatively less time on administrative functions and they are concerned more with directing, coordinating and control functions of management for the achievement of organisational objectives. This approach of viewing the 'management' is more practical because we do not need two groups of people to discharge administrative and operative management functions. In fact, every manager performs all the managerial functions though emphasis is different at various levels.

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Differences between Management and Administration

Basis	Management	Administration
1. Meaning	Management means getting the work done through and with others.	Administration is concerned with the formulation of objectives, plans and policies of the organisation.
2. Nature of Work	Management refers to execution of decisions. It is a doing function.	Administration relates to decision making. It is a thinking function.
3. Decision making	Management decides who shall implement the administrative decisions.	Administration determines what is to be done and when it is to be done.
4. Status	Management is relevant at lower levels of management.	Administration refers to higher levels of management.
5. Usage of Term	The term 'management' is widely used in business organisations in the private sector.	The term 'administration' is often associated with government offices, public sector and non-business organisations.

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1.8 Who is a Manager?

A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary. For many people, this is their first step into a management career.

Managers may direct workers directly or they may direct several supervisors who direct the workers. They are the individuals charged with examining the workflow, coordinating efforts, meeting goals and providing leadership. Thus a manager must be familiar with the work of all the groups he/she supervises, but need not be the best in any or all of the areas. It is more important for a manager to know how to manage the workers than to know how to do their work well.

A manager's title reflects what he/she is responsible for.

Example: 1. An Accounting Manager supervises the Accounting function.

2. The Production Manager developed a staffing plan for the factory.

3. The Manager of Design Engineering supervises engineers and support staff engaged in design of a product or service.

1.9 Roles of a Manager

To achieve results, they shift gears and restructure and reorganise things continually. The diverse roles played by managers in discharging their duties have been summarised by Henry Mintzberg in the late 1960s, under three broad headings: interpersonal roles, informational roles and decisional roles. Let us understand them one by one.

1. ***Interpersonal roles:*** Three interpersonal roles help the manager keep the organisation running smoothly. Managers play the figurehead role when they perform duties that are ceremonial and symbolic in nature. These include greeting the visitors, attending social functions involving their subordinates (like weddings, funerals), handing out merit certificates to workers showing promise etc. The leadership role includes hiring, training, motivating and disciplining employees. Managers play the liaison role when they serve as a connecting link between their organisation and others or between their units and other organisational units. Mintzberg described this activity as contacting outsiders who provide the manager with information. Such activities like acknowledgements of mail, external board work, etc., are included in this category.

2. ***Informational roles:*** Mintzberg mentioned that receiving and communicating information are perhaps the most important aspects of a manager's job. In order to make the right decisions, managers need information from various sources. Typically, this activity is done through reading magazines and talking with others to learn about changes in the customers' tastes, competitors' moves and the like. Mintzberg called this the monitor role. In the disseminator role, the manager distributes important information to subordinates that would otherwise be inaccessible to them. Managers also perform the spokesperson role when they represent the organisation to outsiders.

3. ***Decisional roles:*** There are four decision roles that the manager adopts. In the role of entrepreneur, the manager tries to improve the unit. He initiates planned changes to adapt to environmental challenges. As disturbance handlers, managers respond to situations that are beyond their control such as strikes, shortages of materials, complaints, grievances, etc. In the role of a resource allocator, managers are responsible for allocating human, physical and monetary resources. As negotiators, managers not only mediate in internal conflicts but also carry out negotiations with other units to gain advantages for their own unit.

Notes

Task Analyse your performance in different roles of managers that you have to play in day to day activities.

1.10 Skills of an Effective Manager

An effective manager must possess certain skills in the areas of planning, organising, leading, controlling and decision-making in order to process activities that are presented to him from time to time.

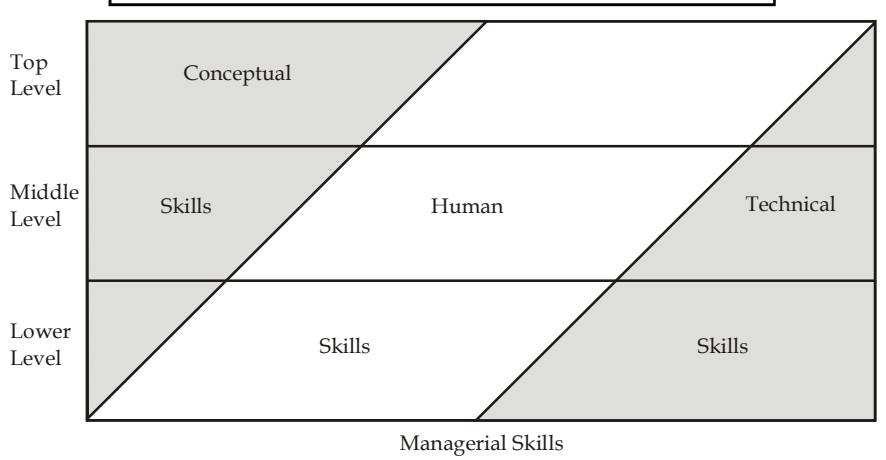
In order to be effective, a manager must possess and continuously develop several essential skills. Robert L. Katz has identified three basic types of skills - technical, human and conceptual - which he says are needed by all managers.

1. ***Technical skill:*** It is the ability to use the tools, procedures or techniques of a specialised field. Technical skill is considered to be very crucial to the effectiveness of lower level managers because they are in direct contact with employees performing work activities within the firm. For instance, the success of a drilling supervisor of an oil rig depends a great deal on his technical knowledge of drilling. However, as one moves to higher levels of management within the organisation, the importance of technical skill diminishes because the manager has less direct contact with day-to-day problems and activities. Thus, the president of an oil company does not need to know much of the technical details of drilling for oil or how to refine it.

2. ***Human skill:*** It is the ability to work with, understand and motivate other people. This skill is essential at every level of management within the organisation, but it is particularly important at lower levels of management where the supervisor has frequent contact with operating personnel.

3. ***Conceptual skill:*** It is the mental ability to coordinate and integrate the organisation's interests and activities. It refers to the ability to see the 'big picture', to understand how a change in any given part can affect the whole organisation. The relationship between management levels and managerial skills is shown in Figure 1.2.

Figure 1.2: Katz-managerial Skills and Level of Management



Technical skill is the most important at the lower levels of management; it becomes less important as we move up the chain of a command.

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Example: A production supervisor in a manufacturing plant, for example, is likely to need more technical skill than the company president, because he or she will have to deal with the day-to-day manufacturing problems that arise.

On the other hand, the importance of conceptual skill increases as we rise in the ranks of management. The higher the manager is in the hierarchy, the more he or she will be involved in the broad, long-term decisions that affect large parts of the organisation. For top management which is charged with the responsibility for overall performance, conceptual skill is probably the most important skill of all. Human skill is very important at every level of the organisation. One reason this is so is because to get the work done through others; high technical or conceptual skills are not very valuable if they cannot be used to inspire and influence other organisation members.

Supporting *Katz's* contention that specific skills are more important at some levels than at others is a study of managerial roles and behaviour by Jerdee and Caroll. More than four hundred managers from all levels of management and a variety of types and sizes of business are asked to estimate how much time they spent on eight management tasks: planning, investigating, coordinating, evaluating, supervising, staffing, negotiating and representing. Lower and middle-level managers replied that supervising was their dominant activity, while top managers claimed to spend proportionately more time on planning.

4. ***Design skill:*** *Koontz* and *Weihrich* added one more skill to the above list. Design skill is the ability to solve problems in ways that will help the organisation. At higher levels, managers should be able to do more than see a problem, to design a workable solution to a problem in the light of realities they face. If managers merely see a problem and become problem watchers they will fail.

5. ***Institution building skills:*** According to Prof. Pareek (1981), top level executives perform eight key roles while building institutions of lasting value, as indicated below:

   (a) *Identity creating role:* Top level executives must create an identity for their organisations in the market place. Such an impact can be created by serving employees through excellent welfare measures, developing enviable marketing skills or fostering technological innovations. In short, they must 'carve out a niche' for themselves in the market place.

   (b) *Enabling role:* Top level executives must develop their resources (men, materials, equipment and other facilities) in the service of an organisation. A good work atmosphere must be created where employees would feel like contributing their best to the organisation.

   (c) *Synergising role:* Synergy means that the whole is greater than the sum of the parts. In organisational terms, synergy means that as separate departments within an organisation cooperate and interact, they become more productive than if each had acted in isolation.

   Example: It is more efficient for each department in a small firm to deal with one financing department than for each department to have a separate financing department of its own. Top executives must try to combine their human as well as non-human resources in such a way that the goals of the organisation are met in an effective and efficient manner.

   (d) *Balancing role:* The top executive must be able to strike a harmonious balance between conformity and creativity within the organisation. Conformity to rules and regulations is required to ensure consistent and orderly execution of work.

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Conformity, when carried out in a rigid and scrupulous manner, may affect employee behaviour in a negative way and destroy the creative potential of employees. The chief executive, therefore, must encourage his employees to move in new directions and respond to new challenges in a dynamic way instead of merely applying rules and regulations in a mechanical manner.

(e) *Linkage building role:* The chief executive must be able to develop appropriate linkages between the organisation and outside constituencies such as government, financial institutions, community and society at large. Without enlisting support from these outside constituencies, it might be difficult for the organisation to obtain licenses, to expand business activity, to carry out research and to initiate rural development programmes.

(f) *Futuristic role:* The chief executive must prepare the organisation for future challenges. To this end, the organisation must look into market opportunities and encash these in a prudent way. The chief executive must be able to steer the ship to safety, facing the turbulent environments in a bold manner.

(g) *Creating an impact:* This means making an impact of one's organisation on others, by way of superior technology, marketing skills, innovative abilities, etc.

(h) *Provide superordination:* The chief executive must be able to create a sense of pride and importance in the subordinates – making them feel that they are working in a very important field of work which is very useful for the society.

1.11 Functions of a Manager

As we have seen above, there are many management functions in business and, therefore, many manager titles. Regardless of title, the manager is responsible for planning, directing, monitoring and controlling the people and their work.

1. An Operations Manager is responsible for the operations of the company.
2. A Night Manager is responsible for the activities that take place at night.

According to *Reitz*, Managers generally work for long hours, their days are broken up into a large number of brief and varied activities, they interact with large number of different people, they do little reflective planning and spend most of their time engaged in oral communication. They spend a lot of time getting, giving and processing information.

According to *Stoner*, managerial work is characterised by the following things:

1. ***Managers work with and through other people:*** Managers work with internal (subordinates, supervisors, peers) as well as external groups (customers, clients, suppliers, union representatives etc.) in order to achieve corporate goals. They integrate individual efforts into teamwork. They plan things, create a structure, motivate people and achieve goals.
2. ***Managers are mediators:*** People working in an organisation do not always agree on certain things, say, the establishment of goals and the means to achieve them. At the corporate headquarters of a large bank, managers may think about expanding into merchant banking, leasing, credit card business, whereas at the branch level, people may focus on expanding deposits by venturing deep into rural areas. Unless such differences are resolved quickly, employees find it difficult to think and act like a well-knit group. Their morale, too, may suffer. Managers often step in to put things in order, clear the paths to goals, clarify things to people, put out fires and meet goals.
3. ***Managers are politicians:*** Managers must develop healthy relationships with various groups in order to achieve the goals smoothly. They may have to nurture groups and join

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certain coalitions within a company. They often draw upon such relationships to win support for their proposals and decisions.

4. ***Managers are diplomats:*** Managers serve as official representatives of their work units at organisational meetings. They may represent the entire organisation as well as a particular unit in dealing with external groups (clients, customers, government officials, etc.).

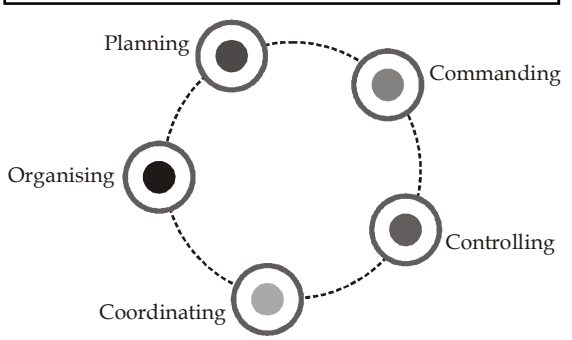
5. ***Managers are symbols:*** Managers are symbols of corporate success or failure. They get applause when they succeed and get depreciated and attacked when they fail. In short, they represent corporate as well as employee aspirations. They are shown the door when these aspirations do not materialise.

Managers, obviously, are there to utilise corporate resources in the best possible way.

More popular and widely accepted is the classification given by *Henry Fayol*. According to him, the managerial functions may be broadly classified into five categories: planning, organising, directing, staffing and controlling. Managers perform these functions within the limits established by the external environment and must consider the interests of such diverse groups as government, employees, unions, customers, shareholders, competitors and the public. For theoretical purposes, it may be convenient to separate the management functions and study them independently but practically speaking, they defy such categorisations. They are highly inseparable.

Each function blends into the other and each can be performed in any order or sequence, not necessarily in the order shown above, but tend to be performed (normally) in the planning, organising, leading and controlling sequence. A brief discussion of the five basic functions is presented under:

Figure 1.3: Henry Fayol—Functions of a Manager



1. ***Planning:*** Planning is the process of making decisions about future. It is the process of determining enterprise objectives and selecting future courses of actions necessary for their accomplishment. It is the process of deciding in advance what is to be done, when and where it is to be done, how it is to be done and by whom. Planning provides direction to enterprise activities. It helps managers cope with change. It enables managers to measure progress toward the objectives so that corrective action can be taken if progress is not satisfactory. Planning is a fundamental function of management and all other functions of management are influenced by the planning process.

2. ***Organising:*** Organising is concerned with the arrangement of an organisation's resources – people, materials, technology and finance in order to achieve enterprise objectives. It involves decisions about the division of work, allocation of authority and responsibility and the coordination of tasks. The function increases in importance as a firm grows. A structure is created to cope with problems created by growth. Through this formal structure, the various work activities are defined, classified, arranged and

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coordinated. Thus, organising refers to certain dynamic aspects: What tasks are to be done? Who is to do them? How the tasks are to be grouped? Who is to report to whom? Where the decisions have to be made?

3. ***Staffing:*** Staffing is the function of employing suitable persons for the enterprise. It may be defined as an activity where people are recruited, selected, trained, developed, motivated and compensated for manning various positions. It includes not only the movement of individuals into an organisation, but also their movement through (promotion, job rotation, transfer) and out (termination, retirement) of the organisation.

Notes Staffing involves selection of the right man for the right job. It has four important elements:

1. Recruitment may be defined as the process of attracting the maximum number of applications for a particular job.
2. Selection is the process of screening the candidates and choosing the best ones out of them.
3. Training involves imparting the necessary knowledge and skills required for the performance of a particular job.
4. Compensation is the price paid to the workers for the services rendered to the organisation.

4. ***Directing:*** The function of guiding and supervising the activities of the subordinates is known as directing. Acquiring physical and human assets and suitably placing them on jobs does not suffice; what is more important is that people must be directed towards organisational goals. This work involves four important elements:

   (a) *Leadership:* Leadership is the process of influencing the actions of a person or a group to attain desired objectives. A manager has to get the work done with and through people. The success of an organisation depends upon the quality of leadership shown by its managers.

   (b) *Motivation:* Motivation is the work a manager performs to inspire, encourage and impel people to take required action. It is the process of stimulating people to take desired courses of action. In order to motivate employees, manager must provide a congenial working atmosphere coupled with attractive incentives.

   (c) *Communication:* Communication is the transfer of information and understanding from one person to another. It is a way of reaching others with ideas, facts, and thoughts. Significantly, communication always involves two people: a sender and a receiver. Effective communication is important in organisations because managers can accomplish very little without it.

   (d) *Supervision:* In getting the work done it is not enough for managers to tell the subordinates what they are required to do. They have also to watch and control the activities of the subordinates. Supervision is seeing that subordinates do their work and do it as directed. It involves overseeing employees at work.

5. ***Controlling:*** The objective of controlling is to ensure that actions contribute to goal accomplishment. It helps in keeping the organisational activities on the right path and aligned with plans and goals. In controlling, performances are observed, measured and compared with what had been planned. If the measured performance is found wanting, the manager must find reasons and take corrective actions. If the performance is not found wanting, some planning decisions must be made, altering the original plans. If the

controlling function is to be effective, it must be preceded by proper planning. Thus, controlling includes four things:

(a) setting standards of performance,

(b) measuring actual performance,

(c) comparing actual performance against the standard and

(d) taking corrective actions to ensure goal accomplishment.

Successful management involves active participation by managers in the above basic managerial functions. These functions are interrelated and most managers use a combination of the all of them simultaneously to solve the problems facing their companies.

1.12 Contribution of Henry Fayol

Henry Fayol was born in 1941 at Constantinople in France.

Did u know? He graduated as a mining engineer in 1860 from the National School of Mining. After his graduation, he joined a French Coal Mining Company as an Engineer. After a couple of years, he was promoted as manager. He was appointed as General Manager of his company in 1888. At that time, the company suffered heavy losses and was nearly bankrupt. Henry Fayol succeeded in converting his company from near bankruptcy to a strong financial position and a record of profits and dividends over a long period.

Concept of Management: Henry Fayol is considered the father of modern theory of general and industrial management. He divided general and industrial management into six groups:

1. ***Technical activities:*** Production, manufacture, adaptation.
2. ***Commercial activities:*** buying, selling and exchange.
3. ***Financial activities:*** search for and optimum use of capital.
4. ***Security activities:*** protection of property and persons.
5. ***Accounting activities:*** stock-taking, balance sheet, cost, and statistics.
6. ***Managerial activities:*** planning, organisation, command, co-ordination and control.

These six functions had to be performed to operate successfully any kind of business. He, however, pointed out that the last function i.e., ability to manage, was the most important for upper levels of managers.

The process of management as an ongoing managerial cycle involving planning, organising, directing, co-ordination, and controlling, is actually based on the analysis of general management by Fayol. Hence, it is said that Fayol established the pattern of management thought and practice. Even today, management process has general recognition.

Fayol's Principles of Management: The principles of management are given below:

1. ***Division of work:*** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.
2. ***Authority and Responsibility:*** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

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3. ***Discipline:*** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organisation. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organisation can work smoothly without discipline - preferably voluntary discipline.

4. ***Unity of Command:*** In order to avoid any possible confusion and conflict, each member of an organisation must received orders and instructions only from one superior (boss).

5. ***Unity of Direction:*** All members of an organisation must work together to accomplish common objectives.

6. ***Emphasis on Subordination of Personal Interest to General or Common Interest:*** This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

7. ***Remuneration:*** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and non-financial incentives.

8. ***Centralization:*** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. ***Scalar Chain:*** The unity of command brings about a chain or hierarchy of command linking all members of the organisation from the top to the bottom. Scalar denotes steps.

10. ***Order:*** Fayol suggested that there is a place for everything. Order or system alone can create a sound organisation and efficient management.

11. ***Equity:*** An organisation consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. ***Stability of Tenure:*** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organisation and management.

13. ***Esprit of Co-operation:*** Esprit de corps is the foundation of a sound organisation. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. ***Initiative:*** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

Case Study

KBC's Win or SDCK's Loss?

In early 2000, to beat Zee TV in TRP ratings and increase the viewership, Star Plus, the second most viewed TV channel sought the help of research agency MARG to improve its TRP ratings. MARG stressed on a new brand positioning for the channel to garner more viewership. On MARG's advice, Star Plus launched the biggest game show in Indian television history 'Kaun Banega Crorepati' (KBC). It was hosted by none other than Bollywood superstar Amitabh Bachchan. Overnight, KBC pushed Star Plus into the leadership position.

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Channel audience share peaked to a high of 8.7% during the eight weeks beginning July 2nd 2000, compared with Sony TV's 7.2% and Zee TV's 6.8%. By September 2000, the channel had 12 of its shows on the top 50 charts.

In the top 20 program list, Star Plus had 8 programs, versus Zee's 9 and Sony's 3, as compared to the pre-KBC figures of 12 shows for Zee, 5 for Sony and just 3 for Star Plus.

From November 2000, Star managed to occupy 12 top slots in the TRP ratings. Post KBC, the image of Star Plus as foreign channel changed considerably with viewers switching in hordes to the channel. Riding high on the success of KBC, Star Plus launched follow-up programs for KBC to sustain viewer interest in the channel.

The prime time slot was changed from 9-10 to 9-11 with two family dramas being aired right after KBC. This succeeded in retaining the viewership of the channel. Putting KBC in the prime time slot (9-10 p.m.) paid off for the channel, largely at the expense of Zee TV's prime time slots. Sony also suffered to an extent and had to revamp its prime time serial slots, but it was Zee, which faced the maximum erosion in its primetime viewership ratings.

KBC's success changed the ground rules in the TRP race between the television channels. Zee TV had to pool all its resources to combat the effect of KBC. Zee even changed the timings of its popular prime time soaps. To lure back the audience lost due to the KBC effect, Zee launched its Malamaal interactive contest. However, the promotion did not do the trick for Zee, and the KBC menace continued to eat into its TRP ratings and ad revenues. It was at this time that Zee TV decided that it had to come out with a program, which could match KBC. Thus was born Sawal Dus Crore Ka (SDCK).

Zee seemed to have hit the wrong note from the very beginning, when it decided to make SDCK a replica of KBC with Anupam Kher and Manisha Koirala as anchors. To lure away KBC viewers, Zee decided to feed on their greed by offering prize money of ₹ 100 million to the winner, as against KBC's ₹ 10 million, giving the show a tremendous response initially.

SDCK had inaugural TRP ratings of 7.9 when it was launched in October 2000. However, it slipped down to 3.7 within 3 weeks. During the same period, KBC moved up from 9.3 to 10.5. Thus December 2000 was a time of sweet victory for STAR TV's Indian arm. Archrival Zee TV's (Zee) desperate attempt to cash in on the gameshow craze with their 'Sawal Dus Crore Ka' (SDCK), was making headlines for all the wrong reasons. SDCK never really managed to hit it off with the audience. SDCK was never able to reach the rating of its inaugural show in its short lifespan. SDCK failed to sustain the viewer's interest in the show from the very beginning.

Also, its anchors could not match the charisma and screen presence of Amitabh Bachchan. SDCK was aired on Monday, Tuesday and Thursday from 8:30 to 9:30 p.m. putting it in direct competition with KBC, which was aired on all weekdays, except on Friday, between 9:00 and 10:00 p.m. Media analysts commented that SDCK had failed to capture the imagination of the audience.

The me-too image of the show was seen as a major hindrance to its popularity. SDCK sets looked similar to KBC's with the same seating arrangement and similar blue lighting. But there were undefined arches under which the contestants seemed to disappear. Even the audience section was badly lit. On the program content front, SDCK's elimination rounds were confusing - making things long and dull for the viewers. The language of the questions seemed to be complicated to the viewers. It seemed as if even simple questions were complicated, and this seemed to create confusion in the minds of the audience.

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Instead of the 'three lifelines' of KBC, SDCK had three trumps; instead of 'lock kiya jaye,' it was 'freeze kiya jaye.' There seemed to be no spontaneity in the show as the anchors failed to strike a comfortable relationship with the participants. Lack of a healthy working relationship between the two anchors also marred the show.

Some analysts felt that the presence of two anchors created confusion. Viewers seemed to be irritated when both anchors spoke at the same time. Gajendra Singh, Director, SDCK commented, "They had massive ego clashes and I think it showed on screen." Reacting to Zee TV's comments on SDCK's failure being due to his and Manisha's incompetence, Anupam Kher said, "When they have anyway thrown the two of us out, why not go on with the existing format if we alone are to be blamed for its failure?" Manisha Koirala also came out strongly against SDCK and Zee in the media.

She remarked, "When I first caught the telecast of SDCK in the second week of November, I was appalled by its poor and tacky production. There were flies sitting on the participant's faces and many of them were sweating not because of tension but heat in the studio." . Thus, while the anchors failed to win over the audience, whereas KBC's anchor, with his immense popularity, had completely won over the viewers.

There was an also lot of audience interaction in KBC, which seemed to be missing in SDCK. Before launching KBC, Star Plus had spent months preparing Amitabh Bachchan for the show. However, according to Anupam Kher, they could not rehearse for even three weeks before the shooting of the show commenced. Meanwhile, KBC gave SDCK a tough time by airing 'special' shows with Bollywood celebrities on the occasion of Diwali and New Year. Considering the show's miserable TRP ratings, and the fact that it was drawing flak from all quarters, though plans of revamping SDCK and of signing new anchors to host the show were made public, Zee TV eventually pulled the program off the air.

Questions

1. Which managerial functions do you analyse to have been reasons behind SDCK's failure?

Ans. The failure of SDCK's failure can be attributed to the failure of its management in performing all the functions of managers, viz., planning, organising, staffing, directing and controlling.

Planning, because

(a) The counter strategy against Star TV was badly planned by a look alike show.

(b) The timings of the show were badly planned

(c) The schedule to be followed, the format of the show did not have any appeal to the viewers

(d) The anchors planned to be chosen lacked mass appeal.

Organising, because

(a) the resources were improperly organised,

(b) the audience was not visible,

(c) the participants were not comfortable,

(d) the ambience was full of heat, with improper cooling system.

Staffing, because

(a) Such people were chosen to be the anchors that did not have a good bonding with each other, as well as the audience.

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(b) Two anchors were recruited while just one would have sufficed

(c) On the training part, one of the anchors himself admits that they were not given enough rehearsals.

Directing, because if a project fails, the main reason for that it that was not properly directed.

Controlling, because

(a) The production house could not protect the situation go awry even when they had foreseen the failure of the show.

(b) There could have been a possible revamping of the show.

(c) The anchors (if at all they were the sole reasons behind the failure of the show), should have been managed well in the initial stages of their conflict.

2. What role did Mr Amitabh Bachchan, the anchor of KBC excelled at while managing the show?

Ans. Mr Amitabh Bachchan excelled at performing the interpersonal role of being

(a) *Figurehead Role:* by greeting, welcoming the visitors of the show. Many participants admitted that they went to the show only so that they could shake their hands with the living legend.

(b) *Leadership Role:* by becoming the face of KBC. Whatever might have behind the scenes, Mr Bachchan guaranteed that he took the show off with excellence.

(c) *Liaison Role:* by serving as a connecting link between the production house and the audience/TV viewers.

3. List some interpersonal skills that might become the reason for the success/failure of a game show.

Ans. Ability to work with, understand, motivate, encourage, etc.

1.13 Summary

- Management is the main aspect of working involved in a system & its involvement as art, science, profession leads an effective role.
- Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.
- Managers play a very significant role in the business world.
- The various roles played by them in this regard are broadly grouped into three categories: inter-personal roles, informational roles and decisional roles.
- According to Fayol, managers perform five basic functions in order to achieve results.
- Planning is the process of setting enterprise objectives and deciding the future courses of action.
- Organising is concerned with the determination of relationships among functions, jobs and personnel.
- Staffing is the function of hiring, training and developing suitable persons for the enterprise.
- Directing tells people what to do and ensures that they do it to the best of their ability.
- Controlling keeps the enterprise activities on the right path and aligned with plans and goals.

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1.14 Keywords

Administration: It is a higher-level function concerned with the determination of policies.

Directing: It deals with the steps a manager takes (guiding, supervising, motivating, etc.) to get subordinates and others to carry out plans.

Leadership: Influencing others to act toward the attainment of a goal.

Management: The art of getting things done.

Motivation: Any influence that brings out, directs, or maintains goal directed behaviour.

Organisation: Two or more persons engaged in a systematic effort to produce goods or services.

Organising: It is the process of creating a structure of relationships to enable employees to carry out management's plans and meet its goals.

1.15 Self Assessment

Fill in the blanks:

1. A profession may be defined as an occupation backed by ..... and ..... .
2. We can classify management into ..... management, and ..... management.
3. There is ..... professional body to regulate the educational and training standards of the managers.
4. To be a successful manager, it is essential to acquire management skills through ..... education and training.
5. Administrative management is primarily concerned with ..... and ..... .
6. ..... provides direction to enterprise activities.
7. The functions of managers are ..... .
8. Division of work gives maximum ..... and ..... .
9. The higher the manager is in the hierarchy, the ..... he or she will be involved in the long-term decisions.
10. Managers work with and ..... other people.

1.16 Review Questions

1. "Management is getting things done through other people". Is this definition adequate for the present day concept of management? Discuss fully.
2. "Management is the force which leads, guides and directs an organisation in the accomplishment of pre-determined objectives". Discuss and give suitable definition of management.
3. There are may definitions of management which emphasise one or the other important aspect of management. Discuss and give various characteristics of management.
4. Is management a profession? Give arguments for your answer.
5. "Management is not a profession but is heading towards that direction". Do you agree with this statement? Give reasons in support of your answer.

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6. "Management is the art of getting things done through people". Comment.

7. Describe the process of management and explain how it can be used to accomplish results in any organisation?

8. Distinguish between management and administration.

9. Comment on the following statements:

   (a) Management is getting things done with and through people.

   (b) Management is concerned with ideas, things and people.

   (c) Management is the effective utilisation of human and material resources to achieve the enterprise objectives.

10. If managerial work is characterised by variety, fragmentation, and brevity, how do managers perform basic management functions, such as planning which would seem to require reflection and analysis?

11. Answer the questions that follow:

    Ratnesh Ahuja is the president of a small company that produces electronic goods. He decided to keep a planner of his activities for one day in advance, which is summarised as under:

9.30-10.15	Weekly staff meeting with five supervisors.
10.15-11.45	Making arrangements to display the company's products at a trade show in October.
11.45-12.30	Interview an applicant for the position of sales executive.
12:30-1:00	Meeting with the stockholders to explore how ₹ 50 lakhs in new funds can be obtained.
1.0-1.30	Luncheon with a potential customer.
1.30-2.15	Work with the production supervisor to determine why recent units were not meeting quality control standards.
2.15-2.45	Discuss with salesperson regarding the complaints from his area.
2.45- 3.15	Visit a local bank to determine prospects for borrowing ₹ 50 lakhs.
3.15-4.30	Work in the laboratory to try out some news optics to be used in the production equipment.

    (a) Of the activities listed, which ones are technical and which managerial?

    (b) In relation to each managerial activity, list the management function involved.

    (c) Based on his planner, do you consider Ratnesh Ahuja to be an effective manager?

12. If you are to start a business of your own, what will be first managerial role you would first like yourself to fit in and why?

13. Mr Kunal Gandhi is Manager Operations at ABX Corporations that deals in online training courses. Once a trainer comes to Mr Gandhi complaining that his computer is neither connected with LAN, nor is having its key board functioning well. As an action, Mr Gandhi calls a hardware specialist to fix the problem. The specialist being busy, asks for a 24 hr duration to come to the office. Mr Gandhi then tells the person to see if the cables are fitted correctly. The trainer replies in affirmation. Mr Gandhi then helplessly asked him to wait till the specialist came.

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The next afternoon, when the specialist came to rectify the things, the project that the trainer was working on, had already got 10 hours late. Fuming at the trainer, he came back to the manger shouting tat the data cables were fitted in wrong sockets so as to result in the problem.

What do you think were the key functions where the Operations Manger failed to perform?

Answers: Self Assessment

1. specialized knowledge, training
2. administrative, operative
3. no
4. formal
5. laying downs policies, determination of goals
6. Planning
7. inseparable
8. productivity, efficiency
9. more
10. through

1.17 Further Readings

Books

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Online links

managementhelp.org/mng_thry/mng_thry.htm

www.managementheaven.com/.../introduction-to-management

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http://www.differencebetween.net/business/difference-between-management-and-administration/

Unit 2: Development of Management Theories

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CONTENTS

Objectives

After studying this unit, you will be able to:

- Discuss classical theories
- State the neo-classical theories
- Explain the modern theories

Introduction

Managers use various skills to deal with people in the workplace. In order to develop the skills necessary to be a good manager, one should be aware of the traditional as well as modern

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management thoughts. He should also be aware of the different methods that have been tested and found suitable for use in modern workplace.

There have been three phases in the development of management thought. First, there is the classical approach which stressed on the production and administrative process within organisations. Second, there is the neo-classical approach that stressed on the importance of establishing and maintaining sound practices in human relations. This approach sees this as a means of improving the management process, and, of course, those who stress the importance of human relations in the organisation are concerned primarily with the human element in management. Finally, there are several modern approaches to the study of management that stress on either the social system, the decision making process, a systems approach, or the application of quantitative methods. In this unit, we will discuss the gradual development of the management theory in detail.

2.1 The Classical Management Theory

The term "classical" in English language refers to something traditionally accepted or long established. The beginning of the classical organisation theory can be traced back to the heydays of industrial transformation in the second half of the nineteenth century when some perceptive observers felt obsessed with the problem of growing size of the industries. In the beginning, the large scale operations were carried out by the organisations with the help of unskilled and semi-skilled labour but later on, the technological development changed the industrial scene completely. Many new economic, social and technical problems sprang up. The need for solving these problems called for the development of organisational forms and management practices which were quite different from the traditional ones. This phenomenon changed the individualistic nature of organisation and management into mechanical nature. This view was current till the first half of the twentieth century.

The classical writers viewed the organisation as a machine and human beings as different components of that machine. Their approach has focused on input-output mediators and given less attention to constraining and facilitating factors in external environment. Workers were considered to be driven by economic considerations who could be solely motivated by economic rewards. On the other hand, managers were regarded as kind-hearted, rational, intelligent and qualified people. Because an organisation was treated as a machine, it was felt that its efficiency could be increased by making each individual efficient, so that both the organisation's and the workers' interests might be served. Increased human productivity would facilitate the organisation in achieving its goals and objectives while on the other hand workers would get higher wages in return for their increased productivity. Thus, management is to emphasise on the improvement of machine in order to get higher productivity from the people at the minimum expense. The emphasis was on specialisation of performance and co-ordination of various activities.

2.1.1 Assumptions of the Classical Theory

The classical theory was based on the following assumptions:

1. The relationship between workers and management was established through formal communications, defined tasks and accountability and formalised procedures and practices to minimise conflict between them.
2. Workers are considered to be driven by economic considerations who can be motivated basically by economic rewards. Money is considered the main motivator.
3. The managers were characterised as rational, kind-hearted, intelligent and qualified personnel but they are supposed to deal with the workers firmly in the system.

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4. The theory assumes that the organisation is a machine and the people its components. In order to make any improvement in the whole system, internal factors were considered and less attention was given on factors in the external environment which may constrain and facilitate the system.

5. It has been assumed by the theory that both workers and managers are rational. Workers can easily perceive that their interests can be served only by increasing the productivity and getting more wages for higher productivity, on the other hand, management gets the fruits of higher productivity. Management tries to find out best ways of doing a job by introducing new improvements in machines and devoting time to such technical engineering and administrative aspect of organisation which can make the man produce as much as he can with minimum expenses so that workers can contribute more to the organisation and earn more for themselves in return.

6. The theory puts special emphasis on error and particularly on the detection of error and its correction after it happens.

7. The theory assumes that man is relatively homogeneous and un-modifiable while designing the jobs and in picking the extra pairs of hands.

8. The classical organisation theory, in its essential character, is centralised. The integration of the system is achieved through the authority and control of the central mechanism.

2.1.2 Two Streams of the Classical Theory

Classical theorists were divided in opinion. The two streams are scientific management and administrative management. The scientific management stream of the organisation theory emphasised on the efficiency of lower levels of organisation while administrative stream focused on the efficiency of higher levels.

Did u know? F.W. Taylor is called the father of scientific management approach. Taylor and his followers insisted upon dividing and sub-dividing the tasks through time and motion studies because he was of the view that objective analysis of facts and collection of data in the workplace could provide the basis of determining the best way to organise the work. Thus, they investigated the effective use of human beings in industrial organisations and studied primarily the use of human beings as adjuncts to machines in the performance of routine tasks.

The approach taken by this theory is quite narrow and encompasses primarily psychological variables. As such this theory is also referred to as 'Machine Theory' or 'Physiological Theory.'

The scientific management group was mainly concerned with the tasks at floor or operative levels, and these tasks were quite different from other tasks in the organisation because:

1. These tasks are largely repetitive in nature so that the daily activities of a worker can be sub-divided in a large number of cyclical repetitions of essentially the same or closely related activities.

2. These tasks do not require any problem-solving activity by the workers who handle them. Thus, more attention was given in standardizing the working methods.

The second stream is the administrative stream of organisation theory emphasises efficiency at higher levels. It was concerned with the managerial organisation and process. Henry Fayol was the leader for this group. He, for the first time studied the functions and laid down principles of management in a systematic manner for the guidance of managers.

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Notes The other contributors were Gulick, Oliver Sheldon, Mooney and Reliey, Urwick, Weber and others. The theorists have viewed the central problem as being one where there must be identification of tasks necessary for achieving the general purpose of the organisation and of the grouping or departmentalising, to fulfil those functions most effectively.

These two approaches are similar in recognising the fact that organisation is a closed system, however, there are differences between the two.

2.1.3 Key Characteristics of the Classical Theory

Scott and Mitchell have pointed out four key pillars on which the classical organisation theory seems to have been built. They are:

1. ***Division of Labour:*** Division of labour refers to the division of tasks of an organisation into sub-tasks and then allots these sub-tasks or sub-parts to individuals. The allotment should be in such a way that each individual would have a small task so that he can specialise himself in that part with a view to improve the efficiency of the organisation while at the same time, the total of individuals' tasks should add up to the organisation's goals and objectives. The approach rests upon the simple assumption that the more a particular job is broken down into its component parts, the more specialised a worker can become in carrying out his part of the job and the more specialised he becomes, the more efficient the whole organisation will be. This element is the cornerstone among the four elements mentioned above because other three elements are dependent upon division of labour.

2. ***The Scalar and Functional Processes:*** The scalar and functional processes deal with the vertical and horizontal organisation. The scalar process deals with the vertical elaboration of an organisation. In other words, it is the chain of command or the line of authority, along which authority flows from the top (chief executive) to the bottom (first line supervisor) and obligations and reporting from the bottom to the top. Each one in the organisation is told who their superiors are and who are their subordinates or to whom they are responsible and accountable in performing their job. Delegation of authority flows from this line of command.

   The functional process deals with the horizontal organisation, i.e., grouping of various functions into units and clearly defining the relationship between the various heads of the units. The grouping of functions can be done on the basis of purpose, process, clientele, place and time.

3. ***Structure:*** It refers to the logical relationship of functions in an organisation arranged in order to accomplish the objectives. These relationships are line and staff relationships. People, departments, divisions and other segments of the organisation that are authorised to determine the basic objectives of the business and assess their achievements constitute the line. The staff is that part of the organisation which assists and advises the line on matters concerning it, in carrying out its duties. For example, in a manufacturing concern, production is a line function while personnel and finance are the staff functions.

4. ***The Span of Control:*** In order to achieve the objectives, the managers are to get the work done from the unlimited number of workers in a large organisation. A manager cannot

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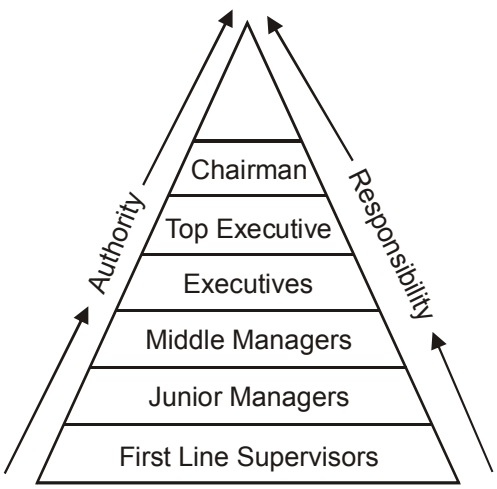
supervise an unlimited number of people. The span of control refers to the number of subordinates a supervisor can supervise effectively. Wide span yields a flat structure whereas short span results in a tall structure. Graieunas has developed a mathematical formula to show the numerical limitations of the subordinates, a manager can control. If an organisation is designed on the above principle, it will look like a pyramid. At the top of the structure, there is head of the organisation followed by the top executive, executives, middle managers, junior managers and at the bottom the first line supervisors. Chain of command and line of communication both flow from the top to the bottom in this structure. The line of responsibility, however, flows from bottom to top. There is no provision of upward communication in this system except in relation to the results of task performance. It can be shown by the following Figure 2.1.

Figure 2.1: Span of Control or Levels of Organisation



Task Find out the span of control or level of organisation of any Indian company of your choice.

2.1.4 Principles of Organisations under the Classical Theory

The classical theorists have developed certain principles of organisations for the guidance of managers and executives and they claim them as fundamental, essential, inevitable and universal. Though divergence of views exists, there is a considerable degree of unanimity on these principles. Fayol was the first to give principles of administration. He developed a comprehensive list of fourteen principles: (i) division of work; (ii) authority and responsibility; (iii) discipline; (iv) unity of command; (v) unity of direction; (vi) subordination of individual interests to general interests; (vii) fair remuneration; (xi) equity and a sense of justice; (xii) stability; (xiii) initiative; and (xiv) teamwork spirit. These principles are more or less have a considerable degree of unanimity and some of these principles are still applied in organisations.

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2.1.5 Criticisms of the Classical Theory

The classical theory suffers from various limitations. It was put under serious criticisms in the first half of the nineteenth century by the neoclassical thinkers and others. The criticisms are mainly based on the following grounds:

1. ***Certain Assumptions are Unrealistic:*** The classical theory is based on certain assumptions. These assumptions were found unrealistic and hence not applicable to organisations at a later date. The wrong assumptions, found unrealistic are:

   (a) *Close system assumption:* The classical theorists viewed the organisation as a closed system, i.e., it has no environment and hence no interaction with the outside world. They felt that the organisation structure could be created as a house, i.e., step by step. They thought, once the organisation is created, it would run smoothly and efficiently because human beings are rational and they work more for economic rewards. In this way, the model fails to consider many environmental factors which influence upon the organisation and, thus, this assumption leads to incomplete view of actual organisational situations.

   (b) *Static view of the organisation:* The classicists took a rigid and static view of the organisation whereas an organisation is not static but dynamic. The organisation can instantly respond to changes in the environment and adjust accordingly. The environment influences the organisation and is influenced by it. The organisation imports inputs, transforms them and then export outputs to the environment. The adjustments are necessary keeping in view the requirements of the organisational environment and its various internal parts. Thus, the best organisational pattern should meet the external and internal requirements and these requirements are ever-changing and dynamic.

   (c) *Unrealistic assumptions about human behaviour:* A major criticism of the classical theory is that the assumption regarding human behaviour was quite unrealistic. Human behaviour is complex in nature and not as simple as was established by the classical theorists. They lack sensibility to the behavioural dimensions of an organisation and make over-simplified and mechanistic assumptions for the smooth running of the organisation, ignoring all complexities of human behaviour at work. They assumed human beings as inert machines who perform tasks assigned to them and ignored their social, psychological and motivational aspects of human behaviour. This assumption of classical behaviourists led the workers to frustration, conflict and failure and thus subordinates man to the organisation.

   Human nature under this theory was also wrongly predicted; Mason Haire observed that "there are implicit assumptions about man on which classical organisation theory seems to me to be based. He is lazy, short-sighted, selfish, liable to make mistakes, has poor judgement and may even be little dishonest."

   (d) *Economic rewards are main motivators:* The assumption that people at work can be motivated solely through economic rewards is wrong. Several researches in human behaviour have contradicted this assumption. Hawthorne Experiments brought seven facts to light about several other motivational and maintenance factors that motivate people at work. Such other factors may be formation of informal groups, emergence of leaders beyond the chain of commands, improvement in productivity linked with better status and job enrichment, etc.

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2. ***Criticism of Principles:*** The theory was not only criticised for its certain assumptions that are unrealistic in modern industrial world but it's certain principles formulated by classical theorists were also criticised. The main criticisms of classical principles are as follows:

   (a) *Lack of empirical research:* Its various concepts and principles are developed by practitioners in management which are mainly based on personal experience and limited observation. They (principles) lack precision and comprehensive framework for analysis. No scientific method was used. Moreover, it is not clear whether these principles are action recommendation or simply definitions. Certain independent specifications are to be made in understanding the meaning of an organisation. The classicists have referred to the advantages of various organisational arrangements, their arguments are one-sided and they offer no objective criteria for selecting one method over other methods. March and Siman observed, perhaps the most crucial failure of the administrative management theory is that it does not conform to the practice. The theory tends to dissolve when put into testable form. Thus, not a single principle is applicable to all organisational situations and sometimes contradicts each other.

   (b) *Lack of universality:* The classical theorists have claimed that these principles have universal application. This suggests that these principles can be applied in: (i) different organisations, (ii) different management levels in the same organisation, and (iii) different functions of the same organisation. The empirical researchers, however suggest that none of the principles has such characteristics. Moreover, there are many principles which are actually contradictory with other principles.

Example: Principle of specialisation is quite in conflict with the principle of unity of command.

   The following are certain classical principles which are invariably questioned:

   (i) Hierarchical structure: The classical theory is based upon the hierarchical structure that establishes the authority relationship between individuals in an organisation. It refers to arrangement of individuals in superior-subordinate relationship. Today, the institutions of hierarchy based upon position within the organisation is being discounted and the technological specialisation with authority of knowledge is gaining importance.

   (ii) Unity of command: The classical theory suggests that each person has one superior. This principle has now become outdated. The trend is changing and the organisation seeks help from other members who are not in their chain of command, such as staff personnel. The organisations formally provides such supervision and the members thus, work under multiple command instead of under unity of command.

3. ***Excessive Reliance on Strength of the Key Characteristics:*** The classical theorists have focused excessive reliance on the strength of four key pillars, i.e., division of labour, scalar and functional process, structure and span of control. The neoclassicists who do not entirely reject the principles of classical theory, have attacked these key pillars. Some of the more important points raised by them are:

   (a) *Division of labour:* Division of labour is one of the key pillars of the classical theory but this tenet is criticised on the ground that there is no exclusive basis for grouping products, process, person or place, can always be used. The considerations of expertise and economy, warrants different approaches in different situations. Besides, division of labour causes de-personalisation of work at the operative level which results in

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loss of human relationships. Moreover, despite the fact that there is division of work among individuals and even though they may work independently of each other, the unit to which they belong specialises in a particular activity and its interdependence causes stresses and strains. Because these individuals and units work for common goals it raises a serious problem of co-ordination so that work may be done efficiently, cooperatively and harmoniously. As executive of each unit is answerable to the goals set for his unit, he internalises his sub-unit goals resulting in jealously guarded functional segments in the organisation.

Division of labour, moreover, causes several human problems of work. Due to limited repetitive tasks, the workers feel boredom, monotony, psychological alienation, etc. It also fails to utilise multiple capacities of people. The theory ignores human values such as satisfaction of job.

(b) *Scalar and functional process:* The scalar and functional process raises another problem of delegation of authority and responsibility. It is assumed that the rational personal programme will help in selecting the personnel having capacities matching authority and responsibility in a particular position. But the neoclassicists are of the view that there is no measuring rod for measuring the capacity. Besides, in an organisation, only capacities do not work, there are so many other kinds of overlays which affect decision-making process. Moreover, as March and Siman have pointed out, in most organisational situations, people are not looking for any optional solution but they require 'satisfying' solution, i.e., solution that meet the requirements.

(c) *Structure:* Classicists have laid down certain principles which, if followed will lay down a neat and perfect organisation structure, but the human behaviour disrupts the best laid organisation plans. Research showed that major conflicts between line and staff personnel in the organisation were experienced because jobs are becoming increasingly specialized have requiring a higher knowledge context. It can be felt if everything had worked in a predetermined way, there would have been no need of specialised control agencies, or organisation structure and it was the only cause for the development of control agencies.

(d) *Span of control:* The classical approach suggests a narrow span of control specifying the number of subordinates to 5-6 at higher level and 20 at bottom. But the view of neoclassicists favour a wider span of control having a large number of subordinates under one supervisor. According to them, there are several considerations, such as the abilities of supervisor and subordinates, nature of work, time schedules, geographic dispersion, etc. The ability to handle the responsibilities increases with the increase in level of education.

4. ***Bureaucratic Behaviour:*** Weber's 'ideal' bureaucracy, the main constituent of the classical theory, suggests the strict adherence to rules and regulations through mindless application of the letters of the rule. The scope for individual initiative and contribution to the organisation goal is thus limited. The result is red-tapism and observation of rules and regulations becomes the main objective and the objectives for which these rules and regulations are formed, are forgotten. Robert K. Morton has rightly observed that the rules and procedures may take positive values and become ends rather than means to ends and the decision-making tends to become a routine application of precedents with little attention to alternatives not previously experienced. Today when problem-solving ability, innovativeness and creativity are required, the bureaucratic approach appears to be inadequate.

5. ***Neglect of Human Factor for Focus on Anatomy of Organisations:*** The classical theory is devoted to specialisation of different parts of organisation to maximise output with the use of minimum input. The classicists concentrate their views along with the division of

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labour, organisation structure, grouping of activities and span of control, etc. but not with its effects on the interrelationships. It is a need model and assumes action and communication will flow uninterrupted. They do not envisage the development of informal groups and their leaders who control the behaviour of their members. According to neoclassicists, there is no scope for emotions and sentiments and no conflicts due to elaborate job descriptions, policy specifications, rules and regulations, clear-cut authority and responsibility, etc. under the classical theory. In this way, it recognises tasks and not the people.

6. ***Little Scope for Integration:*** The theory provides little scope for integrating people with the organisation. The goals are set at the top without consulting the subordinates who are actually, the real executors. The decision-making is highly centralised. The theory concentrates too much of authority at the top as the people at lower level are considered to be the 'inferior lot.'

The various criticisms of the classical organisation theory should not lead one to feel that it is a useless theory and does not offer any guidance for managerial action in an organisation. In fact, still there are many classical principles which are applied successfully in many organisations. It shows that though not much, the classical theory has its validity in designing an organisation. Scott observes, "It would not be fair to say that the classical school is unaware of the day-to-day administrative problems of the organisation. The classical organisation theory has relevant insights into the nature of an organisation, but the value of this theory is limited by its narrow concentration on the formal anatomy of the organisation."

Caselet

Electricity Workers Kick out Bureaucratic Management in Valencia State

Electrical sector workers, after a just struggle against the managerial bureaucracy of Corpoelec [the state owned National Electricity Corporation] conveyed their satisfaction with the announcements by Chavez regarding the electrical sector. The Corpoelec bureaucracy has revealed itself in the large failures in the electrical service, and in the violation of the rights of workers.

In this respect, on Friday morning in Carabobo [Valencia state], at the headquarters of Corpoelec-Cafade, workers carried out a protest. "Out with the bosses, for being incompetent" shouted dozens of electric sector workers in this protest demanding new, more efficient authorities capable of looking for solutions to the blackouts that daily leave thousands of Caraboban residents with out electricity.

The protest also demanded the re-hire of a group of workers and some engineers who were unjustly fired by the management of Corpoelec.

The protest culminated with the withdrawal of various managers and directors, who used their vehicles to open a path between the crowds of employees who sang loudly, "and they're going, they're going, the managerial bureaucracy is going".

The workers hugged and applauded, satisfied by the departure of the bureaucrats, whom they blame for inscrutability around the concrete causes of the failures in the electrical system and their supposed inefficiency with confronting the lack of maintenance of the power lines, transformers, and other infrastructure.

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The workers also pointed out that the management was indifferent to their complaints of attacks by electricity customers over the service failures and was hindering the discussion about the collective contract.

"Today we have taken control, just as the president has said in his speeches. We are doing this in order to guarantee a service to the people and provide a solution to the problems. We want to provide a timeline of when electricity will be suspended and why, something that the authorities couldn't do," said Jesus Granados, general secretary of the Electrician's Union of Carabobo.

The electricians accused the management of keeping such information from the community, a situation which has provoked annoyance in the population over not knowing how long the blackout will last.

Workers also said that management didn't care that this was happening and it is the workers who suffer the consequences, who are the victims of abuse and insults by people from various communities.

The workers stressed that they are prepared to create a timeline of rationing and make it public, as the population has the right to know such information so that they can take necessary previsions while the electrical problems in the country are being solved.

Electrical workers agree with the statements by [Venezuelan president Hugo] Chavez, that, "the problem isn't just technical, the problem is also political. Much of the management in the electrical companies are resisting the changes. Not all of them resist, but there's a kind of knot, a Gordian knot, that resists the full participation of the workers."

Source: www.venezuelanalysis.com

2.2 Neoclassical Management Theory

The classical organisation theory focused attention on physiological and mechanical variables of the organisational functioning in order to increase the efficiency and productivity. But positive aspects of these variables could not produce the positive results in work behaviour and the researches tried to investigate the reasons for human behaviour at work. They discovered that the real cause of human behaviour is somewhat more than the physiological variable. These findings generated a new phenomenon about the organisational functioning and focused attention on human beings in the organisations. These exercises were given new names such as 'behavioural theory of an organisation', 'human view of an organisation' or 'human relations approach in an organisation.'

The neoclassical approach was developed as a reaction to the classical approach which attracted so many behaviourists to make further researches into the human behaviour at work.

Did u know? This movement was started by 'Mayo' and his associates at Hawthorne Plant of the Eastern Electric Company, Chicago in the late twenties, gained momentum and continued to dominate till the sixties. An impressive account of thinking of human relations has been given by Douglas M. McGregor in his book entitled *'The Human Side of Enterprise.'*

The classical theory was the product of the time and the following reasons were responsible for its development:

1. The management thinking was showing signs of change because of the improved standards of living and education level. The technological changes were forcing the management to expand the size of the organisation and complexities were increasing. This also led to the

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fact that the management be somewhat more sympathetic and considerate towards their workers.

2. The trade union movement got momentum and made the workers conscious of their rights. It was no longer possible for the management to treat the human beings at work as 'givens'.

These were two main reasons which were responsible for the change of management behaviour from autocratic to the custodial approach which was based on offer of fringe benefits apart from wages to meet their security needs.

Though neoclassical approach was developed as a reaction to the classical principles, it did not abandon the classical approach altogether, rather it pointed to the limitations of the classical approach and attempted to fill in the deficiencies through highlighting certain points which were not given due place in the classical approach. In this regard, there were two schools of thought—one school of thought with writers as Simon, Smithburg, and Thompson, pointed out the limitations of the classical approach to structural aspect only and the analysts called this group as 'neoclassicists'. This school of thought suggested modifications to the classical principles but did not abandon the basic principles. The other school of thought which consisted of large number of writers focused on the human aspect neglected by the classicists. This group was called as human relationists or behaviourists. Both these schools were reactions to the classical theory but failed to suggest or develop any new theory except providing some points of criticism on varying counts. Both of them could be referred as neoclassicists.

Neoclassicists endeavoured to identify the weaknesses of classicists through empirical research and most of the criticisms of classical theory have emerged through researches. Howthorne studies were the beginning of the series. The other contributors are Roethlisberger, Dickson, Whitehead, Lippitt and White, Coach and French Jr., etc.

Neoclassical approach is based on two main points: (i) Organisational situation should be viewed in social as well as in economic and technical terms, and (ii) The social process of group behaviour can be understood in terms of clinical method analogous to the doctor's diagnosis of human organism. The neoclassicists view organisation as combination of formal and informal forms of the organisation. The informal form was missing in classical approach. They also introduced behavioural science to diagnose human behaviour and showed how the pillars of classical doctrines—division of labour, functional processes, structure and scalar chain are affected and modified by human actions. The main prepositions of neoclassical organisation theory are as follows:

1. The organisation in general is a social system composed of numerous interacting parts.
2. The social environment on the job affects the workers and is also affected by them. Management is not the only variable.
3. The informal organisation also exists within the framework of formal organisation and it affects and is affected by the formal organisation.
4. There is always a conflict between organisational and individual goals that always increases the importance of integration between these two.
5. People are interdependent and their behaviour can be predicted in terms of social factors.
6. Money is one of the motivators but not the sole motivator of the human behaviour. Man is diversely motivated and socio-psychological factors are more important.
7. Man's approach is not always rational. He behaves irrationally as far as rewards from the job are concerned.

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8. Both-way communication is necessary because it carries necessary information downward for the proper functioning of the organisation and transmits the feelings and sentiments of people who work in the organisation upward.

9. Teamwork is essential for cooperative and sound functioning of the organisation.

2.2.1 Appraisal of Neoclassical Theory Contribution

The neoclassical theory provides various modifications and improvements over the earlier theory and offers a more humanistic view towards people at work. Neoclassicists have also introduced behavioural science in the study of organisational functioning which has helped managers quite a lot. This approach emphasised the micro-analysis of the human behaviour. The theory has brought into light certain important factors which were altogether ignored by the classicists such as informal group, group norms, informal leader, non-economic rewards, etc. Thus, the approach gives evidence of accepting the classical doctrine though superimposing its modifications, resulting from individual behaviour and the influence of the informal group.

2.2.2 Criticisms

The main criticisms of the neoclassical theory are as hereunder:

1. ***Certain Assumptions are not True:*** Certain assumptions on which the neoclassical theory is based do not seem to be true. For example, the assumption that there is a solution to every problem which satisfies everyone in an organisation is not true. Often there are conflict interests among various groups in the organisation that are structural and not merely psychological.

2. ***Limited Application:*** The various formats and structures of organisations given by neoclassicists are not universal. Their application is limited. There is no particular structure which may serve the purpose of all the organisations. It also overlooks some of the environmental constraints which managers cannot ignore and this lapse makes the practicability of the theory limited.

3. ***Lack of Unified Approach:*** The theory lacks the unified approach of the organisation theory. In fact, it is not a theory at all. All that was done in neoclassical theory is simply modification of the classical theory rather than organisational transformation. So, this theory has almost the same limitations as the classical theory.

4. ***More Emphasis on Human Aspect:*** The theory gives too much emphasis on human aspects in the organisation. As the classicists concentrated on structural aspect, neoclassicists concentrate their attention on the human aspect. It ignores the other aspects such as formal structure, discipline, etc.

Some thinkers while criticising the theory have called it bankrupt because it suggests nothing new. Though, the theory has offered valuable contributions to the lore of organisation like the classical theory, it suffers from incompleteness, a short-sighted perspective and lack of integration among the many factors of human behaviour studied by it.

2.2.3 Facts Discovered through Hawthorne Experiments

Hawthorne studies at the Western Electrical Company, Chicago were the main source of inspiration to the neoclassical school. Mayo and his associates carried out several experiments there, by providing better working and living conditions and financial incentives, and they got amazing results. Productivity and efficiency went up considerably. The following facts were uncovered by these experiments:

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1. The individual roles as defined and norms established by their social system differ from those of the formal organisation. Workers follow the social norms rather than try to achieve the target management thinks they can achieve even though this would have helped them earn better and as much as they physically can.
2. Non-economic rewards and social sanctions also play quite a significant role in guiding the behaviour of the workers. It is their perception of the situation that matters and not that of the management. They fear retaliation for violating the group norms. So, they follow group norms and are not motivated by the economic incentive plans.
3. The group plays an important role in determining the attitudes and performance of individual worker. Often workers do not act or react as individuals but as a member of their group. A worker can more readily accept the change in his behaviour if the group of which he is a member changes its behaviour.
4. Informal leader and not the formal leader, i.e., the formal in-charge of the group as supervisor or manager, sets and enforces the group norms. Formal leader is proved ineffective unless he conforms to the norms to the group of which he is in-charge.
5. There is need for communication between the ranks participation in decision-making and democratic leadership. It explains to the lower participants as to why the management has taken a particular decision. The lower ranks are allowed to share in the decisions taken by the higher management especially in matters concerning them. Thus, suggesting that the management is just, non-arbitrary and concerned with the problems of workers and not only with the work output.
6. Increasing satisfaction leads to increased organisation effectiveness.
7. The management should possess not only technical skills but also effective social skills.
8. People are motivated in the organisation not merely by the satisfaction of lower needs but by fulfilling certain higher level needs.

The above conclusion of Hawthorne Experiments received a wide publicity and they changed the attitude and the thinking of the management significantly. This approach was further persuaded relentlessly by behaviourists.

Task Identify the non-economic rewards given to the employees at any one company of your choice.

2.2.4 Systems Approach to an Organisation

We may look at the organisation from two different angles:

1. We may consider the overall picture of the organisation as a unit; or
2. We may consider the relationship between its various internal components.

When we consider the overall picture of the organisation, we consider all the elements—internal and external—and their effects on each other simultaneously. This approach may be called the 'goalistic view' because it tries to reach the goal of an organisation by unifying the efforts of all the elements. For example, when we consider finance, workers and their attitude, technological developments, etc. we are following goalistic view. It serves as a mean-ends analysis which in turn facilitates division of work and helps in judging the extent of success of comparing actual and targeted performance. But it does not answer many problems such as interdependence of

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elements, organisations environment, interfact, etc. It gives a systematic view when we consider the second approach, i.e., we examine the relationship between each element of the organisation and their interdependence. If we examine employer-employee, customer and organisation, debtors-organisation relationships, we follow systematic view.

The systems approach focused attention on the following aspects:

1. It integrates all elements for the proper and smooth functioning of the organisation.
2. The organisation overall goals can be achieved successfully because it considers all the aspects of the problems deeply and maintains a harmonious relationship between various elements so that they work in unison to achieve goals.
3. The approach helps in acquisition and maintenance of various resources, i.e., man, material, money, and machinery, etc. for pertaining the smooth functioning of the organisation.
4. It allows adaptation to internal requirements and environmental changes in order to survive and grow.

Definition and Characteristics of System

Definition of System

Kast and Rosenzweig define the system as an organised unitary whole composed of two or more interdependent parts, components or sub-systems and defined by identifiable boundaries form its environmental supra-system. More simply, a system may be referred as units composed of several interdependent parts. System may be denoted as a grouping of parts and not simply an agglomeration of individual parts. Though each part performs its own functions yet they work towards a common goal. The behaviour of the entity is a joint function of the behaviours of the individual parts and their interactions.

Example: A human body may be regarded as a system, consisting of several sub-systems, such as circulatory, reproductive digestive, nervous systems, etc.

Even though each sub-system performs different and distinguished function, they depend on each other. Similarly, an organisation is composed of a number of sub-systems of sub-systems such as internal organisation, technological, psychological, structural, managerial and environment etc. which are constantly changing and evolving. A change in one may affect the other.

Characteristics of System

From the analysis of foregoing definition and discussion following characteristics of a system emerge:

1. ***Interdependence of parts:*** A system has several parts. Each part is dynamic and affects all other parts. They are interrelated and interdependent. Interdependence of different parts is must in an organisation as a system because of division of labour, specialisation, sharing of limited resources, scheduling of activities, etc. The work of the organisation is divided into various departments, sub-departments and so on, assigning each unit an independent specialised task, which on integration culminates into the accomplishment of overall organisational goals. These parts are interconnected in such a way that a change in one part may affect the other part and in this way, the whole organisation.

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2. ***A system is composed of several sub-systems:*** A system is composed of several sub-systems. For example, in a manufacturing organisation, total manufacturing is one system, within which may exist a complete production system which again may contain an inventory control system. Conversely, a system or sub-system may form part or container of other system. For example, an individual who may be a part of one system, may also be a part or container for another physiological system.

3. ***Every system has its own norms:*** Every system may be distinguished from other systems in terms of objectives, processes, roles, structures, and norms of conduct. So, every system is unique if anything happens in the organisation, we regard it as an outcome of a particular system and we locate the fault in the system.

4. ***Systems are open:*** Almost all systems are open. Open system imports certain factor processes them and exports them to the environment. Organisation is also an open system. It imports matter, energy and information, from its environments, transforms or converts them into a usable product or useful service and export that product or service to the environment. This process of importing, transforming and exporting goes on indefinitely. Though the organisation exports, they do not import all but retain some energy within themselves for survival and growth. As they are open, they are to absorb shocks and influences from the environment and those that are flexible respond to adapt themselves to the environment situation.

5. ***Systems influence and are influenced by other systems:*** As systems are open, they influence other systems in the environment depending upon its strengths and capacities in relation to other systems. Obviously, the influence of environment, in most cases is greater than the system's over impact on the environment.

Concept of Sub-system in an Organisation

In the previous section, we have suggested that a system is an integrated whole of various sub-systems. An organisation as a system can better be understood by identifying the various sub-systems within it. The levels of systems within a sub-system are called sub-systems and levels of systems within are identified by certain objectives, processes, role, structures and norms of conduct. A system is composed of various lower order sub-systems and is also a part of a super-system.

The various sub-systems of the system constitute the mutually dependent parts of the large system, called organisation. These sub-systems interact, and through interaction create new patterns of behaviour that are separate from, but related to, the patterns specified by original system. The interdependence of different parts as characterised by Thompson, may be pooled, sequential, or reciprocal. When dependence is not direct, it is pooled interdependence.

Example: An organisation, having sales divisions in different cities making their own buying and selling, but drawing upon its common funds is an example of pooled interdependence.

When one sub-system is directly dependent upon another, it is sequential interdependence. Such type of interdependence may be seen in production job or assembly line when output of one sub-system is the input for the other department or sub-system. Reciprocal interdependence refers to the situation where output of each unit becomes inputs for another such as in production and maintenance divisions. Thus, system behaviour emerged as one, and since different variables are mutually interdependent, the true influence of alerting one aspect of the system cannot be determined by changing it alone.

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Classification of Sub-systems

There are various ways of classifying sub-systems and one may support any of them. Each of the organisation unit may be treated as a sub-system. In other words, each functional unit of an organisation may be regarded as different sub-systems such as production sub-system, personnel or finance or sales sub-systems, etc. Seiler has classified four components in an organisation, i.e., human inputs, technological inputs, organisational inputs and social structure and norms. From these inputs, he has derived, the concept of socio-technical system, Kast and Rosenzweig have identified five sub-systems, i.e., goal and values sub-system, technical sub-system, psychological sub-system structural sub-system, and managerial sub-system. Katz and Kahn have identified five sub-systems. These are: technical sub-system concerned with the work that gets done; supportive sub-system concerning with the procurement, disposal and institutional relations; maintenance sub-system for uniting people into their functional roles; adaptive sub-system concerned with organisational change; and managerial sub-system for direction, adjudication and control of the many sub-systems and activities of the whole structure. Carzo and Yunouzas give three kinds of sub-systems in an organisation as a system, i.e., technical, social and power sub-systems. We shall here discuss these three sub-systems.

1. ***Technical Sub-system:*** The technical sub-system may be referred to as the formal organisation. It refers to the knowledge required for the performance of tasks including the techniques used in the transformation of inputs into outputs. Being a formal organisation, it decides to make use of a particular technology; there is a given layout; policies, rules and regulations are framed; different hierarchical levels are developed, authority is given and responsibilities are fixed; and necessary technical engineering and efficiency consideration are laid down. The behaviour in the organisation cannot be explained fully by technical sub-system, also because there is a fundamental conflict between the individual—a part of the system and the system itself resulting from the expectancies of the organisation and that of the people—regarding the work he has to perform. It requires certain modifications in the behaviour of the man through the social and power sub-systems (explained later).

   The objective of the technical sub-system is to make necessary imports from the environment, transform them into products or services and export them back to the environment. For this purpose, it involves decisions, communications, action and balance processes. Through the decision process, three main problems of what to produce, for whom to produce and how to produce are resolved. Decisions are based on information gathered from various sources. Such information is communicated through the communication process to action centres to implement them. Through balance process, an administrative balance is obtained so that all parts may be coordinated and no one part can dominate all other parts in the organisation. These processes take place on the basis of roles assigned to people according to the requirements of the job. In order to handle the job properly one is given authority from the superiors and is assigned a status matching with the importance of the job and the individual's ability to do the job. Norms of conduct are defined in the well-designed policies, norms, rules, procedures and description of the job. Thus, the arrangement of job in relation to each other, process and authority relations, etc. provide a structure to the technical sub-system.

2. ***Social Sub-system:*** As we have explained earlier, there exists a conflict between an individual and the system itself because people differ very widely in abilities, capacities, attitudes and beliefs, likes and dislikes, etc. People find the formal set-up quite inadequate to satisfy all their needs especially social ones. Gradually they are seen interacting with each other and at times by cutting across the hierarchical and departmental lines, etc. on non-formal matters. Thus, they form groups to discuss their informal matters and display their positive and negative sentiments towards each other. Sometimes, one member gets

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the membership of different social groups for different purposes and thus social behaviour is patterned.

The interaction between individuals and the group are generally known as informal aspect of the organisation which is the result of operation of socio-psychological forces. Such interaction can be interpreted in terms of mutual expectancies. Informal group expects certain type of behaviour from its individual member and in turn, individual has expectancies of psychological satisfaction, he hopes form the association. In this an individual modifies his behaviour according to group norms and the group modifies its behaviours according to what is expected from it by its members.

Another group of elements in social sub-system consists of status, role, norms and values. Status is a position determined as being important in the interpersonal relationship of the group. Thus, it is a social rank, prestige, sentiments and feelings of a person in comparison with a social system. Some members come to be more highly respected than others while some others born to be followers.

Notes Role is a pattern of action, expected of a person in his position involving others. Thus, it describes specific form of behaviour and develops originally from the task-requirements. Different members have to play different roles assigned to them by the group. Norm is that the general expectation demands character for all role incumbents of a system or sub-system. Unwritten norms are followed by the members of the group. Anybody not adhering to norms are reprimanded or punished. Value is the more generalised ideological justification and aspiration. Value guides the behaviour of the members.

3. ***Power Sub-system:*** Power behaviour of the people in an organisation plays a very important role. As the organisation starts functioning, people realise the importance of their job in relation to others in the organisation; the benefits of their experience to the organisation; the benefits of their experience to the organisation; the crucial location of their jobs, their personality characteristics; the fact of their access to the superior authority holder. In this way, they have acquired power to some degree or the other, based on the source of their power that influences the decision-making and regulate others behaviour.

   Individual's abilities to regulate the behaviour of others vary. Some persons are more powerful and some others have powerful influence areas than others have. Consequently, a power differentiation based on the amount of power enjoyed (which is again a function of success achieved and attempts made to influence the behaviour of others) develops in a power structure. It gives birth to politicking and people play opportunistic roles. Power minded people have no norms. Generally, norms are decided by the individual's interests and the opportunity of serving those interests and, therefore, sheer expediency is the norm. The power holder enjoys the status in accordance with his abilities to influence the behaviour of others in order to carry out his wishes. This part of the system is known as power sub-system.

   All the three sub-systems discussed above have distinct operational field. But, in actual practice, a clear-cut distinction among the three is very difficult to make and disentanglement of one sub-system from the other poses a serious problem. The three sub-systems are intertwined by considerable overlapping. Some behaviour patterns in the organisation are part of two sub-systems; some others are part of all the three sub-systems; some other activities are exclusive to a particular system; and still there are few behaviours which do not fall in any of the sub-systems.

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These three sub-systems are mutually dependent parts of the larger system, the organisation. There is interdependence between these parts of sub-systems and the whole organisation. Moreover, organisation itself, is a sub-system of a larger system society and has many other systems in its environment. Besides each part, sub-system or system constitutes environment of the other. As such, each of them influences and in turn, gets influenced by others.

2.3 Modern Management Theory

Modern organisation theory has its evolution from the General Systems Theory whose inventor and chief architect was Bertalanffy. General system theory presents an integration of different levels of system. It provides a macro view from which we may look at all types of systems.

The modern organisation theory is of recent origin having developed in sixties, and flourished in seventies. The theory presents the answers of several questions remained unheeded to by the earlier theories. The modern theory has an analytical base and has sufficiently relied on empirical research. The theory is a fundamental one, though it presents a new paradigm. It is not simply an extension of the old theories like the classical or the neoclassical theories. Its premises are based upon a conception of organisations as open, organic and probabilistic system. It gives answers to many complex questions ignored by the classical or the neoclassical theorists as pointed out by Scott and Michelle:

1. What are the various parts of the system?
2. What is the nature of their interdependency?
3. What are the processes which link the various parts of the system and facilitate their adjustment to each other?
4. What are the goals of the system?

We shall now discuss how these questions as answered by the modern theorists:

2.3.1 The Various Parts of the System

As every system has several parts, so the organisation being treated as a system, must also have several parts. The parts of organisation system may be classified.

1. ***Individual:*** Individual is an important part of an organisation and provides energy to matter and information—the organisational inputs. Individuals in an organisation come together with varied backgrounds, attitudes, motives and sentiments, they interact and influence each other and things in their environment and are also influenced by them.
2. ***Formal Organisation:*** Every system is formal because it lays down certain principles, rules, regulations, procedures, and norms of conduct for its proper functioning. Such rules, etc. may be oral or written. There are also hierarchical levels through which communication flows downward and upward. Organisational charts and manuals also constitute important parts of formal system.
3. ***Informal Organisation:*** In a formal system, people come together and interact with each other which cause development of certain relations and sentiments—positive, negative or indifferent. These relations and developments steadily result in spontaneous development of informal groups, groups so formed satisfy many of the social needs that remained uncared for by the formal organisation.
4. ***Status and Roles:*** Every organisation has hierarchical levels. It is like a pyramid consisting of layers and every layer has functional segmentation. The number of segments get reduced

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with the increasing level of the layer in the organisation and at the top only one layer remains that ultimately envelops the entire organisation. Every level and every individual at that level is assigned a role which is played by everybody in relation to those having role relationships. Accordingly, an individual gets certain privileges and prerogatives over others.

5. ***Physical Environment of the Work Situation:*** The technical equipment, technology employed design of machines, arrangement of jobs, etc. constitute the physical environment of the work situation. It provides, implies or embraces the physical conditions under which a person is to perform the work and it affects skills, motivations and perceptions of people ultimately leading to a particular efficiency level.

Task Identify the tasks and roles performed by key staff members of your college.

2.3.2 Nature of their Mutual Interdependency

The above parts of a system of an organisation work in unison for the attainment of a common goal. While performing their individual roles, they hardly work independently and to prove themselves productive, they work cooperatively and in collaboration with each other. Thus, these parts interact within and between themselves and such interaction may be inter-part interactions and intra-part interactions.

1. ***Inter-part interactions:*** Each part of the organisation interacts with all other parts. Individuals interact with informal organisations to get their social needs satisfied which formal organisation fails to satisfy. It makes modifications in individuals and expectations of the organisations. The individual may mould the group according to his point of view and by convincing the group, they can put their viewpoint before the organisation. Thus, each part interacts affecting each other and resulting in mutual modification of expectancies. Consequently demands and expectations of individual reconcile for harmonious relationships. The same may happen with organisations.

2. ***Intra-part interactions:*** Individual performs a very minute part of the total job and even for that limited task he is to seek assistance from others such as mechanic for removing the defects of a machine or for oiling the machine, etc. Thus, the individual's job may be a part of the series of processes involved, i.e., one may be a supplier for raw material for a job while the other depends for raw materials on others. In this way no part can complete his job without the assistance of others and thus their actions affect each other.

2.3.3 Linking Processes

As we have mentioned earlier no one part works in isolation. They are interdependent and interrelated. The linking processes are decision, communication, action and balance. The interrelationship between the parts effects decisions which conversely explains the relationship through the decision processes. This shows the flow of significant decisions and how decisions are arrived at through socio-metric authority, power, functional communication, etc. processes. All parts make decision and most of them especially the important ones are the product of joint efforts of various parts. Thus, the decision process links the various parts. Through communication process, various parts are able to get, store, retrieve and feed information to the action centres and such centres implement the decisions. So, through action process, decisions are implemented. Different units are controlled, integrated and balanced in order to be sure that no one part dominates the other parts.

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2.3.4 Goals of a System

Every system including the organisational system has certain goals. Leaving apart certain specific goals meant for a specific organisation or part, every organisation or system works towards the attainment of common goals which necessitates interaction, ability, adaptability and growth. Interaction takes place because parts are interdependent and interconnected. Stability is the objective of every system. However, static structure and the simple dynamic of every system do not seek adaptability and growth. The cybernetic system seeks adaptability but adaptability and growth are the objective or characteristics of all open living systems.

2.3.5 Modern Organisational Theory: An Appraisal

The modern organisational theory has made valuable contributions in the development of the organisational theories. The following are important:

1. The theory has an empirical and analytical base and looks at the organisations in system perspective.
2. It seeks interrelationships and interconnections amongst various organisational parts and seeks an answer to the question arising out of such interdependence.
3. It takes holistic view, i.e., a whole is not a sum of the parts. The system approach does not approve the separate study of different parts and then integrating them to make a whole. It opines that such integration is not possible and the total system should be studied as whole and not in parts.
4. The concern of modern organisation theory is to study the interrelationships between parts and to know how these parts respond to it. Thus, the system approach opened up vast possibilities for the analysis of innumerable parts and sub-systems within an organisational system and its interaction with its environment.
5. Unlike the classical or the behavioural approaches, modern theory adopts a realistic view regarding the principles of the organisation. The theory suggests as the organisation is composed of several sub-systems, it is quite impossible to prescribe certain principles which are universally applicable or appropriate to all organisations. Such principles are possible only when the system is stable, mechanistic, and effectively closed to intervening external variables. But once we take the organisation as an open system with interactive components, we can no longer think in simplistic and unidimensional terms.
6. The theory presents an open, organic and probabilistic system of the organisation as opposed to traditional theory's closed, mechanistic and deterministic view. Open system refers to an exchange relationship of the organisation with the environment and its serious dominating influence. Organisations are organic systems because they have adaptability and flexibility to adapt themselves to the environmental situation. Organisations are probabilistic systems because nothing is certain in an organisation, only a probability can be forecasted.
7. The classical approach followed a macro approach and the behaviourists, a micro approach but the modern organisation theory attempts a macro-micro-macro approach of the organisation. Besides, this attempt to comprehend the impact on the organisation to changes in environment has proved a new paradigm which is not merely an extension of old, rather it constitutes a real revolution in theory. It helps us understand the interrelationships between the major components of an organisation—its goals, technology, structure and culture.

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Though the modern theory has contributed a lot to the organisation, yet it is not free from criticisms. Notwithstanding its contribution to modern thinking, it has not lived up to the expectations, it raised at the beginning. It promised to provide an adequate and comprehensive explanation of the organisation, but this promise does not seem to be fulfilled. It was initially received enthusiastically but the initial enthusiasm could not be sustained for long. It remains fragmented because isolated attempts have been made in this direction and no integration of techniques and concepts into a high level of abstraction was attempted. Its concepts are still evolving. Though critics regard it as an important theory of organisation, but undoubtedly it has not yet developed sufficiently as a theory of explanation in the realm of human behaviour. There is no such transformation in the theory that can eliminate the old and substitute the new.

Case Study

Implementing New Systems at VXM

The past three years at VXM software have been very good as the company grew well in terms of business and growth rate. It managed to get huge contracts for ten very large companies and is in the process of setting up its fourth office in Pune. Since its Inception six years back, the company has come a long way and the founder CEO, Vijay Kamath, has embarked upon a massive expansion plan. He has planned to grow into international market and double their turnover within the next three years.

As Vijay compared many options available to him for getting the required finance to support this expansion, he was impressed by the concept of loans by venture capitalists. He asked the chief financial officer, Suryakant, to get more information on the subject and discuss it with their advisor. Within five months, the deal was finalised and the company received a loan of ₹ 20 crores to put in their expansion plans. In the coming year, the company rose up to double their employees and business grew by thirty five per cent. The business from international market started coming in slowly but by the end of the year 1998, the business from this sector rose to almost double.

Vijay, however, felt that the focus on increase in business had led to other problems like those of performance and quality. Coming back from a meeting with his old friend and a market analyst, he kept thinking about their conversation. They had discussed the general topics and then his friend had said, "You must look at the performance from all levels. While you are busy in creating and maintaining products, you have so far ignored your performance on other non-financial parameters such as employee turnover, customer retention, etc." Vijay realised that they actually don't have any objective way of measuring performance in these areas. So far no system has been developed or used to cover these factors. He decided that he must do something in this direction and the next morning, on reaching office he called his top managers for a meeting.

'With growing business, our focus has been on developing products and expansion strategies. Last two years have been immensely profitable for us with business coming from overseas as well. Now, I look back and feel that for a six year old organisation, we have done reasonably well.

There is one point, however, which we have neglected in this time and that is our performance measurement. I mean, we don't have any single and objective tool to judge and evaluate our performance on non-financial parameters.

I personally feel that we need to have such a system which can guide us internally to develop insight into our customers, our employees and our strengths and how to improve upon these areas." Vijay was addressing his team of functional heads at the meeting.

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Hearing his views, all of them took some time before speaking. Anjali Mehta, the Human Resource Chief said, 'We are using a model for assessing human assets in our organisation. Accordingly we have annual employee satisfaction survey and very effective performance appraisal system. Besides this, we need to understand the dynamics of an organisation and the industry we are operating in. Worldwide the turnover in software industry is higher than the average. Also the compensation for software professionals is growing all over, at astonishing rates. Even in such a dynamic environment, we have managed to retain our people at very good level. I personally don't see any need for another system of performance evaluation specifically in human resources but I am open to any decision, taken jointly in the interest of the organisation".

Vijay however, still felt very strongly for this issue despite listening to his team. He brought the topic again and again. His team eventually decided to go according to his plan and sat down to develop a yardstick for performance. After many debates and discussions, they decided to focus on the following issues:

1. Customers – The many issues related with this were how clients see the organisation. their needs, reducing lead time and developing relationships.
2. The strengths, i.e. the competitive advantage the company has, their efforts in marketing and product development and how they can build upon internal resources, etc.
3. The financial perspective and the measures to improve their performance.
4. The perspective of learning, emphasis on training and development.

All these combined together would give a unified-report on all elements, that may affect the overall performance of the company. It would also provide them a base for future strategic planning and expansion.

Once the performance parameters were finalised, Vijay decided to seek an opinion from his advisor and a practicing consultant, in a top consulting firm. He briefed him about their initiative and asked for his advice.

"For an organisation like yours, is important to have such a tool. The business today is more complexed than it was some years back and financial measures are no more considered the only measurements of performance. You need wider indicators that measure the critical factors that influence success.

I further suggest Eskewed, a readymade package for your organisation. This will cover all these measures and also give you an easier way of implementation. However, you need to take help of external consultants who can guide you through the implementation process, the advisor wrote back.

Reading the views of his consultant, Vijay got into serious thinking. He finally decided to go for the standard package Eskewed, but chose not to hire any consultant for implementation.

Instead he asked his team to get more information on the subject and develop the expertise by attending seminars, etc. on the package. In the next three months, after his three team members had attended some workshops on the package, he started the implementation.

To ensure that the whole process didn't loose its momentum, he linked the phases of the implementation with the performance appraisal system. Within an year, his employee turnover rose high and the software developers were worst hit. Six months after the implementation, his chief strategist said to incharge, "The development technique of the package is flawed. We get the same reports as we were getting earlier with our individual divisional systems. The human resources and quality systems which produce monthly

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evaluation reports still do the same. Also the data we are generating in Eskewed is enormous but is not working for us". Vijay himself was feeling that the system hasn't worked for them. He said slowly, "Lets stop the system for now. I think we need to have a second opinion on the issue".

Questions

1. Why is Vijay Kamath facing these problems and not getting the expected result?
2. Could the external consultants have made it more successful?

Source: Parag Diwan, *Management Principles and Practices*, Excel Books.

2.4 Summary

- In this unit, an overview of various management theories was provided.
- The key characteristics of classical organisation theory being: (a) Division of Labour (b) Functional Process (c) Structure and (d) Span of Control.
- The neo-classical approach was developed as a reaction to the classical principles, it did not abandon the classical approach altogether, rather it pointed to the limitation of classical approach.
- The major facts discovered by these experiments include the important role of groups in determining the attitude of workers; need for communication among ranks; increasing satisfaction leads to effective organisation and that people in an organisation are motivating higher level needs.
- It also provided an overview of systems approach and the modern organisational theory.

2.5 Keywords

Bureaucracy: Highly specialized organisation structure

Classical Approach: It emphasises organisational efficiency to increase organisational success.

Hawthorne studies: A group of studies conducted at the Hawthorne plant of the Western Electric company during the late 1920s and early 1930s whose results ultimately led to the human relations view of management.

Human Relations Theory: A movement in management thinking and practise that emphasised satisfaction of employees' basic needs as the key to increased worker productivity.

Scientific management: Scientific study of work to improve efficiency.

Systems theory: It tries to solve problems by diagnosing them within a framework of inputs, transformation processes, outputs and feedback.

2.6 Self Assessment

Fill in the blanks:

1. As per the classical theory, organisations were…….and humans the……..
2. The classical theorists argued that the relationship between organisation and workers could be establish through…….communication.
3. Classical thought of management was divided into two parts namely …… and ……

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4. ……is called the father of scientific management.
5. The concept of division of work into sub-parts and then allotting these tasks among the workers was known as……..
6. Strict adherence to rules and regulations of regulations of business was the main point of……
7. Human Relations Theory was led by…….
8. ……..approach integrated all the elements for the proper and smooth functioning of the organisation.
9. A situation where output of each unit in an organisation becomes inputs for another such as in production and maintenance divisions is referred to as ……..
10. ……of an individual refers to a position determined as being important in the interpersonal relationship of the group.
11. Organisational charts and manuals form an integral part of……organisation.
12. The …….organisation theory tries to follow a macro-micro-macro approach.

2.7 Review Questions

1. Outline the important elements of the classical organisation theory.
2. "The traditional theory of the organisation suffers from a narrow approach towards specialisation and narrow definition of the efficiency criterion." Justify the statement.
3. Discuss the basic framework of the neoclassical organisation theory. How does it offer modifications of classical pillars?
4. Discuss, in brief, the facts uncovered by the Hawthorne experiments and point out their significance from the organisation point of view.
5. State the Systems Approach to an organisation. Also highlight the salient features of the system.
6. Explain the concept of a sub-system. How does it help in understanding the interdependence that exists in any organisational system? Discuss in the context of technical, social and power sub-systems.
7. The modern organisation theory, a new paradigm is not merely an extension of the old, rather it is a fundamental reconstruction. Its premises are based upon a conception of the organisation as open, organic probabilistic system as opposed to closed mechanistic, deterministic system. Do you think it constitutes a real revolution in the theory?
8. Bring out the major limitations of the neo-classical theory of management. Also point out its superiority over the classical management theory.
9. Distinguish between Human Relations Theory and Scientific Management.
10. Explain the major characteristics of modern management thought.
11. "It important to understand the different perspectives and approaches to management theory that have evolved throughout the history of organisations". Do you agree? Justify your answer.
12. Do you think management theory will ever be as precise as theories in the fields of physics, chemistry or experimental psychology? Why or why not?

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13. Explain the principal contributions of F.W. Taylor to the development of management thought.
14. Outline the features of a bureaucratic form of organisation. Point out its merits and demerits.
15. If you were a manager, which of these school of thoughts would impress you the most and why?

Answers: Self Assessment

1. machines, components of that machine
2. formal
3. scientific management, administrative management
4. F W Taylor
5. division of labour
6. Weber's 'Ideal' Bureaucracy
7. Elton Mayo
8. Systems
9. reciprocal interdependence
10. Status
11. formal
12. modern

2.8 Further Readings

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Notes

Unit 3: Planning and Decision-making

CONTENTS

Objectives

After studying this unit, you will be able to:

- Identify the types of plans
- Discuss planning process
- Describe the concept of management by objectives

Notes

- State the meaning and importance of decision-making
- Discuss decision-making Process
- Explain models of decision-making

Introduction

The necessity for planning arises because of the fact that business organisations have to operate, survive and progress in a highly dynamic economy where change is the rule, not the exception. The change may be sudden and extensive, or it may be slow and almost imperceptible. Some of the important forces of change may be: changes in technology, changes in population and income distribution, changes in the tastes of consumers, changes in competition, changes in government policies etc. These changes often give rise to innumerable problems and throw countless challenges. Most of these changes are thrust on managers thus, managers are forced to adjust their activities in order to take full advantage of favourable developments or to minimise the adverse effects of unfavourable ones.

Individuals in organisations make decisions. That is, they make choices from among two or more alternatives. Decision-making is almost universally defined as choosing between alternatives. Decision-making is a critical activity in the lives of managers. The decisions a manager faces can range from very simple, routine matters for which the manager has an established decision rule (programmed decisions) to new and complex decisions that require creative solutions (non-programmed decisions).

According to Philip Marvin, "decision-making may be viewed as the process by which individuals select a course of action from among alternatives to produce a desired result. It is a process made up of four continuous interrelated phases: explorative, speculative, evaluative and selective."

Thus, decision-making is the process by which the decision-maker tries to jump over the obstacles placed between his current position and the desired future position.

3.1 Planning: An Introduction

A plan is a forecast for accomplishment. It is a predetermined course of action. It is today's projection for tomorrow's activity. In other words, to plan is to produce a scheme for future action, to bring about specified results at a specified cost, in a specified period of time. Management thinkers have defined the term, basically, in two ways:

1. ***Based on futurity:*** "Planning is a trap laid down to capture the future" (*Allen*). "Planning is deciding in advance what is to be done in future" (*Koontz*). "Planning is informed anticipation of future" (*Haimann*). "Planning is 'anticipatory' decision-making" (*R.L. Ackoff*).
2. ***As a thinking function:*** "Planning is a thinking process, an organised foresight, a vision based on fact and experience that is required for intelligent action" (*Alford and Beatty*)

"Planning is deciding in advance what to do, how to do it, when to do it and who is to do it." (*Koontz and O'Donnell*)

It is deciding in the present, what is to be done in future. It is the process of thinking before doing. A plan is a specific, documented intention consisting of an objective and an action statement. The objective portion is the end, and the action statement represents the means to that end. Stated another way, objectives give management targets to shoot at, whereas action statements provide the arrows for hitting the targets. Properly conceived plans tell what, where and how something is to be done.

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3.2 Types of Plans

Plans commit individuals, departments, organisations, and the resources of each to specific actions for the future. Effectively designed organisational goals fit into a hierarchy so that the achievement of goals at low levels permits the attainment of high-level goals. This process is called a means-ends chain because low-level goals lead to accomplishment of high-level goals.

Three major types of plans can help managers achieve their organisation's goals: strategic, tactical, and operational. Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

1. ***Operational plans:*** The specific results expected from departments, work groups, and individuals are the operational goals. These goals are precise and measurable.

Example: (a) Process 150 sales applications each week

(b) Publish 20 books this quarter

Thus an operational plan is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans. Operational plans can be a single-use plan or an ongoing plan.

(a) *Single-use plans:* These plans apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity.

Example: A budget: Because it predicts sources and amounts of income and how much they are used for a specific project.

(b) *Continuing or ongoing plans:* These are usually made once and retain their value over a period of years while undergoing periodic revisions and updates.

Example:

(i) ***A policy:*** Because it provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for an instance, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.

(ii) ***A procedure:*** Because it explains how activities or tasks are to be carried out. Most organisations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

(iii) ***A rule:*** Because it tells an employee what he or she can and cannot do. Rules are "do" and "don't" statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

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2. ***Tactical plans:*** A tactical plan is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

   Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

3. ***Strategic plans:*** A strategic plan is an outline of steps designed with the goals of the entire organisation as a whole in mind, rather than with the goals of specific divisions or departments. Strategic planning begins with an organisation's mission.

   Strategic plans look ahead over the next two, three, five, or even more years to move the organisation from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organisation. Top-level management develops the directional objectives for the entire organisation, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organisation becomes the framework and sets dimensions for the lower level planning.

4. ***Contingency plans:*** Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a "keeping all options open" approach at all times - that's where contingency planning comes in.

   Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances.

Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future scenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

Task Develop a plan for responding to disasters, considering the fact that you are the operations manager at an upcoming paint company.

3.3 Levels of Planning

Managers follow various approaches to planning based on the extent of participation, authority delegation and competency level of managers working at various levels, namely:

1. ***Top-down approach:*** In most family-owned enterprises, authority and responsibility for planning is centralised at the top. The top management defines the mission, lays down strategies, specifies action plans to achieve the stated goals. The blueprint is then passed on to the people working at lower levels, who have very little to contribute to the process of planning. The success of this approach is wholly dependent on the qualifications, experience and capabilities of people working at the top level.

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2. ***Bottom-up approach:*** Thinking and doing aspects in the planning process are two sides of the same coin. So, if lower level managers are drawn into the preparation and implementation of plans, their loyalty and commitment would go up automatically. Participation enables them to give their best to the plan document.

3. ***Composite approach:*** In this approach, a middle path is chosen to facilitate the smooth implementation of the plans. Here the top management offers guidelines, sets boundaries and encourages the middle and lower level executives to come out with tentative plans. These are put to discussion and debate. Once approved, such plans gain acceptance readily since everyone has been drawn into the exercise.

4. ***Team approach:*** The team approach is slightly different from the composite approach. In this, the job of planning is assigned to a team of managers having requisite experience in various functional areas. They prepare the draft plans, taking internal as well as external factors into account. The tentative plans are forwarded to the top management for approval. The expertise, experience, and capabilities of functional heads are executed into action in such a participative climate.

Notes *Koontz* has given some principles that make a plan successful.

1. ***Principle of contribution to objectives:*** Every plan should help in the achievement of organisational objectives.

2. ***Principle of primacy of planning:*** Planning should precede all the other functions of a managerial process.

3. ***Principle of pervasiveness of planning:*** Planning should be pervasive in nature otherwise the functionaries might just not stick to the plan.

4. ***Principle of flexibility:*** By flexibility of a plan is meant its ability to switch gears, change direction to adapt to changing situations without incurring unnecessary costs.

5. ***Principle of periodicity:*** Plans should be integrated and interconnected in such a way as to achieve the stated objectives well in time.

6. ***Principle of planning premises:*** Every plan should be based on carefully considered assumptions, known as planning premises.

7. ***Principle of limiting factor:*** While choosing an appropriate course of action among different alternatives, the limiting or critical factor (such as money, manpower, machinery, materials, management) should be recoginised and given due weightage. When ignored, the critical factor would seriously impact the process of planning and make it impossible to achieve goals.

3.4 Steps in the Planning Process

Planning is a vital managerial function. It is intellectually demanding. It requires a lot of time and effort on the part of planners. They must adopt a systematic approach so as to avoid pitfalls, errors and costly mistakes which may upset the whole business later on. Such a systematic approach may consist of the following steps:

1. ***Establishing objectives:*** The first step in the planning process is to identify the goals of the organisation. The internal as well as external conditions affecting the organisation must

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be thoroughly examined before setting objectives. The objectives so derived must clearly indicate what is to be achieved, where action should take place, who is to perform it, how it is to be undertaken and when is it to be accomplished. In other words, managers must provide clear guidelines for organisational efforts, so that activities can be kept on the right track.

2. ***Developing premises:*** After setting objectives, it is necessary to outline planning premises. Premises are assumptions about the environment in which plans are made and implemented. Thus, assumptions about the likely impact of important environmental factors such as market demand for goods, cost of raw materials, technology to be used, population growth, government policy, etc. on the future plans are made. The demand for fuel efficient vehicles in the late 1980s has compelled virtually all automobile manufacturers in India to go in search of collaborative agreements with foreign manufacturers from Japan, Germany, USA, etc. Plans should be formulated by the management, keeping the constraints imposed by internal as well as external conditions in mind.

3. ***Evaluating alternatives and selection:*** After establishing the objectives and planning premises, the alternative courses of action have to be considered. Liberalisation of imports and the use of high technology in recent times has encouraged manufacturers to produce colour television sets, electronic sets, electronic equipments, videos, computers, fuel-efficient vehicles, etc. Thus, changes in government policy, technology, competition, etc. pose several alternatives before manufacturers, from time to time, regarding the product they should manufacture. Such alternatives have to be carefully evaluated against factors like costs, associated risks involved, benefits likely to arise, availability of spare capacity, etc. The pros and cons as well as the consequences of each alternative course of action must be examined thoroughly before a choice is made.

4. ***Formulating derivative plans:*** After selecting the best course of action, the management has to formulate the secondary plans to support the basic plan. The plans derived for various departments, units, activities, etc., in a detailed manner are known as 'derivative plans'. For example, the basic production plan requires a number of things such as availability of plant and machinery, training of employees, provision of adequate finance, etc. To ensure the success of a basic plan, the derivative plans must indicate the time schedule and sequence of performing various tasks.

5. ***Securing cooperation and participation:*** The successful implementation of a plan depends, to a large extent, on the whole-hearted cooperation of the employees. In view of this, management should involve operations people in the planning activities. Suggestions, complaints and criticisms from operating personnel help management rectify the defects in plans and set things right in the beginning itself. Involvement of subordinates in planning has the unique advantage of getting a practical view of those closer to the scene of operations. According to Koontz, 'plans have to be set in an atmosphere of close participation and a high degree of concurrence'. Participation enables employees to give their best to plans. They are also motivated to carry out the plan to the best of their ability.

6. ***Providing for follow-up:*** Plans have to be reviewed continually to ensure their relevance and effectiveness. In the course of implementing plans, certain facts may come to light that were not even thought of earlier. In the light of these changed conditions, plans have to be revised. Without such a regular follow-up, plans may become out-of-date and useless. Moreover, such a step ensures the implementation plans along right lines. Management can notice shortcomings in time and initiate suitable remedial steps. A continuous evaluation of plans also helps to develop sound plans in future, avoiding mistakes that have surfaced while implementing the previous plans.

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3.5 Management by Objectives

Management by Objectives (MBO) was first outlined by Peter Drucker in 1954 in his book 'The Practice of Management'. It is a systematic and organised approach that allows management to focus on achievable goals and to attain the best possible results from available resources.

MBO aims to increase organisational performance by aligning goals and subordinate objectives throughout the organisation. It managers focus on the result, not the activity. They delegate tasks by "negotiating a contract of goals" with their subordinates without dictating a detailed roadmap for implementation. Management by Objectives (MBO) is about setting yourself objectives and then breaking these down into more specific goals or key results. Ideally, employees get strong input to identify their objectives, time lines for completion, etc. MBO includes ongoing tracking and feedback in the process to reach objectives.

3.5.1 Core Concepts

According to Drucker managers should "avoid the activity trap", getting so involved in their day to day activities that they forget their main purpose or objective. Instead of just a few top managers, all managers should:

1. participate in the strategic planning process, in order to improve the implementability of the plan, and
2. implement a range of performance systems, designed to help the organisation stay on the right track.

3.5.2 Setting Objectives

In Management by Objectives (MBO) systems, objectives are written down for each level of the organisation, and individuals are given specific aims and targets. "The principle behind this is to ensure that people know what the organisation is trying to achieve, what their part of the organisation must do to meet those aims, and how, as individuals, they are expected to help. This presupposes that organisation's programs and methods have been fully considered. If they have not, start by constructing team objectives and ask team members to share in the process."

"The one thing an MBO system should provide is focus", says Andy Grove who ardently practiced MBO at Intel. So, have your objectives precise and keep their number small. Most people disobey this rule, try to focus on everything, and end up with no focus at all.

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors. "A manager's job should be based on a task to be performed in order to attain the company's objectives... the manager should be directed and controlled by the objectives of performance rather than by his boss."

The managers of the various units or sub-units, or sections of an organisation should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them.

The review mechanism enables leaders to measure the performance of their managers, especially in the key result areas: marketing; innovation; human organisation; financial resources; physical resources; productivity; social responsibility; and profit requirements.

However, in recent years opinion has moved away from the idea of placing managers into a formal, rigid system of objectives. Today, when maximum flexibility is essential, achieving the objective rightly is more important.

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3.5.3 Characteristics of Management by Objectives

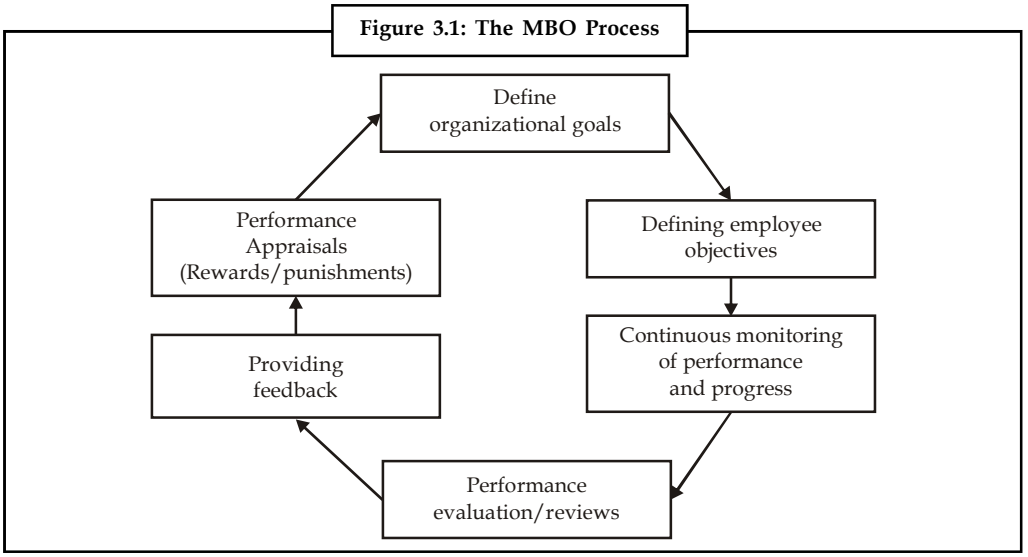
Management by Objectives has following characteristics.

1. MBO emphasises participation in setting goals that are tangible, verifiable and measurable.
2. MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).
3. MBO, by concentrating on key result areas translates the abstract philosophy of management into concrete phraseology. The technique can be put to general use (non-specialist technique). Further, it is 'a dynamic system which seeks to integrate the company's need to achieve its profit and sales growth with the manager's need to clarify and achieve its profit and sales growth with the manager's need to contribute and develop himself.
4. MBO is a systematic and rational technique that allows management to attain maximum results from available resources by focusing on achievable goals. It allows the subordinate with plenty of room to make creative decisions on his own.

3.5.4 Process of Management by Objectives

The process of MBO consists of the following steps:

Figure 3.1: The MBO Process



1. ***Defining the Goal:*** Any MBO programme must start with an absolute enthusiastic support of top management. It must be consistent with the philosophy of the management. The long-term goals of the organisation must be outlined initially, like: What is the basic purpose of the organisation? What business are we in and why? What are the long-term prospects in other areas? After these long-term goals are established, management must be concerned with determining specific objectives to be achieved within a given time capsule.

   Setting specific performance objectives is a multi-step process, MBO is based on two concepts:

   (a) let people know what is expected of them and

   (b) allow employee in participation setting goals.

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It is believed that participation in the goal-setting process is needed to strike a happy balance between individual and organisational goals. MBO gives the subordinates, a voice in what goes on in the organisation. It emphasises the 'jointness' of the objectives and indicates that both superiors and subordinates can play a dynamic role. Accordingly, MBO starts with the establishment of clear and concise goals of performance, which are understood and accepted by both superior and subordinate.

In order to improve the quality of objectives, in the joint goal-setting sessions, Tosi and Carroll have suggested the following steps:

(a) The superior must participate in the discussion. He must be a good listener and also a good contributor to help the subordinate.

(b) Irrelevant discussions should be avoided.

(c) Identify the obstacles that may stand in the way of achieving the goal. Once obstacles are identified, it is easy to find out the solution.

(d) Alternatives should be looked into only after clearly identifying the obstacles.

(e) Setting goals is a tough exercise. The goals planned ultimately should satisfy several conditions. They must be (i) clear, concise and unambiguous; (ii) accurate, in terms of the true end state or condition sought; (iii) consistent with policies, procedures and plans, as they apply to the unit; (iv) within the competence of the man; and (v) interesting, motivating or challenging wherever possible. "Setting goals is too important an activity to hurry through. There should be adequate time given to allow for discussion and evaluation."

(f) The superior should refrain from making suggestions. He should not try to impose goals on subordinates by dominating the goal-setting sessions.

(g) Once an objective has been set, think about it and talk about it again. Research evidence points out that people who have solved a problem start again and try to reach a second solution, the second solution is better than the first.

The most important factor in determining the success of the mutual goal-setting process lies in the ability and willingness of the superior to allow true participation by the subordinate. 'It requires intelligent coaching by the superior and extensive practice by the subordinate.' It requires a genuine commitment to an interactive relationship between managers and their subordinates.

2. ***Action plan:*** The action plan is the means by which an objective is achieved. The action plan gives direction and ensures unity of purpose to organisational activities. It will state in detail, exactly what is to be done, how the subordinate will proceed, what steps will be taken, and what activities will be engaged in as the subordinate progresses. It provides a specific answer to the question: 'What is to be done?' Questions like who is responsible for each activity, what resources are needed, what the time requirements are would also be answered.

Example: Nitin Albert and his sales manager might agree upon the following standards of performance for Nitin:

(a) increase sales of mobile phones in the Southern region by 10 percent by the end of the current year; and

(b) reduce travelling expenses during the above period.

There are two ways of developing specific action plans: They may be developed by both manager and subordinate or by the subordinate alone. To ensure success, the superior

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must be willing to sit with each subordinate and review the action plan (such as the above one), once it has been developed. The periodic review process helps the superior to monitor progress towards goal achievement. It helps in finding out better and more efficient methods of accomplishing goals, in finding out the feasibility of implementing the earlier goals uncovering barriers to accomplishment etc. If the subordinate does not appear to be on the right course, the performance objective can be modified or the subordinate can be redirected into more productive behaviours. The emphasis in periodic review sessions should be on checking the progress toward goal achievement. If the performance is not satisfactory, the superior must try to isolate the causes of lack of progress without criticising the subordinate and indicate specific steps, as to how to proceed in future so as to achieve the goals. The emphasis should be on improving performance rather than degrading subordinates.

3. ***Final Review:*** This is the last phase of the MBO programme. In this step, the actual results are measured against predetermined standards. Mutually agreed-on objectives provide basis for reviewing the progress. While appraising the performance of subordinates, the manager should sit with his subordinates and find out the problems encountered while accomplishing the goals. The subordinate, as in the periodic sessions, should not be criticised for failure to make sufficient progress; the atmosphere should not be hostile or threatening. A give-and-take atmosphere should prevail and the appraisal should be based on mutual trust and confidence between managers and subordinates. In actual practice, this type of give-and-take session is extremely difficult to achieve and rarely reaches its potential value, unless managers are gifted with necessary interpersonal skills. Often, appraisal takes place for the purpose of determining rewards and punishments; judging the personal worth of subordinates and not the job performance. As a result, appraisal sessions become awkward and uncomfortable to the participants and intensify the pressure on subordinates while giving them a limited choice of objectives. Insecure subordinates may come to 'dread' the sessions and they may not feel free to communicate honestly and openly, without fear of retaliation. Appraisals can be really useful, if the person being evaluated knows and accepts in advance the grounds upon which he is being appraised.

3.5.5 Benefits of Management by Objectives

MBO is hailed as the greatest innovation in years. Advocates argue that "it is the successor to Taylor's 'mental revolution'-a new way of thinking about, and engaging in, collective effort". It is claimed that when an organisation is managed by objectives, it becomes performance-oriented, it grows, develops and becomes socially useful in many ways:

1. ***Clear goals:*** MBO produces clear and measurable performance goals. Goals are set in an atmosphere of participation, mutual trust and confidence. There is a meeting of minds between the superior and the subordinates, where the latter will be shooting for right goals. Participation increases commitment, additionally it also results in setting better goals. Research experience also indicates that individuals are more likely to be highly committed to objectives when they share a hand in setting. Joint goal-setting sessions enhance team spirit and intergroup communication.

2. ***Better planning:*** MBO programmes sharpen the planning process. Specific goals are products of concrete thinking. They tend to force specific planning into setting highly specific, challenging and attainable goals; developing action programmes tied to a definite schedule; providing resources for goal accomplishment; discussing and removing obstacles to performance-all these activities demand careful advance planning. Passivity gives way to activity.

3. ***Facilitates control:*** MBO helps in developing controls. A clear set of verifiable goals provides an outstanding guarantee for exercising better control.

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4. ***Objective appraisal:*** MBO provides a basis for evaluating a person's performance since goals are jointly set by superior and subordinates. By setting specific goals, MBO allows persons to better control their own performance. The individual is given the freedom to police his own activities. A pleasant and stimulating organisational climate prevails where individuals are not subjected to domination and control from 'upstairs', and where they are trained to exercise discipline and self-control. Management by self-control replaces management by domination. Appraisals would be more objective and impartial since employee performance is evaluated against, verifiable objectives.

5. ***Motivational force:*** Both appraiser and appraisee are committed to the same objective. It forces managers to think of result oriented planning rather than planning for activities or work. It compels forward planning and living life in an anticipatory mode rather than responding to events. Clarified roles reduce ambiguity and employee anxiety. It allows managers increased opportunities to provide subordinates with a better fix on the job and clarify the path to personal rewards.

6. ***Better morale:*** MBO encourages commitment rather than rote compliance. It is at functional in terms of what top management demands and developmental in terms of people at work. The two techniques, participative decision-making and two-way communication, encourage the subordinates to communicate freely and honestly. It minimises the possible misunderstanding about what is expected of each individual and organisational subunit. Participation, clarified goals, improved communication - all together have a tonic effect on the psychology of subordinates.

7. ***Result-oriented philosophy:*** MBO is a result-oriented, practical and rational management philosophy. Managers are forced to develop specific individual and group goals, develop appropriate action plans, marshall the resources properly and establish needed control standards. It helps manager to avoid management by crisis and 'fire-fighting'.

3.5.6 Limitations of Management by Objectives

MBO is not a panacea, a cure for all organisational problems. Quite often, many organisations look at MBO as an instant solution to their problems. They fail to recognise that MBO demands careful planning and implementation to be successful.

This technique, like all others, can be no better than the people who try to apply it. Some of the problems preventing MBO from achieving its best results may be catalogued thus:

1. ***Pressure-oriented:*** MBO may prove to be self-defeating in the long run since it is tied with a reward-punishment psychology. It is a clear violation of the integrity of subordinate's personality. MBO programmes sometimes, discriminate against superior performers. It tries to indiscriminately force improvement on all employees and at times, may penalise the very people who are most productive in the organisation.

2. ***Time consuming:*** MBO demands a great deal of time to carefully set objectives, at all levels of the organisation. Initially to instil confidence in subordinates in the 'new system', superiors may have to hold many meetings. The formal, periodic progress and final review sessions also consume time.

3. ***Increases paperwork:*** MBO programmes introduce a tidal wave of newsletters, instruction booklets, training manuals, questionnaires, performance data, reports into the organisation. To stay abreast of what is going on in the organisation, managers may demand regular reports and data in writing, resulting in 'gruelling exercise in filling out forms'. It has created one more 'paper mill'. According to Howell, MBO's effectiveness is inversely related to the number of MBO forms.

4. ***Goal-setting problems:*** MBO works effectively when important measurable objectives are jointly agreed upon. It works less, when: (i) Verifiable goals are difficult to set. (ii) Goals tend to take precedence over the people who use it. MBO focuses on end results and it may

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foster an attitude, that any action is acceptable as long as it helps to achieve the goals. Consequently, unwise decisions are made that would ultimately harm the organisation. (iii) Goals are inflexible and rigid. (iv) There is overemphasis on quantifiable and easily measurable results instead of important results. Many important qualitative goals like job satisfaction, employee attitudes are lost sight of (attempts to set measurable goals force managers to search for a magic figure for each area). (v) Overemphasis on short-term goals at the expense of long-term goals. Attempts to show results force managers to curtail costs, in areas where a long-term perspective would be more fruitful to the organisation.

5. ***Organisational problems:*** MBO is not a palliative for all organisational ills. It is not for everybody. MBO creates more problems than it solves when:

   (a) There might be a failure to teach the philosophy to all participants. Too often MBO is introduced across the organisation with little explanation, training or help.

   (b) There might be failure to limit objectives. Too many objectives obscure priorities and create a sense of fear and panic among subordinates.

   (c) It is inconsistent with management philosophies. Under MBO programmes, managers are forced to take a 180° turn from their present ways of thinking and acting. Instead of planning and deciding things for others, they are advised to invite subordinates and plan for work in an atmosphere of participation, much to their dislike.

   (d) The programme is used as a 'whip' to control employee performance.

   (e) It leads to a tug-of-war in which the subordinate tries to set the lowest possible target and superior the highest.

   (f) The seniors might turn MBO into a sham and start 'playing games'.

Caselet

MBO in Action at Microsoft

Microsoft Corporation was founded to develop and sell BASIC interpreters for the Altair 8800. But due to its unique system of management, the company rose to dominate the home computer operating system market with MS-DOS in the mid-1980s, followed by the Windows line of operating systems. It's quite well known that its products have all achieved near-ubiquity in the desktop computer market.

Throughout its history, Microsoft has been the target of criticism, including monopolistic business practices and anti-competitive strategies. But it has always been the most sought after employer among the best talent in the industry.

The reason for the excellence of Microsoft goes to the leadership of Mr. Bill Gates and his policies in which he propagates MBO:

1. Eliminate politics, by giving everybody the same message.
2. Keep a flat organisation in which all issues are discussed openly.
3. Insist on clear and direct communication.
4. Prevent competing missions or objectives.
5. Eliminate rivalry between different parts of the organisation.
6. Empower teams to do their own things.

Source: Parag Diwan, *Management Principles and Practices*, Excel Books.

Notes

3.6 Components of Decision-making

Decision-making involves certain components like:

1. ***Decision environment:*** Every decision is made within a decision environment, which is defined as the collection of information, alternatives, values, and preferences available at the time of the decision. An ideal decision environment would include all possible information, all of it accurate, and every possible alternative. However, both information and alternatives are constrained because the time and effort to gain information or identify alternatives are limited. The time constraint simply means that a decision must be made by a certain time. The effort constraint reflects the limits of manpower, money, and priorities. (You wouldn't want to spend three hours and half a tank of gas trying to find the very best parking place at the mall.) Since decisions must be made within this constrained environment, we can say that the major challenge of decision-making is uncertainty, and a major goal of decision analysis is to reduce uncertainty. We can almost never have all information needed to make a decision with certainty, so most decisions involve an undeniable amount of risk.

   The fact that decisions must be made within a limiting decision environment suggests two things. First, it explains why hindsight is so much more accurate and better at making decisions that foresight. As time passes, the decision environment continues to grow and expand. New information and new alternatives appear–even after the decision must be made. Armed with new information after the fact, the hindsighters can many times look back and make a much better decision than the original maker, because the decision environment has continued to expand.

   The second thing suggested by the decision-within-an-environment idea follows from the above point. Since the decision environment continues to expand as time passes, it is often advisable to put off making a decision until close to the deadline. Information and alternatives continue to grow as time passes, so to have access to the most information and to the best alternatives, do not make the decision too soon. Now, since we are dealing with real life, it is obvious that some alternatives might no longer be available if too much time passes; that is a tension we have to work with, a tension that helps to shape the cutoff date for the decision.

   Delaying a decision as long as reasonably possible, then, provides three benefits:

   (a) The decision environment will be larger, providing more information. There is also time for more thoughtful and extended analysis.

   (b) New alternatives might be recognized or created. Version 2.0 might be released.

   (c) The decision-maker's preferences might change. With further thought, wisdom, and maturity, you may decide not to buy car X and instead to buy car Y.

2. ***Effects of Quantity on Decision-making:*** Many decision-makers have a tendency to seek more information than required to make a good decision. When too much information is sought and obtained, one or more of several problems can arise.

   (a) A delay in the decision occurs because of the time required to obtain and process the extra information. This delay could impair the effectiveness of the decision or solution.

   (b) Information overload will occur. In this state, so much information is available that decision-making ability actually declines because the information in its entirety can no longer be managed or assessed appropriately. A major problem caused by information overload is forgetfulness. When too much information is taken into

memory, especially in a short period of time, some of the information (often that received early on) will be pushed out.

Example: A manger spent a day at an information-heavy seminar. At the end of the day, he was not only unable to remember the first half of the seminar but he had also forgotten where he parked his car that morning.

(c) Selective use of the information will occur. That is, the decision-maker will choose from among all the information available only those facts which support a preconceived solution or position.

(d) Mental fatigue occurs, which results in slower work or poor quality work.

(e) Decision fatigue occurs, where the decision-maker tires of making decisions. Often the result is fast, careless decisions or even decision paralysis–no decisions are made at all.

The quantity of information that can be processed by the human mind is limited. Unless information is consciously selected, processing will be biased toward the first part of the information received. After that, the mind tires and begins to ignore subsequent information or forget earlier information.

3. ***Decision Streams:*** A common misconception about decision-making is that decisions are made in isolation from each other: you gather information, explore alternatives, and make a choice, without regard to anything that has gone before. The fact is, decisions are made in a context of other decisions. The typical metaphor used to explain this is that of a stream. There is a stream of decisions surrounding a given decision, many decisions made earlier have led up to this decision and made it both possible and limited. Many other decisions will follow from it.

Another way to describe this situation is to say that most decisions involve a choice from a group of preselected alternatives, made available to us from the universe of alternatives by the previous decisions we have made. Previous decisions have "activated" or "made operable" certain alternatives and "deactivated" or "made inoperable" others.

Example:

(a) When you decide to go to the park, your decision has been enabled by many previous decisions. You had to decide to live near the park; you had to decide to buy a car or learn about bus routes, and so on. And your previous decisions have constrained your subsequent ones: you can't decide to go to a park this afternoon if it is three states away. By deciding to live where you do, you have both enabled and disabled a whole series of other decisions.

(b) When you enter a store to buy a VCR or TV, you are faced with the preselected alternatives stocked by the store. There may be 200 models available in the universe of models, but you will be choosing from, say, only a dozen. In this case, your decision has been constrained by the decisions made by others about which models to carry.

We might say, then, that every decision (1) follows from previous decisions, (2) enables many future decisions, and (3) prevents other future decisions. People who have trouble making decisions are sometimes trapped by the constraining nature of decision-making. Every decision you make precludes other decisions, and therefore might be said to cause a loss of freedom. However, just as making a decision causes a loss of freedom, it also creates new freedom, new choices and new possibilities. So making a decision is liberating as well as constraining. And a decision left unmade will often result in a decision by default or a decision being made for you.

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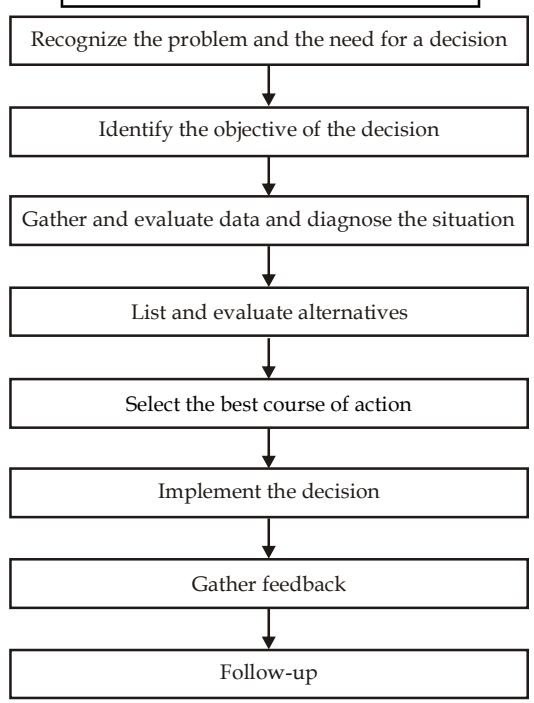
3.7 Decision-making Process

Managers have to make decisions, whether they are simple or extremely complex. Making a good decision is a difficult exercise. It is the product of deliberation, evaluation and thought. To make good decisions, managers should invariably follow a sequential set of steps. Decision-making is a process involving a series of steps as shown in the Figure 3.2.

First Step: The first step is recognition of the problem. The manager must become aware that a problem exists and that it is important enough for managerial action. Identification of the real problem is important; otherwise, the manager may be reacting to symptoms and fire fighting rather than dealing with the root cause of the problem. In order to monitor the problem situation (decision-making environment), managers may have to look into management reports, check progress against budgets, compare the results against industry competitors, and assess factors contributing to employee efficiency or inefficiency, etc. They have to use judgement and experience in order to identify the exact nature of the problem. In other words, the manager must determine what is to be accomplished by the decision.

Figure 3.2: Decision-making Process



Source: Debra L Nelson, James C Quick "*Organisational Behavior – Foundations, Realities, and Challenges*" (Second Edition), West Publishing Company Minneapolis, Page 283.

Second Step: The second step in the decision-making process is gathering information relevant to the problem. A successful manager must have the ability to weed out the wheat from the chaff before deciding on a specific course of action. Once aware of a problem, he must state the real problem. He must try to solve the problem, not the symptoms. The manager must pull together sufficient information about why the problem occurred. This involves conducting a thorough diagnosis of the situation and going on a fact-finding mission.

Third Step: The third step is listing and evaluating alternative courses of action. Developing alternative solutions (to the problem) guarantees adequate focus and attention on the problem. It helps managers to fully test the soundness of every proposal before it is finally translated into

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action. During this step, a thorough "what if" analysis should also be conducted to determine the various factors that could influence the outcome. It is important to generate a wide range of options and creative solutions in order to be able to move on to the next step. Therefore, managers should encourage people to develop different solutions for the same problem. The ability to develop alternatives is as important as making a right decision among alternatives. The development of alternatives is a creative, innovative activity. It calls for divergent thinking; it calls for "systems thinking". In other words, managers should try to seek solutions outside the present realm of their knowledge; they are forced to look into all the relevant factors before coming up with a novel solution.

Fourth Step: Next, the manager selects the alternative that best meets the decision objective. If the problem has been diagnosed correctly and sufficient alternatives have been identified, this step is much easier. Peter Drucker has offered the following four criteria for making the right choice among available alternatives:

1. The manager has to weigh the risks of each course of action against the expected gains.
2. The alternative that will give the greatest output for the least inputs in terms of material and human resources is obviously the best one to be selected.
3. If the situation has great urgency, the best alternative is one that dramatizes the decision and serves notice on the organisation that something important is happening. On the other hand, if consistent effort is needed, a slow start that gathers momentum may be preferable.
4. Physical, financial and human resources impose a limitation on the choice of selection. Of these, the most important resources whose limitations have to be considered are the human beings who will carry out the decision.

Final Step: Finally, the solution is implemented. The manager must seek feedback regarding the effectiveness of the implanted solutions. Feedback allows managers to become aware of the recent problems associated with the solution. It permits managers to monitor the effects of their acts to gauge their success. They can evaluate their own decision-making abilities. Consistent monitoring and periodic feedback is an essential part of the follow-up process.

Task Discuss an occasion where you had to make a decision on your own? Were you happy with your decision-making process?

3.8 Styles of Decision-making

The success of any organisation depends on managers' abilities to make effective decisions. An effective decision is a timely decision that meets a desired objective and is acceptable to those individuals affected by it. The following Models of Decision-making are explained here below:

1. Rational Economic Model
2. Bounded Rationality Model or Satisficing Model
3. Optimizing Decision-Making Model
4. The Garbage Can Model
5. The Implicit Favourite Model
6. The Intuitive Model.

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1. ***Rational Economic Model:*** Rationality refers to a logical, step-by-step approach to decision-making, with a thorough analysis of alternatives and their consequences. The term "rationality" implies a consistent and value-maximizing choice with certain limits. It means that the decision-maker, as an economic being, tries to select the best alternative for achieving the optimum solution to a problem. According to this model, the decision-maker is assumed to make decisions that would maximize his or her advantage by searching and evaluating all possible alternatives.

   The rational model of decision-making comes from classic economic theory and contends that the decision-maker is completely rational in his or her approach. The rational model has the following important assumptions:

   (a) The outcome will be completely rational.

   (b) The decision-maker has a consistent system of preferences, which is used to choose the best alternative.

   (c) The decision-maker is aware of all the possible alternatives.

   (d) The decision-maker can calculate the probability of success for each alternative.

   In the rational model, the decision-maker strives to optimize, that is, to select the best possible alternative. However, many factors intervene with being perfectly rational. These factors are:

   (a) It is impossible to state the problem accurately.

   (b) The decision-maker is not fully aware of the problems.

   (c) It is too simplistic to assume that the decision-maker has perfect knowledge regarding all alternatives, the probabilities of their occurrence, and their consequences.

   (d) Limited time and resources.

   The rational model is thus an ideal that managers strive for in making decisions. It captures the way a decision should be made but does not reflect the reality of managerial decision-making.

2. ***Bounded Rationality and Satisficing Model:*** Recognizing the deficiencies of the rational model, Herbert Simon suggested that there are limits upon how rational a decision-maker can actually be. His decision theory, the bounded rationality model, earned him a Nobel Prize in 1978. The essence of the bounded rationality and satisficing model is that, when faced with complex problems decision-makers respond by reducing the problems to a level at which they can be readily understood. This is because the information processing capability of human beings makes it impossible to assimilate and understand all the information necessary to optimize. Since the capacity of the human mind for formulating and solving simplex problems is far too small to meet all the requirements for full rationality, individuals operate within the confines of bounded rationality.

   Simon's model – also referred to as the "Administrative Man" theory – rests on the idea that there are constraints that force a decision-maker to be less than completely rational. The bounded rationality model has four assumptions:

   (a) Managers select the first alternative that is satisfactory.

   (b) Managers recognize that their conception of the world is simple.

   (c) Managers are comfortable making decisions without determining all the alternatives.

   (d) Managers make decisions by rules of thumb or heuristics.

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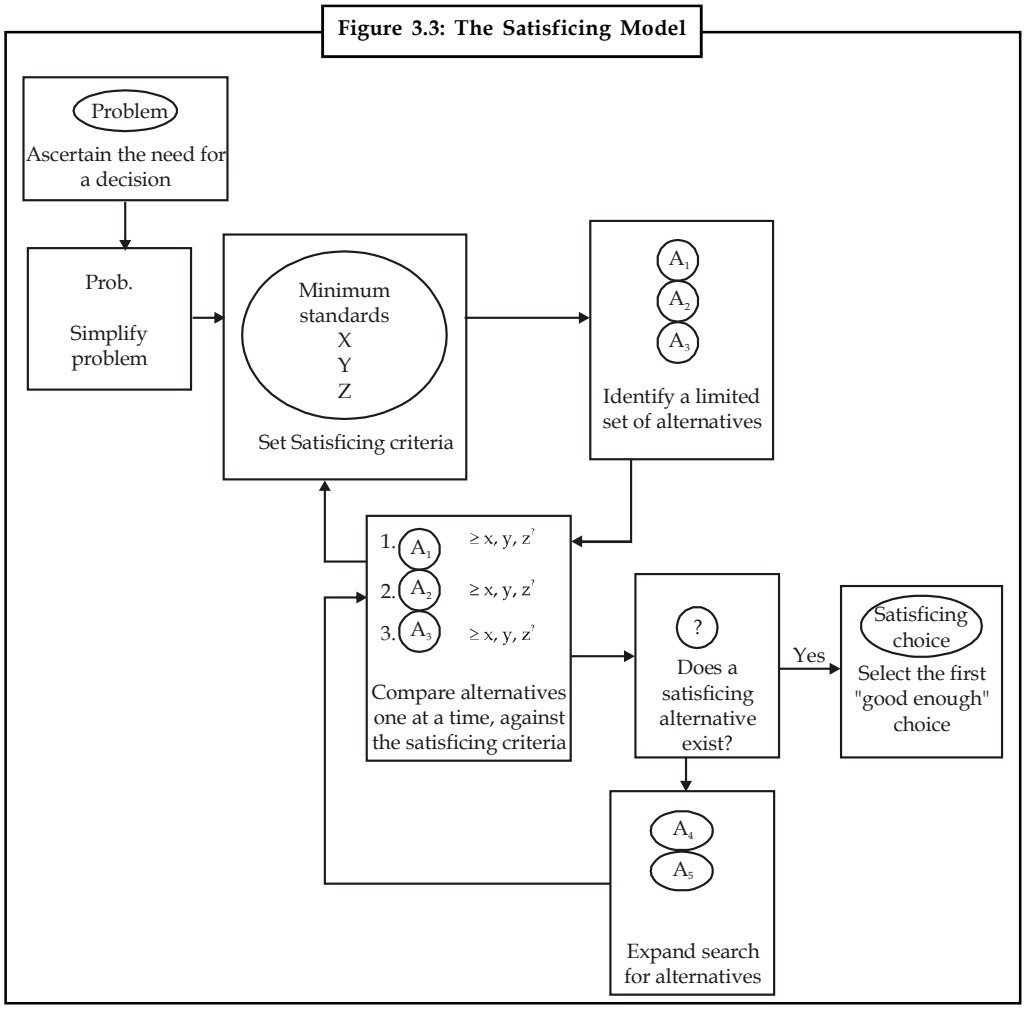
How does bounded rationality work for the typical individual? Once the problem is identified, the search for criteria and alternatives begins. But the list of criteria is likely to be far from exhaustive. The decision-maker will identify a limited list made up of the more conspicuous choices. Once this limited set of alternatives is identified, the decision-maker will begin reviewing them. But the review will not be comprehensive. That is, not all alternatives will be carefully evaluated. The decision-maker proceeds to review alternatives only until he or she identifies an alternative that satisfies – one that is satisfactory and sufficient. So the satisficer settles for the first solution that is "good enough", rather than continuing to search for the optimum. The first alternative to meet the 'good enough 'criterion ends the search. The Figure 3.3 below illustrates the satisficing model.

Figure 3.3: The Satisficing Model



Source: Stephen P Robbins "*Organisational Behaviour – Concepts, Controversies, Application*", Prentice Hall, Englewood Cliffs, NJ 07632 (Seventh Edition) 1996 page 151.

Bounded rationality assumes that managers satisfice; that is, they select the first alternative that is "good enough", because the costs of optimizing in terms of time and effort are too great. Further, the theory assumes that managers develop shortcuts called heuristics, to make decisions in order to save mental activity. Heuristics are rules of thumb that allow manager to make decisions based on what has worked in past experiences. According to March and Simon, it is often too inefficient or too costly to make optimal decisions in organisations. For example, while selecting a new employee, the organisation can just hire the first applicant who meets all the minimum requirements instead of wasting time

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and effort looking for an ideal personality. According to Hitt, Middlemist and Mathis, satisficing can occur for various reasons:

(a) Time pressure.

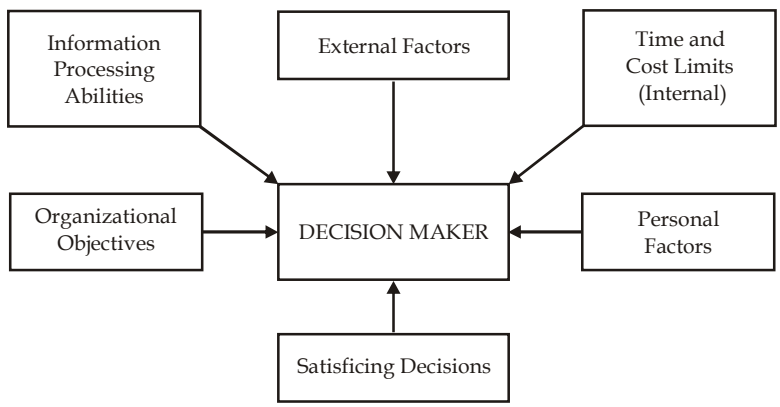
(b) A desire to sit through a problem quickly and switch to other matters.

(c) A dislike for detailed analysis that demands more refined techniques.

(d) To avoid failure and mistakes that could affect their future in a negative way.

Satisficing decisions make progress toward objectives, and this progress can be made while continuing to search for the better decision. In other words, satisficing, by recognizing the internal as well as external limitations under which decision-makers operate, provides a flexible approach where objectives can be achieved more easily. The Figure 3.4 below indicates the factors leading to bounded rationality and satisficing decisions.

Figure 3.4: Factors Leading to Bounded Rationality and Satisficing Decisions



Evaluation: Does the bounded rationality model more realistically portray the managerial decision process? Research indicates that it does. One of the reasons that managers face limits to their rationality is because they must make decisions under risk and time pressure. The situation they find themselves in is highly uncertain and the probability of success is not known. The model also highlights the importance of looking into the behavioural aspects in the decision-making process. This knowledge certainly helps in understanding how and why managerial decisions have been made.

3. ***The Optimizing Decision-making Model:*** While making a decision under this model, an individual should follow the following six steps:

1st Step – Ascertain the need for a Decision: The first step requires recognition that a decision needs to be made. A decision needs to be made when there exists a problem. In other words, there is a disparity between some desired state and the actual conditions and the decision-maker recognizes this.

2nd Step – Identify the Decision Criteria: Once an individual has determined the need for a decision, the criteria that will be important in making the decision must be identified. The second step is important because it identifies only those criteria the decision-maker considers relevant. If a criterion is omitted from this list, we treat it as irrelevant to the decision-maker.

3rd Step – Allocate Weights to the Criteria: The criteria listed in the previous step are not all equally important. It is necessary, therefore to weigh the factors listed in the above-mentioned step in order to prioritize their importance in the decision. All the criteria are

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relevant, but some are more relevant than others. How does the decision-maker weight criteria? A simple approach would merely be to give the most important criteria a number – say 10 – and then assign weights to the rest of the criteria against this standard.

4th Step – Develop the Alternatives: This step requires the decision-maker to list all the viable alternatives that could possibly succeed in resolving the problem. No attempt is made in this step to appraise the alternatives, only to list them.

5th Step – Evaluate the Alternatives: Once the alternatives have been identified, the decision-maker must critically evaluate each one. The strengths and weakness of each alternative will become evident when they are compared against the criteria and weights established in step 2 and 3.

6th Step – Select the best Alternative: The final step in the optimizing decision model is the selection of the best alternative from among those enumerated and evaluated. Since best is defined in terms of highest total score, the selection is quite simple. The decision-maker merely chooses the alternative that generated the largest total score in step 5.

Assumptions of the Optimizing Model: The steps in the optimizing model contain a number of assumptions. They are:

(a) The optimizing model assumes there is no conflict over the goal.

(b) It is assumed the decision-maker can identify all the relevant criteria and can list all viable alternatives.

(c) Under the optimizing model, the criteria and alternatives can be assigned numerical values and ranked in a preferential order.

(d) It is assumed that the specific decision criteria are constant and the weights assigned to them are stable over time.

(e) Under the optimizing model, the decision-maker will choose the alternative that rates highest.

Predictions from the Optimizing Model: From the above mentioned assumptions, we would predict that the individual decision-maker would:

(a) Have a clear-cut and specific goal.

(b) Have a fully comprehensive set of criteria that determine the relevant factors in the decision;

(c) Precisely rank the criteria, which will be stable over time.

(d) Select the alternative that scores highest after all options have been evaluated.

4. ***Garbage Can Model:*** Sometimes the decision-making process in organisations appears to be haphazard and unpredictable. In the garbage can model, decisions are random and unsystematic. In this model, the organisation is a garbage can in which problems, solutions, participants, and choice opportunities are floating around randomly. If the four factors happen to connect, a decision is made. The quality of the decision depends on timing. The right participants must find the right solution to the right problem at the right time.

   The Garbage Can Model illustrates the idea that not all organisational decisions are made in a step-by-step, systematic fashion. Especially under conditions of high uncertainty, the decision process may be chaotic. Some decisions appear to happen out of sheer luck.

5. ***Implicit Favourite Model:*** The implicit favourite model is a decision-making model where the decision-maker implicitly selects a preferred alternative early in the decision process and biases the evaluation of all other choices.

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If the implicit favourite model is at work, the search for new alternatives ends well before the decision-maker is willing to admit having made his or her decision. Considerable evidence suggests that individuals frequently make an early commitment to one alternative and don't evaluate the strengths and weaknesses of the various alternatives until after having made their final choice.

6. ***The Intuitive Model:*** Intuitive decision-making is an unconscious process created out of distilled experience. It does not necessarily operate independently of rational analysis; rather, the two complement each other. The intuitive decision-making model may be considered a form of extra sensory power or sixth sense.

   Intuitive decision-making, has recently come out of the closet and into some respectability. Experts no longer automatically assume that using intuition to make decisions is irrational or ineffective. There is growing recognition that rational analysis has been overemphasized and that, in certain cases, relying on intuition can improve decision-making.

   According to W.H. Agor, Intuitive decision-making are more likely to be used in the following circumstances:

   (a) When a high level of uncertainty exists.

   (b) When there is little precedent to draw on.

   (c) When variables are less scientifically predictable.

   (d) When "facts" are limited.

   (e) When facts don't clearly point the way to go.

   (f) When analytical data are of little use.

   (g) When there are several plausible alternative solutions to choose from, with good arguments for each; and

   (h) When time is limited and there is pressure to come up with the right decision.

Is there a standard model that people follow when using intuition? According to W.H. Agor, individuals follow two approaches:

1. ***Front End of the Decision-making Process:*** When intuition is used at the front end, the decision-maker tries to avoid systematically analyzing the problem, but instead gives intuition free rein.

2. ***Back End of the Decision-making Process:*** A back-end approach to using intuition relies on rational analysis to identify and allocate weights to decision criteria, as well as to develop and evaluate alternatives. Once this is done, the decision-maker stops the analytical process in order to "sleep on the decision" for a day or two before making the final choice.

3.9 Kinds of Decisions

There are several basic kinds of decisions.

1. ***Decisions whether:*** This is the yes/no, either/or decision that must be made before we proceed with the selection of an alternative.

   Example: (a) Should I buy a new TV?

   (b) Should I travel this summer?

   Decisions whether are made by weighing reasons pro and con. The PMI technique discussed in the next unit is ideal for this kind of decision.

It is important to be aware of having made a decision whether, since too often we assume that decision-making begins with the identification of alternatives, assuming that the decision to choose one has already been made.

2. ***Decisions which:*** These decisions involve a choice of one or more alternatives from among a set of possibilities, the choice being based on how well each alternative measures up to a set of predefined criteria.

Example: Which is the best way of production - producing by self/outsourcing?

3. ***Contingent decisions:*** These are decisions that have been made but put on hold until some condition is met.

Example: (a) I have decided to buy that car if I can get it for the right price.

(b) I have decided to write that article if I can work the necessary time for it into my schedule.

(c) We'll take the route through the valley if we can control the ridge and if we detect no enemy activity to the north.

Most managers carry around a set of already made, contingent decisions, just waiting for the right conditions or opportunity to arise. Time, energy, price, availability, opportunity, encouragement–all these factors can figure into the necessary conditions that need to be met before we can act on our decision.

3.9.1 Different Types of Decisions

We will discuss the most common types of decisions that a manager or for that matter even a common man might have to follow:

1. ***Irreversible:*** Such decisions are permanent. Once taken, they can't be undone. The effects of these decisions can be felt for a long time to come. Such decisions are taken when there is no other option.

2. ***Reversible:*** Such decisions are not final and binding. They can be changed entirely at any point of time. It allows one to acknowledge mistakes and fresh decisions can be taken depending upon the new circumstances.

3. ***Delayed:*** Such decisions are put on hold until the manager thinks that the right time has come to implement them. The wait might make one miss the right opportunity that can cause some loss, especially in the case of businesses. However, such decisions give one enough time to collect all information required and to organize all the factors in the correct way.

4. ***Quick Decisions:*** Such decisions enable the managers to make maximum of the opportunity available at hand. However, only a good decision maker can take decisions that are instantaneous as well as correct. In order to be able to take the right decision within a short span of time, one should also take the long-term results into consideration.

5. ***Experimental:*** One of the different types of decision making is the experimental type in which the final decision cannot be taken until the preliminary results appear and are positive. This approach is used when one is sure of the final destination but is not convinced of the course to be taken.

6. ***Trial and Error:*** This approach involves trying out a certain course of action. If the result is positive it is followed further, if not, then a fresh course is adopted. Such a trial and error

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method is continued until the decision maker finally arrives at a course of action that convinces him of success. This allows a manager to change and adjust his plans until the final commitment is made.

7. ***Conditional:*** Conditional decisions allow an individual to keep all his options open. He sticks to one decision so long as the circumstances remain the same. Once the competitor makes a new move, conditional decisions allow a person to take up a different course of action.

3.9.2 Types of Decision-making

The different types of decision making that a manager typically encounters are:

1. ***Authoritative:*** In authoritative type of decision making the manager is the sole decision maker which subordinates follow. The manager has all the information and expertise required to make a quick decision. It is important that the manager is a good decision maker as it is he who has to own up to the consequences of his decision. Though effective, in case the manager is an experienced individual, it can harm the organization if the manager insists on an authoritative type of decision making even when there is expertise available within the team.
2. ***Facilitative:*** In facilitative type of decision making, both the manager and his subordinates work together to arrive at a decision. The subordinates should have the expertise as well as access to the information required to make decisions. Such an approach could be useful when the risk of wrong decision is very low. It is also a great way of involving and encouraging subordinates in the working of the organization.
3. ***Consultative:*** As the name suggests, consultative decisions are made in consultation with the subordinates. However, the fact remains that unlike in the facilitative decision making style, in consultative decision making it is the manager who holds the decision making power. A wise manager tends to consult his subordinates when he thinks that they have valuable expertise on the situation at hand.
4. ***Delegative:*** As per the term, the manager passes on the responsibility of making decisions to one or more of his subordinates. This type of decision making is usually adopted by the manager when he is confident of the capabilities of his subordinates.

3.10 Barriers in Decision-making

Managerial decision making typically centres on three types of problems that act as barriers:

1. ***Crisis:*** A crisis or critical problem is a serious difficulty requiring immediate action.
2. ***Non-crisis:*** A non-crisis problem is an issue that requires resolution but does not simultaneously have the importance and immediacy characteristics of a crisis. Many of the decisions that managers make centre on non-crisis problems.
3. ***Opportunity:*** An opportunity problem is a situation that offers a strong potential for significant organisational gain if appropriate actions are taken. Opportunities typically involve new ideas and novel directions, and, therefore, are major vehicles for organisational innovation.

3.11 Decision-making Errors

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Here are common decision errors made by the managers:

1. ***Ambiguity Effect:*** They prefer a known probability to an unknown one.
2. ***Bias Blind Spot:*** They do not compensate enough for our own bias.
3. ***Biased sampling:*** They base decisions on available small samples.
4. ***Bounded Rationality:*** They only use limited logic in decisions
5. ***Disconfirmation bias:*** They tend to agree with what supports their own beliefs
6. ***Endowment Effect:*** They value more highly the things we own.
7. ***Overconfidence Barrier:*** Sometimes they are too confident in our own judgments.
8. ***Psychological Accounting:*** Sometimes they care about direct outcomes. They also compare in ratios rather than absolute amounts.
9. ***Sunk-Cost Effect:*** They are reluctant to pull out of an investment.

Issues in Decision-making

Some of the common issues in decision-making are:

1. ***Reaching agreement on goals:*** Perhaps the most serious problem in decision making is the failure to identify a clear and consistent set of goals. A group without basic objectives is aimless and unproductive, but a group with a well-defined purpose can be very innovative and effective.
2. ***Reaching agreement on procedures:*** Once a clear set of goals are decided, now arises the need to decide how to achieve these goals. One way or another, the individual or group will make decisions, but not all decisions are equally sound and democratic.
3. ***Unequal group commitment and involvement:*** The sustainability of an organisation depends on equal involvement and commitment among its members. Fining members for missing meetings or failing to pay dues may ensure full attendance and equal financial contributions, but there is no simple way to make members put the same amount of energy into all of the group's activities.
4. ***Group conflicts:*** Each organisation's culture has a unique understanding of conflict. Some cultures encourage open and emotional disputes, while others value strict politeness and very cautious disagreement. Every culture, though, makes a distinction between "productive" and "unproductive" conflict. Good conflicts are those that help the group understand difficult problems and choose among alternative solutions. Bad conflicts cause only confusion, bad decisions, hurt feelings, anger (and possibly violence), and the breakup of a team or a group.
5. ***Weak communication and literacy skills:*** In many organisations, members will have different levels of literacy and communication skills. Some members will be better at reading, speaking in public, persuading others, listening, and thinking during meetings.
6. ***Extreme power differences:*** Members of a team or a group in/for which a decision is to be taken usually do not have exactly the same amount of power or influence in the group, but sometimes one or two group members have far more power than other members

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3.12 Decision Graphs

Probabilistic graphical models and decision graphs are powerful modeling tools for reasoning and decision making under uncertainty.

Decision Tree Analysis

A decision tree is a decision support tool that uses a tree-like graph or model of decisions and their possible consequences, including chance event outcomes, resource costs, and utility. A decision tree is drawn only from left to right, and has only burst nodes (splitting paths) but no sink nodes (converging paths). Therefore, if drawn manually, it can grow very big and become hard to draw fully.

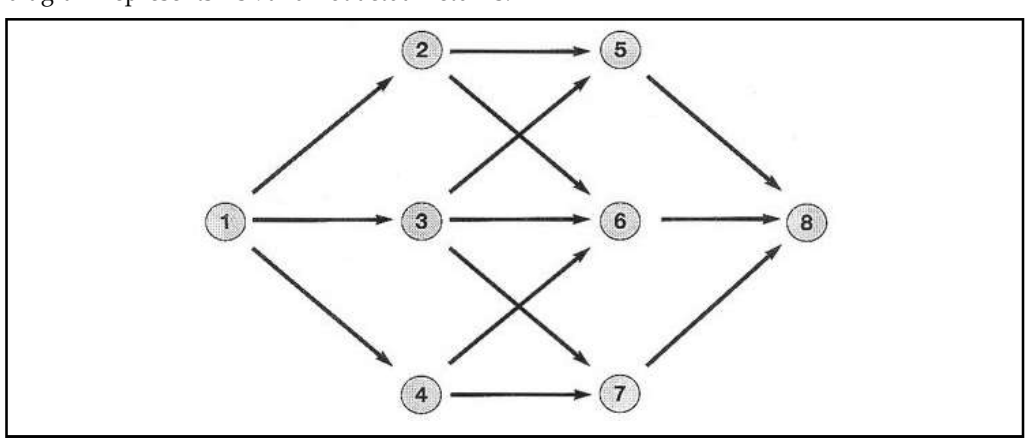
A decision tree is used as a visual and analytical tool, where the expected values (or expected utility) of competing alternatives are calculated.

A decision tree consists of three types of nodes:

1. ***Decision nodes*** - commonly represented by squares
2. ***Chance nodes*** - represented by circles
3. ***End nodes*** - represented by triangles

Decision trees show the possible outcomes of different choices, taking into account probabilities, costs and returns. They enable a manager to set out the consequences of choices, ensuring that he has considered all possibilities and to assess the likelihood of each different possibility and to assess the result of each possibility in terms of cost and profit.

An illustration of decision tree can be seen in figure which shows a simple decision tree for investment analysis. In the example 100,000 monetary units are to be invested and the decision is to invest either in private or public shares. The values, of course are hypothetical because the diagram represents risk and not actual returns.



Constructing the Decision Tree

Start a decision tree with a decision that needs to be made. This decision is represented by a small square towards the left of a large piece of paper. From this box draw out lines towards the right for each possible solution, and write that solution along the line. Keep the lines apart as far as possible so that you can expand your thoughts.

At the end of each solution line, consider the results. If the result of taking that decision is uncertain, draw a small circle. If the result is another decision that needs to be made, draw

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another square. Squares represent decisions, circles represent uncertainty or random factors. Write the decision or factor to be considered above the square or circle. If you have completed the solution at the end of the line, just leave it blank.

Starting from the new decision squares on your diagram, draw out lines representing the options that could be taken. From the circles draw out lines representing possible outcomes. Again mark a brief note on the line saying what it means. Keep on doing this until you have drawn down as many of the possible outcomes and decisions as you can see leading on from your original decision.

Example: A private investment firm has ₹10 crores available in cash. It can invest the money in a bank at 10% yielding a return of ₹15 crore over five years (ignore compound interest).

Alternatively it can invest in mutual funds, of which there are currently two available.

If it invests in Mutual Fund A there is a 0.5 chance of it being a success yielding ₹20 crore, and a 0.5 chance of it failing leading to a loss of ₹ 5 crore. (over the five year period)

If it invests in Mutual Fund B there is a 0.6 chance of the project being a success yielding ₹ 30 crore and a 0.4 chance of it failing leading to a loss of ₹ 2 crore. (over the five year period)

Show the most feasible solution by the help of decision tree.

Solution: Working out the likely outcomes:

Invest in bank – return = ₹ 15 cr

Expected Value of investment in Mutual Fund A

$$= E(X) = \sum_j x_j P(X = x_j)$$

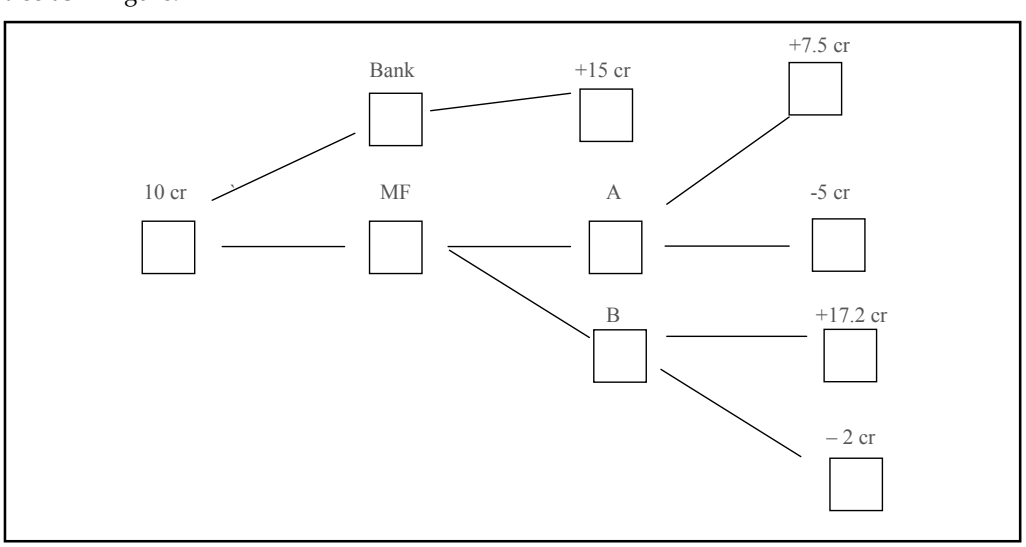
= ₹ 7.5 cr

Expected Value of investment in Mutual Fund B

$$= E(X) = \sum_j x_j P(X = x_j)$$

= ₹ 17.2 cr

You can see that Project B yields the best result. We can illustrate this information on a decision tree as in figure.



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We set out the tree initially by working from left to right, the decision fork is to invest, or go for Mutual Fund A or B. There are then chance forks where probabilities are involved. When we have set out the tree we can prune it back by cutting off the branches which yield the worst results. This leaves us with the final expected value ₹ 17.20 cr which we put as our final decision.

Hence the most feasible decision is to make the investment in Mutual Fund B.

3.13 Individual and Group Decision-making

Till now whatever we have discussed pertains to individual decision making but the major decisions in organizations are most often made by more than one person. Managers use groups to make decisions for the following reasons.

1. ***Synergy:*** Synergy is a positive force in groups that occurs when group members stimulate new solutions to problems through the process of mutual influence and encouragement in the group.
2. ***Commitment:*** Another reason for using a group is to gain commitment to a decision.
3. ***Knowledge and Experience:*** Groups also bring more knowledge and experience to the problem-solving situation.

Advantages of Group Decision-making

Compared with individual decision making, group decision making has several advantages. They are:

1. More knowledge and information through the pooling of group member resources;
2. Increased acceptance of, and commitment to, the decision, because the members had a voice in it;
3. Greater understanding of the decision, because members were involved in the various stages of the decision process.
4. An increased number of alternatives can be developed.
5. Members develop knowledge and skills for future use.

Disadvantages of Group Decision-making

Despite its advantages, group decision making also has several disadvantages when contrasted with individual decision making. They are:

1. Pressure within the group to conform and fit in;
2. Domination of the group by one forceful member or a dominant clique, who may 'ramrod' the decision;
3. It is usually more time consuming, because a group is slower than an individual in making a decision.
4. Disagreements may delay decisions and cause hard feelings.
5. Groupthink may cause members to overemphasize gaining agreement.

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Case Study

General Mills Inc.

It's a nightmare for a company that sells millions of boxes of breakfast cereal each year: For an entire year, those boxes of cereal were sold and eaten by customers who did not know the cereal had been treated by a pesticide not approved by the FDA. General Mills discovered that millions of boxes of Cheerios, Lucky Charms, Oatmeal Crisp, and other cereals had been tainted by a less-expensive chemical than the approved one, sprayed on the oats by a subcontractor who later billed General Mills.

When the FDA notified General Mills of the problem, the organization reacted with disbelief. But after their own scientists investigated the situation, the company had to agree with the FDA findings. Then they began immediate testing to verify that the substitute chemical posed no health dangers. "If we felt there was any question, we wouldn't have waited for the federal government to act," claims a company spokesman. "We would have pulled the product immediately." The company quarantined 15 million bushels of oats sprayed with the pesticide, along with about 50 million boxes of cereal.

So far, so good. But what alternatives is the organization considering in regard to disposing of the tainted cereal? Although General Mills has said it would not manufacture the sprayed oats into cereal for human consumption, it did ask the EPA for a waiver so that it could sell six million cases of cereal that are already in warehouses; then it reversed the request. The company had also indicated that it might sell the oats for animal feed. If the organization decides to export the cereal to a country with no restrictions on the unauthorized pesticide, the FDA and EPA insist on notifying the country importing the goods.

General Mills faces some hard decisions brought on by the decision of one subcontractor to knowingly substitute one chemical for another. And while the organization can be commended for taking quick action to remove the cereal from circulation, it must be careful about future decisions it makes regarding how to dispose of the cereal. No one wants to imagine spooning into a bowl of tainted Cheerios first thing in the morning.

Questions

1. Do you think General Mills made the right decision and took the proper steps immediately after the FDA's discovery? Why and why not?
2. What might be some barriers to rational decision making among those involved in determining how to dispose of the tainted cereal?
3. Would group decision making be helpful in determining how to dispose of the tainted cereal? Why or why not?

Source: Richard Gibson, "*Cereals with Pesticide were in stores for a year*", The Wall Street Journal, July 7, (1994) page B1, B4.

3.14 Summary

- To make an organisations successful, planning is utmost important.
- Objectives have to be set in key areas in every organisation, such as market standing, innovation, productivity, resources, performance etc.

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- MBO is one such technique, which has become very popular due to its focus on participatively set, measurable goals in key areas affecting organisational performance.
- The process of MBO involves three steps: (i) setting goals jointly, taking the commitment and support from subordinates, (ii) developing a concrete action plan, and (iii) appraising performance with a view to improve results constantly.
- Decision-making can be regarded as an outcome of cognitive processes leading to the selection of a course of action among several alternatives.
- Making a decision implies that there are alternative choices to be considered and the best alternative is to be chosen.
- Most decisions are made by moving back and forth between the choice of criteria.
- There is a five step decision-making process involved behind every decision.
- There are many models available to help the managers take timely and effective decisions.

3.15 Keywords

Intuition: It is the apparent ability to acquire knowledge without inference or the use of reason.

Management by Objectives: Systematic and organised approach that allows management to focus on achievable goals and to attain the best possible results from available resources.

Optimizing: Making the best possible

Planning: An act of formulating a program for a definite course of action

Rationality: Having complete knowledge about all the details of a given situation.

Strategy: An elaborate and systematic plan of action.

3.16 Self Assessment

Fill in the blanks:

1. An initial idea about corporate objectives may have to be ..... if there is no feasible implementation plan that will meet with a sufficient level of acceptance.
2. ..... systems should be used to share information and create common goals.
3. Formulation and ..... of strategy must occur side-by-side rather than sequentially.
4. ..... involves adapting the organisation to its business environment.
5. MBO is ..... with management philosophies.

State whether the following statements are true or false:

6. A decision is the selection of a course of action.
7. Decision-making is the process by which the decision-maker tries to jump over the obstacles placed between his current position and the past position.
8. The first step in decision-making process is developing the problem.
9. If tried, it is very easy to state a problem accurately.
10. According to rationality model, managers select the first alternative that is satisfactory.

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3.17 Review Questions

1. 'Future keeps on moving. It may not be possible to predict future changes accurately and provide for them in plans'. Discuss.
2. 'Planning and forecasting are inextricably intertwined'. Comment.
3. Think of examples of each type of operational plan you have used at work, in your college work or even in your personal life.
4. A new business venture has to develop a comprehensive business plan to borrow money to get started. Companies leading the industry assert that they did not follow the original plan very closely. Does that mean that developing the plan was a waste of time for these eventually successful companies?
5. Do your personal values support the concepts of successful planning? If so, how?
6. Comprehensive planning emerges as a relatively new concept these days in management arena. On the basis of the knowledge you gained from this unit, how would you define the concept and its significance?
7. Have you ever faced a situation when you had to take a decision, which did not fall within in your area of responsibility? What decision did you make and how?
8. Have you ever tried to delay any decision-making? What were the consequences of this on both your company and customers?
9. What steps do you take when a customer claims that part of his consignment has not been delivered?
10. If a clash of personalities were to occur with a colleague, what steps would you take to make the working relationship run smoothly?
11. What would you do in a situation where you are the supreme authority to make a strategically important decision for your organisation. You may take no one's advice in the end but at least get their input. A new angle on the problem may be surprisingly helpful in solidifying the decision or at least the way to go about making the decision work for you. Will you take the help of the others or would rather make the decision on your own?
12. Should an employee use his own judgement when an immediate action is necessary and the rules do not cover the situation? Support your answer with reasons.
13. Think of a time when a colleague/acquaintance strongly disagreed with your views, ideas, or way of working? What kind of relationship can you develop with such a person?

Answers: Self Assessment

1.	altered	2.	Knowledge management
3.	implementation	4.	Strategic management
5.	inconsistent	6.	True
7.	False	8.	False
9.	False	10.	True

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3.18 Further Readings

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Unit 4: Organising

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CONTENTS

Objectives

After studying this unit, you will be able to:

- State the meaning and process of organisational design and organisational structure
- Explain the importance and kinds of organisational structure
- Discuss principles of organisation

Introduction

Organising as a function of management involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies. Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. After the objectives of an enterprise are determined and the plan is

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prepared, the next step in the management process is to organise the activities of the enterprise to execute the plan and to attain the objectives of the enterprise. The term organisation is given a variety of interpretations. In any case, there are two broad ways in which the term is used.

In the first sense, organisation is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives.

When used in the other sense, organisation refers to the structure of relationships among positions and jobs which is built up for the realisation of common objectives.

Without organising managers cannot function as managers. Organisation is concerned with the building, developing and maintaining of a structure of working relationships in order to accomplish the objectives of the enterprise. Organisation means the determination and assignment of duties to people, and also the establishment and the maintenance of authority relationships among these grouped activities. It is the structural framework within which the various efforts are coordinated and related to each other. Sound organisation contributes greatly to the continuity and success of the enterprise. The distinguished industrialist of America, Andrew Carnegie has shown his confidence in organisation by stating that: "Take away our factories, take away our trade, our avenues of transportation, our money, leave nothing but our organisation, and in four years we shall have re-established ourselves." That shows the significance of managerial skills and organisation. However, good organisation structure does not by itself produce good performance. But a poor organisation structure makes good performance impossible, no matter how good the individual may be.

4.1 Organising – The Process

Organisation is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organise is to harmonise, coordinate or arrange in a logical and orderly manner. Each member in the organisation is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty. The managerial function of organising consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well coordinated and orderly structure for the accomplishment of work. According to Louis A Allen, "Organising involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organisational objectives." The various steps involved in this process are:

1. ***Determination of Objectives:*** It is the first step in building up an organisation. Organisation is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organisation structure is built on the basis of the objectives of the enterprise. That means, the structure of the organisation can be determined by the management only after knowing the objectives to be accomplished through the organisation. This step helps the management not only in framing the organisation structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organisation is to be set up and, therefore, what will be the nature of the work to be accomplished through the organisation.

2. ***Enumeration of Objectives:*** If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organising group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as

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members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

3. ***Classification of Activities:*** The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account. Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

4. ***Assignment of Duties:*** Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball, "Organisation embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

5. ***Delegation of Authority:*** Since so many individuals work in the same organisation, it is the responsibility of management to lay down structure of relationship in the organisation. Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel. Everybody should clearly know to whom he is accountable; corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance. This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

4.2 Organisational Design

Organisation design may be defined as a formal, guided process for integrating the people, information and technology of an organisation. Organisation design involves the creation of roles, processes, and formal reporting relationships in an organisation. One can distinguish between two phases in an organisation design process: strategic grouping, which establishes the overall structure of the organisation, (its main sub-units and their relationships), and operational design, which defines the more detailed roles and processes.

It is used to match the form of the organisation as closely as possible to the purpose(s) the organisation seeks to achieve. Through the design process, organisations act to improve the probability that the collective efforts of members will be successful. Thus it may said to be a process for improving the probability that an organisation will be successful.

4.2.1 Hierarchical Systems

Western organisations have been highly influenced by the command and control structure of ancient military organisations, especially those of USA and by the turn of the century introduction of Scientific Management. Most organisations today are designed as a bureaucracy in whom authority and responsibility are arranged in a hierarchy. Within the hierarchy, the laws, policies, and procedures are uniformly and impersonally applied to exert control over member behaviours. Activity is organised within departments in which people perform specialized functions such as manufacturing, sales, or accounting. People who perform similar tasks are clustered together.

The same basic organisational form is assumed to be appropriate for any organisation, be it a government, school, business, church, or fraternity. It is familiar, predictable, and rational. It is what comes immediately to mind when we discover that ...we really have to get organised!

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As rational as the functional hierarchy may be, there are distinct disadvantages to blindly applying the same form of organisation to all purposeful groups. To state a few,

1. different groups wish to achieve different outcomes.
2. different groups have different members, and that each group possesses a different culture.

These differences in desired outcomes, and in culture, should alert the mangers to the danger of assuming there is any single best way of organising. To be complete, however, also observe that different groups will likely choose different methods through which they will achieve their purpose. Service groups will choose different methods than manufacturing groups, and both will choose different methods than groups whose purpose is primarily social. One structure cannot possibly fit all.

4.2.2 Organising on Purpose

The purpose for which a group exists should be the foundation for everything its members do – including the choice of an appropriate way to organise. The idea is to create a way of organising that best suits the purpose to be accomplished, regardless of the way in which other, dissimilar groups are organised.

Only when there are close similarities in desired outcomes, culture, and methods should the basic form of one organisation be applied to another. And even then, only with careful fine tuning. The danger is that the patterns of activity that help one group to be successful may be dysfunctional for another group, and actually inhibit group effectiveness. To optimize effectiveness, the form of organisation must be matched to the purpose it seeks to achieve.

4.2.3 The Design Process

Organisation design begins with the creation of a strategy – a set of decision guidelines by which members will choose appropriate actions. The strategy is derived from clear, concise statements of purpose, and vision, and from the organisation's basic philosophy. Strategy unifies the intent of the organisation and focuses members toward actions designed to accomplish desired outcomes. The strategy encourages actions that support the purpose and discourages those that do not.

Creating a strategy is planning, not organising. To organise we must connect people with each other in meaningful and purposeful ways. Further, we must connect people with the information and technology necessary for them to be successful. Organisation structure defines the formal relationships among people and specifies both their roles and their responsibilities. Administrative systems govern the organisation through guidelines, procedures and policies. Information and technology define the process(es) through which members achieve outcomes. Each element must support each of the others and together they must support the organisation's purpose.

Example: Many organisations including GP have used evolutionary computational methods to optimize various kinds of systems in ways that rival or exceed human capabilities. It has produced optimization results for a wide variety of problems involving automated synthesis of controllers, circuits, antennas, genetic networks, and metabolic pathways.

4.2.4 Exercising Choice

Organisations are an invention of man. They are contrived social systems through which groups seek to exert influence or achieve a stated purpose. People choose to organise when they recognize

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that by acting alone they are limited in their ability to achieve. We sense that by acting in concert we may overcome our individual limitations.

When we organise we seek to direct, or pattern, the activities of a group of people toward a common outcome. How this pattern is designed and implemented greatly influences effectiveness. Patterns of activity that are complementary and interdependent are more likely to result in the achievement of intended outcomes. In contrast, activity patterns that are unrelated and independent are more likely to produce unpredictable, and often unintended results.

The process of organisation design matches people, information, and technology to the purpose, vision, and strategy of the organisation. Structure is designed to enhance communication and information flow among people. Systems are designed to encourage individual responsibility and decision making. Technology is used to enhance human capabilities to accomplish meaningful work. The end product is an integrated system of people and resources, tailored to the specific direction of the organisation.

4.3 Organisation Structure

An organisation structure shows the authority and responsibility relationships between the various positions in the organisation by showing who reports to whom. Organisation involves establishing an appropriate structure for the goal seeking activities. It is an established pattern of relationship among the components of the organisation. March and Simon have stated that- "Organisation structure consists simply of those aspects of pattern of behaviour in the organisation that are relatively stable and change only slowly." The structure of an organisation is generally shown on an organisation chart. It shows the authority and responsibility relationships between various positions in the organisation while designing the organisation structure, due attention should be given to the principles of sound organisation.

4.3.1 Significance of Organisation Structure

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

4.3.2 Determining the Kind of Organisation Structure

According to Peter F Drucker, "Organisation is not an end in itself, but a means to the end of business performance and business results. Organisation structure is an indispensable means; and the wrong structure will seriously impair business performance and may even destroy it. Organisation structure must be designed so as to make possible to attainment of the objectives of the business for five, ten, fifteen years hence". Thus it is essential that a great deal of care should be taken while determining the organisation structure. Peter Drucker has pointed out

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three specific ways to find out what kind or structure is needed to attain the objectives of a specific business:

1. ***Activities Analysis:*** The purpose of 'activities analysis' is to discover the primary activity of the proposed organisation, for it is around this that other activities will be built. It may be pointed out that in every organisation; one or two functional areas of business dominate. For example, designing is an important activity of the readymade garments manufacturer. After the activities have been identified and classified into functional areas, they should be listed in the order of importance. It is advisable to divide and sub-divide the whole work into smaller homogeneous units so that the same may be assigned to different individuals. Thus, in devising an organisational structure, it is important to divide the entire work into manageable units. It has rightly been said that the job constitutes the basic building block in building up an organisational structure.

2. ***Decision Analysis:*** At this stage, the manager finds out what kinds of decisions will need to be made to carry on the work of the organisation. What is even more important, he has to see where or at what level these decisions will have to be made and how each manager should be involved in them. This type of analysis is particularly important for deciding upon the number of levels or layers in the organisation structure.

   As regards decision analysis, Peter Drucker, has emphasised four basic characteristics. They are:

   (a) the degree of futurity in the decision,

   (b) the impact that decision has on other functions,

   (c) the character of he decision determined by a number of qualitative factors, such as, 'basic principles of conduct, ethical values, social and political beliefs etc., and

   (d) whether the decisions are periodically recurrent or rates as recurrent decisions may require a general rule whereas a rate decision is to be treated as a distinctive event.

   A decision should always be made at the lowest possible level and so close to the scene of action as possible.

3. ***Relations Analysis:*** Relations Analysis will include an examination of the various types of relationships that develop within the organisation. These relationships are vertical, lateral and diagonal. Where a superior-subordinate relationship is envisaged, it will be a vertical relationship. In case of an expert or specialist advising a manager at the same level, the relationship will be lateral. Where a specialist exercises authority over a person in subordinate position in another department in the same organisation it will be an instance of diagonal relationship. Peter Drucker emphasises that, "the first thing to consider in defining a manager job is the contribution his activity has to make to the larger unit of which it is a part." Thus, downward, upward and lateral (side-ways) relations must be analysed to determine the organisation structure.

4.3.3 Principles of Organisational Structure

The following are the main principles that a manager has to keep in mind while formulating an organisational structure.

1. ***Consideration of unity of objectives:*** The objective of the undertaking influences the organisation structure. There must be unity of objective so that all efforts can be concentrated on the set goals.

2. ***Specialisation:*** Effective organisation must include specialisation. Precise division of work facilitates specialisation.

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3. ***Co-ordination:*** Organisation involves division of work among people whose efforts must be co-ordinated to achieve common goals. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose.
4. ***Clear unbroken line of Authority:*** It points out the scalar principle or the chain of command. The line of authority flows from the highest executive to the lowest managerial level and the chain of command should not be broken.
5. ***Responsibility:*** Authority should be equal to responsibility i.e., each manager should have enough authority to accomplish the task.
6. ***Efficiency:*** The organisation structure should enable the enterprise to attain objectives with the lowest possible cost.
7. ***Delegation:*** Decisions should be made at the lowest competent level. Authority and responsibility should be delegated as far down in the organisation as possible.
8. ***Unity of Command:*** Each person should be accountable to a single superior. If an individual has to report to only one supervisor there is a sense of personal responsibility to one person for results.
9. ***Span of Management:*** No superior at a higher level should have more than six immediate subordinates. The average human brain can effectively direct three to six brains (i.e., subordinates).
10. ***Communication:*** A good communication sub-system is essential for smooth flow of information and understanding and for effective business performance.
11. ***Flexibility:*** The organisation is expected to provide built in devices to facilitate growth and expansion without dislocation. It should not be rigid or inelastic.

Task

Choose three organisations of your choice in the FMCG industry.

1. Analyse their organisational design and structure.
2. Differentiate among their productivity on the basis of their structures.
3. Analyse the effect of their different structures on their success.

4.3.4 Formal and Informal Organisation

The formal organisation refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organisation is built by the management to realise objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organisation and to use them for achieving organisational objectives.

1. ***Formal Organisation:*** Chester I Bernard defines formal organisation as, "a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and

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accountability." The essence of formal organisation is conscious common purpose and comes into being when persons:

(a) Are able to communicate with each other

(b) Are willing to act, and

(c) Share a purpose.

The formal organisation is built around four key pillars. They are:

(a) Division of labour

(b) Scalar and functional processes

(c) Structure, and

(d) Span of control

Thus, a formal organisation is one resulting from planning where the pattern of structure has already been determined by the top management.

Characteristic of Formal Organisation

(a) Formal organisation structure is laid down by the top management to achieve organisational goals.

(b) Formal organisation prescribes the relationships amongst the people working in the organisation.

(c) The organisation structures is consciously designed to enable the people of the organisation to work together for accomplishing the common objectives of the enterprise.

(d) Organisation structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.

(e) In a formal organisation, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organisation arise from the pattern of responsibilities that are created by the management.

(f) A formal organisation is bound by rules, regulations and procedures.

(g) In a formal organisation, the position, authority, responsibility and accountability of each level are clearly defined.

(h) Organisation structure is based on division of labour and specialisation to achieve efficiency in operations.

(i) A formal organisation is deliberately impersonal. The organisation does not take into consideration the sentiments of organisational members.

(j) The authority and responsibility relationships created by the organisation structure are to be honoured by everyone.

(k) In a formal organisation, coordination proceeds according to the prescribed pattern.

Advantages of Formal Organisation

(a) The formal organisation structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.

(b) A formal organisation is bound by rules, regulations and procedures. It thus ensures law and order in the organisation.

Notes

(c) The organisation structure enables the people of the organisation to work together for accomplishing the common objectives of the enterprise.

Disadvantages or Criticisms of Formal Organisation

(a) The formal organisation does not take into consideration the sentiments of organisational members.

(b) The formal organisation does not consider the goals of the individuals. It is designed to achieve the goals of the organisation only.

(c) The formal organisation is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

2. ***Informal Organisation:*** Informal organisation refers to the relationship between people in the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organisation is an organisation which is not established by any formal authority, but arises from the personal and social relations of the people.

These relations are not developed according to procedures and regulations laid down in the formal organisation structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organisation according to its environment.

Characteristics of Informal Organisation

(a) Informal organisation is not established by any formal authority. It is unplanned and arises spontaneously.

(b) Informal organisations reflect human relationships. It arises from the personal and social relations amongst the people working in the organisation.

(c) Formation of informal organisations is a natural process. It is not based on rules, regulations and procedures.

(d) The inter-relations amongst the people in an informal organisation cannot be shown in an organisation chart.

(e) In the case of informal organisation, the people cut across formal channels of communications and communicate amongst themselves.

(f) The membership of informal organisations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.

(g) Membership of informal groups can be overlapping as a person may be member of a number of informal groups.

(h) Informal organisations are based on common taste, problem, language, religion, culture, etc. It is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organisation.

Benefits of Informal Organisation

(a) It blends with the formal organisation to make it more effective.

(b) Many things which cannot be achieved through formal organisation can be achieved through informal organisation.

(c) The presence of informal organisation in an enterprise makes the managers plan and act more carefully.

Notes

(d) Informal organisation acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.

(e) An informal organisation has a powerful influence on productivity and job satisfaction.

(f) The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.

(g) Informal organisation helps the group members to attain specific personal objectives.

(h) Informal organisation is the best means of employee communication. It is very fast.

(i) Informal organisation gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organisation because they get a platform to express their feelings.

(j) It serves as an agency for social control of human behaviour.

3. ***Management's Attitude towards Informal Organisation:*** Formal organisation, no doubt is an important part of the organisation but it alone is not capable of accomplishing the organisational objectives. Informal organisation supplements the formal organisation in achieving the organisational objectives. If handled properly, informal organisation will help in performing the activities of the organisation very efficiently and effectively. In the words of Keith Davis, "An informal organisation is a powerful influence upon productivity and job satisfaction. Both formal and informal systems are necessary for group activity just as two blades are essential to make a pair of scissors workable". As both formal and informal organisations are quite essential for the success of any organisation, a manager should not ignore the informal organisation. He should study thoroughly the working pattern of informal relationship in the organisation and use the informal organisation for achieving the organisational objectives.

Caselet

Go Ahead – Meeting Competition through Successful Organisational Structure

Go Ahead is a leading supplier of support services in Britain to the transport industry including bus, rail and aviation. It employs over 24,000 people and is responsible for around 800 million journeys annually. Go-ahead's success is reflected in its increased turnover and increased operating profit.

Go-ahead's growth is closely linked to deregulation and privatisation in UK. Once services were deregulated, Go-Ahead took over bus services in much of the North-East. In 1994, it became a public limited company. The company's operations have since spread to many areas in the South. The privatisation of rail services brought other opportunities and Go-Ahead is now the largest commuter train operator in London.

Privatisation can bring benefits to customers, such as greater competition leading to more efficient services. Government also helps to keep transport efficient by setting standards for transport companies. Companies bid for franchises (the right to run certain services) and agree to run them in a particular way. Once in operation, poor performance can lead to fines. Poor performance will also work against franchises being renewed.

To be competitive, companies like Go-Ahead need to find out what customers want and then provide it. Go-Ahead found that key factors for customers were safety, reliability, convenience and affordability.

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Go-Ahead has many different transport operations. As well as buses, trains and car parking, it operates a range of aviation services such as cargo and baggage handling and check-in services. It manages and controls these operations using a decentralised model. This means that each operation within the group has the freedom to develop in its own way, in response to its own customers' needs. This is important because transport needs vary from place to place. Important policies that affect all parts of the business – such as environmental policies – are managed centrally.

Public transport is important to any modern economy. Go-Ahead has established itself in a strong position by recognising that public and private transport need to be integrated.

4.4 Forms of Organisation

Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner. According to the different practices of distributing authority and responsibility among the members of the enterprise, several types of organisation structure have been evolved. They are:

1. Line organisation
2. Line and staff organisation
3. Functional organisation
4. Committee organisation

4.5 Line Organisation

This is the simplest and the earliest form of organisation. It is also known as "Military", "traditional", "Scalar" or "Hierarchical" form of organisation. The line organisation represents the structure in a direct vertical relationship through which authority flows. Under this, the line of authority flows vertically downward from top to bottom throughout the organisation. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. All major decisions and orders are made by the executives at the top and are handed down to their immediate subordinates who in turn break up the orders into specific instructions for the purpose of their execution by another set of subordinates. A direct relationship of authority and responsibility is thus established between the superior and subordinate. The superior exercises a direct authority over his subordinates who become entirely responsible for their performance to their commanding superior. Thus, in the line organisation, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line of authority not only becomes the avenue of command to operating personnel, but also provides the channel of communication, coordination and accountability in the organisation.

Prof. Florence enunciates three principles which are necessary to realise the advantages of this system and the non-observance of which would involve inefficiency.

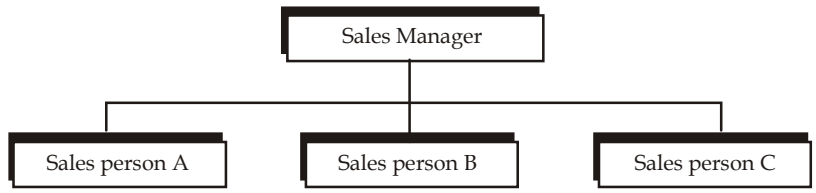
1. Commands should be given to subordinates through the immediate superior; there should be no skipping of links in the chain of command.
2. There should be only one chain. That is, command should be received from only one immediate superior.

Notes

3. The number of subordinates whose work is directly commanded by the superior should be limited.

The following Figure 4.1 depicts the line organisation:

Figure 4.1: Line Organisation



Advantages or Merits of Line Organisation

1. It is the easiest to establish and simplest to explain to the employers.
2. It fixes responsibility for the performance of tasks in a definite manner upon certain individuals.
3. There is clear-cut identification of authority and responsibility relationship. Employees are fully aware of the boundaries of their job.
4. It is most economical and effective.
5. It makes for unity of control thus conforming to the scalar principle of organisation.
6. It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible. The subordinates are also aware of the necessity of satisfying their superior in their own interests.
7. It facilitates prompt decision-making because there is definite authority at every level.
8. As all the activities relating to one department or division are managed by one executive, there can be effective coordination of activities.
9. This system is flexible or elastic, in the sense that, as each executive has sole responsibility in his own position and sphere of work, he can easily adjust the organisation to changing conditions.
10. Under this system, responsibility and authority are clearly defined. Every member of the organisation knows his exact position, to whom he is responsible and who are responsible to him. Because of the clear fixation of responsibility, no person can escape from his liability.

Disadvantages or Demerits of Line Organisation

1. With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future of the department and of the concern as a whole would be in jeopardy.
2. Being an autocratic system, it may be operated on an arbitrary, opinionated and dictatorial basis.
3. Under this system, the subordinates should follow the orders of their superior without expression their opinion on the orders. That means there is limited communication.

Notes

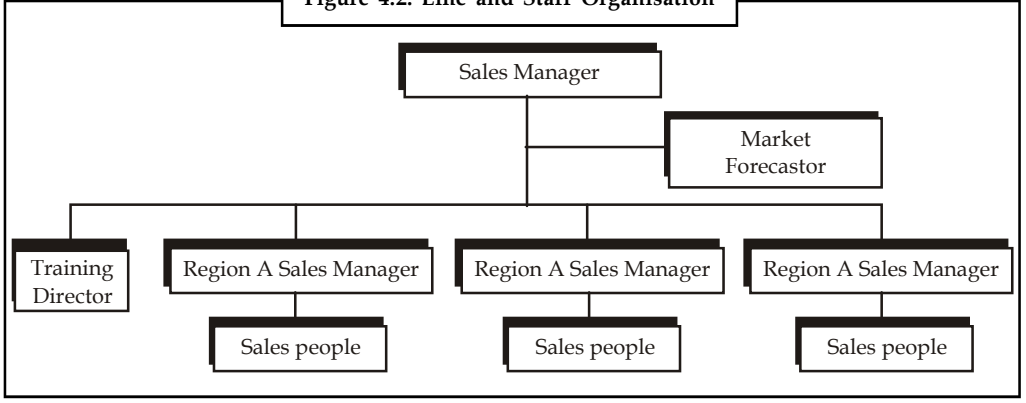
4. There may be a good deal of nepotism and favouritism. This may result in efficient people being left behind and inefficient people getting the higher and better posts.
5. The line organisation suffers from lack of specialised skill of experts. Modern business is so complex that it is extremely difficult for one person to carry in his head all the necessary details about his work in this department.
6. Line organisation is not suitable to big organisations because it does not provide specialists in the structure. Many jobs require specialised knowledge to perform them.
7. If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.
8. The organisation is rigid and inflexible.
9. There is concentration of authority at the top. If the top executives are not capable, the enterprise will not be successful.

Prof. Florence, sums up the inefficiencies of the line organisation system under three heads: (i) Failure to get correct information and to act upon it; (ii) red-tape and bureaucracy; (iii) Lack of specialised skill or experts… while commands go down the line under the hierarchical system information is supposed to be coming up the line." In spite of these drawbacks, the line organisation structure is very popular particularly in small organisations where there are less number of levels of authority and a small number of people.

4.6 Line and Staff Organisation

In line and staff organisation, the line authority remains the same as it does in the line organisation. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line mangers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organisation as they are employed to provide expert advice to the line officers. The combination of line organisation with this expert staff constitutes the type of organisation known as line and staff organisation. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken. The following Figure 4.2 depicts the line and staff organisation:

Figure 4.2: Line and Staff Organisation



Notes

Types of Staff

The staff position established as a measure of support for the line managers may take the following forms:

1. ***Personal Staff:*** Here the staff official is attached as a personal assistant or adviser to the line manager. For example, Assistant to managing director.
2. ***Specialised Staff:*** Such staff acts as the fountainhead of expertise in specialised areas like R&D, personnel, accounting etc. For example, R&D Staff.
3. ***General Staff:*** This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example, Financial advisor, technical advisor etc.

Features of Line and Staff Organisation

1. Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.
2. Under this system, the staff officers prepare the plans and give advise to the line officers and the line officers execute the plan with the help of workers.
3. The line and staff organisation is based on the principle of specialisation.

Advantages or Merits of Line and Staff Organisation

1. It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialised knowledge of staff specialists at various levels.
2. The expert advice and guidance given by the staff officers to the line officers benefit the entire organisation.
3. As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialised functions.
4. Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.
5. It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialisation. Thus, the organisation takes advantage of functional organisation while maintaining the unity of command.
6. It is based upon planned specialisation.
7. Line and staff organisation has greater flexibility, in the sense that new specialised activities can be added to the line activities without disturbing the line procedure.

Disadvantages or Demerits of Line and Staff Organisation

1. Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation as to the functions and positions of staff members with relation to the line supervisors.
2. There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.

Notes

3. Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
4. The staff experts may be ineffective because they do not get the authority to implement their recommendations.
5. This type of organisation requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
6. Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.
7. Since staff managers are not accountable for the results, they may not be performing their duties well.
8. Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organisation.

4.7 Functional Organisation

The difficulty of the line organisation in securing suitable chief executive was overcome by F.W. Taylor who formulated the Functional type of organisation. As the name implies, the whole task of management and direction of subordinates should be divided according to the type of work involved. As far as the workman was concerned, instead of coming in contact with the management at one point only, he was to receive his daily orders and help directly from eight different bosses; four of these were located in the planning room and four in the shop. The four specialists or bosses in the planning room are:

1. ***Route Clerk:*** To lay down the sequence of operations and instruct the workers concerned about it.
2. ***Instruction Card Clerk:*** To prepare detailed instructions regarding different aspects of work.
3. ***Time and Cost Clerk:*** To send all information relating to their pay to the workers and to secure proper returns of work from them.
4. ***Shop Disciplinarian:*** To deal with cases of breach of discipline and absenteeism.

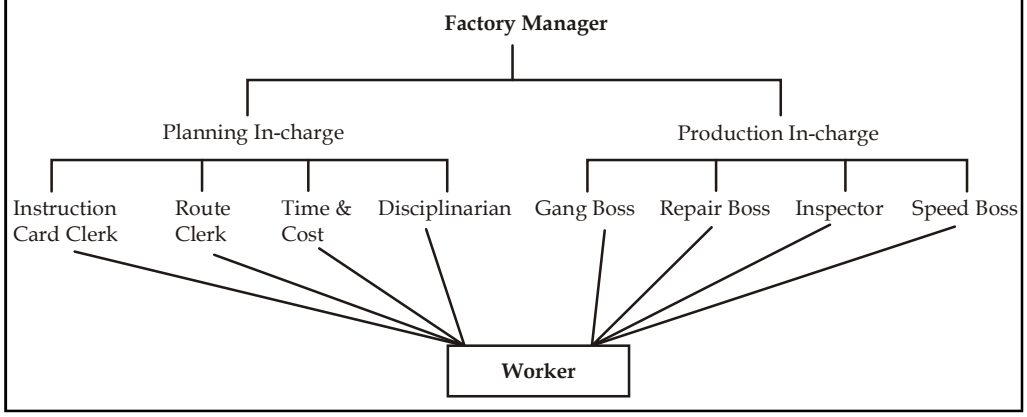
The four specialists or bosses at the shop level are:

1. ***Gang Boss:*** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.
2. ***Speed Boss:*** To ensure that machines are run at their best speeds and proper tools are used by the workers.
3. ***Repair Boss:*** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
4. ***Inspector:*** To show to the worker how to do the work.

Notes

The following Figure 4.3 depicts the functional foremanship:

Figure 4.3: Chart showing Functional Foremanship



It was F.W. Taylor who evolved functional organisation for planning and controlling manufacturing operations on the basis of specialisation. But in practice, functionalisation is restricted to the top of the organisation as recommended by Taylor.

Features of Functional Organisation

The features of functional organisation are as follows:

1. The work of the enterprise is divided into different functional departments and the different functional departments are placed under different specialists.
2. The functional specialist has the authority or right to give orders regarding his function whosesoever that function is performed in the enterprise.
3. Under this system, the workers have to receive instructions from different specialists.
4. If anybody in the enterprise has to take any decision relating to a particular function, it has to be in consultation with the functional specialist.
5. Under this system, the workers have to perform a limited number of functions.

Advantages of Functional Organisation

1. Functional organisation is based on expert knowledge. Every functionary in charge is an expert in his area and can help the subordinates in better performance in his area.
2. Division of labour is planned not incidental.
3. As there is not scope for one-man control in this form of organisation, this system ensure co-operation and teamwork among the workers.
4. This system ensures the separation of mental functions from manual functions.
5. It helps mass production by standardization and specialization.
6. This system ensures maximum use of he principle of specialisation at every work point.
7. As there is joint supervision in the organisation, functional organisation reduces the burden on the top executives.
8. Functional organisation offers a greater scope for expansion as compared to line organisation. It does not face the problem of limited capabilities of a few line managers.

Notes

9. The expert knowledge of the functional mangers facilitates better control and supervision in the organisation.

Disadvantages or Demerits of Functional Organisation

1. It is unstable because it weakens the disciplinary controls, by making the workers work under several different bosses. Thus, functional organisation violates the principle of unity of command.
2. Under this type of organisation, there are many foremen of equal rank. This may lead to conflicts among them.
3. The co-ordinating influence needed to ensure a smoothly functioning organisation may involve heavy overhead expenses.
4. The inability to locate and fix responsibility may seriously affect the discipline and morale of the workers through apparent or actual contradiction of the orders.
5. This system is very costly as a large number of specialists are required to be appointed.
6. A functional manager tends to create boundaries around himself and think only in term of his own department rather than of the whole enterprise. This results in loss of overall perspective in dealing with business problems.
7. It is difficult for the management to fix responsibility for unsatisfactory results.

4.8 Committee Organisation

Committee organisation as a method of managerial control has very little practical importance, because it is managed by a senior member of the committee only. But the committee organisations are widely used for the purpose of discharging advisory functions of the management. Committees are usually relatively formal bodies with a definite structure. They have their own organisation. To them are entrusted definite responsibility and authority.

According to Hicks, "A committee is a group of people who meet by plan to discuss or make a decision for a particular subject."

According to Louis A Allen, "A committee is a body of persons appointed or elected to meet on an organised basis for the consideration of matters brought before it."

A committee may formulate plans, make policy decisions or review the performance of certain units. In some cases, it may only have the power to make recommendations to a designated official. Whatever may be the scope of their activities, committees have come to be recognised as an important instrument in the modern business as well as non-business organisations.

Objectives of Committees

Committees are constituted to achieve one or more of the following objectives:

1. To have consultations with various persons to secure their view-points
2. To give participation to various groups of people
3. To secure cooperation of different departments
4. To coordinate the functioning of different departments and individuals by bringing about unity of directions.

Notes

Types of Committees

1. ***Line committee:*** If a committee is vested with the authority and responsibility to decide and whose decisions are implemented, it is known as line committee.
2. ***Staff committee:*** If a committee is appointed merely to counsel and advise, it is known as a staff committee.
3. ***Formal committee:*** When a committee is constituted as a part of the organisation structure and has clear-cut jurisdiction, it is a formal committee.
4. ***Informal committee:*** An informal committee is formed to advice on certain complicated matters. It does not form part of the organisation structure.
5. ***Coordinating committee:*** It is constituted to coordinate the functioning of different departments.
6. ***Executive committee:*** It is a committee which has power to administer the affairs of the business.
7. ***Standing committee:*** are formal committees that are of permanent character.
8. ***Ad hoc committee:*** They are temporary bodies. It is appointed to deal with some special problem and stops functioning after its job are over.

Advantages or Merits of Committee

1. A committee is an effective method of bringing the collective knowledge and experience of a number of persons. Therefore, many multi-dimensional and complex problems of modern enterprises, which cannot be solved satisfactorily by individual managers, can be solved by committees.
2. Committees offer scope for group deliberations and group judgment. Results obtained by group deliberation and group judgment are likely to be better than those obtained by individual judgment.
3. When it is necessary to integrate varying points of view, which cannot conveniently be coordinated by individuals, the committee may be used to bring about coordination.
4. The management can give representation to the employees in various committees. This will motivate the employees for better performance as they feel that they have a say in the affairs of the organisation.
5. A committee form of organisation facilitates pooling of authority of individual managers for making some type of decisions of an inter-departmental nature.
6. A committee form of organisation tends to promote organisational cohesiveness. Group endeavour, team spirit and collective responsibility are control to the philosophy of committees.

Disadvantages of Committee

1. If a manager has an opportunity to carry a problem to a committee, he may take it as a means of avoiding decision-making or to escape the consequences of an unpopular decision.
2. Sometimes, a committee may not be able to take the needed decision because of the conflicting views of the members.
3. Committees take more time in procedural matters before any decision is taken. In some cases, slowness seriously handicaps the administration of the organisation.

Notes

4. Committees are an expensive device both in terms of cost and time.
5. When the committee findings represent a compromise of different viewpoints, they may be found to be weak and indecisive.
6. No member of a committee can be individually held responsible for the wrong decision taken by the committee.
7. It is very difficult to maintain secrecy regarding the deliberations and the decisions taken by a committee, especially when there are many members in the committee.

Notes

Global Organising

Organisational Structure: Organisational structure provides a route and locus for decision making. It also provides a system, or a basis, for reporting and communication networks. The basics of an organisation chart are similar for both domestic firms and international firms. But since international firms have to face complex problems, the form of the organisational structure is specific to them. The structure of an organisation becomes complex with the growing degree of internationalisation.

Co-ordination among the branches/units: The different branches/units need to be well co-ordinated in order to make the organisational structure effective. Proper co-ordination smoothens communication between one branch and another. It is true that there are impediments to effective co-ordination. Managers at different units may have varying orientation. The geographic distance may be too much to ensure effective coordination.

Formal co-ordination can be ensured through direct contact among the managers of different branches/units. It can also be ensured by giving a manager of a unit the responsibility for coordinating with his counterpart in another unit. A number of international firms have adapted the practice of direct reporting to headquarters by managers.

Case Study

The Lowering of the Pirates' Flag at Apple

The combination seemed ideal. Steven P. Jobs, charismatic co-founder and chairman of Apple Computer, Inc., Woos John Sculley, the young, dynamic president of Pepsi-Cola USA, to be president of Apple. While Jobs oversaw technical innovation, Sculley was to boost Apple's marketing expertise and improve its relationship with retailers and customers. The ultimate goal was to break IBM's stronghold on the business market for personal computers. Under Jobs, the company had almost a singular focus on products, and Jobs had piqued the imagination of employees with predictions of "insanely great" new computers. One of Sculley's first moves was reorganising the company's nine product-oriented and highly decentralized divisions into two major divisions, one for the Apple II and one, headed by Jobs himself, for the forthcoming Macintosh. The reorganisation allowed resources to be focused on the company's two major product lines and facilitated Sculley's emphasise on marketing them, particularly to the business community.

With Jobs ensconced in the Macintosh division, the reorganisation seemed to work at first. Jobs devoted his attention to the further development of the Macintosh, which was not selling quite as well as had been expected. Meanwhile, the Apple II division turned in a

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Notes

record sales performance with the less sophisticated, but highly profitable, Apple IIe. Unfortunately, trouble began to develop. The Mac division employees, touted by Jobs as being superstars, viewed themselves as the Apple elite, since they were developing the new technology. Indicative of these feelings, a pirates' flag flew over the building in which the Macintosh division was housed. Morale in the Apple II division was not helped when Jobs addressed the Apple II marketing staff as members of the "dull and boring product division." However, with the largest block of stock (11.3 percent) and the job of chairman, Jobs was an unusually powerful general manager.

Troubles accelerated when sales of personal computers began to slump nationally; the Mac, in particular, continued to sell less well than anticipated. The situation was exacerbated by the fact that the Mac division chronically missed deadlines for the development of crucial parts of the Mac system. Pushed by the board of directors to take greater control, Sculley finally proposed a new organisation structure that would, in effect, eliminate the Mac division and with it the general manager position held by Jobs. The proposal (which was ultimately approved by the board) was aimed in part at reducing the duplication of position, in such areas as marketing, human resources, and manufacturing, that has been necessary under the division by products. It called for a functional structure, which included product operations (comprising R&D, manufacturing, service, and distribution), marketing and sales, finance and management information systems, legal services, and human resources. With the Mac division dissolved, Jobs resigned his position as chairman and left the company.

With 18 months, sales of the Mac, with its technologically advanced desktop publishing capability and its relative ease of use for computer novices, started to take off. But other companies, including IBM, quickly began to develop products to match the Mac capabilities. Although Sculley professed that Job's vision of putting a computer into every person's hands and thus changing the world remained intact, Apple watchers wondered whether Apple could keep innovating under Sculley.

To Foster product innovation further, Sculley purchased a super-computer, doubled the R&D budget, and increased the number of engineers to more than 1000.

Meanwhile, Apple sales had grown from about $580 million in 1984 to more than $5 billion by 1989. The number of employees almost doubled to more than 10,000 worldwide during the same period. This massive growth led Sculley to reorganise once again, this time into major geographic division (Apple USA, Apple Pacific, and Apple Europe) with a separate division for Apple products. The Apple products division was responsible for all aspects of product development, ranging from basic research and product definition all the way to manufacturing, introduction, and coordination of marketing. This integrated approach was aimed at competing with Japan on price and quality while incorporating the latest technology and innovation. The major geographic divisions were responsible for selling and servicing the various products in their respective regions.

Questions

1. Use your knowledge of organisation design to assess the probable effectiveness of Apple's new organisation structure.
2. What evidence of the differential paradox related to innovation is manifested in this situation?
3. Trace the various reorganising efforts by Sculley, and explain his reasons for each reorganisation.

Source: Deborah Wise and Catherine Harris, "Apple's New Crusade", Business Week, November 26, 1984. Page 146 - 156.

Notes

4.9 Summary

- Organisation is the foundation upon which the whole structure of management is built.
- It is the backbone of management.
- Organising is the process of establishing relationship among the members of the enterprise.
- The relationships are created in terms of authority and responsibility.
- Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently.
- Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals.
- Organisation structure is primarily concerned with the allocation of tasks and delegation of authority.
- The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner.

4.10 Keywords

Formal Organisation: The formal organisation refers to the formal relationships of authority and subordination within a company.

Functional Organisation: A functional structure is one that organises employees around skills or other resources.

Informal Organisation: The informal organisation refers to the network of personal and social relations that develop spontaneously between people associated with each other.

Organisation Structure: The plan for the systematic arrangement of work is the organisation structure.

Organisation: An organisation is a social arrangement which pursues collective goals, which controls its own performance, and which has a boundary separating it from its environment.

4.11 Self Assessment

Fill in the blanks:

1. The staff managers are not accountable for the ..... .
2. Different groups wish to achieve ..... outcomes.
3. Committees are an expensive both in terms of ..... and ..... .
4. ..... committee has the power to administer the affairs of the business.
5. ..... organisation has greater flexibility as compared to that of the others.
6. Committees offer scope for group ..... and group ..... .
7. Organisation structure is primarily concerned with the ..... and ..... .
8. Organisation design begins with the creation of a ..... .
9. ..... committees are appointed for counselling purpose only.
10. Adhoc committees are ..... in nature.

Notes

4.12 Review Questions

1. "Good committee management is through adherence to the basic precepts of the human relations approach to organisation". Do you agree with this? Give suggestions to make committees more effective.
2. "Organisation is the backbone of management". Comment.
3. Compare line, functional and line-staff organisations through examples. Which of these will be appropriate for a large manufacturing enterprise?
4. " A committee is made up of the unfit selected by the unwilling to do the unnecessary". Comment.
5. Why is Organisational structure important? What sort of organisational structure best suited to custom made product produced in a stable environment a mass product produced in unstable environment?
6. How might the organisational design of a research and development firm in the pharmaceutical industry differ from the organisational design of a consumer food products manufacturer?
7. Discuss the universal perspectives of Organisational Design. Identify the restructuring strategy being adopted by an organisation you are familiar with and make a brief analysis of the contingent factors that have influenced the strategy of the said organisation. Briefly describe the organisation you are referring to.
8. What are some of the problems that you have observed from a bad organisational structure?
9. Is there a simple definition for "organisational structure"? Does it include more than an org chart?
10. How would you determine if organisational structure is impeding your company? What would you do rectify the situation?
11. Define line organisation by the help of examples. Does the government of India make a line organisation?
12. When it is your responsibility to organise and plan a project what steps do you take?

Answers: Self Assessment

1. results
2. different
3. cost, time
4. executive
5. line and staff
6. deliberations, judgement
7. allocation of tasks, delegation of authority
8. strategy
9. Staff
10. temporary

4.13 Further Readings

Notes

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Unit 5: Coordination, Centralisation and Decentralisation

CONTENTS

Objectives

After studying this unit, you will be able to:

- Assess need for coordination
- Explain the significance and principles of coordination
- Discuss the process and type of coordination
- Realise the concepts of centralisation and decentralisation
- State the relationship between centralisation and decentralisation

Introduction

In an organisation, different people come together to work for a single organisational goal. Needless to say, coming from varied backgrounds, the mindsets, values, ethics, skills, behavioral patterns, etc., of these people are bound to be different. Due to this, one of the biggest challenges and responsibilities for a manger becomes top handle such a group of varied people. Taking them all as just human resources also, the "human" concept is still there.

Different people in the same teams have different thinking and working pattern. The difference increases more when it comes to different departments and their heads. The challenge increases

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manifold if the interaction has to be between the members of varied teams. Here comes the role of coordination.

Coordination is the act of coordinating, making different people or things work together for a goal or effect. Obviously, a manager has to be adept in the art of coordination.

Centralisation, or centralization (see spelling differences), is the process by which the activities of an organisation, particularly those regarding decision-making, become concentrated within a particular location and/or group.

Decentralisation is an extension of the concept of delegation and cannot exist unless authority is delegated. In decentralisation, a great deal of authority is delegated and more decisions are made at lower levels. It gives added responsibility to managers at all levels below the top.

According to Fayol 'everything which goes to increase the subordinate's role is decentralisation, everything which goes to reduce it is centralisation'.

5.1 Coordination

According to *Mooney* and *Reiley*, "Coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common purpose."

According to *Henry Fayol*, "To coordinate, means to unite and correlate all activities".

According to *McFarland*, "Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose."

On the basis of the above stated definitions, we can state the following as the essential elements of coordination:

1. Coordination implies deliberate efforts to bring fulfillment of goal.
2. Coordination applies to the synchronised arrangement of the productivity of a group and not any individual.
3. Coordination is needed only when there is an involvement of a group over a task. It would not be required if an individual were to work in isolation.
4. Coordination is a continuous effort which begins with the very first action, the process of establishment of business and runs through until its closure.
5. Coordination is necessary for all managerial functions. In organising work, managers must see that no activity remains unassigned. In staffing, managers must ensure the availability of competent people to handle assigned duties. In directing organisational activities, managers must synchronise the efforts of subordinates and motivate them through adequate rewards. In controlling organisational activities, managers must see that activities are on the right path, doing right things, at the right time and in the right manner. Thus, coordination transcends all managerial functions.

5.1.1 Need for Coordination

The need for coordination arises from the fact that literally all organisations are a complex aggregation of diverse systems, which need to work or be operated in concert to produce desired outcomes. In a large organisation, a large number of people process the work at various levels. These people may work at cross purposes if their efforts and activities are not properly coordinated. To simplify the picture, one could decompose an organisation into components such as management, employees, customers, suppliers and other stakeholders.

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The components perform interdependent activities aimed at achieving certain goals. To perform these activities, the actors require various types of inputs or resources. It may be difficult to communicate the policies, orders and managerial actions on a face-to-face basis. Personal contact is, rather, impossible and formal methods of coordination become essential.

Usually, in an organisation, work is divided along functional lines, resulting in specialists taking care of manufacturing, financing, personnel, marketing functions. Over a period of time, these specialists tend to limit their ability to look beyond their own narrow speciality and become are more interested in developing their own departments. Coordination between such employees is must so as to let them mingle with the others in various departments.

People join an organisation to fulfil their personal needs, like those of food, shelter, clothing, entertainment, economic security, recognition for good work, freedom to do work independently, etc. Often individuals fail to appreciate how the achievement of organisational goals will satisfy their own goals. The environment in the organisation, organisational rules and regulations may also frustrate their attempts to realise their personal goals. As a result, they are forced to pursue their narrow personal interests sacrificing organisational interests. They tend to work at cross purposes. Coordination helps to avoid conflict between individual and organisational goals.

According to Lawrence and Lorsch, the need for coordination, basically, arises owing to the differences in attitudes and different working styles of people in an organisation. Every individual has his own way of dealing with problems. The specific orientation towards particular goals might be different. To sales people, product variety may take precedence over product quality. Accountants may see cost control, as most important to the organisation's success, while marketing managers may regard product design as most essential. Further, there are differences in time orientation of people.

5.1.2 Importance of Coordination

Coordination is important to the success of any enterprise. It helps an organisation in the following ways:

Coordination pulls all the functions and activities together. Waste motions, overlapping and duplication of efforts, misuse of resources are, thus, prevented. Coordination, enables an organisation to use its resources in an optimum way. The resources flow through productive channels, paving the way for required quality and quantity of output. Efficiency is thus improved.

Coordination brings unity of action and direction. Members begin to work in an orderly manner, appreciating the work put in by others. They understand and adjust with each other by developing mutual trust, cooperation and understanding. They move closer to each other. In short, it improves human relations.

According to Fayol, where activities are well-coordinated, each department works in harmony with the rest. Production knows its target; maintenance keeps equipment and tools in good order; Finance procures necessary funds; Security sees to the protection of goods and service personnel and all these activities are carried out in a smooth and systematic manner. Coordination, thus, creates a harmonious balance between departments, persons and facilities. This in turn, helps in meeting goals efficiently and effectively.

The importance of coordination, largely lies in the fact that it is the key to other functions of management like planning, organising, staffing, directing and controlling. The different elements of a plan, the various parts of an organisation and phases of a controlling operation must all be coordinated. Coordinating makes planning more purposeful, organisation more well-knit, and control more regulative and effective.

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5.1.3 Principles of Coordination

Mary Parker Follet has brought forth various principles of coordination in the following fashion:

1. ***Principle of direct contact:*** In the first principle, Mary Parker Follet states that coordination can be achieved by direct contact among the responsible people concerned. She believes, that coordination can be easily obtained by direct interpersonal relationships and direct personal communications. Such personal contacts bring about agreement on methods, actions, and ultimate achievement of objectives. Direct contacts also help wither away the controversies and misunderstandings. It is based on the principle, that coordination is better achieved through understanding, not by force, order and coercion.
2. ***Early stage:*** Coordination should start from the very beginning of planning process. At the time of policy formulation and objective setting, coordination can be sought from organisational participants. Obviously, when members are involved in goal-setting, coordination problem is ninety percent solved. It is because participative goal-setting enables agreement and commitment to organisational goals and there is no question of conflict and incongruency of goals of individuals and organisations. Coordination, if not initiated in the early stages of planning and policy formulation, becomes difficult to exercise in the later stages of execution of plans.
3. ***Reciprocal relationship:*** As the third principle, Mary Follet states, that all factors in a situation are reciprocally related. In other words, all the parts influence and are influenced by other parts. For example, when A works with B and he in turn, works with C and D, each of the four, find themselves influenced by others that is influenced by all the people in the total situation. Follet contends that this sort of reciprocal relation and this sort of interpenetration of every part by every other part, and again by every other part, as it has been permeated by all, should be the goal of all attempts at coordination.
4. ***Principle of continuity:*** The fourth principle, advocated by Follet, is that coordination is a continuous and never-ending process. It is something which must go on all the times in the organisation. Further, coordination is involved in every managerial function.
5. ***Principle of self-coordination:*** In addition to the four principles listed by Follet above, Brown has emphasised the principle of self-coordination. According to this principle, when a particular department affects other function or department, it is in turn, affected by the other department or function. This particular department may not be having control over the other departments. However, if other departments are modified in such a fashion, that it affects the particular department favourably, then self-coordination is said to be achieved. For instance, as we know, there must be coordination between the level of production and sales. When the production department alters its total production in such a way, so as to suit the sales capacity of the marketing department (even before the marketing department makes request to cut down production or to increase production), then self-coordination is said to have taken place. This, of course, requires effective communication across the departments. This principle is rarely practised in day-to-day life.

5.1.4 Coordination Process

Coordination cannot be achieved by force or imposed by authority. Achieving coordination through executive orders is a futile exercise. It can be achieved through person-to-person, side-by-side relationships. Achieving effective coordination is a sequential process. It is possible only when the following conditions are fulfilled.

1. ***Clearly defined and understood objectives:*** Every individual and each department must understand what is expected of them by the organisation. Top management must clearly

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state the objectives for the enterprise, as a whole. As pointed out by Terry, "there must be commonness of purpose, in order to unify efforts". The various plans formulated in the enterprise must be interrelated and designed to fit together.

2. ***Proper division of work:*** The total work must be divided and assigned to individuals in a proper way. Here, it is worth noting the principle, 'a place for everything and everything in its place'.

3. ***Good organisation structure:*** The various departments in the organisation must be grouped in such a way that work moves smoothly from one phase to another. Too much specialisation may complicate the coordination work.

4. ***Clear lines of authority:*** Authority must be delegated in a clear way. The individual must know, what is expected of him by his superior(s). Once authority is accepted, the subordinate must be made accountable for results, in his work area. There should be no room for overlapping of authority and wastage of effort(s).

5. ***Regular and timely communication:*** Personal contact is generally considered to be the most effective means of communication for achieving coordination. Other means of communication such as records, reports, may also be used in order to supply timely and accurate information to various groups in an organisation. As far as possible, common nomenclature may be used so that individuals communicate in the 'same language'.

6. ***Sound leadership:*** According to McFarland, real coordination can be achieved only through effective leadership. Top management, to this end, must be able to provide (i) a conducive work environment, (ii) proper allocation of work, (iii) incentives for good work, etc. It must persuade subordinates, to have identity of interests and to adopt a common outlook.

5.1.5 Types of Coordination

On the basis of scope and flow in an organisation, coordination may be classified as internal and external; vertical and horizontal.

1. ***Internal and external coordination:*** Coordination between the different units of an organisation is called 'internal coordination'. It involves synchronisation of the activities and efforts of individuals, in various departments, plants and offices of an organisation. The coordination between an organisation and its external environment, consisting of government, customers, investors, suppliers, competitors, etc., is known as 'external coordination'. No organisation operates in isolation. In order to survive and succeed, it must set its house in order, and interact with outside forces in a friendly way.

2. ***Vertical and horizontal coordination:*** Coordination between different levels of an organisation is called 'vertical coordination'. It is achieved by top management, through delegation of authority. When coordination is brought between various positions, at the same level in the organisation (i.e., between production, sales, finance, personnel, etc.) it is called 'horizontal coordination'. Horizontal coordination is achieved through mutual consultations and cooperation.

Task Enlist various types of coordination that you see around you in the organisation that you are currently related to.

5.1.6 Systems Approach to Coordination

The systems approach decomposes an organisation into three broad components of actors, goals and resources. The actors, comprising of entities such as management, employees, customers,

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suppliers and other stakeholders perform interdependent activities aimed at achieving certain goals. To perform these activities, the actors require various types of inputs or resources. As explained later in the paper the inputs may themselves be interdependent in the ways that they are acquired, created or used. The goals to which the actors aspire are also diverse in nature. Some of them will be personal while others are corporate. Even where the goals are corporate, they address different sets of stakeholders and may be in conflict.

Multiple actors and interactions, resources and goals need to be coordinated if common desired outcomes are to be achieved. Viewed from the need to maintain perspective and solve problems that might arise from these multiplicities, coordination links hand in glove with the concept of systems thinking. Actors in organisations are faced with coordination problems. Coordination problems are a consequence of dependencies in the organisation that constrain the efficiency of task performance. Dependencies may be inherent in the structure of the organisation (for example, departments of a university college interact with each other, constraining the changes that can be made to a single department without interfering with the efficient functioning of the other departments) or dependences may result from processes – task decomposition or allocation to actors and resources (for example, professors teaching complementary courses face constraints on the kind of changes they can make without interfering with the functioning of each other).

Organisations are systems in the sense that they comprise of elements that interact to produce a predetermined behavior or output. Change in a constituent part of a system may constrain efficient functioning of other parts of the same system or alter required input or output specifications. Others, especially resources, may need to be used in combination to achieve desired changes. Looking at small parts of an interacting system involving multiple actors, resources and goals may accentuate a problem that analysis seeks to solve. Coordination, in a systems thinking approach fashion is called for.

The solution to coordination problems, according to coordination theory, lies in the actors performing additional activities called coordination mechanisms. The theory maintains that dependences and mechanisms to counter them are general in the sense that they arise in one form or another in nearly every organisation. The theory this makes a recommendation that it is essential to identify and study dependences in a system and their related coordination mechanisms before decisions are made or action taken. Actors must also realize that there are several mechanisms to manage a dependency each of which may result in different processes. The ideal one should be based on situational factors and often involves trade offs. To summarize, an organisation considering change (or an organisation in the process of formation) ought to first identify inherent dependences and coordination problems likely to be faced and then choose from alternatives the coordination mechanism that best achieves the desired goals in the circumstances. A key point here is that coordination mechanisms are variable parts of the organisation system and that choice of a specific mechanism has consequences for efficiency and goal achievement.

A simplified typology of the kind of dependences that call for coordination in an organisation may be:

1. ***Task-task:*** Tasks may have overlapping, conflicting or outputs with the same characteristics; Common inputs for tasks may be shareable, reusable or non-reusable; the output of one task may be the input of other tasks or a prerequisite for performing subsequent tasks. There may be conflict in specifications that need coordination.

2. ***Task-resource*** i.e. resources required by a task.

3. ***Resource-resource:*** A situation in which one resource depends on another resource. Each of these dependences requires an appropriate coordination mechanism to manage it.

In conclusion, solution to organisational problems, implementation of change or formation of a new organisation involves the management of numerous dependences among tasks, resources and goals. Dependences are best managed by coordination of the dependent parties. The choice

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of a specific coordination mechanism results in a unique organisational form and/or processes that have consequences for achievement of organisational goals. Coordination is a constituent application of systems thinking in the sense that it requires an organisation wide examination in how a change in one component of the organisation affects other components of the same system. The aim of coordination is not new; improvement of performance is a universal organisational goal. Approaching the task from a broad perspective differs from the traditional mechanisms of analysis i.e. breaking down the problem into small parts. Finally focusing on dependences and coordination mechanisms is not a one-time effort. For organisations in dynamic environments, it is a recurring theme.

Case Study

ABB

If lean and mean could be personified, Percy Barnevik would walk through the door. A thin, bearded Swede, Barnevik is Europe's leading hatchet man. He is also the creator of what is fast becoming the most successful cross-border merger since Royal Dutch Petroleum linked up with Britain's Shell in 1907.

In four years, Barnevik, 51, has welded ASEA, a Swedish engineering group, to Brown Boveri, a Swiss competitor, bolted on 7 more companies in Europe and the U.S., and created ABB, a global electrical equipment giant that is bigger than Westinghouse and can go head to head with GE. It is a world leader in high-speed trains, robotics, and environmental control.

To make this monster dance, Barnevik cut more than one in five jobs, closed dozens of factories, and decimated headquarters staffs around Europe and the U.S. Whole businesses were shifted from one country to another. He created a corps of just 25 global managers to lead 21,000 employees. IBM has talked with Barnevik and his team about how to pare down its own overstaffed bureaucracy. Du Pont recently put Barnevik on its board. Says a senior executive at Mitsubishi Hearqy Industries: "They're as aggressive as we are, I mean this as a compliment. They are sort of super-Japanese."

ABB isn't Japanese, nor is it Swiss or Swedish. It is multinational without a national identity, though its mailing address is in Zurich. The company's 13 top managers hold frequent meetings in different countries. Since they share no common first language, they speak only English, a foreign tongue to all but one. Like their boss, senior ABB managers are short on sentiment and long on commitment. An oil portrait of a 19th-century founder of Brown Boveri hangs in ABB's headquarters, but few are sure what his name is. (lt's Charles Brown.) Ask for a fax number, though, and you're likely to get two, office and home.

To Barnevik, today's competitive market economy is a "cruel world". Not making it any kinder, he has launched a personal war on what he sees as excess capacity- 2% to 3% in the electrical equipment industry in Europe alone. Educated in Sweden and the U.S. (he studied Business Administration and Computer Science at Stanford in the mid-1960s), Barnevik thinks European industry must be restructured massively to become competitive in world markets. He foresees billions of dollars of mergers and acquisitions in the next three to five years. Europe's best strategy against the Americans and Japanese, he believes; is to break free of, protected national markets.

Before the merger, Brown Boveri had 4 people in Baden, Switzerland. ASEA had as many as 2, in Vasteros, Sweden. The combined company now employs just 15 in a modest six-storey building across from a train station in west Zurich. Where did everybody go ? Many were fired. The rest were sent to subsidiaries or offered jobs in new companies set

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up to assume any headquarters functions. (ABB Marketing Services, for example, creates and runs and campaigns for ABB, but also takes on a few other clients. And Barnevik expects it to make money.) It's not just cost cutting Barnevik is after, though that is obviously important. Says he: "Ideally you should have a minimum of staff to disturb the operating people and prevent them from doing their more important jobs." ...

Barnevik's master matrix gives all employees a country manager and a business sector manager. The country managers run traditional, national companies with local boards of directors, including eminent outsiders. ABB has about two such managers, most of them citizens of the country in which they work. Of more exalted rank are 65 global managers who are organised into eight segments : transportation, process automation and engineering, environmental devices, financial services, electrical equipment (mainly motors and robots), and three electric power businesses : generation, transmission, and distribution.

Barnevik is well aware that the once popular management by matrix is in disfavour in the U.S. business schools and has been abandoned by most multinational companies. But he says he uses a loose, decentralized version of it the two bosses are not always equal that is particularly suited to an organisation composed of many nationalities.

The matrix system makes it easier for managers like Gerhard Schulmeyer, a German who heads ABB's U.S. businesses as well as the automation segment, to make use of technology from other countries. Because of the matrix, Schulmeyer has a better idea of what is available where. He says that the techniques developed by ABB in Switzerland that he uses to service U.S. steam turbines are more reliable and efficient than those of General Electric and Westinghouse, his main American competitors. Schulmeyer also relied on European technology to convert a Midland, Michigan, nuclear reactor into a natural gas-fired plant, ...

ABB executives say the value of the company's matrix system extends beyond the swapping of technology and products. For example, the power transformer business segment consists of 31 factories in 16 countries. Barnevik wants each of these businesses to be run locally with intense global coordination. So every month the business segment headquarters in Mannheim, Germany, tells all the factories how all the others are doing according to dozens of measurements. If one factory is lagging, solutions to common problems can be discussed and worked out across borders.

Questions

1. How is ABB achieving coordination of its global operations?
2. Which of the four basic departmentalization formats do you detect in ABB's structure of eight segments? Explain.
3. How does ABB apparently avoid unity-of-command problems with its matrix structure?

5.2 Centralisation

By centralisation, we mean the concentration of a formal authority at the top levels of a business organisation. It is a tendency aimed at centralised performance. Hence, it is the opposite of dispersal and delegation of authority. It has an important bearing on the processes of policy formulation and decision-making.

The two major areas of management or administration are reserved with the top management in a centralized organisation. Hence, the lower levels of the organisational hierarchy have to look upwards for direction, advice, clarification, interpretation, etc.

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Under centralization, even the agencies of the parent organisation do not enjoy any authority of decision-making and hence are fully dependent on the central authority. The agencies are required to implement the decisions in accordance with the pre-determined guidelines as handed down to them by the headquarters operating as the central authority.

Centralisation acquires its acute form when an organisation operates from a single location i.e., when it does not have any field agencies.

In the words of Harold Koont, Centralisation has been used to describe tendencies other than the dispersal of authority. It often refers to the departmental activities; service divisions, centralised similar or specialised activities in a single department. But when centralisation is discussed as an aspect of management, it refers to delegating or withholding authority and the authority dispersal or, concentration in decision making. Therefore, centralisation can be regarded as concentration of physical facilities and/or decision making authority.

Task Take example of a centralised organisation and analyse whether the advantages of centralisation to it.

5.3 Decentralisation

The term decentralisation is understood differently by different individuals or groups. Louis A. Allen refers to it as one of the most confused and confusing of the administrative techniques that characterises the art and science of professional management. To quote Pfeiffer and Sherwood, "In some respects decentralisation has come to be a 'gospel' of management."

Firstly, it is regarded as a way of life to be adopted as least partially on faith;

Secondly, it is an idealistic concept, with ethical roots in democracy,

Thirdly, it is in the beginning a more difficult way of life because it involves a change in behaviour running counter to historically-rooted culture patterns of mankind.

That is why the new literature of decentralisation dwells on how to bring about change in organisation behaviour. Men find it difficult to delegate, to think in terms of the abstractions required by long-term planning, to listen rather than to give orders, to evaluate other men and their work in terms of overall results instead of irritations and tensions of the moment. Yet this is the very key to the behaviour required of leaders in a decentralised organisation".

It is amply clear that decentralization is not only a device for the delegation or dispersal of administrative authority, but it is also a democratic method of devolution of political authority. Further, in a decentralised organisation it is also essential to adopt the democratic norms. Such norms help the various levels of the administrative organisation to develop a reasonable capability for the exercise of authority to reach the most desired decisions. Moreover, they help to assimilate in them the virtues of greater interactions not only among the various organisational levels but also between the organisation and the clientele among the general public.

It has been opined that decentralisation refers to the physical location of facilities and the extent of dispersal of authority throughout an organisation. Hence, it is an arrangement by which the ultimate authority to command and the ultimate responsibility for results is localized in units located in different parts of the country. It is argued that assigning of functions and responsibility, for their efficient and effective performance, to the subordinates or sub-divisions is the essence of decentralisation.

We may say that in a decentralised organisation lower levels are allowed to decide most of the matters matters and a few cases involving major policies or interpretations are referred to the higher levels of the organisation. Decentralisation covers the political, legal and administrative spheres of authority.

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Example: Each store of Tesco has a store manager who can make certain decisions concerning their store. The store manager is responsible to a regional manager.

Caselet

Hewlett-Packard India (HP)

There are no supervisors in HP, only reality checkers. Employees are allowed to define their own job responsibilities. HP believes that 'people are here to do a great job.' Employees are treated like mature adults. Says one manager 'There is no boss breaking down your neck. You are empowered and are on your own'. Even the bosses proudly proclaim 'my team members are far more knowledgeable about their lines of business. I can only learn from them.' Even a fresh recruit in HP is given all kinds of resource back up and a team to do things in a novel, different way. All such attempts are fully backed up by top management. In the headquarters in New Delhi, open encircles in office encourage informality and ease of communication between employees. Across HP, flexitime is religiously followed, depending on the convenience of the employee. Every attempt is made to provide excellent opportunities for vertical growth of employees. Of course, there are family day annual picnics, kids' days, dial-a-chocolate, wedding gifts, subzi-on-wheels, car servicing facilities to make employee lives lively throughout the year.

As a result, the employee satisfaction is at a high always. Moreover, attrition rate is quite low and productivity is on an all time high as compared to the other major competitors.

Source: BT-Hewitt Study, 21-1-2001

5.4 Centralised and Decentralised Organisations

Centralisation and Decentralisation of Organisations need to be viewed as complementary to each other as a fair combination of the two results in stability, accountability, efficiency and effectiveness. It has been said that in order to ensure its existence, an organisation has to perform certain functions which are basically centralising in nature and effect. Moreover, their performance has to be from a central point of authority. Two such major functions are initiation and decision-making in relation to basic management functions like planning, organising, motivating, coordinating and controlling the work of the subordinates as also of the field units. Thus, the higher levels by performing the functions of initiation and decision making tend to reserve the real authority at the central points of the organisation. On the other hand, Earnest Dale points out that the degree of decentralisation greater in the following situations:

1. The greater the number of decisions made at lower level of management hierarchy, the greater the degree of decentralisation.
2. The more important the decisions made at lower level of management, the greater the degree of decentralisation.

   Example: The head of the field unit enjoys the authority of sanctioning financial investments or expenditure without consulting any one else.

3. In a decentralised authority structure, more decisions are taken at lower levels which affect most of the functions of the organisation as a whole. Thus, the organisations which permit only operational decisions to be made at separate branch units are less decentralised than those which also permit financial and personnel decisions at branch units.

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4. When less checking is required on the decision. Decentralisation is greater when no check at all is made; it is less when superiors have to be informed of the decision after it has been made; still less if superiors have to be consulted before the decision is made. When fewer are consulted and if they are at a lower level in the organisation's hierarchy, the degree of decentralisation is more.

It is, therefore, clear that the application of the two concepts is greatly influenced by factors more than one.

In modern times when we have a multiplicity of administrative and political organisations, there is a need to use the centralised and decentralized patterns of authority for the maximum benefit of the people.

Example: Functions such as accounting and purchasing may be centralised to save costs. Whilst tasks such as recruitment may be decentralised as units away from head office may have staffing needs specific only to them.

That is a pre-requisite of a welfare or service state. There has been a growing public opinion in favour of decentralisation but at the same time some political forces and the bureaucracy do not favour a decentralised system for obvious reasons. Pfeiffer and Sherwood comment, "Decentralisation will always experience a certain amount of epidemic conflict between those whose purpose is to coordinate and those who resist coordination. What is needed is to learn a way of life in which the coordinating process will be least restrictive, in which people can pursue their individual goals to the maximum and yet work in harmony toward group goals with others who look upon things differently."

Certain organisations implement vertical decentralisation which means that they have handed the power to make certain decisions, down the hierarchy of their organisation. Vertical decentralisation increases the input, people at the bottom of the organisation chart have in decision making.

Horizontal decentralisation spreads responsibility across the organisation. A good example of this is the implementation of new technology across the whole business. This implementation will be the sole responsibility of technology specialists.

Advantages of Centralised Structure for Organisations	Advantages of Decentralised Structure for Organisations
Senior managers enjoy greater control over the organisation.	Senior managers have time to concentrate on the most important decisions (as the other decisions can be undertaken by other people down the organisation structure.
The use of standardised procedures can results in cost savings.	Decision making is a form of empowerment. Empowerment can increase motivation and therefore mean that staff output increases.
Decisions can be made to benefit the organisations as a whole. Whereas a decision made by a department manager may benefit their department, but disadvantage other departments.	People lower down the chain have a greater understanding of the environment they work in and the people (customers and colleagues) that they interact with. This knowledge skills and experience may enable them to make more effective decisions than senior managers.
The organisation can benefit from the decision making of experienced senior managers.	Empowerment will enable departments and their employees to respond faster to changes and new challenges. Whereas it may take senior managers longer to appreciate that business needs have changed.
In uncertain times the organisation will need strong leadership and pull in the same direction. It is believed that strong leadership is often best given from above.	Empowerment makes it easier for people to accept and make a success of more responsibility.

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5.5 Summary

- To achieve results, managers have to combine physical, financial and human resources in an effective and efficient way.
- The process by which a manager brings unity of action in an organisation is coordination.
- It is a conscious and deliberate blending of activities to achieve unity of action.
- Coordination pulls all the functions and activities together, improves human relations and increases inter-departmental harmony.
- Coordination is easy to achieve through direct interpersonal relationships and communications.
- All departments and units must realise the inter-relatedness of their work and thus initiate coordination in the early stages of planning.
- Coordination works through certain distinguished principles.
- The process of coordination involves a series of steps: clear goals, proper allocation of work, sound organisation structure, clear reporting relationships, proper communication and sound leadership.
- System thinking focuses on how a component of a system under study interacts with other constituents of the same system.
- Centralisation and decentralisation, being the two extremes of operations of authority, are relative terms.
- We, today, cannot think of an organisation which is completely centralised or decentralised as in between the operations of the two there is always a continuum of authority.
- Their applications in a democratic setup would depend upon the objectives of the organisation, its life and size, nature of service, etc.
- In centralisation, power and discretion remain concentrated at the top levels.
- Centralisation works well in the early stages of organisational growth and keeps all parts of the organisation moving harmoniously towards a common goal.
- It also helps in handling resources and information very well, in times of emergency. However, when the organisation grows beyond a limit, centralisation comes in the way of proper coordination, communication and control.
- In decentralisation, a great deal of authority is delegated and more decisions are made at lower levels.
- Decentralisation allows subordinates to grow and reduces the burden of the top executives and allows them to focus attention on key issues.

5.6 Keywords

Centralisation: The process by which the activities of an organisation, particularly those regarding decision-making, become concentrated within a particular location and/or group.

Conflicts: Actual or perceived opposition of needs, values and interests.

Coordination: The act of coordinating, making different people or things work together for a goal or effect.

Notes

Delegation: Assignment of authority and responsibility to another person (normally from a manager to a subordinate) to carry out specific activities.

Discretion: Ability to make responsible decisions.

Synchronisation: To cause to agree in time and objectives.

5.7 Self Assessment

Fill in the blanks:

1. Where activities are well-coordinated, each department works in ..... .
2. People join an organisation to fulfil their ..... needs.
3. Coordination can be achieved by ..... contact among the responsible people concerned.
4. ..... contact is generally considered to be the most effective means of communication for achieving coordination.
5. ..... must be delegated in a clear way.
6. Coordination should start from the very ..... of planning process.
7. Different people in the same teams have ..... thinking and working pattern.
8. Empowerment can increase ..... in the lower staff.
9. ..... decentralisation increases the input, people at the bottom of the organisation chart.
10. In a decentralised authority structure, more decisions are taken at ..... levels.
11. Decentralisation refers to the physical ..... of facilities and the extent of ..... of authority throughout an organisation.
12. Centralisation is the opposite of ..... and ..... of authority.

5.8 Review Questions

1. "Management involves coordination and integration of all resources, to accomplish specific results". Explain.
2. Describe a situation that required a number of things to be done at the same time. How did you handle it? What was the result?
3. "Coordination is the very essence of management". Do you agree? Give reasons.
4. "Coordination is the outcome of information and cooperation". Discuss.
5. Describe your experience with facilities and space planning or coordination.
6. Illustrate the concept of self coordination by the help of an example.
7. Describe a time when you had to work exceptionally hard to provide great service to a customer or client. What did you do and what was the outcome?
8. "As the delegation of authority increases, authority of self diminishes." Do you agree/ disagree with this statement? Give reasons for your answer.
9. "Absolute decentralization is as hypothetical as absolute centralization." Discuss. Also explain the factors which affect the degree of decentralization which is best. Why?

Notes

10. Is decentralization of decision making powers in a company a result of individual incompetence? Support your argument with reasons.
11. If you are to handle an organsiation in which everything was being run at a centralized level, what will you like to manage it as- in a centralized or decentralized manner?
12. "The greater the number of decision at lower level, the greater is decentralisation." Comment.
13. Examine the utility of vertical decentralistion for a manufacturing firm.
14. Suggest a mix of centralisation and decentralisation for a firm that you supposedly inherited from your father and want to grow further.
15. Every employee has a discretion of his own. If all are allowed to make decisions, who will decide who's discretion is better than all the others?
16. "Decentralistion will always experience a certain amount of epidemic conflict between those whose purpose is to coordinate and those who resist coordination." Why so?
17. "In tough times, should an organisation opt for centralisation or decentralisation." Support our answer with valid reasons.

Answers: Self Assessment

1.	harmony	2.	personal
3.	direct	4.	Personal
5.	Authority	6.	beginning
7.	different	8.	motivation
9.	vertical	10.	lower
11.	location, dispersal	12.	dispersal, delegation

5.9 Further Readings

Books

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Online links

www.hp.com

www.hll.com

Notes

Unit 6: Delegation, Authority and Power

CONTENTS

Objectives

After studying this unit, you will be able to:

- State the meaning and features of delegation
- Discuss principles and issues regarding delegation
- Explain the types of authority
- Identify sources of power

Introduction

Power and authority are the 'currency' of organisations, they enable an individual or group to get things done, through others-or in competition with others. Because organisations require controlled performance, the flipside of authority is responsibility. Trends such as empowerment make this a hot issue: how do you share power and retain control? Delegation is the managerial process through with authority flows down the scalar chain; it is one of those good things that, in practice, are difficult for managers to get right.

Notes

6.1 Delegation

Many companies fail in their specific businesses because of their lack of effective delegation. Delegation is not just telling an employee to answer a call or to fill out some paperwork for a manager or make him do such easy task; rather, it is about assigning challenging jobs.

The reason why most companies find it hard to delegate difficult tasks is the lack of confidence in their employees. Delegation is very important for a business to prosper. Effective delegation allows you to trim down your tasks so that you can concentrate on the major areas of your business. Now the question is: What is delegation?

6.1.1 Meaning of Delegation

Delegation is the process by which the manager assigns a portion of his total workload to others. Effective delegation permits managers to tackle higher-priority duties while helping to train and develop lower-level managers. Thus delegation is a process whereby a superior passes to a subordinate part of his or her own authority to make decisions.

Delegation is necessary because:

1. Managers have limited workload capacity.
2. Managers need to be free for higher-level tasks.
3. Delegation can enhance employee satisfaction, flexibility, responsiveness to customers.

Notes The process of delegation involves certain steps like:

1. Specify task object, constraints, targets and standards: check understanding.
2. Formally assign responsibilities, specifying scope and area of authority: gain agreement.
3. Allocate necessary resources (including help when requested): then back off!
4. Maintain supportive contact: review and feedback according to agreed schedule.

6.1.2 Features of Delegation

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate some tasks or duties to subordinates, since management means getting work done through others. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results. Some of the important features of delegation may be listed thus:

1. ***A co-operative relationship:*** Delegation is a co-operative relationship. It is a demanding function; it requires sacrifices from both, the delegator and the one to whom the responsibitlity/task has been delegated to.
2. ***Act of mutual reliance:*** Delegation is an act of mutual reliance, an expression of dependence and trust on another person's abilities. This also involves an assumption on the part of the one who is delegating the authority that the individual to whom duties have been delegated possesses the necessary skill and strength to be able to discharge those tasks or duties.

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3. ***Freedom of thought and action:*** Delegation means freedom of action sufficient to get the tasks accomplished. It means freedom to make decisions, permission to make mistakes and freedom to use one's full capacities. This does not mean that the manager leaves the subordinate on his own to sink or swim. It simply means that the one who has delegated the authority guides the one to whom the delegation has been done, so as to let the latter learn the nuances and succeed by trial and error method.

4. ***A courageous act:*** Delegation of authority or responsibilities is quite a challenging act. The fear of being ultimately responsible compels many managers to indulge in under-delegation. In fact, delegation poses an interesting paradox; the delegator gives and retains authority simultaneously and creates responsibility, yet does not escape ultimate authority. On the other hand, the manager is expected to adopt an attitude of hands off, once the grant of authority is made. Additionally the manager must create such an administrative structure where the freedom of different persons does not clash and where orderly relationships prosper. On the other hand, authority delegation is not responsibility delegation; it is impossible for the manager ever to surrender his ultimate responsibilities. Thus, delegating duties seems to be an easy concept to grasp, but a difficult one to put into practice. 'Delegation demands expression of some positive human traits. To delegate effectively, a manager must be prepared to give off his time, his interest and his effort with no promise of immediate return.' Delegation of authority, inevitably, is a risky proposition and the manager who is not willing to accept the risk of poor subordinate performance is really not qualified for managerial berth in the organisation. Delegation, thus, is a challenging task, it is, in fact, a skill that separates the men from the boys in management.

5. ***Forward-thinking principle:*** Delegation, from a behavioural point of view, is the 'most forward-thinking principle'. It opens a new unit in superior subordinate relationships. The granting of freedom to act by the superior is evidence of confidence in the subordinate. The subordinate responds by developing a constructive sense of responsibility. He is cognizant of the fact that he is an end in himself, and not simply a means towards the ends of his superior. The acceptance of responsibility by the subordinate means changed responsibilities for the superior, and each finds himself playing a new dynamic role.

6.1.3 Principles of Delegation

The principles of delegation are as follows:

1. ***Principle of result excepted:*** Suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them. The goals and targets should be completely and clearly defined and the standards of performance should also be notified clearly. For example, a marketing manager explains the salesmen regarding the units of sale to take place in a particular day, say ten units a day have to be the target sales. While a marketing manger provides these guidelines of sales, mentioning the target sales is very important so that the salesman can perform his duty efficiently with a clear set of mind.

2. ***Principle of parity of authority and responsibility:*** According to this principle, the manager should keep a balance between authority and responsibility. Both of them should go hand in hand. According to this principle, if a subordinate is given a responsibility to perform a task, then at the same time he should be given enough independence and power to carry out that task effectively. This principle also does not provide excessive authority to the subordinate which at times can be misused by him. The authority should be given in such a way which matches the task given to him. Therefore, there should be no degree of disparity between the two.

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3. ***Principle of absolute responsibility:*** This says that the authority can be delegated but responsibility cannot be delegated by managers to his subordinates which means responsibility is fixed. The manager at every level, no matter what is his authority, is always responsible to his superior for carrying out his task by delegating the powers. It does not means that he can escape from his responsibility. He will always remain responsible till the completion of task. Every superior is responsible for the acts of their subordinates and are accountable to their superior therefore the superiors cannot pass the blame to the subordinates even if he has delegated certain powers to subordinates example if the production manager has been given a work and the machine breaks down. If repairmen is not able to get repair work done, production manager will be responsible to CEO if their production is not completed.

4. ***Principle of authority level:*** This principle suggests that a manager should exercise his authority within the jurisdiction/framework given. The manager should be forced to consult their superiors with those matters of which the authority is not given that means before a manager takes any important decision, he should make sure that he has the authority to do that on the other hand, subordinate should also not frequently go with regards to their complaints as well as suggestions to their superior if they are not asked to do. This principle emphasizes on the degree of authority and the level up to which it has to be maintained.

To develop a culture of high delegation, management should practice following steps:

1. Understand the nature of task
2. Review the task the manager is responsible for
3. Differentiate the tasks that should be done by others
4. Analyze the skill and capabilities of the subordinates
5. Inform the subordinates the task to be performed
6. Determine what you will delegate
7. Clarify the results you want
8. Be sure to delegate the authority
9. Delegate to the right person
10. Proper assignment of duties
11. Be sure the employee understands his authority
12. Encourage and motivate them to take up the assignments willfully
13. Detail the authority related to job performance
14. Granting authority to perform
15. Sharing power
16. Being flexible
17. Cross check the subordinates skill to follow the instruction
18. Give freedom and autonomy in task and performance
19. Exchanges ideas, feelings and values
20. Develop confidence and will to work as independent
21. Concurrent job monitoring and evaluation of subordinates

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22. Clarification and removal of obstacles in functional level
23. Maintain open communication
24. Trust people to do well
25. Never give final responsibility
26. Create a climate of responsibility
27. Establish a time limit
28. Obtain feedback from employees
29. Solicits feedback
30. Establish a follow-up schedule.

6.1.4 Advantages of Delegation

Delegation has multiple effects since not only the one delegating benefits, even the staff and the company. The one delegating reduces his workload and can focus his efforts and energy into something that needs his/her skills more. The manager delegating is giving himself more time to analyze business trends, anticipate issues, plan and be in tuned with the vision of the company. These are just some of the aspects worth of every manager's focus to be effective as a leader. The first and most obvious is that the more tasks managers are able to delegate, the more opportunities they have to seek and accept increased responsibilities from higher level managers. Thus managers will try to delegate not only routine matters but also tasks requiring thought and initiative, so that they will be free to function with maximum effectiveness for their organisations. In addition, delegation causes employees to accept accountability and exercise judgment. This not only helps train them – an important advantage of delegation – but also improves their self confidence and willingness to take initiative.

Another advantage of delegation is that it frequently leads to better decisions, because employees closest to 'where the action' is are likely to have a clearer view of the facts. For example, a West Coast sales manager would be in a better position to allocate California sales territories than a New York based vice president of sales.

Effective delegation also speeds up decision making. Valuable time can be lost when employee must check with their managers (who then may have to check with their managers) before making a decision. This delay is eliminated when employees are authorized to make the necessary decision on the spot.

6.1.5 Issues regarding Delegation

Delegation of tasks or responsibilities or even authority is never an easy job. It is quite challenging a task and requires handling a lot of issues. The following present the main issues presenting hurdle in the process of delegation.

1. ***What to delegate and what not to delegate:*** By virtue of his position in the hierarchy, a superior is usually in a position to handle tasks better than a subordinate. There is a natural tendency for managers to resist delegating adequate authority and do everything themselves. After a time, the manager is certain to find himself buried in detail and busy 'fighting fires' instead of concentrating on key issues. What to delegate, in fact, is not a simple question to answer. Before trying to solve the puzzle, a manager needs a realistic picture of his personal strengths and weaknesses so that he can avoid the temptation to transfer his mistakes and limitations to others.

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As one executive expressed it, 'I delegate everything that can be defined. This leaves me with score keeping on jobs that have been delegated and, with freedom to spend most time on planning opportunities that lie ahead. My practice has been to select jobs I know best and could supervise most easily and delegate them first.' In planning to delegate, the delegator might find it useful to divide the work into reasonable and logical units that can be performed by others.

2. ***To whom should authority be delegated:*** Theodore Roosevelt observed once: 'The best executive is the one who has enough sense to pick good men to do what he wants to be done, and self-restraint enough to keep from meddling with them while they do it.' Clearly, delegation should be directed toward those who have the capacity for accomplishment, the talents and abilities needed, the practical experience of meeting responsibilities and the courage to face challenges. As a matter of fact, managers delegate to those they trust and respect, and whose performance they have observed.

3. ***Reluctance to delegate:*** Managers offer numerous explanations in support of their conservative outlook:

   (a) *Better performance:* The subconscious belief that nobody could possibly do the job as well as he can, compels a manager to bury himself in routine. He likes the busyness and security of work piled high on his table.

   (b) *No trust:* I cannot trust others to do the job: A manager trapped in this fallacy may delegate but continues to breathe so closely down the necks of his subordinates that he makes effective action rather impossible.

   (c) *Subordinate may get credit:* For managers who believe that if subordinates make decisions concerning the work, the superior may not be kept informed and, will thus lose authority. Some may even go to the extent of thinking that a subordinate after learning the tricks of the trade may overstep his authority and may try to outshine the superior and steal the credit.

   (d) *Continuous guidance difficult:* Effective delegation requires that the manager must communicate to his subordinate far in advance, what is to be done. This may prove to be a troublesome exercise for the executive because he is now forced to think ahead and visualise the work situation, formulate objectives, general plans of action and finally, communicate these to his subordinate.

   (e) *Who will face the music:* Even after taking all the necessary precautions, there is no guarantee that delegation will prove to be fruitful. Managers are accountable for the actions of subordinates and this may make them reluctant to take chances. Many are just unwilling to let go and to allow others to commit mistakes.

4. ***Reluctance to accept delegation:*** Delegation may prove to be a futile exercise, in situations where the boss is ready to delegate but the subordinate is unwilling to accept the delegation. Normally, the following of the delegatee attitudes hinder the delegation process:

   (a) *Easy to ask:* Wise decisions are products of hard mental work. It is better to seek the guidance of the boss. If a subordinate finds that he can take a problem to his superior and get an answer, naturally he will do so. Sharing the burden with the superior is a safe proposition. Confronting the decision single-handed is nothing but an open invitation to troubles later on.

   (b) *Fear of criticism:* If there is failure, the superior is likely to direct the arrows of criticism against the subordinates. If delegation proves to be a success then the superior is likely to steal the credit away from the subordinate.

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(c) *Lack of information resources:* Assuming greater responsibilities may be risky in the absence of necessary information and resources. The fears of subordinates in this connection are real. The resources at their disposal may be grossly insufficient to do a good job. Starved of necessary facilities, their enthusiasm gets dampened forcing them to reject further assignments.

(d) *Too heavy:* In the absence of adequate rewards for satisfactory performance, subordinates are typically reluctant to assume added responsibilities and subject themselves to emotional pressures.

(e) *Lack of self-confidence:* Sometimes, a subordinate may simply refuse to take the risk of the outcome due to lack of self-confidence. He may not be able to do the task as well as the boss. The fear of criticism arising out of failure may be a strong deterrent preventing him from becoming a candidate for delegatee roles.

Case Study

Deemed University Concept needs Right Direction

The ongoing issue with regard to certain deemed universities must not hijack a sound concept envisaged by Dr S. Radhakrishnan. Based on the Dr Radhakrishnan Committee's report, provisions were made in the University Grants Commission Act, 1956 for declaring higher institutions of learning with quality as Deemed to be University.

Since 2005, the Government of India has notified 108 institutions as Deemed Universities, and in Tamil Nadu alone the number of private deemed universities has increased from 18 in 2005 to 35 in 2008 and many are in the queue. Despite the Supreme Court issuing a notice in 2006 on a PIL opposing the manner in which the Central Government granted Deemed University status, between May 2006 and March 2009 over 50 institutions have been granted Deemed University status. The increase in the number of Deemed Universities should not, however, be at the cost of quality.

UGC vs. AICTE

The strength and weakness of a system does not totally lie in the guidelines or rules and regulations but in their meticulous implementation. The UGC Act was enacted to maintain the norms and standards in universities and Section 3 of the Act empowers the University Grants Commission (UGC) to recommend to the Government institutions to be declared as Deemed Universities.

At the same time, statutory councils have come into existence by way of Central legislation. These councils have to be respected at least to the extent the Act demands.

As per present guidelines, an applicant institution will be inspected by a committee constituted by the UGC with a representative from the respective statutory council. However, Section 10(t) of the All India Council for Technical Education Act (AICTE) confers power on the AICTE to "advise the Commission for declaring any institutions imparting technical education as Deemed Universities".

The AICTE also prescribed detailed guidelines in regard to conferment of Deemed University status as early as 1996 and subsequently revised them during 1999-2000. The AICTE Act does not provide for any delegation of authority and going by it, in respect of technical institutions, it is only the AICTE that should recommend to the UGC for consideration of Deemed University status.

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The UGC guidelines for award of Deemed University status must be as good as, if not better than, that of the statutory council. The AICTE laid down norms and standards for establishment of educational institutions back in 1995 and this author was a member of the Committee.

Support Facilities

For a University, to properly function with all academic and support facilities, a minimum of 50 acres of land is required and this requirement is location independent. With respect to building area, for an intake of 360 students per annum, the AICTE prescribes 11,236 sq. mts. as the required academic area; in comparison, the UGC prescribes 10,000 sq.mts. without mentioning the student strength.

The prescribed value of ₹ 2 crore in respect of equipment, books and journals for the faculties of engineering and medicine for conferment of Deemed University is low considering that even ordinary professional colleges are expected to have facilities of this magnitude.

The original AICTE guidelines for conferment of Deemed University status stipulated that the institution shall be engaged in conducting UG and PG degree for a period of not less than 10 years and five years from the graduation of first batchrespectively. The UGC has now reduced the net minimum period of existence of the institution from 15 to 10 years.

The minimum research requirement has not been prescribed in the UGC guidelines. The AICTE's guidelines requires the applicant institution to complete five significant projects of value of ₹ 8 lakh each or more per year, at least five students should be guided towards doctoral degree in each department and 50 publications in the last five years involving sizeable number of disciplines, departments and faculty members in respect of research.

De novo Institutions

In respect of de novo institutions, the AICTE guidelines clearly stipulate that the institution must satisfy all the regulations of the AICTE in regard to grant of approval for establishment of an institution as laid down under Section 10(k) of the AICTE Act. If all other criteria are made good within a year of making the application, then the application may be considered for Deemed University status under de novo category.

Frequent Reviews

The UGC must also refrain from the practice of appointing review committees within short periods. Even before the original inspection committee's report is considered by the UGC/Ministry of Human Resource Development (MHRD), another review committee is sent.

The UGC must also refrain from granting conditional Deemed University status which is against a Madras High Court order.

Some institutions conferred with Deemed University status in the last three years were advised to strengthen infrastructure, faculty quality, research activities, etc. The purpose of conferring Deemed University is to reward institutions with demonstrated excellence and not to motivate them to satisfy basic conditions. Moreover, Deemed University status conferred to many institutions after 2003 is only temporary and subject to review. Such time-bound grant must also be discouraged.

Sister-institution Route

The attempt to bring in other sister-institutions within the ambit of the declared Deemed University is clearly a backdoor entry mechanism. A dental or arts and science college

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Notes

obtains Deemed University status and brings its constituent engineering or medical college under the ambit of the original deemed university, and then takes undue advantage under the shelter of the Supreme Court order in the Bharathidasan University case. In this case, the Supreme Court held that in respect of universities that want to offer professional courses regulated by AICTE, prior AICTE approval is not necessary.

Every application must meet the requirements laid down in respect of infrastructure, staff, corpus fund, land, number of year's existence, etc. It has to be borne in mind that the character of the constituent unit is at a par with the parent university for all practical purposes.

A number of unapproved centres have been started by Deemed Universities in various locations, claiming affiliation under the parent Deemed University. Such centres are not approved by UGC or the MHRD and are only exploiting the gullible middle class.

Question

Do you think, the AICTE act should provide for some delegation of authority with respect to technical institutions?

Source: www.thehindubusinessline.com

6.2 Authority

If I have authority over you, I can expect that when I make a decision you will go along with that decision, even if I don't take the time to explain it to you and persuade you that it is indeed right. In turn, your acceptance of me as an authority implies that you have already agreed to be persuaded, implicitly, and won't demand explicit explanations and reasons.

Once I begin to explain my reasoning process and get you to agree that my conclusion was the proper one, then you have reached your own decision. When you act, it won't be because of me enforcing my will over you, nor will it have anything to do with the legitimacy of my power. Instead, it will simply be you exercising your will for your own reasons.

Example: Suppose a manager is the sole authority of an organisation. This manager has the legitimate power to see that his vision and plans are enforced in the matter desired by him. His work will be done because his staff have implicitly accepted that the manager does not need to patiently reason with each one of them in turn in order to get them to independently agree to the decisions in question.

Why doesn't the manager explain everything? There can be many reasons – perhaps members of the organisation lack the sophisticated training necessary in order to understand them, or maybe there just isn't enough time. What's important is that the manager could explain things, but doesn't – authority means not having to explain everything but being able to wield legitimate power anyway.

6.2.1 Meaning of Authority

Authority is the right to take action, utilise organisational resources and exact obedience from subordinates. It has some important features as:

1. Authority enables a position holder to regulate the behaviour of his subordinates in a legitimate manner.
2. Authority allows the position holder to make and enforce decisions. He can obtain information, use resources and put people on various tasks and get results through them.

Notes

3. Authority gives the right to order and the power to exact obedience.
4. Authority represents the relationship between the senior and the sub-ordinate.

6.2.2 Types of Authority

Various analysts have given various theories to categorise authority. A few of the classifications are as under:

1. ***Traditional authority:*** Traditional authority is legitimated by the sanctity of tradition. The ability and right to rule is passed down, often through heredity. It does not change overtime, does not facilitate social change, tends to be irrational and inconsistent, and perpetuates the status quo. In fact, Weber states: "The creation of new law opposite traditional norms is deemed impossible in principle." Traditional authority is typically embodied in feudalism or patrimonialism. In a purely patriarchal structure, "the servants are completely and personally dependent upon the lord", while in an estate system (i.e. feudalism), "the servants are not personal servants of the lord but independent men". But, in both cases the system of authority does not change or evolve.
2. ***Charismatic authority:*** Charismatic authority is found in a leader whose mission and vision inspire others. It is based upon the perceived extraordinary characteristics of an individual. Weber saw a charismatic leader as the head of a new social movement, and one instilled with divine or supernatural powers, such as a religious prophet. Weber seemed to favor charismatic authority, and spent a good deal of time discussing it. In a study of charisma and religion, Riesebrodt (1999) argues that Weber also thought charisma played a strong – if not integral – role in traditional authority systems. Thus, Weber's favor for charismatic authority was particularly strong, especially in focusing on what happened to it with the death or decline of a charismatic leader. Charismatic authority is "routinized" in a number of ways according to Weber: orders are traditionalized, the staff or followers change into legal or "estate-like" (traditional) staff, or the meaning of charisma itself may undergo change.
3. ***Legal-rational authority:*** Legal-rational authority is empowered by a formalistic belief in the content of the law (legal) or natural law (rationality). Obedience is not given to a specific individual leader – whether traditional or charismatic – but a set of uniform principles. Weber thought the best example of legal-rational authority was a bureaucracy (political or economic). This form of authority is frequently found in the modern state, city governments, private and public corporations, and various voluntary associations. In fact, Weber stated that the development of the modern state is identical indeed with that of modern officialdom and bureaucratic organisations just as the development of modern capitalism is identical with the increasing bureaucratization of economic enterprise.
4. ***Technical Authority:*** Technical Authority is entrusted upon a person to establish, monitor and approve technical products and policy. Technical authority increases the responsibility and sets accountability. It results in timely and responsive decisions. Such an authority is entrusted and empowered to make technically sound engineering decisions. The authorized person must do so with integrity and discipline because it is he who would be held accountable for the technical decisions made.
5. ***External Authority:*** External authority authority comes from sources outside the organisation. An organisation operates legitimately because it is part of the government, operating in accordance with the laws passed by the Parliament, which, in turn, is elected by people, who are the ultimate source of all authority.

Notes

Task Match the following:

Column A	Column B
Charismatic	People are willing to accept the legitimacy of the authority of others because it is derived from formal rules and laws
Traditional	People are willing to accept the legitimacy of the authority of others because of historical precedent
Rational legal	can be said to have traditional authority
Hitler, Gandi and Jesus	can be said to have had charismatic authority
Tony Blair	can be said to have rational legal authority
Queen Elizabeth II	People are willing to accept the legtimacy of the authority of others because of their special personal qualities

6.2.3 Advantages and Disadvantages of Authority

Like everything else, authority also has its advantages and disadvantages. Let us look at them one by one.

Advantages

1. Authority fits with a superior's needs.
2. Work is processed in an orderly and consistent manner, throughout the organisation.
3. Authority might bring out discipline among people working at various levels.
4. Authority might be used to get things done quickly, especially when work is not progressing as per expectations.

Disadvantages

1. Authority implies resistance if not exercised properly.
2. Authority may not be used in a right way. It might be used to suit personal needs.
3. Authority alone may not get results. Much depends on the competence of the person exercising authority.
4. Indiscriminate use of authority might prove to be disastrous for the entire organisation.
5. When authority is used as a 'whip', people tend to ignore/discount/depreciate the person using the same.

6.3 Power

German sociologist, Max Weber defined power as "the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance." Along similar lines, Emerson suggests that "The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A." Power appears to involve one person changing the behavior of one or more other individuals – particularly if that behavior would not have taken place otherwise.

Notes

6.3.1 Meaning of Power

Power is the potential ability to influence the behaviour of others. It is, in other words, "the capacity that A has, to influence the behaviour of B, so B does something he would not otherwise do" (Robbins). It is the ability to make things happen or get things done the way you want. Power may involve use of one's potential that need not be actualised to be effective.

Example: A football coach has the power to bench a player who is not performing up to par. The coach seldom has to use this power because players recognise that the power exists and work hard to keep their starting positions.

Power also represents one's dependency. The greater B's dependence on A, the greater is A's power in the relationship. A person can have power over you only if he controls something you desire. Where an employee is not dependent on the supervisor for receiving rewards then, truly speaking, the supervisor has no power over such employee.

Another feature of power is that it is specific in the sense that it can be exercised by some people, that too, in some circumstances. Power can not be exercised by all people all times.

6.3.2 Types of Power

In conjunction with the authority, a manager uses power to influence others towards the accomplishment of goals. He can use power for personal gains or for the good of the organisation. However, if his subordinates believe that he uses power for personal gain, he will soon suffer an erosion of that power. On the other hand, if subordinates believe he uses power to accomplish the organisational goals, his power to influence them will become stronger. His power will also become stronger when you share it through delegation of authority. Of the six types of power—reward, coercive, legitimate, informational, referent, and expert—he may use one or more in various combinations. Each situation will determine the one or ones he uses.

1. ***Reward Power:*** Reward power stems from a manager's use of positive and negative rewards to influence subordinates. Positive rewards range from a smile or kind word to recommendations for awards. Negative rewards range from corrective-type counseling to placing a person on report. A manager will find one of the best ways to influence his subordinates through the use of reward power.

   As a chief, a manager is responsible for starting the positive reward process. Frequent use of positive rewards will amplify the effect of a negative reward. One must give positive rewards freely, but should use restraint in giving negative rewards.

   If a manager uses negative rewards frequently, subordinates begin to expect a negative reward. Their expectation of a negative reward will lessen your power.

2. ***Coercive Power:*** Coercive power results from the expectation of a negative reward if a manager's wishes are not obeyed. Coercive power works, but is not the preferred method of leading subordinates. It works best if used when all else fails and you feel sure you can carry through with a threat.

3. ***Legitimate Power:*** Legitimate power comes from the authority of a manager's rate and position in the chain of command. Although legitimate power increases with added responsibilities, one can decrease that power if one fails to meet all of your responsibilities. Also, when a subordinate wishes to assume some of your responsibilities, formally delegate those responsibilities to the subordinate. That makes the subordinate accountable to you. You then increase the subordinate's power while retaining your power.

Notes

4. ***Informational Power:*** Informational power depends on your giving or withholding of information or having knowledge that others do not have. Use informational power when giving orders to subordinates. Give orders in such a manner that your subordinates presume the order originated at your level. When forced to comply with orders you do not agree with, don't introduce the order by saying "The senior management said. . ." and present the order in a manner that leaves no doubt you initiated it.

   Rely on your own resources to stay fully informed instead of depending on others. Subordinates may present unreliable information in a manner that makes it appear to be true. Superiors may become so involved with projects they forget to keep you informed of tasks being assigned or upcoming inspections. Information is power. Stay informed!

5. ***Referent Power:*** Referent power derives from your subordinates' identification or association with you. You have this power by simply being "the chief." People identify with the ideals you stand for. The chief has a pre-established image. You can enhance that image by exhibiting charisma, courage, and charm. An improved image increases your referent power. Always be aware of how others will perceive your actions. A negative image in the eyes of others will lessen your power and render you ineffective. Maintain a positive image!

6. ***Expert Power:*** Expert power comes from your knowledge in a specific area through which you influence others. You have expert power because your subordinates regard you as an expert in your rating. Subordinates may also have this type of power. When you combine expert power with other types of power, you will find it an effective tool in influencing others. However, when you use it by itself, you will find it ineffective.

6.4 Authority vs. Power

According to Jackson and Carter, "power is about getting someone to do something irrespective of their desire to do it or the extent of their resistance to doing it, while authority rest on assumptions that the person is willing to obey, and accepts the right of the person doing the ordering to expect compliance."

Thus power is the ability to affect change while authority is the right to make any given decision. It's easy to see how these are different: the person actually doing the work has all the power while the person who signed off has the authority. Sometimes these things are embodied in the same person.

Power is the ability to get things done by others. The principle of power is to punish and reward. Power can exist with or without authority whereas authority is the power to enforce law and take command, and to expect obedience from those without authority.

Example: An armed robber has power but no authority.

Authority can exist with or without power.

Example: A teacher has authority over the pupils but no real power.

Task Analyse the concepts of authority and power and list the similarities between them.

Notes

Caselet

Bringing Kids into the Family Business

Bringing offspring into the family business can be a source of pride for parents who are business owners; it can also be a sore spot, a source of destructive politics for everyone involved. Employees may automatically question a young family member's talent or commitment to the business. Senior managers may worry about the security of their jobs as the person rises in rank at the company. "They may feel their own chances for advancement are now limited, or they may be worried about being caught in the middle of family conflicts, such as, getting one set of directions from the older generation and another set from the younger one," explains Jeff Wolfson, an attorney who specializes in family business at the Boston law firm of Goulston and Storrs.

Should parents who own businesses avoid hiring their children, or hide their children's identity once they are hired? Of course not. But Wolfson says they can prevent or end destructive politics in a number of ways.

First, they can hire offspring at an entry level in the company, as did Miles Ezell, Jr., and his brother Bill, who own Purity Dairies Inc., based in Nashville, Tennessee. Three sons, a daughter, and a son-in-law who joined the company now hold management positions, but they started "small". "Because they came here directly out of college and hadn't worked elsewhere first, they spent at least three years working in different areas, getting a feel for them," says Miles. "They worked in some of the worst jobs, like cleanup detail in the milk plant or in the garage, and they spent six months running milk routes." The Ezell offspring never displaced another worker, and it became clear early on that favouritism was not going to be a problem.

Wolfson agrees that children of founders or owners must learn the business from the bottom up, even if they are assured of succession. "The second generation needs to show some patience," he advises.

Mentoring can also help avoid destructive politics, as long as the mentor is not a family member. A trusted or long-term manager can help acquaint the young person with the company in an unobtrusive manner, sometimes even acting as a go-between with the young person and other workers.

Referent power with the young family member can work both ways. The young family member can work both ways. The young person may worry that his or her associations with other employees are based solely on connections with the founding family. But in other cases, it benefits everyone. Gray Langsam, president of Plaut & Stern Inc., a wholesale meat company and meat packing plant in New York City, recalls positive relationships with other employees, even though they knew his father was a company partner. They watched him work his way up from the bottom and grew to trust him. "I would listen to their suggestions and pass them along to my father," he says. "All that helped me ease my way and break down any resentment the workers had at having the boss's kid in their midst".

Hiring the kids doesn't have to be a disaster. It just takes good political strategies that benefit everyone in the organisation.

Notes

6.5 Summary

- Delegation is an essential element of any manager's job.
- If used effectively delegation provides real benefits to every one involved.
- Major indicator of justified use of power is delegation of authority by the management.
- It is the process through which a manager gives authority to their subordinates in order to accomplish certain assignments.
- The work culture, which utilizes the delegation of authority, improves the job satisfaction motivation and morale of employees.
- Further it is helpful in satisfying the employee's need for recognition, responsibility freedom and autonomy.
- "Power" is the ability to affect change while "authority" is the right to make any given decision.

6.6 Keywords

Delegation: The process by which the manager assigns a portion of his total workload to others.

Expert power: It comes from the knowledge in a specific area through which one influences others.

Legitimate power: It comes from the authority of a manager's rate and position in the chain of command.

Power: The potential ability to influence the behaviour of others

6.7 Self Assessment

Fill in the blanks:

1. Delegation is a process whereby a superior passes to a ..... part of his or her own authority.
2. Effective delegation speeds up ..... .
3. The manager at every level, no matter what is his authority, is always responsible to his ..... for carrying out his task.
4. ..... power results from the expectation of a negative reward if a manager's wishes are not obeyed.
5. ..... authority is entrusted upon a person to establish, monitor and approve technical products and policy.
6. Authority gives the right to order and the power to exact ..... .
7. ..... authority is legitimated by the sanctity of tradition.
8. Delegation fosters ..... relationships.
9. ..... should be used within given framework.
10. ..... power is derived from the knowledge in a particular field.

Notes

6.8 Review Questions

1. Have you been delegated any authority ever? Explain the qualities that you developed due to being entrusted those responsibilities.
2. What do support more – delegation of operating duties or delegation of authorities and why?
3. If you are to be promoted to an additional designation of your boss, what would you like to showcase as a power characteristic to your juniors and why?
4. Is delegation only beneficial? If not, suggest some ways too turn those demerits into merits.
5. What are the main characteristics you would like to imbibe from the most powerful authority you have ever interacted wit and why?
6. Who do you find as the most charismatic (a) political leader and (b) entrepreneur and why?
7. Do you think that power results in authority or is it the other way round?
8. Is balancing a wrong choice made by authorities?
9. What will happen if the boss holding the referent power does hold the positive image?
10. Give examples of external authority. In which situation will they become legal rational authority?
11. What is more beneficial for an organisation – a charismatic authority or a technical authority and why?
12. What do you think leads to the other – authority/power and why?

Answers: Self Assessment

1.	subordinate	2.	decision-making
3.	superior	4.	Coercive
5.	Technical	6.	obedience
7.	Traditional	8.	Cooperative
9.	Authority	10.	Expert

6.9 Further Readings

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Unit 7: Controlling

Notes

CONTENTS

Objectives

After studying this unit, you will be able to:

- Establish planning-control relationship
- Discuss process of control
- Explain types of control

Introduction

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives. Under primitive management, control was undertaken only when something went wrong and the objectives of control was to reprimand the person responsible for these events and take action against him. The modern concept of control envisages a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrong track. Therefore, there is no intention to punish the person for wrongdoing, but to find out the deviations between the actual performance and the standard performance and to take steps to prevent such variances in future.

The concept of control is often confused with lack of freedom. The opposite of control is not freedom but chaos or anarchy. Control is fully consistent with freedom. In fact, they are inter-dependent. Without control, freedom cannot be sustained for long. Without freedom, control becomes ineffective. Both freedom and accountability are embedded in the concept of control.

Notes

7.1 Concept of Control

Control is the process through which managers assure that actual activities conform to planned activities. According to Breach, "Control is checking current performance against predetermined standards contained in the plans, with a view to ensuring adequate progress and satisfactory performance."

According to George R. Terry, "Controlling is determining what is being accomplished i.e., evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to plans."

According to Billy E. Goetz, "Management control seeks to compel events to conform plans".

According to Robert N. Anthony, "Management control is the process by which managers assure that resources are obtained and used effectively and efficiently."

In the words of Koontz and O'Donnell, "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

In the words of Haynes and Massie, "Fundamentally, control is any process that guides activity towards some predetermined goal. The essence of the concept is in determining whether the activity is achieving the desired results".

In the words of J. L. Massie, "Control is the process that measures current performance and guides it towards some predetermined goals."

In the words of Henry Fayol, "Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established. Its object is to find out the weakness and errors in order to rectify them and prevent recurrence. It operates on everything, i.e., things, people and actions".

From the above definitions it is clear that the managerial function of control consists in a comparison of the actual performance with the planned performance with the object of discovering whether all is going on well according to plans and if not why. Remedial action arising from a study of deviations of the actual performance with the standard or planned performance will serve to correct the plans and make suitable changes. Controlling is the nature of follow-up to the other three fundamental functions of management. There can, in fact, be not controlling without previous planning, organising and directing. Controlling cannot take place in a vacuum.

7.2 Characteristics of Control

Managerial control has certain characteristic feature. They are:

1. Control is the function of every manager. Managers at all levels have to perform this function to contribute to the achievement of organisational objectives.
2. Control leads to appraisal of past activities. The deviations in the past are revealed by the control process. Corrective actions can be initiated accordingly.
3. Control is linked with future, as past cannot be controlled. It should anticipate possible deviations and to think of corrective action for the control of such deviations in the future. It is usually preventive as presence of control system tends to minimise wastages, losses and deviations from standards.
4. Control is concerned with setting standards, measurement of actual performance, comparison of actual performance with predetermined standards and bringing to light the variations between the actual performance and the standard performance.

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5. Control implies taking corrective measures. The object in checking the variations or deviations is to rectify them and prevent their recurrence. It is only action which adjusts performance to predetermined standards whenever deviations occur.
6. Control can be exercised only with reference to and or the basis of plans. To quote Mary Cushing Niles - "Whereas planning sets the course, control observes deviations from the course or to an appropriately changed one".
7. To some people, control is opposite of freedom. This is not true. Control is based on facts and figures. Its purpose is to achieve and maintain acceptable productivity from all resources of an enterprise. Therefore, control aims at results and not at persons. It is for correcting a situation, and not for reprimanding persons.
8. Information or feedback is the guide to control. The feedback is helpful to the manager to determine how far the operations are proceeding in conformity with plans and standards, and where remedial action is called for.
9. Control involves continuous review of standards of performance and results in corrective action which may lead to change in the performance of other functions of management. This makes control a dynamic and flexible process.
10. Control is a continuous activity. It involves constant analysis of validity of standards, policies, procedures etc.

7.3 Relationship between Planning and Control

By now it is quite clear that there are two crucial aspects to the management of any project – 'planning' and 'control'. These are essential functions for every successful manager – without them, projects are generally not successful, not completed on time, or cost more than they should! The successful manager must always ensure that projects are based on excellent plans and followed by good control during implementation.

'Planning' is the setting of realistic goals and choosing effective ways to achieve these goals. Goals must be understandable, achievable and able to be assessed! If a goal is not clear, it cannot be assessed and, hence, it cannot be managed. If a goal is unrealistic, any plan will also be unrealistic and, therefore, unlikely to succeed. The successful manager must ensure that a project's plan is clearly defined and realistic.

'Control' is the process by which the manager ensures that all actions are consistent with the plan - all actions are, therefore, directed at achieving the stated goals. 'Control' is the systematic effort of comparing performance to plans.

"Planning is required at the very outset of management whereas control is required at the last stages. If planning is looking ahead, control is looking back."

Control and planning are interrelated so closely that they cannot be separated from each other. Without control all the planning is fruitless because control consists of the steps taken to ensure that the performance of the organisation conforms to the plans.

In other words control is concerned with the actual performance in relation to the standards set in advance and the correction of deviations to ensure attainment of objectives. Planning is required at the very outset of management whereas control is required at the last stages.

If planning is looking ahead, control is looking back. In fact, control is the process of checking to determine whether or not proper progress is being made towards the objectives and goals set by management while doing planning.

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Often it is said that planning is the basis, action is the essence, delegation is the key, information is the guide and control is the lifeblood of the success of any business enterprise. Organisational objectives cannot be achieved without planning and planning alone cannot be successful. If extra efforts are put in planning and control is ignored, a business may suffer from a number of administrative problems. These difficulties may be highly detrimental for the business in the long run.

Effective control through efficient superiors can only be a guarantee for success. The control system must be appropriate to the needs and circumstances of the enterprise.

Control is a fundamental management function that ensures work accomplishment according to plans. The purpose of control is to ensure that everything in an organisation occurs in conformity with pre-determined plans. Control also ensures that there is no kind of indiscipline and incompetence in the organisation and employees are not able to put undue pressure on the management.

Some people are not in favor of control because they feel that control is always used against the employees. They advocate automatic control rather than forced one. But a balanced viewpoint is that both the management and the employees should be put under some kind of control. Control should be engrained in the basic policies of any type of business organisation.

7.4 Steps in Control Process

There are three basic steps in a control process:

1. Establishing standards
2. Measuring and comparing actual results against standards
3. Taking corrective action.

7.4.1 Establishing Standards

The first step in the control process is to establish standards against which results can be measured. The standards the managers desire to obtain in each key area should be defined as far as possible in quantitative terms. Standards expressed in general terms should be avoided. Standards need to be flexible in order to adapt to changing conditions. The standard should emphasis the achievement of results more than the conformity to rules and methods. If they do not do so, then people will start giving more importance to rules and methods than to the final results.

While setting the standards, the following points have to be borne in mind:

1. The standards must be clear and intelligible. If the standards are clear and are understood by the persons concerned, they themselves will be able to check their performance.
2. Standards should be accurate, precise, acceptable and workable.
3. Standards are used as the criteria or benchmarks by which performance is measured in the control process. It should not be either too high or too low. They should be realistic and attainable.
4. Standards should be flexible i.e., capable of being changed when the circumstances require so.

7.4.2 Measuring and Comparing Actual Results against Standards

The second step in the control process is to measure the performance and compare it with the predetermined standards. Measurement of performance can be done by personal observation,

by reports, charts and statements. If the control system is well organised, quick comparison of these with the standard figure is quite possible. This will reveal variations.

After the measurement of the actual performance, the actual performance should be compared with the standards fixed quickly. A quick comparison of actual performance with the standard performance is possible, if the control system is well organised. While comparing the actual performance with the standards fixed, the manager has to find out not only the extent of variations but also the causes of variations. This is necessary, because some of the variations may be unimportant, while others may be important and need immediate corrective action by the manager.

7.4.3 Taking Corrective Action

After comparing the actual performance with the prescribed standards and finding the deviations, the next step that should be taken by the manager is to correct these deviations. Corrective action should be taken without wasting of time so that the normal position can be restored quickly. The manager should also determine the correct cause for deviation.

Taking corrective action can be achieved in the following way:

1. The manager should try to influence environmental conditions and external situations in such a way as to facilitate the achievement of goals.
2. He should review with his subordinates the instructions given earlier so that he may be able to give clear, complete and reasonable instructions in future.
3. There are many external forces which cannot be adjusted by the manager. They have to be accepted as the facts of the situation, and the executives should revise their plans in the light of these changing forces.

7.5 Types of Control

Most control methods can be grouped into one of the two basic types:

1. Past-oriented controls.
2. Future-oriented controls.

Past-oriented Controls

These are also known as post-action controls and measure results after the process. They examine what has happened in a particular period in the past. These controls can be used to plan future behaviour in the light of past errors or successes.

Future-oriented Controls

These are also known as steering controls or feed-forward controls and are designed to measure results during the process so that action can be taken before the job is done or the period is over. They serve as warning-posts principally to direct attention rather than to evaluate, e.g., Cash flow analysis, funds flow analysis, network planning etc.

Concurrent Control

Concurrent control takes place while an activity is in progress. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. Concurrent control is designed to ensure that employee work activities

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produce the correct results. Concurrent controls monitor ongoing employee activity to ensure consistency with quality standards. These controls rely on performance standards, rules, and regulations for guiding employee tasks and behaviors. Their purpose is to ensure that work activities produce the desired results. As an example, many manufacturing operations include devices that measure whether the items being produced meet quality standards. Employees monitor the measurements; if they see that standards are not being met in some area, they make a correction themselves or let a manager know that a problem is occurring.

Since concurrent control involves regulating ongoing tasks, it requires a thorough understanding of the specific tasks involved and their relationship to the desired and product.

Concurrent control sometimes is called screening or yes-no control, because it often involves checkpoints at which determinations are made about whether to continue progress, take corrective action, or stop work altogether on products or services.

Caselet

Zenith Industries Limited

"I heard about this variable budget idea in a management conference I attended last week," remarked Mr. Kapoor, President of Zenith Industries, a small company whose clever new sports products had given rise to growth since its founding five years ago to a level of ₹ 5 million in annual sales. "Some speaker said that the sound way to run a company is to let all the department and section heads develop their own budgets.

But I cannot imagine doing this in this company. If I did, these people would spend so much money that we would soon be bankrupt. No! As long as I am incharge of this company, I will tell my people what they can spend. There will be no blank cheques here. And I will hold my chief accountant responsible for making sure that this company makes the profits I want. I have heard of too many companies, with the fast growth we have had, that have gone into liquidation because optimism and uncontrolled spending went through the ceiling. And this idea of variable budgets is even worse. Imagine what would happen if I let everyone vary his budgets each month, quarter or year".

Source: Parag Diwan, *Management Principles and Practices*, Excel Books.

Task Discuss how would you control the overhead costs of your organisation when you know that they are high only on papers because they are being incurred by your company to warm the pocket of your accountant?

Case Study

A Purchase Manager's Troubles

Description

I (Purchase Manager) am faced with a dilemma. I am not between the devil and the deep sea—I am in the deep sea and the devil is waiting on the shore.

Well, the purchases in most industries are based on the production programme which in turn is based on the sales forecast. Now firstly, the production has fallen far short of the target and secondly, the sales forecast has failed to materialize into firm orders. The net

Contd...

Notes

result is that the financial position of the company has been badly shattered. So much so, even the bills for supplies already made are not being paid in accordance with the terms stipulated in the purchase orders. The suppliers, having made unsuccessful attempts with the Accounts Department, are playing hell with the purchase officers.

Supplier 'A': (Extract from a Letter)

"We regret that our above bill has still not been paid even though the supplies were made over a month ago and, as per the agreed terms, full payment was to be made within 2 weeks from the date the supplies are effected." (Neither this letter nor the numerous subsequent reminders are replied to.)

Supplier 'A': (Extract from another Letter)

"It is indeed a matter of surprise and regret that the payment against our above bill, now overdue by over 4 months, has still not been released. We have sent countless reminders, which have not been acknowledged. We fail to appreciate such an attitude from a firm of your repute. We are sorry to advise that unless our payment is released immediately, we shall have no other alternative but to discontinue all further supplies and hand over the case to our legal section for realization of our dues together with interest accrued thereon."

Supplier 'B': (Local Firm-during a Personal visit to the Office)

"You tell me to go to your accounts department and they tell me to come to you. Well, I am not concerned with your internal affairs. You placed the order and your man collected the materials from our godown. What you do is your business, but you better get me my payment, or...."

Accounts

"I don't have a note printing press. How can I pay until and unless the machines are sold and money realized?"

Sales

"How could I know that the money market would suddenly become so tight? All these industries had expansion plans, but now they have either been deferred or cancelled.

Anyway, I am sure, it is only a temporary phase."

Production

"Either we should close down this factory or the shops should be fed with the materials they need. Today this is not there, tomorrow that is not there, and then I'll be criticized for not achieving the production target. I am not bothered with your suppliers or their bills. I must have the materials to run the factory.

"The problem cannot, I consider, be attributed to any lack on my part, yet I am the one most directly affected. Not only am I the natural target of suppliers' abuses, but also I am the one who will have to confront difficulties in future procurements, because no one wants to deal with bad paymasters."

Questions

1. (a) What are the factors which are within the control and outside the control of the men and the companies concerned?
   (b) Are they doing substantially something about matters they can control?
2. (a) What is the role of the "boss" towards these departmental members?
   (b) What role can each department head play? What can each one do to help the boss play a better role?

Source: Parag Diwan, *Management Principles and Practices*, Excel Books.

Notes

7.6 Summary

- Controlling is an important function of management.
- It is the process that measures current performance and guides it towards some predetermined objectives.
- Control is fully consistent with freedom. In fact, they are inter-dependent.
- Without control, freedom cannot be sustained for long.
- The control system should be appropriate to the nature and needs of the activity.
- A large firm calls for controls different from those needed for a small firm.
- The techniques of control involve the feed forward control, concurrent control and the feed-back process.
- There are several techniques to establish the control system in an organisation like CPM, Gantt Chart, PERT, etc.

7.7 Keywords

Budgeting: Making a written account of all the expenses and revenues planned.

Control: Restrain or regulate.

Feed Forward: Reverse of a feedback, it is the 'self-fulfilling prophesy' process that turns logical cause-effect relationships upside down.

Feedback: The process in which part of the output of a system is returned to its input in order to regulate its further output.

7.8 Self Assessment

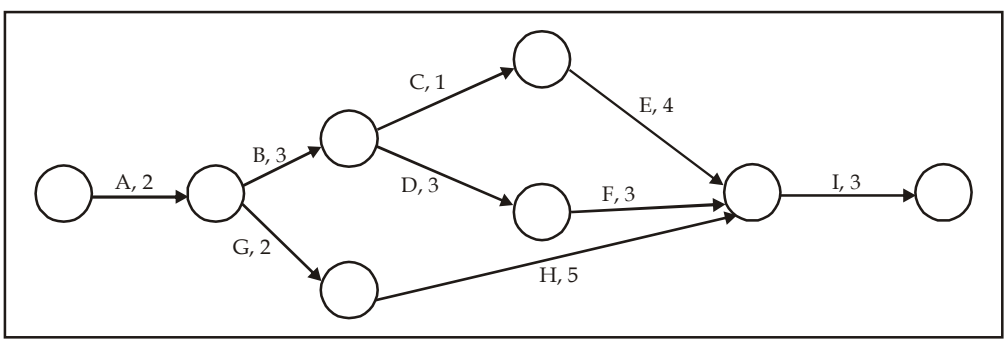
Fill in the blanks:

1. Effective control through efficient ..... can only be a guarantee for success.
2. 'Planning' and ..... are essential functions for every successful manager.
3. ..... accounting can be defined as a system of accounting under which each departmental head is made responsible for the performance of his department.
4. The graphics portion of the Gantt chart consists of a horizontal bar for each task connecting the period ..... and period ..... columns.
5. PERT charts depict ....., ... and ..... information.
6. ..... is a fundamental management function that ensures work accomplishment according to plans.
7. Budgets cover a designated time period - usually a ..... .
8. The discrepancy between standard performane actual performance is called .....
9. ..... controls are also referred to as steering controls.
10. Path taken by tasks which together take the largest time to complete is known as ..... path.

Notes

7.9 Review Questions

1. Why is control a must in business management? What are the requirements of an effective control system?
2. "The essence of control is action". Comment.
3. "The controlling function of management is similar to the function of the thermostat in a refrigerator". Comment.
4. Planning and control are after thought of as a system; control is also often referred to as a system. What is meant by this? Can both statements be true?
5. "PERT is a management interventional technique designed to establish an effective control system." Justify the statement.
6. Refer to the Figure below and answer the questions that follow:



   (a) Which tasks are on the critical path of the PERT chart above?

   (b) What is the slack time for tasks C, D and G?

   (c) The person working on task C tells the project manager he can't start work until one day after the scheduled starting date. What impact would this have on the completion date of the project? Why?

7. What is the relationship between planning and control?
8. What should you understand as manager by the term breach of planning control?
9. How much do you find poor planning and control in Indian SMEs to be a reason for their weak financial performance?
10. What is the utility of the CPM?
11. What would you use as an effective and powerful method of assessing tasks which must be Chosen where parallel activity can be carried out?
12. What do you see as the essential elements of a control system?
13. Out of planning and control, what is budgeting more important for and why?

Answers: Self Assessment

1.	superiors	2.	'control'
3.	Responsibility	4.	start, ending
5.	task, duration, dependency	6.	Control

Notes

7. year
8. Variance
9. future-oriented
10. critical

7.10 Further Readings

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Unit 8: Foundations of Organisational Behaviour

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CONTENTS

Objectives

After studying this unit, you will be able to:

- State the nature of organisational behaviour
- Identify need for the knowledge of organisational behaviour
- Discuss contributing disciplines to organisational behaviour
- Assess the impact of individual behaviour on organisational behaviour.

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Introduction

Why do people behave the way they do? What causes different people to react differently to the same situation? Why are some Organisations more successful than others, even though they appear to be managed in the same manner? All of these questions – and more – are the substance of what Organisational behaviour is all about.

8.1 Definition of Organisational Behaviour

Organisational Behaviour (OB) is the systematic study of the actions and attitudes that people exhibit within Organisations. It is individual behaviour and group dynamics in Organisations. The study of Organisational behaviour is primarily concerned with the psychosocial, interpersonal and behavioural dynamics in organisations. However, Organisational variables that affect human behaviour at work are also relevant to the study of Organisational behaviour. These Organisational variables include job content, job design and Organisational structure. Therefore, although individual behaviour and group dynamics are the primary concerns in the study of Organisational behaviour, Organisational variables are important as the context in which human behaviour occurs.

The term 'Organisational behaviour' is defined by Stephen P Robbins as "a field of study that investigates the impact of individuals, groups and structures on behaviour within organisations for the purpose of applying such knowledge towards improving an Organisation's effectiveness". According to this definition, Organisational behaviour:

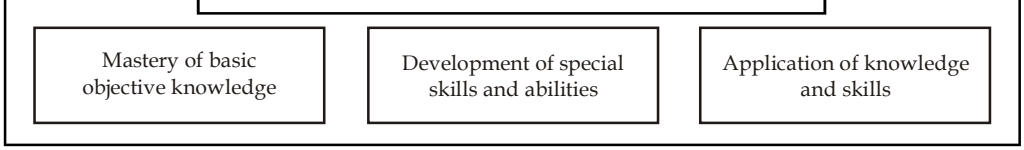
1. is a field of study with a common body of knowledge.
2. studies three determinants of behaviour in Organisations – those of individuals, groups and structures.
3. applies the knowledge gained about individuals, groups and the effect of structure on behaviour in order to make Organisations work more effectively.

8.2 Nature of Organisational Behaviour

Organisational behaviour is not a discipline in the usual sense of the term but rather an eclectic field of study that integrates the behavioural sciences into the study of human behaviour within Organisations. Organisational behaviour is a young field of inquiry, in terms of the use of scientific techniques. To learn that the study of human behaviour in Organisations is not an exact science, is in itself a significant realization. One of the failings of the scientific management movement was its belief that human behaviour was easily predicted. So, while the field of Organisational behaviour may be inexact, it is realistic.

Organisational behaviour is neither a purely scientific area of inquiry nor a strictly intellectual endeavour. It involves the study of abstract ideas, such as valance and expectancy in motivation, as well as the study of concrete matters, such as observable behaviours and physiological symptoms of distress at work. Therefore, learning about Organisational behaviour is a multidimensional activity as shown in Figure 8.1 below.

Figure 8.1: Learning about Organisational Behaviour



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1. ***Mastery of Basic Objective Knowledge:*** Objective knowledge, in any field of study, is developed through basic and applied research. Acquiring objective knowledge requires the cognitive mastery of theories, conceptual models, and research findings.
2. ***Skill Development:*** The study of Organisational behaviour requires skill development and the mastery of abilities essential to successful functioning in Organisations. The essential skills identified by the US Department of Labour are:
   (a) Resource management skills, such as time management.
   (b) Information management skills, such as data interpretation.
   (c) Personal interaction skills such as team work.
   (d) Systems behaviour and performance skills, such as cause-effect relations.
   (e) Technology utilization skills, such as troubleshooting.

   Many of these skills, such as decision making and information management, are directly related to the study of Organisation behaviour. Developing skills is different from acquiring objective knowledge because it requires structured practice and feedback.
3. ***Application of Knowledge and Skills:*** It requires the integration of objective knowledge and skill development in order to apply both appropriately in specific Organisational settings.

8.3 Determinants of Organisational Behaviour

A complete understanding of the determinants of Organisational behaviour requires both an understanding of human behaviour and an understanding of the Organisational context within which human behaviour is acted out. The Organisational context is the specific setting within which Organisational behaviour is enacted and includes

1. Organisations as systems and
2. The formal and informal organisations.

Let us understand the model in details.

8.3.1 Organisations as Systems

Organisations are systems of interacting components which are people, tasks, technology and structure. These internal components also interact with components in the Organisation's task environment. Organisations as open systems have people, technology, structure and purpose, which interact with elements in the organisation's environment.

Organisations may manufacture products such as steel or deliver services, such as managing money or providing insurance. To understand how organisations do these things require an understanding of the open system components of the organisation and the components of its task environment. Leavitt sets out a basic framework for understanding organisations, a framework that emphasizes four major internal components. They are

1. ***Task:*** The task of the organisation is its mission, purpose or goal for existing.
2. ***People:*** The people are the human resources of the organisation.
3. ***Technology:*** The technology is the wide range of tools, knowledge and/or techniques used to transform inputs into outputs.
4. ***Structure:*** The structure is how work is designed at the micro level as well as how departments, divisions, and the overall organisation are designed at the macro level.

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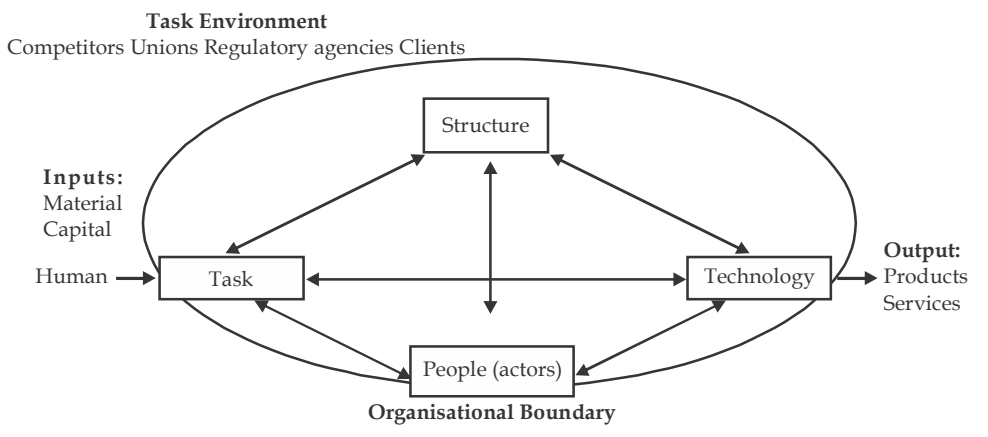
The organisation system works by taking inputs, converting them into finished products and delivering outputs to its task environment. Inputs consist of human, informational, material and financial resources used by the organisation. The finished products are the materials and resources as they are transformed by the organisation's technology component. Once the transformation is complete, they become outputs for customers, consumers and clients. The actions of suppliers, customers, regulators and other elements of the task environment affect the organisation and the behaviour of people at work. Transforming inputs into high quality outputs is critical to an organisation's success.

Figure 8.2: H J Leavitt, "Applied Organisational Change in Industry: Structural, Technological and Humanistic Approaches"

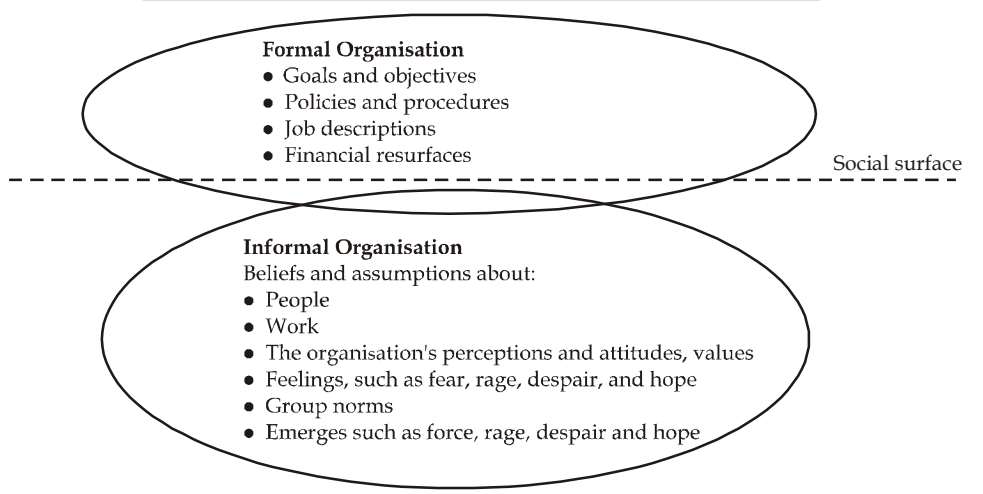


Source: J G March, (ed.,) Handbook of Organisations, Rand McNally (1965) Page 1145.

8.3.2 The Formal and Informal Organisation

The formal organisation is that part of the system that has legitimacy and official recognition. The informal organisation is the unofficial part of the organisation which was first fully appreciated as a result of the Hawthorne studies conducted during the 1920s and 1930s. It was during the interview study, the third of the four Hawthorne studies, that the researchers began to develop a fuller appreciation for the informal elements of the Hawthorne works as an organisation. The formal and informal elements of the organisation are depicted in Figure 8.3 below.

Figure 8.3: Formal and Informal Elements of Organisations



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Potential conflicts between the formal and informal elements of the organisation make an understanding of both important. The informal organisation is a frequent point of diagnostic and intervention activities in organisation development. The informal organisation is important because people's feelings, thoughts and attitudes about their work do make a difference in their behaviour and performance. Individual behaviour plays out in the context of formal and informal elements of the system, becoming organisational behaviour.

8.4 Need for Organisational Behaviour

The need for Organisational behaviour can be discussed as follows:

1. ***Explain individual and group behaviour.*** We are pursuing the explanation objective when we want to know why individuals or groups behave the way they do. For example, if the turnover rate in an Organisation is very high, we want to know the reason, so that action can be taken to correct the situation in the future.
2. ***Predict certain behavioural response to change.*** Prediction seeks to determine what outcomes will result from a given action. Having a sound knowledge of OB will help the manager to predict certain behavioural responses to change. In this way, the manager can anticipate which approaches will generate the least degree of employee resistance and use that information in making decisions.
3. ***Control Behaviour.*** The knowledge of OB can be used by managers to control behaviour. Managers frequently see the control objective as the most valuable contribution that OB makes toward their effectiveness on the job.

Caselet

OB: The Key to Happiness

Have you ever got up in the morning and thought, "I really don't want to go to work today"? I think we all have at some point in our lives. You may also have had times when you have thought or said, "I hate my job, I hate where I work." These feelings have nothing to do with you, your job or your workplace. The problem lies in the fact that your supervisor or manager has no idea how to manage organisational behaviour!

So what is organisational behaviour? Put simply, it is the way in which people react to other people and situations in a workplace. A good manager will observe employees so that they are placed in suitable positions within the organisation. If an employee is happy in their position and the situations they have to deal with, they will be more productive. This is not only good for the business but it also gives the employee job satisfaction.

For example, if you had an employee who was a young, shy, softly spoken girl, you would not put hr in the role of debt collection. Instead, you might place her in a low stress customer service position that would suit her nature as well as help her to build self-confidence in dealing with customers.

From this, we can see that organisational behaviour is not just about keeping employees happy. It is about putting people in a position that suits their personality and experience as well as helping employees to grow in a way that they become more of an asset to the business.

Aside from recognising the importance of placing employees in positions that will make them happy and productive, you also need to recognise people's reactions to other people.

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You may have an employee who is quite happy to have you stand behind them, looking over their shoulder while they show you something. Others, however, may feel intimidated or uncomfortable by this, in which case it would be better for you to sit beside them rather than stand over them. If you can't recognise when a person is feeling uncomfortable in a situation, you will find that they will become distracted and thus less productive.

So how do you recognise if someone is uncomfortable in certain situations? Body language! If you are standing too close or if they are uncomfortable with you standing behind them, you will notice that they will move away from you slightly. If you continue to make them uncomfortable, they will most likely pick something up and fiddle with it. You may also find that they will lose their train of thought making it difficult to say whatever it was they were meant to say to you.

These are just some of the basics of organisational behaviour, but as you can see, they can have a huge impact on a person's happiness and productivity in the workplace. Good managers will learn about organisational behaviour to ensure that they can get the most out of their employees and keep them happy at the same time.

Source: www.ezinearticles.com

8.5 Contributing Disciplines

Organisational 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 Organisational behaviour. Organisational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines. The sciences of psychology, sociology, anthropology, political science, engineering, management and medicine are the primary fields of study out of which Organisational behaviour has grown. Each of these sciences has had its own importance and unique influence on the discipline of Organisational behaviour.

1. ***Psychology:*** 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. It 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.

   Since its origin, psychology has itself become differentiated into a number of specialized fields, such as clinical, experimental, military, and Organisational psychology. The topics in Organisational psychology, which include work teams, work motivation, training and development, power and leadership, human resource planning and workplace wellness, are very similar to the topics covered by Organisational behaviour.

   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 Organisational psychologists. Industrial and Organisational psychologists concern themselves with problems of fatigue, boredom, perception, learning motivation, job satisfaction, personality, performance appraisals, employee selection, job designing, work stress, etc.

2. ***Medicine:*** It is the applied science of healing or treatment of diseases to enhance an individual's health and well-being. Medicine embraces concern for both physical and psychological health, with the concern for industrial mental health dating back at least sixty years. More recently, as the war against acute diseases is being won, medical attention has shifted from acute diseases such as influenza to the more chronic ones, 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 programmes in the context of corporate medicine. These programmes have led to increasing attention to medicine in Organisational behaviour.

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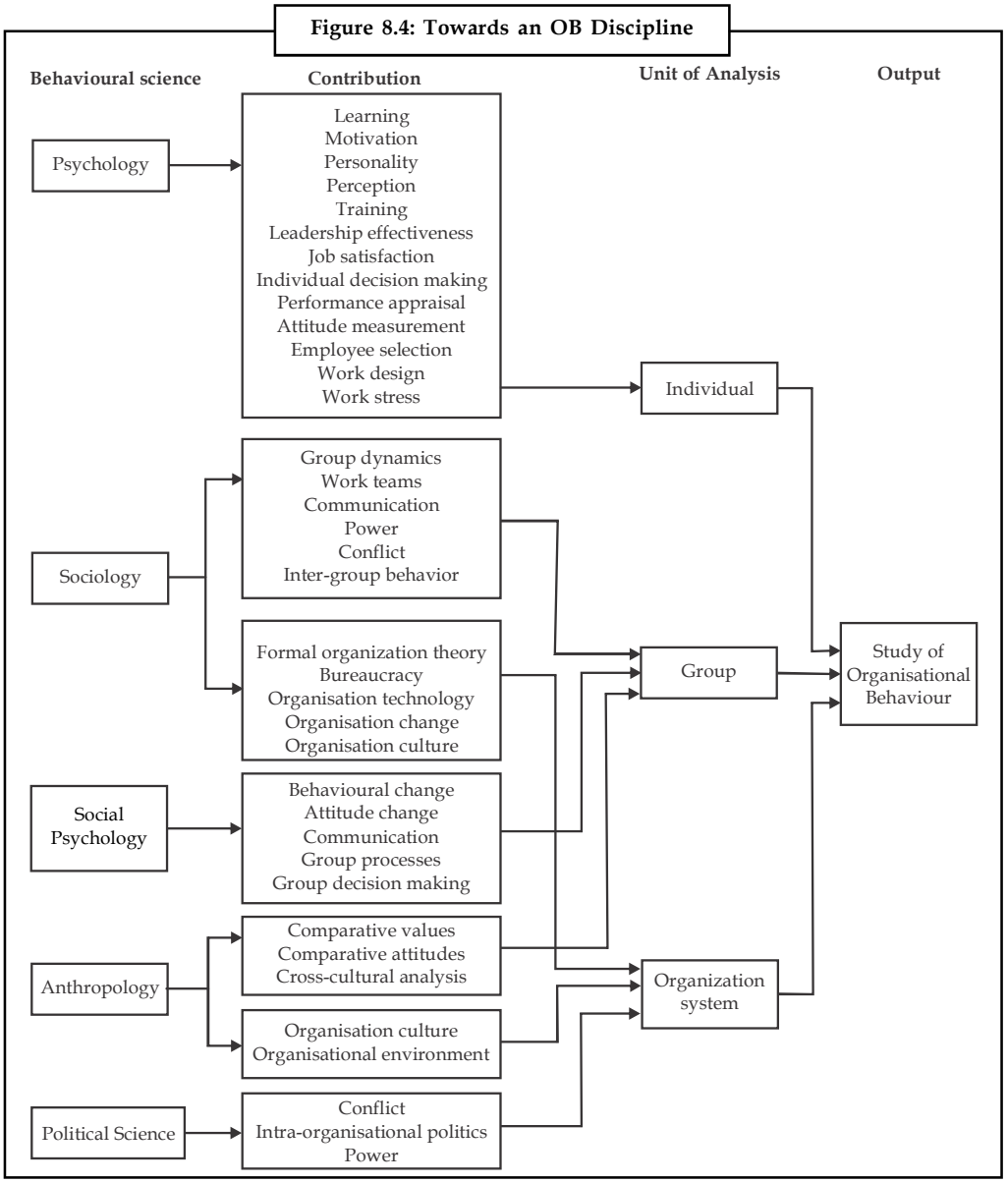
3. ***Sociology:*** Sociology, the science of society, has made important contributions to knowledge about group and inter group dynamics in the study of Organisational behaviour. Because sociology takes the society rather than the individual as a point of departure, the sociologist is concerned with 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 groups.

   Sociologists have made their greatest contributions to Organisational behaviour through their study of group behaviour in Organisations, particularly formal and complex Organisations. Some of the areas within Organisational behaviour that have received inputs from sociologists are group dynamics, design of work teams, Organisational culture, formal Organisations, theory and structure, Organisational technology, bureaucracy, communications, power, conflict and inter group behaviour.

Figure 8.4: Towards an OB Discipline



Source: Stephen Robbins P "Organisational Behaviour", 7th Edition, Prentice-Hall, Englewood Cliffs NJ (1996) Page 22.

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4. ***Social Psychology:*** Social psychology is a branch of psychology which borrows concepts from psychology and sociology and 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.

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 Organisations, Fredrick Taylor had a profound influence on the early years of the study of Organisational behaviour. Taylor's engineering background led him to place special emphasis on human productivity and efficiency in work behaviour. His notions of performance standards and differential piece-rate system have contributed to the growth of Organisational behaviour.

6. ***Management:*** Originally called administrative science, it is a discipline concerned with the study of overseeing activities and supervising people in Organisations. It emphasizes the design, implementation, and management of various administrative and Organisational 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 Organisational behaviour.

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

   Cultural anthropology focuses on the origins of culture and the patterns of behaviour as culture is communicated symbolically. Current research in this tradition has examined the effects of efficient cultures on Organisation performance and how pathological personalities may lead to dysfunctional Organisational cultures. Much of our current understanding of Organisational culture, Organisational environments, and differences between national cultures is the result of the efforts of anthropologists.

8. ***Political Science:*** Political scientists study the behaviour of individuals and groups within a political environment. Political scientists have become increasingly aware that Organisations are political entities and if we are able to accurately explain and predict the behaviour of people in Organisations, we need to bring a political perspective to our analysis. The contributions of political scientists are significant to the understanding of behaviour in Organisations.

Task Give example of instances where you could relate organisational behaviour with sociology and anthropology.

8.6 Modelling for OB

The field of organisational behaviour interests itself with understanding human behaviour in organisations. The major goal of behavioural scientists is to understand behaviour. The study of organisational behaviour follows the lead of behavioural sciences. Since, organisational behaviour is more of an applied field than behavioural science as a whole, organisational behaviour is not only interested in understanding behaviour in organisations but also with predicting and controlling human behaviour for improved organisational performance. Thus, a manager needs a conceptual framework and a specific model for attaining the goals of

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understanding, predicting and controlling organisational behaviour. According to Nadler, Hackman and Lawler, "A conceptual framework is perhaps best defined as a device that provides categories or labels which help us to collect and organise data; a model goes one step further by providing a representation of the real world and how it functions." The theories or frameworks that we discuss in this unit provide background information important in developing a specific conceptual model for organisational behaviour.

The conceptual models are given below:

1. Freudian Psychoanalytic Model
2. Social Cognitive Framework
3. Humanistic Psychology Framework

8.6.1 Freudian Psychoanalytic Model

The most influential theorist in the field of personality has been Sigmund Freud (1856 - 1939), who conceived the first comprehensive theory of personality. Freud became convinced that "hysterical disorders" were rooted in forbidden childhood wishes and fears. He found that these feelings were invariably related to aggression or to sexuality, and the childhood experiences connected with them had been forgotten until hypnosis or free association brought back the memories. Psychoanalysis is based on the assumption that each of us has an unconscious mind. The unconscious has thoughts, memories and emotions, although it often affects our behaviour in an illogical fashion. These ideas can be summarized into what can be called the psychoanalytic framework. Although Freud is most closely associated with the framework, others such as Carl Jung, Alfred Adler, Karen Horney, and Eric Fromm, who all broke away from Freud, made additional contributions and extended the approach.

Box 8.1: An Example of Freud's Psychoanalysis

Elisabeth has been a secluded invalid for two years, unable to walk or stand for long because of intense pain in her thighs. Since no organic cause is apparent, she is referred to Freud.

In therapy she tells of having nursed her beloved late father. When she recalls having rested his swollen legs on her thighs each morning to bandage them, the pains recede.

She recalls that nursing him kept her from having a social life; his death left her bereft. She envied her newly married sister's happiness.

Elisabeth says her leg pains started the day she had a long walk and intimate conversation with her sister's husband. She confesses having wished she had a husband like him. The sister was ill at the time with pregnancy complications, from which she soon died.

When Freud says, "So for a long time you have been in love with your brother-in-law," Elisabeth voilently denies it. Her leg pains flare up again.

Freud probes deeper. Sobbuing; she recalls arriving at her sister's deathbed and thinking, "Now he is free to marry me." After this cathartic realization, she is healthy again.

Freud's conclusion: Revolted by her shameful thought, Elisabeth repressed it. By inducing physical pains in herself, she spared herself the painful recognition that she loved her sister's husband.

Source: An example of Freud's psychoanalysis, (Based on Breuer and Freud, 1895/1957.)

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In Freud's view, the contents of the conscious mind are only a small part of personality. The mind is like an iceberg, without conscious thoughts resembling the iceberg's small tip; beneath the surface – beyond conscious awareness – lies the massive unconscious. The unconscious includes instinctual drives and infantile goals, hopes, wishes and needs, and all memories that are not available to the conscious mind. These impulses have been repressed, or concealed from conscious awareness, because they are unacceptable and cause internal conflict. The process devised by Freud – to retrieve repressed memories and feelings, allowing them to be examined and understood – is known as psychoanalysis.

Basic Structural Concepts

Although Frued's view of unconscious conflicts emerged from his work with troubled patients, the idea was based on a coherent theory of personality that he believed could explain the behaviour of everyone.

The personality structure can be explained within the unconscious framework, by three interrelated, but often conflicting, psychoanalytic concepts: the id, the ego, and the superego.

1. ***The Id Concept:*** The id is the core of the unconscious. It is the unleashed raw, primitive, instinctual drive of the Freudian approach. It is the animal-like part of the personality. Since it is the only aspect of personality that exists at birth, it can be thought of as the "infant" within us that persists throughout life. The id operates according to what Freud called the pleasure principle; the id wants to obtain pleasure immediately and at all times, and it wants to avoid pain at all costs. This aspect of personality follows no rules or logic, harbours no doubt, knows no time, and has no moral code. The id, constantly struggling for gratification and pleasure, is manifested mainly through the libido (sexual urges) or aggression. The libido strives for sexual relations and pleasure, warmth, food and comfort. Aggressive impulses of the id are destructive and include the urges to fight, dominate and generally destroy. In a conflict sense, the id incorporates life instincts that compete with its death instincts. As individuals develop and mature, they learn to control id. But even then it remains a driving force throughout life and an important source of thinking and behaviour.

2. ***Ego Concept:*** The logical part of the mind that develops as the child grows up was called by Freud the ego – the "real" us, as we like to think of ourselves. In contrast to the id, the ego operates on the reality principle; it tries to mediate between the demands of the id and the realities of the environment.

   The ego's functioning contrasts sharply with that of the id. The unconscious, amoral, illogical id directs crude and primitive thought patterns that Freud called primary process thinking. Dreams, which break rules of space, time and logic, and which often contain bizarre, irrational images, are manifestations of the id at work. The ego functions in an entirely different fashion. Part of the ego is conscious; it obeys the rules of logic and reason and learns from experience. It functions in a fashion that Freud calls secondary process thinking. We can see the ego at work if we consider what happens when a child observes a candle flame. When he reaches out to touch the pretty yellow flame, he is burned. From this experience he learns not to touch the flame (an ego function) even though he feels the desire to do so (an id impulse).

3. ***Superego Concept:*** The superego is the third element of the Freudian framework. It can be best depicted as the conscience. The superego provides the norms that enable the ego to determine what is right or wrong. Where the id demands gratification, the superego seeks perfection. The superego begins to develop around the age of two or three, the period during which children are toilet trained and become aware that they must conform to social rules that govern "good" and "bad" behaviour.

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The ego is concerned with consequences, with reward and punishment: "If I hit my little brother, mother will be angry and punish me". The superego is concerned with social rules, that is, with doing the right thing: "It is wrong to hit my little brother".

The superego aids the person by assisting the ego to combat the impulses of the id. However, in some situations the superego can also be in conflict with the ego. In their own way, the demands of the superego are just as insatiable as the id's blind drives. Its standards of right and wrong and its rules for punishment are far more rigid, relentless, and vengeful than anything in our conscious minds. The inevitable struggle between the id, ego, and superego causes this to be considered a conflict framework for human behaviour.

Defence Mechanisms

When inner conflict is acute and anxiety threatens, the ego often tries to reduce the anxiety by means of irrational techniques known as defence mechanisms. Table 8.1 shows the various defence mechanisms.

Table 8.1: Defence Mechanisms

The Defence	The Reality	Examples
Repression	Keeps threatening thoughts and memories buried in the unconscious.	Traumatic memories of childhood are concealed from conscious awareness and kept in the unconscious by strong forces.
Rationalization	Provides plausible, socially acceptable explanations for behaviour that is motivated by unconscious or unacceptable reasons.	We may justify ignoring the beggar on the street who asks for money by telling ourselves that he would only spend it on liquor.
Sublimation	A positive defence mechanism in which erotic energy is channelled into a socially constructive activity.	Leonardo da Vinci's urge to paint Madonnas was a sublimated expression of his longing to be reunited with his mother, from whom he had been separated at an early age.
Denial	Refusal to recognize a threatening source of anxiety.	A high school boy with a poor academic record wants to become a doctor, denying the importance of good grades and asserting that "somehow" it will all work out.
Regression	Return to an earlier, less threatening stage of development in response to some perceived threat.	People often distract themselves from their anxieties by eating too much- a return to comforting behaviour that gave them pleasure in childhood. A frightened child on the first day of school may begin sucking his or her thumb, a habit given up years before.
Projection	Turning an inward threat into a threat from the external world.	A woman who feels an impulse to shoplift may begin to fear that her purse will be stolen or that salesclerks will short change her. A man who frets about the sexual promiscuity of the younger generation may be projecting onto younger people his fear about his own sexual impulses.
Displacement	Transferring emotions that a person is afraid to feel or express to a non-threatening situation.	A woman who has been angry at her boss may come home and yell at the babysitter.
Reaction formation	Replacement of an anxiety-producing impulse or feeling by its opposite.	A mother who resents her child may shower him or her with expressions of love. A man who wants to start fires may become a fire fighter and spend his time putting them out.

Source: Adapted from Richard R. Bootzin, Gordon H. Bower, Jennifer Crocker and Elizabeth Hall, "Psychology Today – An Introduction", 7th edition, McGraw-Hill Inc, New York, (1991) page 507.

Notes

The impact of psychoanalytic approach on organisational behaviour: Some areas where the psychoanalytic approach has made an impact on organisational behaviour include the following:

1. ***Organisation Development technique:*** OD techniques such as Transactional Analysis - (example - attempts to improve interpersonal communication skills and eliminate "game playing".) and group/team development rely to some degree on psychoanalytic thought.
2. ***Leadership and Power:*** The attention given to authority and dominance in psychoanalytic approaches is reflected in the study of leadership and power in organisational behaviour.
3. ***Employee Dissatisfaction:*** Employee behaviours such as daydreaming, forgetting, apathy, rationalization and even absenteeism, tardiness, sabotage and alcoholism/drug abuse can be analyzed in psychoanalytic terms.
4. ***Creative Behaviour:*** Bringing out the creative talent in employees to some degree is based on psychoanalytic thought. For example, certain stages of the creative process are unconscious in nature.

The above shows that Freud's ideas have proved to be very far-reaching and long lasting. However, the psychoanalytic elements are largely hypothetical constructs and are not measurable, observable items susceptible to scientific analysis and verification. The id, ego, and superego are primarily a "black box" explanation of human beings. That is why most modern behavioural scientists reject the psychoanalytical approach as the total explanation of human personality and behaviours.

Case Study

Studying Cognitive Strategies for Managing a Situation

When students make the transition from high school to college, they face imposing and perhaps threatening tasks. For most, academic success is both important and anxiety-provoking, and so it offers an opportunity to see how personality affects the way individuals meet this challenge. In addressing this question, Nancy Cantor and her colleagues (1987) studied students in the Honors College at the University of Michigan and discovered that successful students did not all follow the same path to academic success.

Each student filled out two lengthy questionnaires during freshman year, the first in early July and the second in January, after the new semester had started. They were also interviewed in depth and took part in an “experience-sampling” study. At random times during the day, a pager would beep, and they would jot down a description of whatever they were doing on an activity report sheet.

The students adopted two distinctly different cognitive strategies for tackling their academic requirements, each reflecting different aspects of personality. Although the strategies had little in common, both groups of students did equally well during their first semester.

Some students adopted a defensive, almost pessimistic, strategy. Despite their history of academic success, they began college with low expectations. Just before they began a task – a term paper, a new assignment, a mid-term exam – they felt anxious and out of control. Yet their uneasiness motivated them to plan their actions so comprehensively that instead of failing, they succeeded. Their approach could be summed up as “I go into academic situations expecting the worst, even though I know I’ll probably do OK.”

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Other students adopted an optimistic strategy. They began college with high expectations. When they approached a task, they felt positive, calm, and in control. They made few plans, but their confidence motivated them to work hard and, like the defensive pessimists, they succeeded. Their approach was sunny: "I generally go into academic situations with positive expectations about how I will do."

The "Pessimists" found the prospect of getting good grades more important, difficult, stressful, challenging, and time-consuming than the "optimists." Yet the experience-sampling reports indicated that both groups spent the same amount of time working on academic tasks. The pessimists were as involved in their studies as the optimists and found their successes just as rewarding. In fact, pessimism was a successful strategy only for students who found academic tasks intrinsically motivating.

Students who were successful optimists succeeded as long as their approach remained optimistic. Those who despite expectations of success, engaged in the sort of detailed planning that enabled pessimists to succeed wound up with lower grade-point averages than the rest.

For students in this study, personality expressed itself in consistent differences in strategies for academic achievement and in the way reflective planning affected their ability to handle threatening academic situations. But, as cognitive theorists maintain, the effect was an interaction of person and situation. Yet the pessimists' apprehension was domain-specific; the researchers noted that the self-concept of pessimists was not negative in other areas and that their pessimism did not extend to their expectations of success in social interaction.

Questions

1. What do analyse about the behavioural pattern of pessimistic people in organisations?
2. What do analyse about the behavioural pattern of optimistic people in organisations?

Source: Richard R. Bootzin, Gordon H. Bower, Jennifer Crocker, "*Psychology Today – An Introduction*" 7th edition, McGraw-Hill, Inc., New York, (1991) Page 523.7.

8.6.2 Humanistic Psychology Framework

Humanistic psychologists emphasize the potential of human beings for growth, creativity and spontaneity. The most influential humanistic psychologists have been Abraham Maslow and Carl Rogers.

1. ***Abraham Maslow and the Self-Actualized Personality:*** Abraham Maslow proposed that people have a hierarchy of needs, the highest of those needs is self-actualization, the fulfilment of a person's potential. He based his theory of personality on the characteristics of healthy, creative people who used all their talents, potential, and capabilities, rather than on studies of disturbed individuals as Freud had done. To determine the characteristics of the self-actualized personality, Maslow made a list of people who in his opinion had achieved their full potential. His list included people he knew personally as well as figures from history. He then sought to discover what they had in common. The characteristics of self-actualized persons are given in the Box 8.2 below.

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Box 8.2: Characteristics of Self-actualized Persons

They are realistically oriented.

They accept themselves, other people, and the natural world for what they are.

They have a great deal of spontaneity.

They are problem-centered rather than self-centered.

They have an air of detachment and a need for privacy.

They are autonomous and independent.

Their appreciation of people and things is fresh rather than stereotyped.

Most of them have had profound mystical or spiritual experiences although not necessarily religious in character.

They identify with mankind.

Their intimate relationships with a few specially loved people tend to be profound and deeply emotional rather than superficial.

Their values and attitudes are democratic.

They do not confuse means with ends.

Their sense of humor is philosophical rather than hostile.

They have a great fund of creativeness.

They resist conformity to the culture.

They transcend the environment rather than just coping with it.

Source: A. Maslow (1954), "*Motivation and personality*", Harper and Row, New York.

Maslow believed that most psychologists were pessimistic, dwelling too heavily on misery, conflict, and hostility that kept people from fulfilling their potential. Instead, he took an optimistic view, stressing people's possibilities and their capacities for love, joy and artistic expression.

2. ***Self-theory of Rogers:*** According to Carl Rogers, human nature is basically good. People have a natural drive toward self-actualization, which means the achievement of their full potential. The drive for self-actualization is the basic drive behind the development of personality. Beginning at an early age, children evaluate themselves and their actions. They learn that what they do is sometimes good and sometimes bad. They develop a self-concept, an image of what they really are, and an ideal self, an image of what they would like to be.

   Unfortunately, children (as well as adults) discover that they are objects of "conditional positive regard". By this term Rogers meant the withholding of love and praise by parents and other powerful people when children do not conform to family standards or to the standards of society. For example, a boy who comes to dinner with dirty hands may be told that he is "disgusting" and be sent away from the table. Because conditions are placed on positive regard, a process begins in which the child learns to act and deal in ways that he or she may find more intrinsically satisfying. To maintain positive regard, children and adults suppress actions and feelings that are unacceptable to important people in their lives. As a result, what Rogers calls "conditions of worth" are established: extraneous standards whose attainment ensures positive regard. If conditions of worth are rigid, so that behaviour can no longer are flexible, emotional problems can arise.

   People who are psychologically adjusted, or – in Roger's term – 'fully functioning' are able to assimilate all their experiences into their self-concept. Such people are open to

experiences, aware, and not defensive; they have harmonious relations with others, and they have unconditional positive self-regard.

To promote human welfare, Rogers maintains, people should relate to one another with unconditional positive regard. Unconditional positive regard is the complete unqualified acceptance of another person as he or she is.

The Goal of an organisational behaviour model: The goal of presenting the frameworks so far discussed is to better understand, not evaluate, the complex phenomena collectively called human behaviour. The field of organisational behaviour serves as the basis for modern human resource management. Prediction and control of human resources are critical to the goals of modern management. Thus, the goals of a model of organisational behaviour are to understand, predict and control human behaviour in organisations.

Task Discuss analytically about at least 2 self actualized persons you have come across with.

8.7 Meaning of Individual Behaviour

Individual behaviour is the ability of an individual to react and interact with others in general or while performing a particular task. It is determined by not just a measure of his practical knowledge or skills in a functional area such as human relations, marketing, or information and communications technologies; but also a reflection of personal experiences, qualities, aptitudes and attitudes.

Employees with good behaviour have high personal effectiveness. It is offered by allowing oneself to make self assessment across a wide range of tasks and activities such as teamwork and presentation skills, and ability to manage stress, to influence others, to plan, to relate to others and to priorities objectives.

To convert one's self-knowledge into action and success, one needs to do three things:

1. Raise the level of awareness
2. Identify one's key development needs
3. Create realistic action plans.

8.7.1 Determinants of Individual Behaviour

There are many determinants of the individual behaviour. The main factors are as under:

1. ***Personality:*** Personality plays the most important role in determining a person's behaviour. There are various personality types and their behaviour differs according to the differences in the persona. But the personalities can be modified and developed in order to be more effective.
2. ***Perception, attribution and individual decision making:*** The performance of an individual also depends to a great extent on what he thinks is right, doable, worth working for, etc.

   Hence a very important role is played by an individual's perception and attribution about various things. Right kind of perceptions and attributions result in right decision making.
3. ***Attitudes, values and ethics:*** What we are is determined up to a big extent by our values, ethics and the attitudes that we develop over the period of our lives.

   These determinants play a major role in influencing an individual's behaviour.

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4. ***Motivation:*** Without motivation, nobody feels like working. Forget about any kind of effectiveness in work. If there is a low motivation to work, it shall definitely show in the quality of the output being produced.

   To have a higher effectiveness, a higher motivation is required. Various motivation techniques help an individual to determine his/her behaviour.

5. ***Stress and well being at work:*** A stressed individual cannot work up to his maximum potential. Thus it is needed by him as well as those working with him to ensure his well being at work. This improves the relationship at the workplace and also the individual behaviour.

6. ***Team skills and leadership skills:*** Since an individual has to work in teams, it is important for him to be a good team player in order to be productive for the organisation.

   Apart from this, an organisation is always looking for personnel who would have leadership qualities so as to lead themselves as well as the others to deliver good quality and quantity of the output.

7. ***Communication:*** Without effective communication, every individual is known as person with weak behaviour. So one should take care of all types of communication and various methods that one uses for communication among teams and across networks.

8. ***Decision making:*** Decision-making ability plays a very significant role in determining and show casing the individual behaviour. This is because the decisions taken by an individual determine the course of future actions as well as the consequences of the actions taken.

9. ***Conflict management:*** Every organisation is group of individuals. Wherever there is a diverse group, there are conflicts. If an individual has attributes that can manage conflicts effectively, it will in turn, definitely improve his behaviour as a worker.

8.7.2 Biographical Characteristics

Biographical characteristics for individual behaviour determination include personal characteristics such as age, gender, marital status, and other such characteristics.

Ladies are known to be more emotional and hence show more sensitive side at work places. They get hurt very easily as well.

Professionals with high ages as compared to the average age of the organisation would feel a little more responsible. In some cases, these people feel a little outcast, in others, such people often discuss about their ages and productivity.

People who are unmarried/singled are more likely to work late hours as compared to those who are married since the latter have to rake care of their dependents (especially kids) back home.

8.8 Personality

When we talk of personality, we don't mean a person who has charm, a positive attitude toward life, a smiling face, or who has won the "miss world" contest. When psychologists talk of personality, they mean a dynamic concept describing the growth and development of a person's whole psychological system. The word 'personality' has interesting etymological origins. It can be traced to the Latin words "per sonare" which translates as "to speak through". The Latin term was used to denote the masks worn by actors in ancient Greece and Rome. This Latin meaning is particularly relevant to the contemporary analysis of personality. Personality traditionally

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refers to how people influence others through their external appearances and actions. But for psychologists, personality includes:

1. Eternal appearances and behaviour
2. The inner awareness of self as a permanent organising force, and
3. The particular organisation of measurable traits, both inner and outer.

Personality is an individual difference that lends consistency to a person's behaviour. Personality is defined as a relatively stable set of characteristics that influence an individual's behaviour. For our purposes, you should think of personality as the sum total of ways in which an individual reacts and interacts with others. This is most often described in terms of measurable personality traits that a person exhibits.

8.8.1 Definition of Personality

Through psychologists and social scientists unanimously agree to the importance of personality, they are unable to come up with a unanimous definition. Many authorities on the subject have defined personality in different ways. Some of the definitions are reproduced below:

Probably the most meaningful approach would be to include both the person and the role as Floyd L Ruch does in his definition. He states that:

"the human personality includes:

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

Gordon Allport gave the most frequently used definition of personality nearly 70 years ago. He said personality is "the dynamic organisation within the individual of those psychophysical systems that determine his unique adjustments to his environment".

J.B Kolasa defines personality as – "Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. To most psychologists and students of behaviour, this term refers to the study of the characteristic traits of an individual, relationships between these traits and the way in which a person adjusts to other people and situations".

According to ***Gluck*** – "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement. Each person has unique ways of protecting these states".

James D Thompson and Donald Van Houten define personality as – "a very diverse and complex psychological concept. The word 'personality' may mean something like outgoing, invigorating interpersonal abilities … but we must also recognize and explain the fact that development results in man acquiring a distinctiveness or uniqueness which gives him identity which enables him and us to recognize him as apart from others. These distinguishing characteristics are summarized by the term 'personality'".

From the above definitions we can say that personality is a very diverse and complex psychological concept. It is concerned with external appearance and behaviour, self, measurable traits, and situational interactions. The words of Clyde Kleeckholn and H.A. Murray can be used to sum up the meaning of this complex term personality, when they said, "to some extent, a person's personality is like all other people's, like some other people's, like no other people's."

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8.8.2 Major Determinants of Personality

What determines personality? Of all the complexities and unanswered questions in the study of human behaviour, this question may be the most difficult. People are enormously complex; their abilities and interests and attitudes are diverse. An early argument in personality research was whether an individual's personality was the result of heredity or environment. Was the personality predetermined at birth, or was it the result of the individual's interaction with his or her environment? Personality appears to be a result of both influences. Additionally, today we recognize another factor – the situation. The problem lies in the fact that cognitive and psychological processes, plus many other variables, all contribute to personality. The problem lies in the fact that the cognitive and psychological processes, plus many other variables, all contribute to personality. The determinants of personality can perhaps best be grouped in five broad categories: biological, cultural, family, social and situational.

1. ***Biological Factors:*** The study of the biological contributions to personality may be studied under three heads:

   (a) *Heredity:* Heredity refers to those factors that were determined at conception. Physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are considered to be inherent from one's parents. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes.

   Research on animals has showed that both physical and psychological characteristics can be transmitted through heredity. But research on human beings is inadequate to support this viewpoint. However, psychologists and geneticists have accepted the fact that heredity plays an important role in one's personality.

   (b) *Brain:* The second biological approach is to concentrate on the role that the brain plays in personality. Though researchers have made some promising inroads, psychologists are unable to prove empirically the contribution of the human brain in influencing personality. The most recent and exciting possibilities come from the work done with electrical stimulation of the brain (ESB) and split-brain psychology. Preliminary results from the electrical stimulation of the brain (ESB) research indicate that a better understanding of human personality and behaviour might come from a closer study of the brain. Work with ESB on human subjects is just beginning. There seem to be definite areas in the human brain that are associated with pain and pleasure. This being true, it may be possible physically to manipulate personality through ESB.

   (c) *Biofeedback:* Until recently, physiologists and psychologists felt that certain biological functions such as brainwave patterns, gastric and hormonal secretions, and fluctuations in blood pressure and skin temperature were beyond conscious control. Now some scientists believe that these involuntary functions can be consciously controlled through biofeedback techniques. In BFT, the individual learns the internal rhythms of a particular body process through electronic signals that are feedback from equipment that is wired to the body. From this biofeedback, the person can learn to control the body process in question. More research is needed on biofeedback before any definitive conclusions can be drawn, but its potential impact could be extremely interesting for the future.

   (d) *Physical features:* A vital ingredient of the personality, an individual's external appearance, is biologically determined. The fact that a person is tall or short, fat or skinny, black or white will influence the person's effect on others and this in turn,

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will affect the self-concept. Practically all would agree that physical characteristics have at least some influence on the personality. According to Paul H Mussen, "a child's physical characteristics may be related to his approach to the social environment, to the expectancies of others, and to their reactions to him. These, in turn, may have impacts on personality development."

If personality characteristics were completely dictated by heredity, they would be fixed at birth and no amount of experience could alter them. But personality characteristics are not completely dictated by heredity. There are other factors also which influence personality.

2. ***Cultural Factors:*** Among the factors that influence personality formation is the culture in which we are raised, early conditioning, norms prevailing within the family, friends and social groups and other miscellaneous experiences that impact us. Traditionally, cultural factors are usually considered to make a more significant contribution to personality than biological factors. The culture largely determines attitudes towards independence, aggression, competition, cooperation and a host of other human responses. According to Paul H Mussen, "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 be reinforced and hence learned." Culture requires both conformity and acceptance from its members. There are several ways of ensuring that members comply with the dictates of the culture. The personality of an individual to a marked extent is determined by the culture in which he or she is brought up. It follows that a person reared in a western culture has a different personality from a person reared in our Indian culture.

3. ***Family Factors:*** Whereas the culture generally prescribes and limits what a person can be taught, it is the family, and later the social group, which selects, interprets and dispenses the culture. Thus, the family probably has the most significant impact on early personality development. A substantial amount of empirical evidence indicates that the overall home environment created by the parents, in addition to their direct influence, is critical to personality development. For example, children reared in a cold, unstimulating home are much more likely to be socially and emotionally maladjusted than children raised by parents in a warm, loving and stimulating environment.

   The parents play an especially important part in the identification process, which is important to the person's early development. According to Mischel, the process can be examined from three different perspectives.

   (a) Identification can be viewed as the similarity of behaviour including feelings and attitudes between child and model.

   (b) Identification can be looked at as the child's motives or desires to be like the model.

   (c) It can be viewed as the process through which the child actually takes on the attributes of the model.

   From all three perspectives, the identification process is fundamental to the understanding of personality development. The home environment also influences the personality of an individual. Siblings (brothers and sisters) also contribute to personality.

4. ***Social Factors:*** There is increasing recognition given to the role of other relevant persons, groups and especially organisations, which greatly influence an individual's personality. This is commonly called the socialization process. Socialization involves the process by which a person acquires, from the enormously wide range of behavioural potentialities that are open to him or her, those that are ultimately synthesized and absorbed. Socialization starts with the initial contact between a mother and her new infant. After

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infancy, other members of the immediate family – father, brothers, sisters and close relatives or friends, then the social group: peers, school friends and members of the work group – play influential roles.

Socialization process is especially relevant to organisational behaviour because the process is not confined to early childhood, taking place rather throughout one's life. In particular, evidence is accumulating that socialization may be one of the best explanations for why employees behave the way they do in today's organisations.

5. ***Situational Factors:*** Human personality is also influenced by situational factors. The effect of environment is quite strong. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. An individual's personality, while generally stable and consistent, does change in different situations. The varying demands of different situations call forth different aspects of one's personality. According to Milgram, "Situation exerts an important press on the individual. It exercises constraints and may provide push. In certain circumstances, it is not so much the kind of person a man is, as the kind of situation in which he is placed that determines his actions". We should therefore not look at personality patterns in isolation.

8.8.3 Theories of Personality

Over time, researchers have developed a number of personality theories and no theory is complete in itself. The theories can be conveniently grouped under four heads:

1. Intrapsychic Theory
2. Type Theories
3. Trait Theories, and
4. Self-Theory

Intrapsychic Theory

Based on the work of Sigmund Freud, Intrapsychic theory emphasizes the unconscious determinants of behaviour. Freud saw personality as the interaction between three elements of personality: the id, ego, and superego. The id is the most primitive element, a primordial source of drives and impulses that operates in an uncensored manner. The superego, similar to what we know as conscience, contains values and the "shoulds and should nots" of the personality. There is an ongoing conflict between the id and the superego. The ego serves to manage the conflict between the id and the superego. In this, role, the ego compromises, and the result is the individual's use of defence mechanisms such as denial of reality.

Components of Personality

Freud proposed a new conception of the personality, one that contains three systems – the id, the ego, and the superego. These systems do not exist physically; they are only concepts, or ways of looking at personality.

1. ***Id:*** The id is the only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious. The id contains:
   (a) The life instincts, which are sexual instincts and the biological urges such as hunger and thirst, and
   (b) The death instinct, which accounts for our aggressive and destructive impulses.

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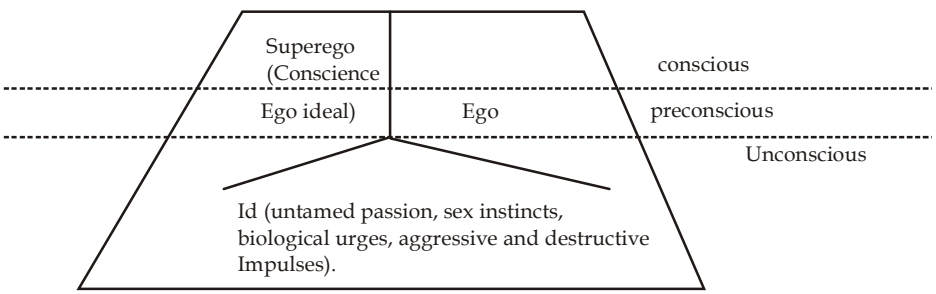
The id operates according to the pleasure principle, that is, to seek pleasure, avoid pain and gain immediate gratification of its wishes. The id is the source of the libido, the psychic energy that fuels the entire personality. Yet the id cannot act on its own; it can only wish, image, fantasize, and demand.

2. ***Ego:*** The ego is the logical, rational, realistic part of the personality. The ego evolves from the id and draws its energy from the id. One of the functions of the ego is to satisfy the id's urges. But the ego, which is mostly conscious, acts according to the reality principle. It must consider the constraints of the real world in determining appropriate times, places, and object for gratification of the id's wishes.

According to Freud, personality is composed of three structures or systems: the id, the ego and the superego. Their characteristics are diagrammed and described here:

Figure 8.5: Freud's Conception of the Personality



Structure	Level of consciousness	Characteristics
Id	Unconscious	Primitive component containing the sexual instincts, biological urges, aggressive and destructive impulses. Source of the libido. Operates according to the pleasure principle, seeking immediate gratification. Impulsive, amoral, and selfish.
Ego	Largely conscious Partly unconscious	Logical, rational component, which functions to satisfy the id's urges and carry out transactions in the real world. Acts according to the reality principle.
Superego	Both conscious and unconscious	The moral component, consisting of the conscience and the ego ideal. Sets moral guidelines, which limit the flexibility of the ego.

Source: Samuel E Wood and Ellen Green Wood "*The World of Psychology*", Allyn and Bacon, Boston (Second Edition) 1996, page 439.

3. ***Superego:*** When the child is age 5 or 6 the superego – the moral component of the personality – is formed. The superego has two parts:

   (a) The "conscience", consisting of all the behaviours for which we have been punished and about which we feel guilty;

   (b) The "ego ideal", containing the behaviours for which we have been praised and rewarded and about which we feel pride and satisfaction.

In its quest for moral perfection, the superego, a moral guide, sets up signposts that define and limit the flexibility of ego.

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Defence Mechanisms

A defence mechanism is a technique used to defend against anxiety and to maintain self-esteem, but it involves self-deception and the distortion of reality. We use defence mechanisms to protect ourselves from failure and from guilt arousing desires or actions. All of us use defence mechanisms to some degree; it is only their overuse that is considered abnormal.

1. ***Repression:*** According to Freud, repression is the most important and frequently used defence mechanism. Repression operates in two ways:

   (a) It can remove painful or threatening memories, thoughts, ideas or perceptions from consciousness and keep them in the unconscious.

   (b) It can prevent unconscious but disturbing sexual and aggressive impulses from breaking into consciousness.

2. ***Projection:*** We use projection when we attribute our own undesirable impulses, thoughts, personality traits or behaviour to others, or when we minimize the undesirable in ourselves and exaggerate it in others. Projection allows us to avoid acknowledging our unacceptable traits and thereby to maintain our self-esteem, but it seriously distorts our perception of the external world. For example, (1) A sexually promiscuous wife may accuse her husband of being unfaithful. (2) A dishonest man may think everyone is out to cheat him.

3. ***Denial:*** It is a refusal to acknowledge consciously or to believe that a danger or a threatening condition exists. For example, (1) Smokers use denial when they refuse to admit that cigarettes are a danger to their health. (2) Many people who abuse alcohol and drugs deny that they have a problem.

   Yet denial is sometimes useful as a temporary means of getting through a crisis until a more permanent adjustment can be made, such as when people initially deny the existence of a terminal illness.

4. ***Rationalization:*** It Occurs when we unconsciously supply a logical, rational, or socially or personally acceptable reason rather than accept the real reason for an action or event. Rationalization can be used to justify past, present, or future behaviours or to soften the disappointment connected with not attaining a desired goal. When we rationalize, we make excuses for – or justify – our failures and mistakes.

5. ***Regression:*** Sometimes, when frustrated or anxious, we may use regression and revert to behaviour that might have reduced anxiety at an earlier stage of development. For example, an adult may have a temper tantrum, rant and rave or throw things.

6. ***Reaction Formation:*** It is at work when people express exaggerated ideas and emotions that are the opposite of their disturbing, unconscious impulses and desires. In reaction formation, the conscious thought or feeling masks the unconscious one. For example, a former chain smoker becomes irate and complains loudly at the faintest whiff of cigarette smoke.

7. ***Displacement:*** Occurs when we substitute a less threatening object or person for the original object of a sexual or aggressive impulse. For example, if your boss makes you angry, you may take out your hostility on your wife.

8. ***Sublimation:*** With sublimation, we re-channel sexual or aggressive energy into pursuits or accomplishments that society considers acceptable or even praiseworthy. For example, an aggressive person may re-channel the aggression and become a football player. A boxer with a 'bad guy' image, like 'Iron' Mike Tyson, might talk of becoming an evangelist. Freud viewed sublimation as the only completely healthy ego defence mechanism.

Type Theories

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The type theories represent an attempt to put some degree of order into the chaos of personality theory. The type theory represents an attempt to scientifically describe personality by classifying individuals into convenient categories. Two categories of type theories are explained below:

1. ***Sheldon's Physiognomy Theory:*** William Sheldon has presented a unique body-type temperamental model that represents a link between certain anatomical features and psychological traits with distinguishing characteristics of an individual and his behaviour. The physique or body-type theories have concentrated on determining a relationship between features of the face or body, and personality. Sheldon identifies three body types:

   (a) *Endomorph:* He is bulky and beloved. Sheldon's endomorph to be rather fat, thick in proportion to his height. His personality temperament is viscertonic (the person seeks comfort, loves fine food, eats too much, is jovial, affectionate and liked by all).

   (b) *Mesomorph:* He is basically strong, athletic and tough. All appreciate his physique. In fact, it is this personality all other "morphs" wish for. According to Sheldon, he will tend to be somatotonic (he is fond of muscular activity; he tends to be highly aggressive, and self-assertive).

   Sheldon contends that most physiques are mixture of three components.

Table 8.2: Body Types and Behavioural Correlations

	Body Type	Behavioural Temperament
Endomorphy	Softness and spherical appearance; highly developed abdominal area; underdevelopment of bone, muscle, etc.	The endomorphic type of individual usually has a love for comfort, eats heavily, likes to be around people and desires affection. He is even tempered, shows a relaxed posture, reads showily, and is tolerant of others, and easy to get along with others. He prefers to be led than to lead.
Mesomorphy	Hard and rectangular physique with a predominance of bone and muscle; strong, tough and injury-resistant body; well equipped for strenuous physical demands.	The mesomorphic individual likes physical adventure and risk-taking. He needs muscular and vigorous physical activity. He is aggressive and insensitive toward others. He tends to be noisy and courageous; he desires action, power, and domination. He is athletic and seeks outdoor activity.
Ectomorphy	Linear and fragile; flat chest and delicate body; usually thin and light-muscled.	He displays restraint, inhibition, and desire for concealment. He tends to be distrustful of people. He works well in closed areas. He reacts quickly, sleeps poorly, and prefers solitude when his mind is troubled. Also, he prefers not to attract attention to himself. Typically, he is anxious, ambitious, and dedicated.

Source: David Laeless, "*Effective Management Special Psychological Approach*" (1972), Prentice-Hall, Englewood Cliffs, NJ.

   (c) *Ectomorph:* These people are thin, long and poorly developed physically. Though physically weak, he leads the league in the intelligent department. His temperament is cerebrotonic (excessive inhibition, restraint, and avoidance of social contact). He is labelled as absent-minded, shy, but brilliant university professor stereotype.

2. ***Carl Jung's Extrovert-introvert Theory:*** The way to type personality is in terms of behaviour or psychological factors. Jung's introvert and extrovert types are an example. However, as Jung himself pointed out, the introvert-extrovert typology turns out to be more in the

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nature of a continuum than discrete, separate types. Carl Jung proposed his own two-part theory of personality. These two types are:

(a) *Extrovert:* They are optimistic, outgoing, gregarious and sociable. Extroverts are basically objective, reality-oriented individuals who are more doers than thinkers.

(b) *Introverts:* By contrast, introverts are more inward-directed people. They are less sociable, withdrawn and absorbed in inner life. They tend to be guided by their own ideas and philosophy.

Few people are complete introverts or extroverts, but the mixture of these two ingredients determines the kind of overall personality of an individual.

At the base of Jung's theory, lies the explanation that the personality has four dimensions:

(a) *Thinking:* It includes logical reasoning (rational, analytic)

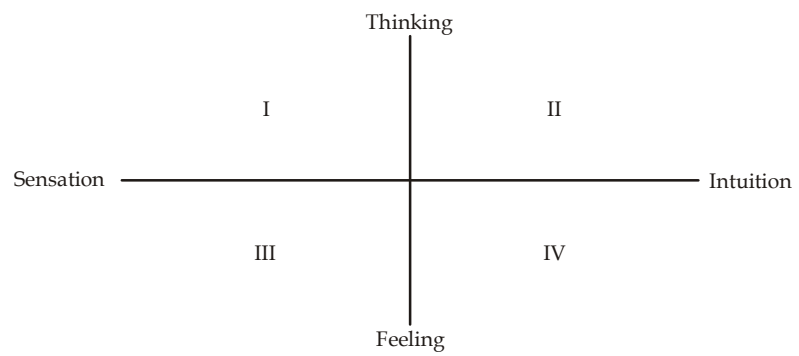
(b) *Feeling:* It refers to the interpretation of a thing or event on a subjective scale (emotional, effect)

(c) *Sensation:* It deals with perception of things in a general sense (factual and concrete)

(d) *Intuition:* It is based on unconscious inner perception of the potentialities of events or things (associative or gestalt)

Carl Jung's functions can be thought of as sitting at the ends of orthogonal axes as depicted in the following Figure 8.6.

Figure 8.6: Carl Jung's Extrovert-introvert Theory



Source: Carl Jung "Analytical Psychology" in Psychology of Personality: Readings in Theory (ed.), William S Sahakian, Chicago, Rand McNally 1965.

Type I: Person is a sensation – thinking individual, is basically analytic, oriented toward the present. He/she is primarily interested in facts, and extremely practical in outlook and approach.

Type II: Persons are intuition – thinking. He/she is rational, analytic, takes a broad view, and is sociable.

Type III: Person is sensation – feeling. He/she is factual, wishes to grasp tangible things, but is emotional and

Type IV: Persons are intuition – feeling. He/she is emotional, sociable, takes a broad view, and is more prone than others to hypothesizing.

Trait Theories

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Some early personality researchers believed that to understand individuals, we must break down behaviour patterns into a series of observable traits. According to trait theory, combining these traits into a group forms an individual's personality. A personality trait can be defined as an "enduring attribute of a person that appears consistently in a variety of situations". In combination, such traits distinguish one personality from another.

A trait is a personal characteristic that is used to describe and explain personality. It is a list of relatively stable and consistent personal characteristics. Trait theories are attempts to explain personality and differences between people in terms of their personal characteristics.

1. ***Gordon Allport's Personality Traits:*** Claims that personality traits are real entities, physically located somewhere in the brain. We each inherit our own unique set of raw material for given traits, which are then shaped by our experiences. Traits describe the particular way we respond to the environment and the consistency of that response. If we are shy, we respond to strangers differently than if we are friendly; if we are self-confident, we approach tasks differently than if we feel inferior. Recent research in behavioural genetics supports the notion that the genes influence certain personality characteristics.

   Allport identified two main categories of traits:

   (a) *Common Traits:* Common traits are those we share or hold in common with most others in our own culture.

   (b) *Individual Traits:* According to Allport, there are three individual traits: cardinal, central and secondary traits.

      (i) Cardinal Traits: A cardinal trait is "so pervasive and outstanding in a life that almost every act seems traceable to its influence". It is so strong a part of a person's personality that he may become identified with or known for that trait.

      (ii) Central Traits: According to Allport, are those that we would "mention in writing a careful letter of recommendation".

      (iii) Secondary Traits: The secondary traits are less obvious, less consistent and not as critical in defining our personality as the cardinal and central traits. We have many more secondary traits than cardinal or central traits. Examples of secondary traits are food and music preferences.

2. ***Raymond Cattell's 16 Personality Factors:*** Raymond Cattell considered personality to be a pattern of traits providing the key to understanding and predicting a person's behaviour. Cattell identified two types:

   (a) *Surface Traits:* Observable qualities of a person like honest, helpful, kind, generous etc., Cattell called these "surface traits".

   (b) *Source Traits:* Make up the most basic personality structure and, according to Cattell, actually cause behaviour. Even though we all possess the same source traits, we do not all possess them in the same degree. Intelligence is a source trait, and every person has a certain amount of it but, obviously not exactly the same amount or the same kind.

   Cattel found 23 source traits in normal individuals, 16 of which he studied in great detail. Cattell's sixteen-personality factors questionnaire, commonly called the "16 P.F Test", yields a personality profile. The Cattell personality profile can be used to provide a better understanding of a single individual or to compare an individual's personality profile with that of others.

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The trait approach has been the subject of considerable criticism. Some theorists argue that simply identifying traits is not enough; instead, personality is dynamic and not completely static. Further, trait theorists tended to ignore the influence of situations.

Self-theory

The psychoanalytic, type and trait theories represent the more traditional approach to explaining the complex human personality. Of the many other theories, the two that have received the most recent emphasis and that are probably most relevant to the study of organisational behaviour are the self and social theories of personality.

Self-theory rejects both psychoanalytic and behaviouristic conceptions of human nature as too mechanistic, portraying people as creatures helplessly buffeted about by internal instincts or external stimuli.

Carl Rogers is most closely associated with his approach of self-theory. Rogers and his associates have developed this personality theory that places emphasis on the individual as an initiating, creating, influential determinant of behaviour within the environmental framework.

Carl Rogers developed his theory of personality through insights gained from his patients in therapy sessions. Rogers viewed human nature as basically good. If left to develop naturally, he thought, people would be happy and psychologically healthy.

According to Rogers, we each live in our own subjective reality, which he called the phenomenological field. It is in this personal, subjective field that we act and think and feel. In other words, the way we see is the way it is – for us. Gradually, a part of the phenomenological field becomes differentiated as the self. The self-concept emerges as a result of repeated experiences involving such terms as "I", "me" and "myself". With the emerging self comes the need for positive regard. We need such things as warmth, love, acceptance, sympathy and respect from the people who are significant in our lives. But there are usually strings attached to positive regard from others.

Conditions of Worth: Our parents do not view us positively regardless of our behaviour. They set up conditions of worth – conditions on which their positive regard hinges. Conditions of worth force us to live and act according to someone else's values rather than our own. In our effort to gain positive regard, we deny our true self by inhibiting some of our behaviour, denying, distorting some of our perceptions and closing ourselves to parts of our experience. In doing so, we experience stress and anxiety and our whole self-structure may be threatened.

Unconditional Positive Regard: According to Rogers, a major goal of psychotherapy is to enable people to open themselves up to experiences and begin to live according to their own values rather than the values of others in order to gain positive regard. He calls his therapy "person-centred therapy". Rogers believes that the therapist must give the client unconditional positive regard, that is, positive regard no matter what the client says, does, has done, or is thinking of doing. Unconditional positive regard is designed to reduce threat, eliminate conditions of worth, and bring the person back in tune with his true self.

8.8.4 Personality Characteristics in Organisations

Managers should learn as much as possible about personality in order to understand their employees. Hundreds of personality characteristics have been identified. We have selected eight characteristics because of their particular influences on individual behaviour in organisations. They are:

1. ***Locus of Control:*** Some people believe they are masters of their own fate. Other people see themselves as pawns of fate, believing that what happens to them in their lives is due

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to luck or chance. An individual's generalized belief about internal (self) versus external (situation or others) control is called locus of control.

(a) *Internals:* Those who believe they control their destinies have been labelled internals. Internals (those with an internal locus of control) have been found to have higher job satisfaction, to be more likely to assume managerial positions, and to prefer participative management styles. In addition, internals have been shown to display higher work motivation, hold stronger beliefs that effort leads to performance, receive higher salaries and display less anxiety than externals (those with an external locus of control).

(b) *Externals:* Externals are those individuals who believe that what happens to them is controlled by outside forces such as luck or chance. Externals prefer a more structured work setting and they may be more reluctant to participate in decision-making. They are more compliant and willing to follow directions.

Research on locus of control has strong implications for organisations. A large amount of research comparing internals with externals has consistently shown that individuals who rate high in externality are less satisfied with their jobs, have higher absenteeism rates, are more alienated from the work setting, and are less involved on their jobs than internals. Why are externals more dissatisfied? The answer is probably because they perceive themselves as having little control over those organisational outcomes that are important to them. Knowing about locus of control can prove valuable insights to managers. Because internals believe that they control what happens to them, they will want to exercise control in their work environment. Allowing internals considerable voice in how work is performed is important. Internals will not react well to being closely supervised. Externals, in contrast, may prefer a more structured work setting, and they may be more reluctant to participate in decision-making.

Therefore, internals do well on sophisticated tasks – which includes most managerial and professional jobs – that require complex information processing and learning. Additionally, internals are more suited to jobs that require initiative and independence of action. In contrast, externals should do well on jobs that are well structured and routine and where success depends heavily on complying with the directions of others.

2. ***Machiavellianism:*** Niccolo Machiavelli was a sixteenth century Italian statesman. He wrote "The Prince", a guide for acquiring and using power. The primary method for achieving power that he suggested was manipulation of others. Machiavellianism then is a personality characteristic indicating one's willingness to do whatever it takes to get one's way. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. "If it works, use it", is consistent with a high-Mach perspective.

High-Machs believe that any means justify the desired ends. They believe that manipulations of others are fine if it helps achieve a goal. Thus, high-Machs are likely to justify their manipulative behaviour as ethical. They are emotionally detached from other people and are oriented towards objective aspects of situations.

R. Christie and F.L. Geis, have found that high-Machs flourish

(a) When they interact fact-to-face with others rather than indirectly.

(b) When the situation has a minimum number of rules and regulations, thus allowing latitude for improvisation, and

(c) When emotional involvement with details irrelevant to winning distracts low-Machs.

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A high-Mach individual behaves in accordance with Machiavelli's ideas, which include the notion that it is better to be feared than loved. High-Machs tend to use deceit in relationships, have a cynical view of human nature and have little concern for conventional notions of right and wrong. They are skilled manipulators of other people, relying on their persuasive abilities. High-Machs are suitable in jobs that require bargaining skills or where there are substantial rewards for winning (example: commissioned sales).

3. ***Self-esteem:*** Self-esteem is an individual's general feeling of self-worth. Individuals with high self-esteem have positive feelings about themselves, perceive themselves to have strength as well as weaknesses, and believe their strengths are more important than their weaknesses. Individuals with low self-esteem view themselves negatively. They are more strongly affected by what other people think of them, and they compliment individuals who give them positive feedback while cutting down people who give them negative feedback.

   Research on self-esteem (SE) offers some interesting insights into organisational behaviour.

   (a) *High-SEs:* People with High SEs

      (i) Believe they possess more of the ability they need in order to succeed at work.

      (ii) Individuals with high SE will take more risks in job selection and are more likely to choose unconventional jobs.

      (iii) They are more satisfied with their jobs.

   (b) *Low-SEs:* People with low SEs

      (i) Are more susceptible to external influence.

      (ii) They depend on the receipt of positive evaluations from others.

      (iii) They tend to be concerned with pleasing others and therefore, are less likely to take unpopular stands.

      (iv) They are less satisfied with their jobs.

   Self-esteem may be strongly affected by situations. Success tends to raise self-esteem, whereas failure tends to lower it. Given that high self-esteem is generally a positive characteristic, managers should encourage employees to raise their self-esteem by giving them appropriate challenges and opportunities for success.

4. ***Self-efficacy:*** Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to slacken their effort or give up altogether, whereas those with high self-efficacy will try harder to master the challenge. In addition, individuals high in self-efficacy seem to respond to negative feedback with increased effort and motivation; those low in self-efficacy are likely to reduce their effort when given negative feedback.

   Individuals with high self-efficacy believe that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. There are four sources of self-efficacy:

   (a) Prior experiences

   (b) Behaviour models – witnessing the success of others

   (c) Persuasion from other people and

   (d) Assessment of current physical and emotional capabilities.

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Believing in one's own capability to get something done is an important facilitator of success. There is strong evidence that self-efficacy leads to high performance on a wide variety of physical and mental tasks. Managers can help employees develop their self-efficacy. This can be done by providing avenues for showing performance, and rewarding an employee's achievements.

5. ***Self-monitoring:*** A characteristic with great potential for affecting behaviour in organisations is self-monitoring. Self-monitoring refers to an individual's ability to adjust his or her behaviour to external situational factors.

   High self-monitors pay attention to what is appropriate in particular situations and to the behaviour of other people, and they behave accordingly. Low self-monitors, in contrast, are not as vigilant to situational cues, and act from internal states rather than paying attention to the situation. As a result, the behaviour of low self-monitors is consistent across situations. High self-monitors, because their behaviour varies with the situation, appears to be more unpredictable and less consistent. High self-monitors are capable of presenting striking contradictions between their public persona and their private self. Low self-monitors can't disguise themselves this way.

6. ***Positive/Negative Affect:*** Individuals who focus on the positive aspects of themselves, other people, and the world in general are said to have positive affect. In contrast, those who accentuate the negative in themselves, others, and the world are said to possess negative affect. Employees with positive affect are absent from work less often. Individuals with negative affect report more work stress. Negative individual affect produces negative group affect and this leads to less cooperative behaviour in the work group. Managers can do several things to promote positive affect, including allowing participative decision making and providing pleasant working conditions.

7. ***Risk-taking:*** People differ in their willingness to take chances. This propensity to assume or avoid risk has been shown to have an impact on how long it takes managers to make a decision and how much information they require before making their choice. High-risk-taking managers make more rapid decisions and use less information in making their choices than low-risk-taking managers.

   While, it is generally correct to conclude that managers in organisations are risk aversive, there are still individual differences on this dimension. As a result, it makes sense to recognize these differences and even to consider aligning risk-taking propensity with specific job demands. For example, a high-risk-taking propensity may lead to more effective performance for a stockbroker but these personality characteristics might prove a major obstacle for an auditor.

8. ***Type A Personality:*** Type A behaviour pattern is a complex of personality and behavioural characteristics, including competitiveness, time urgency, social status, insecurity, aggression, hostility and a quest for achievements. Type A personality individual is "aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons".

   Type A Personalities

   (a) Are always moving, walking, and eating rapidly;

   (b) Feel impatient with the rate at which most events take place;

   (c) Strive to think or do two or more things simultaneously;

   (d) Cannot cope with leisure time; and

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(e) Are obsessed with numbers, measuring their success in terms of how much of everything they acquire.

The alternative to the Type A behaviour pattern is the Type B behaviour pattern. People with Type B personalities are relatively free of the Type A behaviours and characteristics. Type B personalities are "rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time".

Type B Personality

(a) Never suffer from a sense of time urgency with its accompanying impatience;

(b) Feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation;

(c) Play for fun and relaxation, rather than to exhibit their superiority at any cost; and

(d) Can relax without guilt.

Organisations can also be characterized as Type A or Type B organisations. Type A individuals in Type B organisations and Type B individuals in Type A organisations experience stress related to a misfit between their personality type and the predominant type of the organisation.

8.9 Ability

By ability, different people mean different things at different times. Ability may be:

1. Aptitude
2. Intelligence
3. Skill
4. Expertise

All these abilities determine individual behaviour largely. Let us go through them one by one.

1. ***Aptitude:*** An aptitude is an essential component of a competency to do a certain kind of work at a certain level. Aptitude may be innate, acquired, learned or developed. It may be physical or mental. Aptitude is better applied intra-individually to determine what tasks a given individual is relatively more skilled at performing. Inter-individual aptitude differences are typically not very significant due to IQ differences.
2. ***Intelligence:*** Intelligence is a broad term used to describe a property of the mind that encompasses many related abilities, such as the capacities to reason, to plan, to solve problems, to think abstractly, to comprehend ideas, to use language, and to learn.

   Intelligence of a person is partly dependent on brain structure and the genes shaping brain development. Similarly, family environmental factors may have an effect upon one's intelligence.
3. ***Skill:*** A skill is also called as talent. It is the learned capacity to carry out pre-determined results often with the minimum outlay of time, energy, or both. Skills can often be divided into domain-general and domain-specific skills.

Example: 1. In the domain of work, some general skills would include time management, teamwork and leadership, self motivation and others.

2. Domain-specific skills would be useful only for a certain job.

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Skill usually requires a certain environmental stimuli and situation to assess the level of skill being shown and used.

4. ***Expertise:*** Expertise may be explained as expert advice or opinion. When you are a leader, the people you lead will look up to you. They will be dependent on your expertise to help them succeed. If they cannot depend on you to guide them, you will fail as a leader. Leadership behaviour is showcase by people who have an expertise on one or more areas of work. To succeed, the people you lead will need to see you as being an expert.

Task Analyse at least five people around you and enlist their positive as well as negative qualities in terms of professionalism.

Case Study

Acer making it easy

Stan Shih is a national hero in Taiwan; Acer is a successful international brand. The computer industry is one of the most competitive in the world, having always been dominated by the giants such as IBM. So, how has a Taiwanese company become the third largest manufacturer of personal computers (PCs) in the world, creating a respected, and sometimes feared, brand? How has the company managed to break away from the "Made in Taiwan" image, which like many countries in Asia has been associated with sub-standard products?

The answer is, of course, the careful construction of a strong brand image. From the very beginning, Shih realized that this was the great challenge, and he positioned his products more at the higher end of the market than any other Taiwanese products had been previously. For example, when entering the Japanese market, he priced his products the same as theirs to avoid the poor-quality image associated with lower-priced products. This was an important signal emitted by the brand—that Acer-branded products were not to be classified as commodities.

Acer Computer has always spent huge sums of money on research and development, and in this respect, tends to follow the Japanese technology companies. Shih believes in "innovalue"–using innovation to create value in the design and production of cutting-edge products–and leading the industry. It is Shih's company that has actually positioned the PC as an aesthetically pleasing home appliance, and this philosophy is summed up in the new corporate mission statement: "Fresh Technology Enjoyed by Everyone, Everywhere." Fresh does not imply new but the best, namely, proven high-value, low-risk technology that is affordable to everyone, and has a long lifespan.

Fresh also refers to innovation based on mature technology that is user-friendly, reasonably priced, and enjoyed by everyone, everywhere. Acer Computer has a long history of innovation, and continues to add to this brand strength at every opportunity. Acer Computer's aim is to become more consumer-oriented, as it believes that PCs will become consumer-electronic products with a wider range of uses and applications in the areas of communications, entertainment, and education. Acer Computer, therefore, has to become an expert in consumer electronics as well as personal computing. Shih refers to this as a shift from being 'technology-centric" to "consumer-centric." The computer industry has always been the former, emphasizing products more than people. Acer Computer is, thus,

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repositioning itself to become a customer-centric intellectual-property and service company, as signified by its new slogan: "Acer, Bringing People and Technology Together." To Shih, intellectual property is the value added to the product. Acer adds value by enhancing consumer perceptions of the benefit or value of a product, based on know-how, packaging, design, accessibility, comfort, user-friendliness, and niche solutions—the tangible qualities of its products. This is how Acer Computer is building on its already strong international brand, to become a global brand. It wants to help people to enjoy their work and their lives.

One way in which Acer Computer is trying to manage the perceptions of its audience and getting them to think of the company as a major player is through more international exposure, such as its US$10-million sponsorship of the 1998 Asian Games. It succeeded in bringing the company greater international exposure. Another way Acer Computer is managing customers' perception of the company is by partnering overseas companies. By doing this, Acer Computer achieves its overall philosophy of "global brand, local touch," and also hopes to further the perception of being a global brand.

However, Acer still has to make the leap from being a regional brand to a global one. Although the company manufactures computers for IBM and other major companies, it does not get due credit. In 1998, it was ranked third in the world as a PC manufacturer, but occupied only eighth spot in brand sales. Since then, it has moved to seventh place, according to the company. In the largest single market in the world–the United States – Acer's market share in 1998 was less than 5%. Acer has to cross the bridge, from world-class manufacturer and regional-market leader to global player. If the result depends solely on Stan Shih's enthusiasm, energy, and ambition, then there will be no doubt about the outcome. But consumers, both corporate and individual, make global brands happen, and therein lies the challenge of changing and managing their perceptions.

Questions

1. What are the personality traits revealed prominently in 'Stan Shih'?
2. How can 'innovalue' add value to a business operation?
3. What other alternative strategies may be taken by the organisation to be profitable in this global competitive world? Does personality pay any role in it? Justify.

Source: Jayantee (Mukherkjee) Saha, *Management and Organisational Behaviour*, First Edition, Excel Books, 2006.

8.10 Summary

- Organisational behavior is the study and application of knowledge about how people, individuals, and groups act in organisations.
- It does this by taking a system approach, i.e., it interprets people-organisation relationships in terms of the whole person, whole group, whole organisation, and whole social system.
- Its purpose is to build better relationships by achieving human objectives, organisational objectives, and social objectives.
- Organisational behavior encompasses a wide range of topics, such as human behavior, change, leadership, teams, etc.
- There are many theories and models to determine and modify organisational behaviour.
- Personality plays the most important role in determining the level of individual effectiveness.

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- Various determinants and theories have proven that the individual personality can be developed in order to develop one's effectiveness.
- The personality not only develops but also changes according to various situations.

8.11 Keywords

Competencies: Through learning and experience, each person has acquired a unique set of skills for dealing with various situations.

Conscience: The behaviours for which we have been punished and about which we feel guilty.

Ectomorph: According to Sheldon's Physiognomy Theory, he has thin, long and poorly developed body.

Ego: The ego is the logical, rational, realistic part of the personality. The ego evolves from the id and draws its energy from the id.

Encoding: Each person has a unique way of perceiving and categorizing experience. One person may see a situation as threatening while another sees it as challenging, and the way it is encoded determines the response.

Endomorph: According to Sheldon's Physiognomy Theory, endomorph is bulky and beloved type of person.

Expectancies: Through learning, each person has acquired different expectations of being rewarded or punished for various kinds of behaviour.

Id: The only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious.

Intuition: It is based on unconscious inner perception of the potentialities of events or things.

Mesomorph: According to Sheldon's Physiognomy Theory, he has a strong, athletic and tough body type.

Super Ego: The moral component of the personality.

8.12 Self Assessment

State whether the following statements are true or false:

1. Projection means turning an inward threat into a threat from the external world.
2. Denial means refusal to recognize an opportunity.
3. Humanistic Psychologists emphasize the potential of human beings for growth, creativity and leadership.
4. Repression means keeping threatening thoughts as a secret with most trusted colleague.
5. According to Freud, Id is the core of conscious.

Choose the appropriate answers:

6. Which of the following is not a defense mechanism used by ego?

   (a) Repression (b) Regression

   (c) Progression (d) Sublimation

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7. Ego is concerned with

   (a) consequences (b) rewards

   (c) punishments (d) all of these

8. Which of the following is not a part of reinforcement process?

   (a) Vicarious (b) Vivacious

   (c) Direct (d) Self administered

9. Carl Rogers developed his theory of personality through insights gained from his patients in therapy sessions.

   (a) Counseling (b) therapy

   (c) moral (d) interrogative

10. How many traits did Cattel find in normal individuals?

   (a) 21 (b) 22

   (c) 23 (d) 24

8.13 Review Questions

1. Critically evaluate social cognitive framework.
2. A woman who has been angry at her boss at the workplace comes back home and yells at her baby and husband. What is the reason behind it? Discuss technically.
3. Do you agree with the statement that Maslow had an optimistic view towards the people's capacities? Discuss your argument with supportive reasons.
4. According to you, in which situations can the superego conflict with the ego?
5. A student with a poor academic record wants to become a doctor, asserting that somehow one day. It will all work out. Why so? What would you do to change his approach?
6. A manager needs a conceptual framework and a specific model for attaining the goals of understanding, predicting and controlling the organisational behaviour. Justify the statement.
7. Explain a specific example of a time when you used good judgment and logic in solving a problem.
8. Elucidate upon a recent situation in which you had to deal with a very upset customer or co-worker.
9. Are you a team player? If yes, what are the qualities that make you so. If no, what are the qualities you need to develop?
10. Ladies are known to be more emotional than their male counterparts at the workplace. Why do you agree/disagree with this? If yes, do you think they are more gullible? If no, do you think vice versa?
11. "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement." Comment.

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12. As a manager HR, how would you deal with a person who has an independent and aggressive work attitude due to his cultural background and is a better performer than the rest of the employees who do their work with full grit but lack that enthusiasm?

13. Illustrate through examples how is human personality influenced by situational factors?

Answers: Self Assessment

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

8.14 Further Readings

Books

AJ Melcher, *Structure and Process of Organisation*, Prentice Hall, New Jersey.

LA Allen, *Management and Organisation*, McGraw Hill Company, New York.

PF Drucker, *The Practices of Management*, Allied Publishers, New Delhi.

PG Aquinas, *Organisational Behaviour*, Excel Books.

Stephen P Robbins, *Organisational Behavior*, Prentice Hall, New Delhi.

Online links

www.citehr.com

www.elsevier.com

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Unit 9: Learning, Attitudes and Values

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Objectives

After studying this unit, you will be able to:

- Discuss the process of learning
- Identify components and determinants of learning
- Explain theories of learning
- Identify components of attitudes
- State the cognitive dissonance theory
- Differentiate between instrumental and terminal values

Introduction

Learning is a term frequently used by a great number of people in a wide variety of contexts. Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience Learning is thus a change in behaviour as a result of experience.

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something. As individuals, we respond favourably or unfavourably towards many things: co-workers, bosses, our own appearances, etc. The importance of attitudes lies in their link to behaviour. When an employee says, "I like my job", he or she is expressing his or her attitude about work.

9.1 Meaning of Learning

There are two primary elements in this definition:

1. 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 learning experience. For example you "learn" to drive a car or have learned how to use a computer.
2. This change must occur due to some kind of experience or practice. This learning is not caused by biological maturation. For example a child does not learn to walk, it is a natural biological phenomenon. We do not learn to eat or drink.

Learning is thus a change in behaviour as a result of experience. Different psychologists and behavioural scientists have defined learning differently. Given below are a few important definitions of learning:

"*Learning is any relatively permanent change in behaviour that occurs as a result of experience*".

Stephen P. Robbins

"*Learning is the process of having one's behaviour modified, more or less permanently, by what he does and the consequences of his action, or by what he observes*".

Munn N.L.

"*Learning can be defined as relatively permanent change in behaviour potentially that results from reinforced practice or experience*".

Steers and Porter

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Accordingly, as a unique determinant of behaviour, learning cannot take place unless the learner actually experiences what has to be learned.

9.2 Types of Learners

There are following types of learners:

1. ***Visual Learners:***
   (a) Visual learners learn primarily through the written word.
   (b) They tend to be readers who diligently take down every word.
2. ***Auditory Learners:***
   (a) Auditory learners learn primarily through listening.
   (b) They focus their ears and attention on your words, listening carefully to everything you say.
   (c) They like to talk rather than write and relish the opportunity to discuss what they've heard.
3. ***Kinesthetic Learners:***
   (a) Kinesthetic learners learn better by doing.
   (b) This group learns best when they can practice what they're learning.
   (c) They want to have their hands on the keyboard, the hammer, or the test tube because they think in terms of physical action.

9.3 The Learning Process

Over the years, educational psychologists have identified several principles which seem generally applicable to the learning process. They provide additional insight into what makes people learn most effectively. The learning process involves the following:

1. Readiness
2. Exercise
3. Effect
4. Primacy
5. Intensity
6. Recency

Let us understand each of them one by one.

1. ***Readiness:*** Individuals learn best when they are ready to learn, and they do not learn well if they see no reason for learning. Getting students ready to learn is usually the instructor's responsibility. If students have a strong purpose, a clear objective, and a definite reason for learning something, they make more progress than if they lack motivation. Readiness implies a degree of single-mindedness and eagerness. When students are ready to learn, they meet the instructor at least halfway, and this simplifies the instructor's job.

   Under certain circumstances, the instructor can do little, if anything, to inspire in students a readiness to learn. If outside responsibilities, interests, or worries weigh too heavily on their minds, if their schedules are overcrowded, or if their personal problems seem insoluble, students may have little interest in learning.

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2. ***Exercise:*** The principle of exercise states that those things most often repeated are best remembered. It is the basis of drill and practice. The human memory is fallible. The mind can rarely retain, evaluate, and apply new concepts or practices after a single exposure. Students do not learn to weld during one shop period or to perform crosswise landings during one instructional flight. They learn by applying what they have been told and shown. Every time practice occurs, learning continues. The instructor must provide opportunities for students to practice and, at the same time, make sure that this process is directed toward a goal.

3. ***Effect:*** The principle of effect is based on the emotional reaction of the student. It states that learning is strengthened when accompanied by a pleasant or satisfying feeling, and that learning is weakened when associated with an unpleasant feeling. Experiences that produce feelings of defeat, frustration, anger, confusion, or futility are unpleasant for the student. If, for example, an instructor attempts to teach landings during the first flight, the student is likely to feel inferior and be frustrated.

   Instructors should be cautious. Impressing students with the difficulty of an aircraft maintenance problem, flight maneuver or flight crew duty can make the teaching task difficult. Usually it is better to tell students that a problem or maneuver, although difficult, is within their capability to understand or perform. Whatever the learning situation, it should contain elements that affect the students positively and give them a feeling of satisfaction.

4. ***Primacy:*** Primacy, the state of being first, often creates a strong, almost unshakable, impression. For the instructor, this means that what is taught must be right the first time. For the student, it means that learning must be right. Unteaching is more difficult than teaching. If, for example, a maintenance student learns a faulty riveting technique, the instructor will have a difficult task correcting bad habits and reteaching correct ones. Every student should be started right. The first experience should be positive, functional, and lay the foundation for all that is to follow.

5. ***Intensity:*** A vivid, dramatic, or exciting learning experience teaches more than a routine or boring experience. A student is likely to gain greater understanding of slow flight and stalls by performing them rather than merely reading about them. The principle of intensity implies that a student will learn more from the real thing than from a substitute. In contrast to flight instruction and shop instruction, the classroom imposes limitations on the amount of realism that can be brought into teaching. The aviation instructor should use imagination in approaching reality as closely as possible. Today, classroom instruction can benefit from a wide variety of instructional aids to improve realism, motivate learning, and challenge students.

6. ***Recency:*** The principle of recency states that things most recently learned are best remembered. Conversely, the further a student is removed time-wise from a new fact or understanding, the more difficult it is to remember. It is easy, for example, for a student to recall a torque value used a few minutes earlier, but it is usually impossible to remember an unfamiliar one used a week earlier. Instructors recognize the principle of recency when they carefully plan a summary for a ground school lesson, a shop period, or a postflight critique. The instructor repeats, restates, or reemphasizes important points at the end of a lesson to help the student remember them. The principle of recency often determines the sequence of lectures within a course of instruction.

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Notes Besides the four basic levels of learning, educational psychologists have developed several additional levels. These classifications consider what is to be learned. Is it knowledge only, a change in attitude, a physical skill, or a combination of knowledge and skill? One of the more useful categorizations of learning objectives includes three domains: cognitive domain (knowledge), affective domain (attitudes, beliefs, and values), and psychomotor domain (physical skills). Each of the domains has a hierarchy of educational objectives.

The listing of the hierarchy of objectives is often called a taxonomy. A taxonomy of educational objectives is a systematic classification scheme for sorting learning outcomes into the three broad categories (cognitive, affective, and psychomotor) and ranking the desired outcomes in a developmental hierarchy from least complex to most complex.

Caselet

Path to Self-learning

Shikshantar is an Udaipur based applied research Institute promoting the concept of home schooling and walking in and walking on—Swapathgami. Manish Jain is the initiator and promoter of the organisation. The main concept of Shikshantar is to help the learner choosing one's own path and learning as per the choice of the learner. Peter Kowalke is Ohio, USA based journalist who is also associated with the movement of home schooling. He visited India during an International conference – IDEC- 2004, held at Bhubaneswar to promote his idea of home schooling.

He says, "*In countries like US, home schooling is quite popular. Learners are given enough choice and freedom to choose among the most attracting options. As a matter of fact, the learners become happier to learn what they learn and the learning becomes more effective. In fact I am myself a home schooler and had been quite successful as a journalist. I chart my own path.*"

1. How is home schooling related to self-learning?
2. How far will it be successful in India?

Source: Jayantee (Mukherkjee) Saha, *Management and Organisational Behaviour*, First Edition, Excel Books, 2006.

9.4 Theories involved in Learning

The most basic purpose of learning theory like any other is to better explain how learning occurs. Attempts have been made by the psychologists and behavioural scientists to develop theories of learning.

How do we learn? Four theories have been offered to explain the process by which we acquire patterns of behaviour:

1. Classical conditioning theory;
2. Operant conditioning theory;
3. Cognitive learning theory; and
4. Social learning theory.

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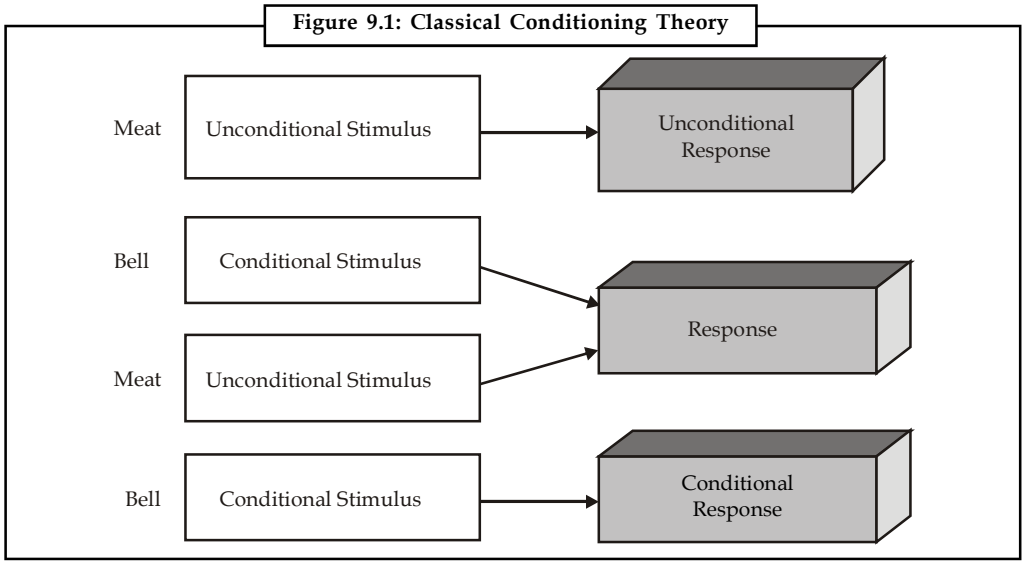
9.4.1 Classical Conditioning

Classical conditioning is one of the simplest forms of learning yet it has a powerful effect on our attitudes, likes and dislikes, and emotional responses. We have all learned to respond in specific ways to a variety of words and symbols. Our lives are profoundly influenced by associations we learn through classical conditioning. Ivan Pavlov whose research on the conditioned reflex in dogs revealed much of what we know about the principles of classical conditioning.

Classical Conditioning of Pavlov: Ivan Pavlov (1849 - 1936) organised and directed research in physiology at the Institute of Experimental Medicine in St. Petersburg, Russia from 1891 until his death in 1936. His book "Conditioned Reflexes" is one of the classic works in psychology.

Classical conditioning is modifying behaviour so that a conditioned stimulus is paired with an unconditioned stimulus and elicits an unconditioned behaviour. Ivan Pavlov, a Russian psychologist developed classical conditioning theory based on his experiments to teach dog to salivate in response to the ringing of a bell. When Pavlov presented meat (unconditioned stimulus) to the dog, he noticed a great deal of salivation (conditioned response). But, when merely bell was rung, no salivation was noticed in the dog. Then, when next Pavlov did was to link the meat and the ringing of the bell. He did this several times. Afterwards, he merely rang the bell without presenting the meat. Now, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no meat were presented. In effect, the dog had learned to respond i.e. to salivate to the bell.

Figure 9.1: Classical Conditioning Theory



Classical conditioning introduces a simple cause-and-effect relationship between one stimulus and response. It also makes the response reflective or involuntary after the stimulus-response relationship has been established. This leaves no ground for making choice, which differences human beings from dogs. Under certain situations classical conditioning does explain human behaviour. For example, if a student is always reprimanded by his Principal when he is summoned to the principal's office he may become nervous whenever asked to come to the principal's office because of this association.

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Table 9.1: Unconditioned Reflexes

UNCONDITIONED STIMULUS (US)		UNCONDITIONED RESPONSE (UR)
Food	⇨	Salivation
Onion Juice	⇨	Tears
Heat	⇨	Sweating
Loud Noise	⇨	Startle
Light in Eye	⇨	Contraction of Pupil
Puff of air in eye	⇨	Blink.
Touching hot stove	⇨	Hand withdrawal

Elements and Processes in Classical Conditioning

Reflex: A reflex is an involuntary response to a particular stimulus. There are two kinds of reflexes:

1. ***Conditioned Reflex*:** This is a "learned" reflex rather than a naturally occurring one.
2. ***Unconditioned Reflex:*** This is a "unlearned" reflex. Example, Salivation in response to food. Unconditioned reflex are built into the nervous system.

Conditioned and Unconditioned Stimulus and Response: Pavlov continued to investigate the circumstances under which a conditioned reflex is formed. Dogs do not need to be conditioned to salivate to food, so salivation of food is an unlearned or unconditioned response (UR). Any stimulus (such as food) that without learning will automatically elicit (bring forth) an unconditioned response is called an unconditioned stimulus (US).

A reflex is made up of both a stimulus and response. Following is a list of some common unconditioned reflexes, showing their two components – the unconditioned stimulus and unconditioned response.

Factors Influencing Classical Conditioning

There are four major factors that affect the strength of a classically conditioned response and the length of time required for conditioning.

1. The number of pairings of the conditioned stimulus and the unconditional stimulus. In general, the greater the number of pairings, the stronger the conditioned response.
2. The intensity of the unconditioned stimulus. If a conditioned stimulus is paired with a very strong unconditioned stimulus, the conditioned response will be stronger and will be acquired more rapidly than if it is paired with a weaker unconditioned stimulus.
3. The most important factor is how reliably the conditioned stimulus predicts the unconditioned stimulus. Rescorla has shown that classical conditioning does not occur automatically just because a neutral stimulus is repeatedly paired with an unconditioned stimulus. The neutral stimulus must also reliably predict the occurrence of the unconditioned stimulus. For example, a tone that is always followed by food will elicit more salivation than one that is followed by food only some of the time.
4. The temporal relationship between the conditioned stimulus and the unconditioned stimulus. Conditioning takes place faster if the conditioned stimulus occurs shortly before

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the unconditioned stimulus. It takes place more slowly or not at all when the two stimuli occur at the same time. Conditioning rarely takes place when the conditioned stimulus follows the unconditioned stimulus.

Limitations of Classical Conditioning

Classical conditioning has real limitation in its acceptability to human behaviour in organisations for at least three reasons:

1. Human beings are more complex than dogs but less amenable to simple cause-and-effect conditioning.
2. The behavioural environment in organisations is also complex.
3. The human decision-making process being complex in nature makes it possible to override simple conditioning.

An alternate approach to classical conditioning was proposed by B.F. Skinner, known as Operant Conditioning, in order to explain the more complex behaviour of human, especially in organisational setting.

9.4.2 Operant Conditioning

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they want or avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement therefore strengthens behaviour and increases the likelihood it will be repeated.

What Pavlov did for classical conditioning, the Harvard psychologist B.F. Skinner did for 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. The consequences of a given behaviour would determine whether the same behaviour is likely to occur with future or not. Based upon this direct relationship between the consequences and behaviour, the management can study and identify this relationship and try to modify and control behaviour. Thus, the behaviour can be controlled by manipulating its consequences. This relationship is built around two principles:

1. The behaviour that results in positive rewards tend to be repeated and behaviour with negative consequences tend not to be repeated.
2. 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. The consequences of behaviour are used to influence, or shape, behaviour through three strategies: reinforcement, punishment and extinction. Thus, operant conditioning is the process of modifying behaviour through the use of positive or negative consequences following specific behaviours.

From an organisational point of view, any stimulus from the work environment will elicit a response. The consequence of such a response will determine the nature of the future response.

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For example working hard and getting the promotion will probably cause the person to keep working hard in the future.

Table 9.2: Classical and Operant Conditioning Compared

CLASSICAL CONDITIONING	OPERANT CONDITIONING
1. A change in stimulus elicits a particular response	1. Stimulus serves as a cue for a person to emit the response
2. The strength and frequency of classically conditioned behaviours are determined mainly the frequency of eliciting stimulus.	2. The strength and frequency of operantly conditioned behaviours are determined mainly by the consequences.
3. The stimulus serving as reward is present every time.	3. The reward is presented only if the organism gives the correct response.
4. Responses are fixed to stimulus	4. Responses are variable both in type and degree.

CLASSICAL CONDITIONING

(S) **Stimulus**	(R) **Response**
The individual is stuck by a pin	Finches
The individual is shocked by an electric current	Jumps and Screams

OPERANT CONDITIONING

(R) **Response**	(S) **Stimulus**
Works	is paid
The individual enters a library	receives praise and promotion
Works hard	

Adapted from: Fred Luthans "Organizational Behaviour" McGraw Hill Inc., New Delhi (Seventh Edition) 1995 page 200

Characteristics	Classical conditioning	Operant conditioning
Type of association	Between two stimuli	Between a response and its consequence
State of the subject	Passive	Active
Focus of Attention	On what precedes response	On what follows response
Type of response typically involved	Involuntary or reflexive response	Voluntary response
Bodily response typically involved	Internal Responses: Emotional and glandular reactions	External Responses: Muscular and skeletal movement and verbal responses.
Range of Responses	Relatively simple	Simple to highly complex
Responses learned	Emotional Reactions: fear, likes, dislikes	Goal-oriented responses

Factors Influencing Operant Conditioning

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Several factors affect response rate, resistance to extinction and how quickly a response is acquired.

1. The first factor is the magnitude of reinforcement. In general, as magnitude of reinforcement increases, acquisition of a response is greater. For example, workers would be motivated to work harder and faster, if they were paid a higher salary.

   Research indicates that level of performance is also influenced by the relationship between the amount of reinforcement expected and what is actually received. For example, your job performance would undoubtedly be affected if your salary were suddenly cut by half. Also, it might dramatically improve if your employer doubled your pay.

2. The second factor affecting operant conditioning is the immediacy of reinforcement. Responses are conditioned more effectively when reinforcement is immediate. As a rule, the longer the delay in reinforcement, the more slowly a response is acquired.

3. The third factor influencing conditioning is the level of motivation of the learner. If you are highly motivated to learn to play football you will learn faster and practice more than if you have no interest in the game. Skinner found that when food is the rein forcer, a hungry animal would learn faster than an animal with a full stomach.

9.4.3 Cognitive Learning Theory

Behaviourists such as Skinner and Watson believed that learning through operant and classical conditioning would be explained without reference to internal mental processes. Today, however, a growing number of psychologists stress the role of mental processes. They choose to broaden the study of learning to include such cognitive processes as thinking, knowing, problem solving, remembering and forming mental representations. According to cognitive theorists, these processes are critically important in a more complete, more comprehensive view of learning.

1. ***Wolfang Kohler (1887 - 1967):*** Learning by insight: - A German Psychologist studied anthropoid apes and become convinced that they behave intelligently and were capable of problem solving. In his book "The Mentality of Apes" (1925), Kohler describes experiments he conducted on chimpanzees confined in caged areas.

   In one experiment Kohler hung a bunch of bananas inside the caged area but overhead, out of reach of the apes; boxes and sticks were left around the cage. Kohler observed the chimp's unsuccessful attempts to reach the bananas by jumping or swinging sticks at them. Eventually the chimps solved the problem by piling the boxes one on top of the other until they could reach the bananas.

   In another experiment, Sultan, the brightest of the chimps, was given one short stick; beyond reach outside the cage were a longer stick and a bunch of bananas. After failing to reach the bananas with the short stick, Sultan used it to drag the longer stick within reach. Then, finding that the long stick did not reach the bananas, Sultan finally solved the problem by fitting the two sticks together to form one long stick. With this stick, he successfully retrieved the bananas.

   Kohler observed that the chimps sometimes appeared to give up in their attempts to get the bananas. However, after an interval they returned and came up with the solution to the problem as if it had come to them in a flash of insight. Kohler insisted that insight, rather than trial-and-error learning, accounted for the chimps successes because they could easily repeat the solution and transfer this learning to similar problems.

   Learning by insight occurs when there is a sudden realisation of the relationship between elements in a problem situation so that a solution becomes apparent. Kohler's major

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contribution is his notion of learning by insight. In human terms, a solution gained through insight is more easily learned, less likely to be forgotten, and more readily transferred to new problems than solution learned through rote memorization.

2. ***Edward Tolman (1886 - 1959):*** Latent Learning and Cognitive Maps:- Edward Tolman differed with the prevailing ideas on learning

   (a) He believed that learning could take place without reinforcing.

   (b) He differentiated between learning and performance. He maintained that latent learning could occur. That is learning could occur without apparent reinforcement but not be demonstrated until the organism was motivated to do so.

   The following experiment by Tolman and Honzik (1930) supported this position. The experiment consisted of three groups of rats that were placed in a maze daily for 17 days. The first group always received a food reward at the end of the maze. The second group never received a reward, and the third group did not receive a food reward until the 11th day. The first group showed a steady improvement in performance over the 17 day period. The second group showed gradual improvement. The third group, after being rewarded on the 11th day showed a marked improvement the next day and from then on outperformed the rats that had been rewarded daily. The rapid improvement of the rats that had been rewarded daily. The rapid improvement of the third group indicated to Tolman that latent learning has occurred - that the rats had actually learned the maze during the first 11 days.

   In later studies, Tolman showed how rats quickly learned to rearrange learned cognitive maps and find their way through increasingly complex mazes with ease.

9.4.4 Social Learning

Albert Bandura contends that many behaviours or responses are acquired through observational learning. Observational learning, sometimes called modelling results when we observe the behaviours of others and note the consequences of that behaviour. The person who demonstrates behaviour or whose behaviour is imitated is called models. Parents, movie stars and sports personalities are often powerful models. The effectiveness of a model is related to his or her status, competence and power. Other important factors are the age, sex, attractiveness, and ethnicity of the model.

Whether learned behaviours are actually performed depends largely on whether the person expects to be rewarded for the behaviour.

Social learning integrates the cognitive and operant approaches to learning. It recognises 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 emphasises that people acquire new behaviours 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.

Usually, the following four processes determine the influence that a model will have on an individual:

1. ***Attention Process:*** People can learn from their models provided they recognise and pay attention to the critical features. In practice, the models that are attractive, repeatedly available or important to us tend to influence us the most.

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2. ***Retention Process:*** A model's influence depends on how well the individual can remember or retain in memory the behaviour/action displayed by him when the model is no longer readily available.

3. ***Motor Reproduction Process:*** Now, the individual needs to convert the model's action into his action. This process evinces how well an individual can perform the modelled action.

4. ***Reinforcement Process:*** Individuals become motivated to display the modelled action if incentive and rewards are provided to them.

In addition to observing others as role models, human beings have the capacity of self-regulation. By simply thinking about their behaviour, they can change their behaviours towards betterment and in accordance with the norms of social and organisational living.

Central to Bundura's social learning theory is the notion of self-efficacy. Self-efficacy is an individual's belief and expectancies about his or her ability to accomplish a specific task effectively. Individuals with high self-efficacy believe that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. People with hig self-efficacy are more effective at learning than are those with low levels of self-efficacy. According to Bandura, self-efficacy expectations may be enhanced through four means as follows:

1. Performance accomplishments (just do it!)
2. Vicarious experiences (watch someone else do it)
3. Verbal persuasion (be convinced by someone else to do it) or
4. Emotional arousal (get excited about doing it)

Task Explain a recent mistake. What did you learn from it and in what areas can you utilize that knowledge in the future?

9.5 Reinforcement

Behavioral science is a very complex area itself. Therefore is not surprising that there are numerous specialists within it. Each specialist is concerned with some aspect of interpersonal relationships. Consequently with some aspect of interpersonal relationships. Consequently at training they usually to not teach the same body of knowledge, rather than approach the matter quite differently.

Several Behaviorists proposed different training techniques for human recourses development. Disturbed by the assumptions of behaviorists concerning motivation. And yet retaining some of their insights Luthans has proposed that the designates as organisation behavior modification. The differences are described thus, a motivational approach to organisational approach to organisational behavior infers that the practicing manager should attempt to define and manipulate such vague internal sates as desire. Satisfaction and attitude. Under the Organisation modification approach, the manager determines the organisational goals he wants participant behavior to accomplish the organisation stimuli available to control the behavior and the types and schedules of reinforcement that can be applied to the consequent behavior.

Behavior modification is also called as operate conditioning and positive reinforcement. It is based on learning theory and directed towards changing individual behavior rather then that of group of total organisation. The desired behavior of individual can be reinforced by incentives

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such as money, social approval and responsibility. Thus the behavior of organisational participants can be turned towards the results desired including efficient productive efforts. It has been increasingly efficient productive efforts. It has been increasingly applied to a variety of organisations including business firms.

9.5.1 Stages in Reinforcement

Reinforcement proceeds in three stages. First, the superior gives frequent positive reinforcement based on feedback from subordinate's performance, shaping their performance by constructive suggestion is infrequent and the use of praise. In the second stage reinforcement is infrequent and given at unpredictable times. Finally supervisory reinforcement is reduced greatly, allowing task accomplishment to become the subordinates primary souses of reward. All this call for training supervisors in reinforcement methods getting them to accept the psychology involved. Stages that is ideal, that has proved difficult to reach in May eases.

Those methods have been extensively used in the Amery air freight corporation. Its programs begin with a performance audit to measure the individuals current result. Work standards are then adjusted established by the supervisors, Subordinates keep performance records which are then scrutinized by their supervisors to recognize praise and reward goods results ant to criticize poor results. The program met with the difficulty that the progress reports remained necessary the envisaged natural reinforcement. The company has nevertheless deemed the program successful.

Organisation Behavior Modification is a controversial technique, chiefly because of its implication of manipulation and control over people. It runs counter to beliefs in freedom and freewill and makes and environments the basis of control. But skinner believes that the feeling of freedom is the important thing and that the individual feels free when he can act to avoid a negative reinforcement or to obtain a positive reinforcement. Indeed the use of this technique appears to be promising and productive.

9.5.2 Principles of Reinforcement

Reinforcement has played a central role in learning. Most learning experts agree that reinforcement is the single most important principle of learning. Yet, there is much controversy over its theoretical explanation. The first major theoretical treatment given to reinforcement in learning is Thorndike's classic law of effect. According to Thorndike, "of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcement) …… will be more likely to recur; those which are accompanied or closely followed by discomfort (punishment). ……Will be less likely to occur". From a strictly empirical standpoint, most behavioural scientists, generally accept the validity of this law. Therefore, reinforcement is the attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences.

Reinforcement is the process by which certain types of behaviours are strengthened. It is the attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences. Thus, a "reinforcer" is any stimulus that causes certain behaviour to be repeated or inhibited. By introducing some rein forcers, the organisations can maintain or increase the probability of such behaviours as quality oriented performance, decision-making, high level of attendance and punctuality and so on. There are four basic reinforcement strategies:

1. Positive reinforcement
2. Negative reinforcement

3. Extinction
4. Punishment

9.6 Attitudes

Attitude is defined as a more or less stable set of predisposition of opinion, interest or purpose involving expectancy of a certain kind of experience and readiness with an appropriate response. Attitudes are also known as "frames of reference". They provide the background against which facts and events are viewed. It becomes necessary to know the attitudes of members of an organisation because they have to perceive specific aspects like pay, hours of work, promotion etc., of their job life in the wider context of their generalized attitudes.

An attitude is also a cognitive element; it always remains inside a person. Everyone's psychological world is limited and thus everyone has a limited number of attitudes. In business organisations, employees have attitudes relating to world environment, job security, etc. The individual's attitudes towards these factors are indicative of his apathy or enthusiasm towards the activities and objectives of the organisation.

9.6.1 Characteristics of Attitudes

Attitudes have following characteristics:

1. An attitude is the predisposition of the individual to evaluate some objects in a favourable or an unfavourable manner.
2. The most pervasive phenomenon is "attitude". People at work place have attitudes about lots of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.
3. Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioural tendencies toward a specific object or situation.
4. Attitude is a predisposition to respond to a certain set of facts.
5. Attitudes are evaluative statements – either favourable or unfavourable concerning the objects, people or events.

An attitude is "a mental state of readiness, organised through experience, exerting a specific influence upon a person's response to people, objects and situations with which it is related". Attitudes thus state one's predispositions towards given aspects of the world. They also provide an emotional basis for one's interpersonal relations and identification with others. Managers in work organisations need to know and understand employees' attitudes in order to manage effectively. Attitudes do influence behaviour of people and their performance in organisations.

9.6.2 Functions of Attitude

Attitudes are known to serve at least four important functions in an organisation setting:

1. ***Attitudes determine meaning:*** Much of what is seen in the environment and in other people's behaviour is determined by attitudes. If one has a overall favourable attitude towards a person, one tends to judge his activities as "good" or "superior". On the other hand, negative attitudes or prejudices generally prompt disagreement with the individual concerned or failure to appreciate the good work done by him.

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2. ***Attitudes reconcile contradictions:*** It is not uncommon to come across people who hold contradictory opinions. With the proper attitude as a background, intelligent people can reconcile or rationalise the same actions, which to others are obvious contradictions. For example, when a worker takes a little rest, a superior considers it "idling".

3. ***Attitudes organise facts:*** As already seen, objective events can be differently perceived by different people because of different attitudes. Meanings can be concocted and falsely communicated to others by changing the attitudes of the recipients towards wider social issues.

4. ***Attitudes select facts:*** From the plethora of environmental facts and stimuli, one tends to select those which are in consonance with one's cherished beliefs and attitudes. Attitudes, thus, act as a screen or filter.

9.6.3 Components of Attitudes

The three components of attitudes are:

1. Cognitive component
2. Affective component and
3. Behavioural component.

1. ***Cognitive Component:*** This component includes the beliefs an individual has about a certain person, object, or situation. The belief that "discrimination is wrong" is a value statement. Such an opinion is the cognitive component of an attitude. Learned beliefs, such as "you need to work long hours to get ahead in this job", lead to attitudes that have an impact on behaviour in the workplace. The cognition component of an attitude reflects a persons perceptions or beliefs. Cognitive elements are evaluative beliefs and are measured by attitude scales or by asking about thoughts. The statement "I believe Japanese workers are industrious," reflects the cognitive component of an attitude. The cognitive component sets the stage for the more critical part of attitude—its affective component.

2. ***Affective Component:*** This component refers to the person's feelings that result from his or her beliefs about a person, object or situation. A person who believes hard work earns promotions may feel anger or frustration when he or she works hard but is not promoted. The affective component becomes stronger as an individual has more frequent and direct experience with a focal object, person or situation. 'Affect' is the emotional component of an attitude. It refers to an individual's feeling about something or someone. Statements such as "I like this" or "I prefer that" reflect the affective component of an attitude. Affect is measured by physiological indicators such as galvanic skin response (changes in electrical resistance of skin which indicate emotional arousal) and blood pressure. These indicators show changes in emotions by measuring physiological arousal. If an individual is trying to hide his or her feelings, this might be shown by a change in arousal.

3. ***Behavioural Component:*** This component refers to the individual's behaviour that occurs as a result of his or her feeling about the focal person, object or situation. An individual may complain, request a transfer, or be less productive because he or she feels dissatisfied with work. The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. The behavioural component is the intention to behave in a certain way towards an object or person. For example, our attitudes towards women in management may be inferred from an observation of the way we behave toward a female supervisor. We may be supportive, passive or hostile depending on our attitude. The behavioural component of an attitude is measured by observing behaviour or by asking a person about behaviour or intentions.

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Table 9.3 depicts the three components of attitude.

Table 9.3: The ABC Model of an Attitude

Component		Measured by
A.	Affect	Physiological indicators Verbal Statements about Feelings
B.	Behavioural intentions	Observed Behaviour Verbal Statements about Intentions
C.	Cognition	Attitude scales Verbal Statements about Beliefs

Source: M.J Rosenberg and C.I Hovland "Cognitive, Affective and Behavioral components of Attitude", in Attitude Organisation and Change (New Haven: Yale University Press) 1960.

Viewing attitudes as made up of three components – cognition, affect and behaviour – is helpful toward understanding their complexity and the potential relationship between attitude and behaviour. The object of an attitude is represented as a prototype in a person's memory. Then an individual uses an attitude as a schema for evaluating an object. The person may assess the object as good or bad, positive or negative, favoured or not; then the person determines the strategy to take toward it. The accessibility of an attitude, or ease with which it is activated, affects its implementation. Personal experience with the object and the repeated expression of the attitude increases its accessibility. In this way, attitude-related information helps process complex information.

9.6.4 Sources and Types of Attitudes

Attitudes are acquired from parents, teachers, and peer group members. We model our attitudes after those we admire, respect or fear. We observe the way family and friends behave, and we shape our attitudes and behaviour to align with theirs. People also imitate the attitudes of popular individuals and those they admire and respect. Attitudes are an integral part of the world of work. It is important for managers to understand the antecedents to attitudes as well as their consequences. Managers also need to understand the different components of attitudes, how attitudes are formed, and the major attitudes that affect work behaviour and how to use persuasion to change attitudes.

A person can have thousands of attitudes, but most of the research in OB has been concerned with three attitudes: Job satisfaction, Job involvement, and Organisational commitment.

1. ***Job Satisfaction:*** Satisfaction results when a job fulfils or facilitates the attainment of individual values and standards, and dissatisfaction occurs when the job is seen as blocking such attainment. This attitude has received extensive attention by researchers and practitioners because it was at one time believed to be the cause of improved job performance. The term "job satisfaction" refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job; a person who is dissatisfied with his or her job holds negative attitudes about the job. Now, because of managers' concern for creating both a humane and high performance workplace, researchers continue to search for definite answers about the causes and consequences of job satisfaction.

2. ***Job Involvement:*** Job involvement is the degree to which a person identifies with his or her job, actively participates in it and considers his or her performance important to self-worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement have been found to be related to fewer absences and lower resignation rates.

3. ***Organisational Commitment:*** Organisational commitment is the degree to which an employee identifies with a particular organisation and its goals, and wishes to maintain

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membership in the organisation. High organisational commitment means identifying with one's employing organisation.

9.6.5 Attitude Formation

Attitudes are learned. Individuals acquire attitudes from several sources but the point to be stressed is that the attitudes are acquired but not inherited. Our responses to people and issues evolve over time. Two major influences on attitudes are direct experience and social learning.

1. ***Direct Experience:*** Attitudes can develop from a personally rewarding or punishing experience with an object. Direct experience with an object or person is a powerful influence on attitudes. Research has shown that attitudes that are derived from direct experience are stronger, are held more confidently and are more resistant to change than are attitudes formed through indirect experience. One reason attitudes derived from direct experience are so powerful is because of their availability. This means that the attitudes are easily accessed and are active in our cognitive processes. When attitudes are available, we can call them quickly into consciousness. Attitudes that are not learned from direct experience are not as available, and therefore we do not recall them easily.

   (a) *Classical Conditioning:* One of the basic processes underlying attitude formation can be explained on the basis of learning principles. People develop associations between various objects and the emotional reactions that accompany them.

   (b) *Operant Conditioning:* Attitudes that are reinforced, either verbally or non-verbally, tend to be maintained. Conversely, a person who states an attitude that elicits ridicule from others may modify or abandon the attitude.

   (c) *Vicarious Learning:* In which a person learns something through the observance of others can also account for attitude development, particularly when the individual has no direct experience with the object about which the attitude is held. It is through vicarious learning processes that children pick up the prejudices of their parents.

2. ***Social Learning:*** In social learning, the family, peer groups and culture shape an individual's attitudes in an indirect manner. Substantial social learning occurs through modelling, in which individuals acquire attitudes by merely observing others. For an individual to learn from observing a model, four processes must take place:

   (a) The learner must focus attention on the model.

   (b) The learner must retain what was observed from the model.

   (c) Behavioural reproduction must occur; that is, the learner must practice the behaviour.

   (d) The learner must be motivated to learn from the model.

   Social learning can take place through the following ways:

   (a) *The Family:* A person may learn attitudes through imitation of parents. If parents have a positive attitude towards an object and the child admires his parents, he is likely to adopt a similar attitude, even without being told about the object, and even without having direct experience. Children also learn to adopt certain attitudes by the reinforcement they are given by their parents when they display behaviours that reflect an appropriate attitude.

   (b) *Peer Groups:* Peer pressure moulds attitudes through group acceptance of individuals who express popular attitudes and through sanctions, such as exclusion from the group, placed on individuals who espouse (promote) unpopular attitudes.

Notes

(c) *Modelling:* Substantial social learning occurs through modelling, in which individuals acquire attitudes by merely observing others. The observer overhears other individuals expressing an opinion or watches them engaging in a behaviour that reflects an attitude, and the observer adopts this attitude.

Attitude Consistency, Dissonance and Change

How do attitudes change once they are formed? Can they be manipulated? How concerned are we that our attitudes be consistent with one another and with our behaviour?

9.6.6 Cognitive Dissonance Theory

Leon Festinger, in 1957, proposed the theory of cognitive dissonance. According to this theory, people want their beliefs to be consistent with one another and want their behaviours to be consistent with their beliefs. When people become aware of inconsistency among their beliefs or between their attitudes and their behaviour, they experience "cognitive dissonance", an unpleasant state of arousal that motivates them to re-establish consistency by changing one of their attitudes or by changing their behaviours. Thus, if a person behaves in a way that runs counter to his or her attitude, cognitive dissonance is created in that person. He or she then attempts to reduce the dissonance by changing either the attitude or the behaviour.

Cognitive dissonance refers to any incompatibility that an individual might perceive between two or more of his or her attitudes or between his or her behaviour and attitudes. Festinger argues that any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance and hence, the discomfort. Therefore, individuals will seek a stable state where there is a minimum of dissonance.

Coping with Dissonance

No individual can completely avoid dissonance. So how do people cope with dissonance? According to Festinger, the desire to reduce dissonance would be determined by the importance of the elements creating the dissonance; the degree of influence the individual believes he or she has over the elements and the rewards that may be involved in dissonance.

1. ***Importance of the Elements:*** If the elements creating the dissonance are relatively unimportant, the pressure to correct this imbalance will be low.
2. ***Degree of Influence:*** The degree of influence that individuals believe they have over the elements will have an impact on how they will react to the dissonance. If they perceive the dissonance to be an uncontrollable, they are less likely to be receptive to attitude change.
3. ***Rewards:*** Rewards also influence the degree to which individuals are motivated to reduce dissonance. High rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance.

These moderating factors suggest that just because individuals experience dissonance, they will not necessarily move directly toward consistency, that is, toward reduction of this dissonance. If the issues underlying the dissonance are of minimal importance, if an individual perceives that the dissonance is externally imposed and is substantially uncontrollable by him or her, or if rewards are significant enough to offset the dissonance, the individual will not be under great tension to reduce the dissonance.

Attitudes and Behaviour: Attitude-behaviour correspondence depends on five things:

1. ***Attitude Specificity:*** Individuals possess both general and specific attitudes. Specific attitude provides a stronger link to behaviour.

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2. ***Attitude Relevance:*** Another factor that affects the attitude-behaviour link is relevance. Attitudes that address an issue in which we have some self-interest are more relevant for us, and our subsequent behaviour is consistent with our expressed attitude.

3. ***Timing of Measurement:*** The timing of the measurement also affects attitude-behaviour correspondence. The shorter the time between the attitude measurement and the observed behaviour, the stronger the relationship.

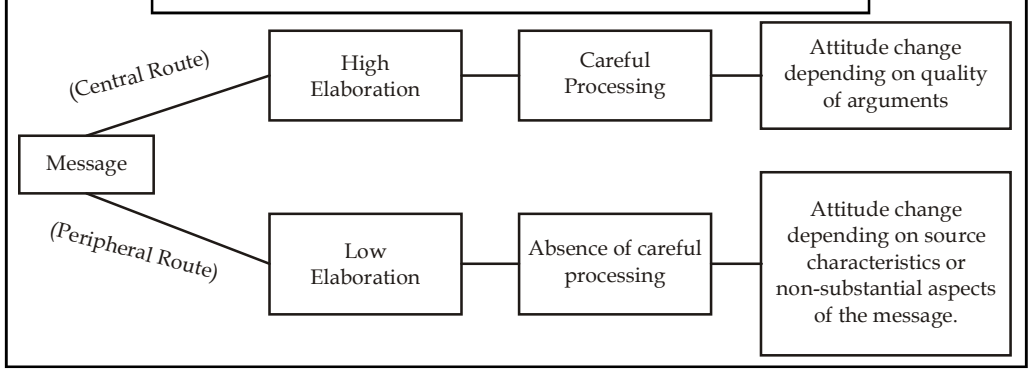
4. ***Personality Factors:*** Personality factors also influence the attitude-behaviour link. One personality disposition that affects the consistency between attitudes and behaviour is self-monitoring. Low self-monitors display greater correspondence between their attitudes and behaviours. High self-monitors display little correspondence between their attitudes and behaviours because they behave according to signals from others and from the environment.

5. ***Social Constraints:*** Social constraints affect the relationship between attitudes and behaviour. The social context provides information about acceptable attitudes and behaviours.

9.6.7 Persuasion and Attitude Change

People who depend for their living on changing attitudes, such as politicians and advertisers usually rely on more direct techniques than cognitive dissonance for inducing attitude change. Through some message, they hope to convince their audience to adopt a favourable view of their product, candidate, or idea. The elaboration likelihood model of persuasion, presented in the Figure 9.2 below, proposes that persuasion occurs over one of two routes: the central route and the peripheral route.

Figure 9.2: The Elaboration Likelihood Model of Persuasion



Source: R.E Petty and J Cacioppo, "The Elaboration Likelihood Model of Persuasion", in L Berkowitz ed., Advances in Experimental Social Psychology, Vol. 19 (New York: Academic Press) 1986 page 123 - 205.

1. ***Central Route to Persuasion:*** Also called the systematic mode, occurs when the recipient of a persuasive message thinks about and evaluates the quality of the arguments presented in the communication, and either agrees or disagrees with the message on the basis of this evaluation. The central route to persuasion involves direct cognitive processing of the message's content. When an issue is personally relevant, the individual is motivated to think carefully about it. In the central route, the content of the message is very important. If the arguments presented are logical and convincing, attitude change will follow.

   Persuasion via the central route is not simply a matter of having some good arguments. It is a complex process, which can be broken down into five stages:

   (a) *Attention:* The target audience must notice it and pay attention to it long enough to be exposed to your persuasive communication. If your arguments are uninteresting to your target, your arguments will have no effect.

Notes

(b) *Comprehension:* Comprehension of the message is necessary. If your arguments are so complex and technical that they go beyond the expertise of your audience, even good arguments will go right over the target's head.

(c) *Yielding:* Yielding to the persuasive message results when the target's cognitive responses to the message or the product are generally favourable.

(d) *Retention:* The target must remember the message until he or she is in a position to do something about it.

(e) *Action:* Finally, the target must take action based on your message.

2. ***Peripheral Route to Persuasion:*** The peripheral route to persuasion includes any method of persuasion other than via convincing arguments. Many techniques of persuasion take the peripheral route, including those based on learning principles such as classical conditioning. By pairing your product or issue with a stimulus that is known to produce a positive emotional response, you may induce in your target a conditioned positive response to the product. That is why, sexual and romantic images are so frequently used in advertisement for products ranging from beer to shampoo.

   In the peripheral route to persuasion, the message recipient is persuaded on the basis of heuristic thinking, previous learning experiences, or other methods that do not require evaluation of quality of the arguments in the message. Instead, the individual is persuaded by characteristics of the persuader – for example, expertise, trustworthiness and attractiveness. In addition, the individual may be persuaded by statistics, arguments or the method of presentation – all of which are not substantial aspects of the message, but it may persuade the individual.

Case Study

Have a Positive Attitude

Tom is the manager of a restaurant in America. He is always in a good mood and always has something positive to say. When someone would ask him how he was doing, he would always reply, "If I were any better, would be twins!" Many of the waiters at his restaurant quit their jobs when he changed jobs, so they could follow him around from restaurant to restaurant. The reason the waiters followed Tom was because of his attitude. He was a natural motivator. If an employee was having a bad day, Tom was always there, telling the employee how to look on the positive side of the situation.

Seeing this style really made Peter curious, so one day he went up to Tom and asked him, "I don't get it! No one can be a positive person all of the time. How do you do it?" Tom replied, "Each morning I wake up and say to myself, I have two choices today. I can choose to be in a good mood or I can choose to be in a bad mood. I always choose to be in a good mood. Each time something bad happens, I can choose to be a victim or I can choose to learn from it. I always choose to learn from it. Every time someone comes to me complaining, I can choose to accept their complaining or I can point out the positive side of life. I always choose the positive side of life." "But it's not always that easy," I protested. "Yes, it is," Tom said "Life is all about choices. When you cut away all the junk, every situation is a choice. You choose how you react to situations. You choose how people will affect your mood. You choose to be in a good mood or bad mood. It's your choice how you live your life. "Several years later, I heard that Tom accidentally did something you are never supposed to do in the restaurant business: he left the back door of his restaurant

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open one morning and was robbed by three armed men. While trying to open the safe, his handshaking from nervousness slipped off the combination. The robbers panicked and shot him. Luckily, Tom was found quickly and rushed to the hospital. After 18 hours of surgery and weeks of intensive care, Tom was released from the hospital with fragments of the bullets still in his body.

Peter saw Tom about six months after the accident. When he asked him how he was, he replied, "If I were any better, I'd be twins. Want to see my scars?" Peter declined to see his wounds, but did ask him what had gone through his mind as the robbery took place. "The first thing that went through my mind was that I should have locked the back door," Tom replied. "Then, after they shot me, as I lay on the floor, I remembered that I had two choices: I could choose to live! or choose to die. I chose to live." "Weren't you scared?" I asked. Tom continued, "The paramedics were great. They kept telling me I was going to be fine. But when they wheeled me into the Emergency Room and I saw the expressions on the faces of the doctors and nurses, I got really scared. In their eyes, I read 'He's a dead man.' I knew I needed to take action." "What did you do?" Peter asked. "Well, there was a big nurse shouting questions at me," said Tom. "She asked if I was allergic to anything." 'Yes,' I replied. The doctors and nurses stopped working as they waited for my reply. Peter took a deep breath and yelled, 'Lead!' Over their laughter, I told them, 'I am choosing to live. Please operate on me as if I am alive, not dead'.

"Tom lived thanks to the skill of his doctors, but also because of his amazing attitude. Peter learned from him that "***Every day ! You have the choice to either enjoy your life, or to hate it".*** The only thing that is truly yours that no one can control or take from you - is YOUR ATTITUDE, so if you can take care of that, everything else in life becomes much easier.

Question

Enumerate the benefits of a positive attitude?

Source: Jayantee (Mukherkjee) Saha, *Management and Organisational Behaviour*, First Edition, Excel Books, 2006.

9.7 Values

Another source of individual differences is values. Values exist at a deeper level than attitudes and are more general and basic in nature. We use them to evaluate our own behaviour and that of others. Value is an enduring belief that a specific mode of conduct or end state of existence is personally and socially preferable to the alternative modes of conduct or end states of existence. Once it is internalized, it becomes consciously or unconsciously, a standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situation, for justifying one's own and others' actions and attitudes for morally judging oneself and others, and for comparing oneself with others. Value, therefore, is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others.

Ronald D White and David A Bednar have defined value as a "concept of the desirable, an internalized criterion or standard of evaluation a person possesses. Such concepts and standards are relatively few and determine or guide an individual's evaluations of the many objects encountered in everyday life".

Values are tinged with moral flavour, involving an individual's judgement of what is right, good or desirable. Thus values:

1. Provide standards of competence and morality.

Notes

2. Are fewer in number than attitudes.
3. Transcend specific objects, situations or persons.
4. Are relatively permanent and resistant to change, and
5. Are more central to the core of a person.

Individuals learn values as they grow and mature. They may change over the life span of an individual develops a sense of self. Cultures, societies, and organisations shape values.

9.7.1 Importance of Values

Values are important because they lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions. Individuals enter an organisation with preconceived notions of what "ought" and what "ought not' to be. For example, if Jeevan enters IG Ferns and Curtains with a view that salary on piece-rate system is right and on time-rate basis is wrong, he is likely to be disappointed if the company allocates salary on time-rate basis. His disappointment is likely to breed job dissatisfaction. This will, in turn, adversely affect his performance, his attitude and in turn, his behaviour towards the work environment, which would have been different had his values turned out to be aligned with the company's reward/ pay policy.

9.7.2 Types of Values

Values are learned and acquired primarily through experiences with people and institutions. Parents, for example, will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organisations, and social groups. As we grow and develop, each source of influence contributes to our definition of what is important in life. Cultural mores have influence on the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

Allport and his associates categorized values into six types.

1. ***Theoretical:*** Interested in the discovery of truth through reasoning and systematic thinking.
2. ***Economic:*** Interest in usefulness and practicality, including the accumulation of wealth.
3. ***Aesthetic:*** Interest in beauty, form and artistic harmony.
4. ***Social:*** Interest in people and love as a human relationship.
5. ***Political:*** Interest in graining power and influencing people.
6. ***Religious:*** Interest in unity and understanding the cosmos as a whole.

Task

Discuss an incident when you had a clash of choice between an action against your values and gaining, and action in consonance with your values and loosing. What did you choose and why?

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9.7.3 Instrumental and Terminal Values

A complete list of instrumental and terminal values is presented in the Table 9.4 below.

Table 9.4: Terminal and Instrumental Values in Rokeach Value Survey

Instrumental Value	Terminal Value
Ambitious (hardworking, aspiring)	A comfortable life (a prosperous life)
Broad-minded (open-minded)	An exciting life (a stimulating, active life)
Capable (competent, effective)	A sense of accomplishment (lasting contribution)
Cheerful (light-hearted, joyful)	A world of peace (free of war and conflict)
Clean (neat, tidy)	A world of beauty (beauty of nature and the arts)
Courageous (standing up for your beliefs)	Equality (brotherhood, equal opportunity for all)
Forgiving (willing to pardon others)	Family security (taking care of loved ones)
Helpful (working for the welfare of others)	Freedom (independence, free choice)
Honest (sincere, truthful)	Happiness (contentedness)
Imaginative (daring, creative)	Inner harmony (freedom from inner conflict)
Independent (self-reliant, self-sufficient)	Mature love (sexual and spiritual intimacy)
Intellectual (intelligent, reflective)	National security (protection from attack)
Logical (consistent, rational)	Pleasure (an enjoyable, leisurely life)
Loving (affectionate, tender)	Salvation (saved, eternal life)
Obedient (dutiful, respectful)	Self-respect (self-esteem)
Polite (courteous, well mannered)	Social recognition (respect, admiration)
Responsible (dependable, reliable)	True friendship (close companionship)
Self-controlled (restrained, self-disciplined)	Wisdom (a mature understanding of life)

Source: M Rokeach, "*The Nature of Human Values*", New York: Free Press (1973).

Rokeach distinguishes between two types of values: Instrumental and Terminal.

1. ***Instrumental Value:*** Instrumental values reflect the means to achieving goals; that is, they represent the acceptable behaviour to be used in achieving some end state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

   Instrumental value refers to a single belief that always takes the form: I believe that such and such a mode of conduct (example honesty, courage, etc.) is personally and socially preferable in all situations with respect to all objects. An instrumental value is a tool or means for acquiring a terminal value.

2. ***Terminal Value:*** Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

   Terminal value takes a comparable form: I believe that such and such an end state of existence (example, salvation, or world at peace, etc.) is personally and socially worth striving for. A terminal value is an ultimate goal in a desired status or outcome.

Work Values: Work values are important because they affect how individuals behave on their jobs in terms of what is right and wrong. The work values most relevant to individuals are:

1. ***Achievement:*** Achievement is a concern for the advancement of one's career. This is shown in such behaviours as working hard and seeking opportunities to develop new skills.

2. ***Concern for Others:*** Concern for others reflects caring, compassionate behaviour such as encouraging other employees or helping others work on difficult tasks. These behaviours constitute organisational citizenship.

3. ***Honesty:*** Honesty is accurately providing information and refusing to mislead others for personal gain.

4. ***Fairness:*** Fairness emphasizes impartiality and recognizes different points of view.

Notes

Although individuals vary in their value systems, when they share similar values at work, the results are positive. This means that organisations recruiting job candidates should pay careful attention to an individual's values.

Did u know?

Q. What are the similarities and dissimilarities between Values and Attitudes?

Ans. ***Similarities:*** The similarities between values and attitudes are:

1. Both are learned or acquired from the same sources – experience with people, objects and events.
2. Both affect cognitive process and behaviour of people.
3. Both are durable, deep rooted and difficult to change.
4. Both influence each other and more often than not, are used interchangeably.

Dissimilarities: The dissimilarities in the attitudes and values are:

Attitudes:

1. They exhibit predisposition to respond.
2. They refer to several beliefs relating to a specific object or situation
3. Attitudes are the offshoot of one's personal experiences.

Values:

1. They exhibit judgemental ideas in relation to what is right.
2. They refer to single beliefs focussed on objects or situations.
3. They are derived from social and cultural mores.

Caselet

Sample Workplace Value-based Actions

If you value integrity and you experience a quality problem in your manufacturing process, you honestly inform your customer of the exact nature of the problem. You discuss your actions to eliminate the problem, and the anticipated delivery time the customer can expect. If integrity is not a fundamental value, you may make excuses and mislead the customer.

If you value and care about the people in your organisation, you will pay for health insurance, dental insurance, retirement accounts and provide regular raises and bonuses for dedicated staff. If you value equality and a sense of family, you will wipe out the physical trappings of power, status, and inequality such as executive parking places and offices that grow larger by a foot with every promotion.

You know, as an individual, what you personally value. However, most of you work in organisations that have already operated for many years. The values, and the subsequent culture created by those values, are in place, for better or worse.

If you are generally happy with your work environment, you undoubtedly selected an organisation with values congruent with your own. If you're not, watch for the disconnect between what you value and the actions of people in your organisation.

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> As an HR professional, you will want to influence your larger organisation to identify its core values, and make them the foundation for its interactions with employees, customers, and suppliers. Minimally, you will want to work within your own HR organisation to identify a strategic framework for serving your customers that is firmly value-based.

Source: Susan M. Heathfield, About.com Guide

9.8 Summary

- Learning is a term frequently used by a great number of people in a wide variety of contexts.
- Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience.
- Reinforcement has played a central role in learning.
- Attitudes and values of an individual determine where he/she wants to go in life in general and career in particular.
- It is these two things again that determine how much job satisfaction one can derive.

9.9 Keywords

Attitude: A complex mental state involving beliefs and feelings and values and dispositions to act in certain ways.

Job Involvement: The degree to which a person identifies with his or her job.

Job Satisfaction: Sense of inner fulfillment and pride achieved when performing a particular job.

Kinesthetic Learners: Learners which deal up in physical action.

Learning: Learning is any relatively permanent change in behaviour that occurs as a result of experience.

Reinforcement: The attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences.

Values: Beliefs of a person or social group in which they have an emotional investment.

9.10 Self Assessment

Fill in the blanks:

1. Whether learned behaviours are actually performed depends largely on whether the person expects to be ..... for the behaviour.
2. ..... is the process by which certain types of behaviours are strengthened
3. ..... is also called as operate conditioning and positive reinforcement.
4. ..... conditioning argues that behaviour is a function of its consequences.
5. Reinforcement proceeds in ..... stages.
6. An attitude is the ..... of the individual to evaluate some objects in a favourable or an unfavourable manner.

Notes

7. Objective events can be differently perceived by different people because of ..... attitudes.
8. The ..... component of an attitude refers to an intention to behave in a certain way toward.
9. ..... refers to any incompatibility that an individual might perceive between two or more of his or her attitudes.
10. Values are ..... and ..... primarily through experiences with people and institutions someone or something.

9.11 Review Questions

1. When was the last time that you volunteered to expand your knowledge at work, as opposed to being directed to do so?
2. In which specific areas of your work are you really interested in expanding your knowledge of? How do you intend to achieve this?
3. If time did not permit a training period on a new job, how would you go about learning the things expected or required of you?
4. It is a well known fact that individuals learn their best when they are ready to learn. You being the team leader, if are provided with a team in which people are not ready to learn especially from you, how would you make them unrivaled performers?
5. Most of us develop conditioned reflexes to the seniors at our workplaces. Do you think this attitude should be done away with? Support your answer with well defined reasons.
6. Do you think that employee behaviour is a function of its consequences? Give reasons for your answer.
7. Recall a time when you had to make an uncertain decision, and there was a possibility of an adverse public reaction. How did you manage the situation?
8. Have you ever faced a situation when you had to take a longer way of doing something in order to adhere to proper professional standards? If yes, elucidate.
9. What do you consider to be more important for you – job involvement or organisational commitment and why?
10. Why does an individual suffer from cognitive dissonance? How can it be coped with?
11. Examine the role of values as a determinant of individual difference.
12. Is seeking inner harmony a terminal or instrumental value? Substantiate your argument with reasons.

Answers: Self Assessment

1.	rewarded	2.	Reinforcement
3.	Behavior modification	4.	Operant
5.	three	6.	predisposition
7.	different	8.	behavioural
9.	Cognitive dissonance	10.	learned, acquired

Notes

9.12 Further Readings

Books

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Online links

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Unit 10: Emotions and Perception

Notes

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Objectives

After studying this unit, you will be able to:

- Discuss theories of emotions
- State the affective events theory
- Describe the concept of emotional intelligence
- Explain the nature of perception and its application in work place
- Know the myers-briggs type indicators

Introduction

An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts, and behavior. Emotions are subjective experiences, or experienced from an individual point of view. It is often associated with mood, temperament, personality, and disposition.

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Theories about emotions stretch back at least as far as the Ancient Greek Stoics, as well as Plato and Aristotle. We also see sophisticated theories in the works of philosophers such as Descartes, Spinoza and David Hume. Later theories of emotions tend to be informed by advances in empirical research. Often theories are not mutually exclusive and many researchers incorporate multiple perspectives in their work.

10.1 Theories of Emotions

Let us have a brief exposure to various theories of emotions.

Somatic theories: Somatic theories of emotion claim that bodily responses rather than judgements are essential to emotions.

James-Lange theory: William James, in the article 'What is an Emotion?', argued that emotional experience is largely due to the experience of bodily changes. The Danish psychologist Carl Lange also proposed a similar theory at around the same time, so this position is known as the James-Lange theory. This theory and its derivatives state that a changed situation leads to a changed bodily state. As James state that we feel sad because we cry, angry because we strike, afraid because we tremble, and neither we cry, strike, nor tremble because we are sorry, angry, or fearful, as the case may be.

Neurobiological theories: Based on discoveries made through neural mapping of the limbic system, the neurobiological explanation of human emotion is that emotion is a pleasant or unpleasant mental state organised in the limbic system of the mammalian brain.

Emotions are thought to be related to activity in brain areas that direct our attention, motivate our behavior, and determine the significance of what is going on around us.

Cognitive theories: There are some theories on emotions arguing that cognitive activity in the form of judgements, evaluations, or thoughts is necessary in order for an emotion to occur. Such cognitive activity may be conscious or unconscious and may or may not take the form of conceptual processing. It has also been suggested that emotions (affect heuristics, feelings and gut-feeling reactions) are often used as shortcuts to process information and influence behaviour.

Out of various cognitive theories like Perceptual theory, Affective Events Theory, Cannon-Bard theory, Two-factor theory and Component process model, the most important is Affective Events Theory. Let us understand it.

10.1.1 Affective Events Theory

Affective Events Theory (AET) is a model developed by organisational psychologists Howard M. Weiss and Russell Cropanzano to identify how emotions and moods influence job performance and job satisfaction. According to the AET, environmental exigencies generate "affective events" that cause emotional reactions in organisational members which, in turn, determine members' attitudes and behaviours. The model increases understanding of links between employees and their emotional reaction to things that happen to them at work.

Work events model includes hassles, tasks, autonomy, job demands, emotional labor and uplifting actions. These work events affect employees positively or negatively. Employee mood predisposes the intensity of their reaction. This emotional response intensity therefore affects job performance and satisfaction. Furthermore, other employment variables like effort, leaving, deviance, commitment, and citizenship, are affected.

AET shows that the individual behaviour in organisations is not always a controlled, deliberate, purely cognitive process, as it is often described. Rather, we contend that the moods and emotions that managers experience in response to positive and negative workplace events have a significant affect on strategic decision-making processes and ultimately, organisational-level outcomes.

Notes

10.1.2 Emotional Intelligence

Emotional Intelligence (EI), often measured as an Emotional Intelligence Quotient (EQ), is a term that describes the ability, capacity, skill or (in the case of the trait EI model) a self-perceived ability, to identify, assess, and manage the emotions of one's self, of others, and of groups. Different models have been proposed for the definition of EI and disagreement exists as to how the term should be used.

Substantial disagreement exists regarding the definition of EI, with respect to both terminology and operationalizations. The definitions are so varied, and the field is growing so rapidly, that researchers are constantly amending even their own definitions of the construct. At the present time, there are three main models of EI:

1. Ability EI models
2. Mixed models of EI
3. Trait EI model

Let us understand each of them one by one.

1. ***Ability-based model:*** Salovey and Mayer's conception of EI strives to define EI as: "The ability to perceive emotion, integrate emotion to facilitate thought, understand emotions and to regulate emotions to promote personal growth."

   The ability based model views emotions as useful sources of information that help one to make sense of and navigate the social environment. The ability is seen to manifest itself in certain adaptive behaviors. The model proposes that EI includes four types of abilities:

   (a) Perceiving emotions

   (b) Using emotions

   (c) Understanding emotions

   (d) Managing emotions

   The ability-based model has been criticized in the research for lacking face and predictive validity in the workplace.

2. ***Mixed models of EI:*** There are following mixed models of EI:

   (a) *Emotional Competencies (Goleman) Model:* This model focuses on EI as a wide array of competencies and skills that drive leadership performance. Goleman model outlines four main EI constructs:

      (i) Self-awareness

      (ii) Self-management

      (iii) Social awareness

      (iv) Relationship management

      Goleman includes a set of emotional competencies within each construct of EI. Emotional competencies are not innate talents, but rather learned capabilities that must be worked on and developed to achieve outstanding performance.

   (b) *Bar-On model of Emotional-Social Intelligence (ESI):* Bar-On (2006) developed one of the first measures of EI that used the term Emotion Quotient. He defines emotional intelligence as being concerned with effectively understanding oneself and others, relating well to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands. Bar-On posits that EI develops over time and that it can be improved through training, programming,

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and therapy. Bar-On hypothesizes that those individuals with higher than average E.Q.'s are in general more successful in meeting environmental demands and pressures.

3. ***Trait EI model:*** This model proposes a conceptual distinction between the ability based model and a trait based model of EI. Trait EI refers to an individual's self-perceptions of their emotional abilities. This definition of EI encompasses behavioral dispositions and self perceived abilities and is measured by self report, as opposed to the ability based model which refers to actual abilities, which have proven highly resistant to scientific measurement.

   The trait EI model is general and subsumes the Goleman and Bar-On models discussed above. The conceptualization of EI as a personality trait leads to a construct that lies outside the taxonomy of human cognitive ability. This is an important distinction in as much as it bears directly on the operationalization of the construct and the theories and hypotheses that are formulated about it.

   The concept the theoretical foundation of EI has been criticize a lot on the basis of the following factors:

   (a) EI is too broadly defined and the definitions are unstable

   (b) EI cannot be recognized as a form of intelligence

   (c) EI has no substantial predictive value

10.1.3 EI and Job Performance

Researches on the relationship between EI and job performance have only shown mixed results: a positive relation has been found in some of the studies, in others there was no relation or an inconsistent one. This led researchers to offer a compensatory model between EI and IQ, that posits that the association between EI and job performance becomes more positive as cognitive intelligence decreases, an idea first proposed in the context of academic performance. The results of the former study supported the compensatory model: employees with low IQ get higher task performance and organisational citizenship behavior directed at the organisation, the higher their EI.

10.2 Perception

Perception involves the way we view the world around us. It adds meaning to information gathered via the five senses of touch, smell, hearing, vision and taste. Perception is the primary vehicle through which we come to understand our surroundings and ourselves. Perception can be defined as a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment.

Why is perception important in the study of OB? Simply because people's behaviour is based on their perception of what reality is, not on reality itself. Virtually all management activities rely on perception. In appraising performance, managers use their perceptions of an employee's behaviour as a basis for evaluation. One work situation that highlights the importance of perception is the selection interview. Perception is also culturally determined. Based on our cultural backgrounds, we tend to perceive things in certain ways.

Thus, perception is the primary vehicle through which we come to understand our surroundings and ourselves. Social perception is the process of interpreting information about another person. Social perception is directly concerned with how one individual perceives other individuals. Formal organisation participants constantly perceive one another. Managers are perceiving

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workers, workers are perceiving managers, line personnel are perceiving staff personnel, staff personnel are perceiving line personnel, superiors are perceiving subordinates, subordinates are perceiving superiors and so on. There are numerous complex factors that enter into such social perception, but the primary factors are found in the psychological process and personality.

10.2.1 Factors Influencing Perception

A number of factors operate to shape and sometimes distort perception. These factors can reside:

1. In the perceiver
2. In the object or target being perceived or
3. In the context of the situation in which the perception is made.

1. ***Characteristics of the Perceiver:*** Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what he or she stands for, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The major characteristics of the perceiver influencing perception are:

   (a) *Attitudes:* The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates for a very important position in his organisation – a position that requires negotiating contracts with suppliers, most of whom are male. Mr X may feel that women are not capable of holding their own in tough negotiations. This attitude will doubtless affect his perceptions of the female candidates he interviews.

   (b) *Moods:* Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impressions of others. When in a negative mood, we tend to evaluate others unfavourably.

   (c) *Motives:* Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organisational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be translated into the perception that others are out to "get my job", regardless of the intention of the subordinates.

   (d) *Self-Concept:* Another factor that can affect social perception is the perceivers' self-concept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.

   (e) *Interest:* The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in class.

   (f) *Cognitive Structure:* Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Others tend to focus more on central traits, or personality dispositions. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.

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(g) *Expectations:* Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S Zalkind and Timothy W Costello on some specific characteristics of the perceiver reveal

(i) Knowing oneself makes it easier to see others accurately.

(ii) One's own characteristics affect the characteristics one is likely to see in others.

(iii) People who accept themselves are more likely to be able to see favourable aspects of other people.

(iv) Accuracy in perceiving others is not a single skill.

These four characteristics greatly influence how a person perceives others in the environmental situation.

2. ***Characteristics of the Target:*** Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motion, sound, size and other attributes of a target shape the way we see it.

Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender. Perceivers tend to notice physical appearance characteristics that contrast with the norm, that are intense, or that are new or unusual. Physical attractiveness often colours our entire impression of another person. Interviewers rate attractive candidates more favourably and attractive candidates are awarded higher starting salaries.

Verbal communication from targets also affects our perception of them. We listen to the topics they speak about, their voice tone, and their accent and make judgements based on this input.

Non-verbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

The perceiver, who observes the target's behaviour, infers the intentions of the target. For example, if our manager comes to our office doorway, we think "oh no! he is going to give me more work to do". Or we may perceive that his intention is to congratulate us on a recent success. In any case, the perceiver's interpretation of the target's intentions affects the way the perceiver views the target.

Targets are not looked at in isolation; the relationship of a target to its background influences perception because of our tendency to group close things and similar things together. Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated. For example, employees in a particular department are seen as a group. If two employees of a department suddenly resign, we tend to assume their departures were related when in fact, they might be totally unrelated.

People, objects or events that are similar to each other also tend to be grouped together. The greater the similarity, the greater the probability we will tend to perceive them as a group.

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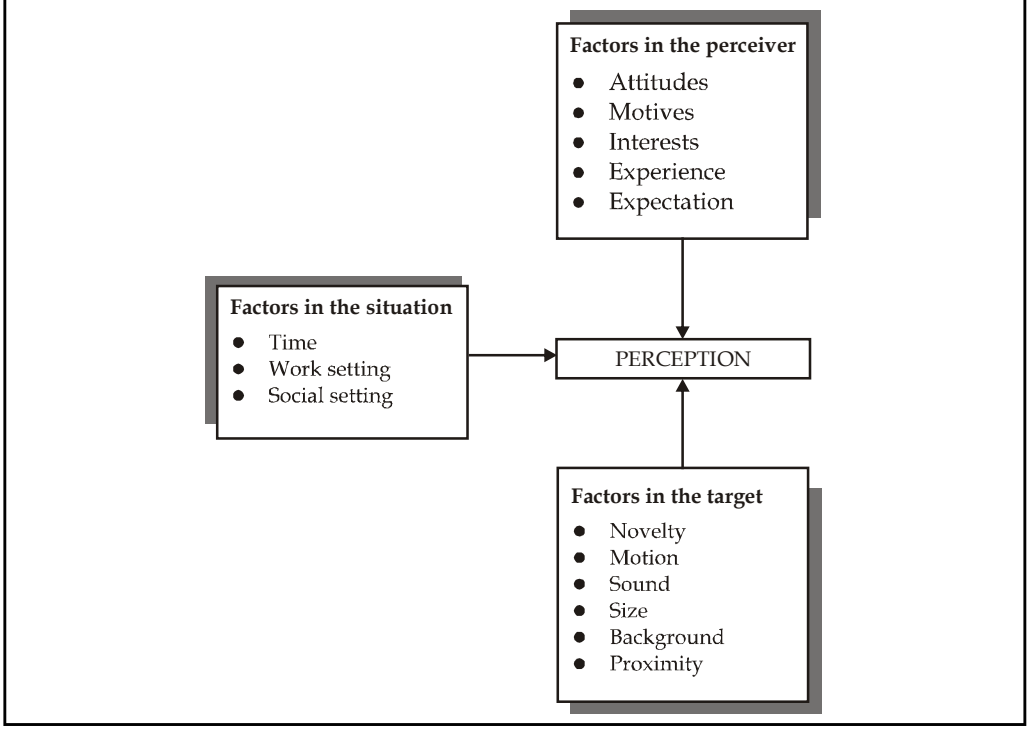
The Figure 10.1 below summarizes the factors influencing perception.

Figure 10.1: Factors that Influence Perception



Source: Stephen P Robbins "*Organisational Behavior – Concepts, Controversies, Applications*", (Seventh edition), Prentice Hall Englewood Cliffs NJ 07632 (1996) page 135.

3. ***Characteristics of the Situation:*** The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, a professor may not notice his 20-year-old female student in a bikini at the swimming pool. Yet the professor will notice the same girl if she comes to his organisational behaviour class in a bikini. In the same way, meeting a manager in his or her office affects your impression in a certain way that may contrast with the impression you would have formed, had you met the manager in a restaurant.

   The strength of the situational cues also affects social perception. Some situations provide strong cues as to appropriate behaviour. In these situations, we assume that the individual's behaviour can be accounted for by the situation, and that it may not reflect the individual's disposition. This is the discounting principle in social perception. For example, you may encounter an automobile salesperson who has a warm and personable manner, asks you about your work and hobbies, and seems genuinely interested in your taste in cars. Can you assume that this behaviour reflects the salesperson's personality? You probably cannot, because of the influence of the situation. This person is trying to sell you a car, and in this particular situation, he probably treats all customers in this manner.

10.2.2 Frequently used Shortcuts in Judging Others

Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are not foolproof. Several

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factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. These barriers to perception are:

1. ***Selective Perception:*** We receive a vast amount of information. Therefore, it is impossible for us to assimilate everything we see – only certain stimuli can be taken note of. That is why, the boss may reprimand some employees for doing something that – when done by another employee goes unnoticed. Since we can't observe everything going on about us, we engage in selective perception.

   Selective perception is also our tendency to choose information that supports our viewpoints; individuals often ignore information that makes them feel uncomfortable or threatens their viewpoints.

   Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous situation. Our perception tends to be influenced more by an individual's attitudes, interests, and background than by the stimulus itself.

2. ***Stereotype:*** A stereotype is a generalization about a group of people. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping. Stereotypes reduce information about other people to a workable level, and they are efficient for compiling and using information. It is a means of simplifying a complex world and it permits us to maintain consistency. It is less difficult to deal with an unmanageable number of stimuli if we use stereotypes. Stereotypes can be accurate, and when they are accurate, they can be useful perceptual guidelines. However, most of the time, stereotypes are inaccurate.

   Attractiveness is a powerful stereotype. We assume that attractive individuals are also warm, kind, sensitive, poised, sociable, outgoing, independent, and strong. Are attractive people always warm, kind, intelligent, sociable, outgoing, independent, and strong? Are attractive people really like this? Certainly all of them are not.

   In organisations, we frequently hear comments that represent stereotypes based on gender, age, nationality, etc. From a perceptual standpoint, if people expect to see this stereotype, that is what they will perceive, whether it's accurate or not.

3. ***Halo Effect:*** The halo error in perception is very similar to stereotyping. Whereas in stereotyping the person is perceived according to a single category, under the halo effect the person is perceived on the basis of one trait.

   When we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability or appearance, a halo effect is operating. The propensity for the halo effect to operate is not random. Research suggests it is likely to be most extreme when the traits to be perceived are ambiguous in behavioural terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has limited experience. Example of halo effect is the extremely attractive secretary who is perceived by her male boss as being intelligent, and a good performer, when, in fact, she is a poor typist.

4. ***First-impression error:*** Individuals place a good deal of importance on first impressions. First impressions are lasting impressions. We tend to remember what we perceive first about a person, and sometimes we are quite reluctant to change our initial impressions. First-impression error means the tendency to form lasting opinions about an individual based on initial perceptions. Primacy effects can be particularly dangerous in interviews, given that we form first impressions quickly and that these impressions may be the basis for long-term employment relationships.

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5. ***Contrast Effect:*** Stimuli that contrast with the surrounding environment are more likely to be selected for attention than stimuli that blend in. A contrasting effect can be caused by colour, size or any other factor that is unusual (any factor that distinguishes one stimulus from others at present). For example, a man walking down the street with a pair of crutches is more attention grabbing than the usual variety of pedestrian. A contrast effect is the evaluation of a person's characteristics that are affected by comparisons with other people recently encountered that rank higher or lower on the same characteristics. The "contrast" principle essentially states that external stimuli that stand out against the background or which are not what are expecting, will receive their attention. The contrast effect also explains why a male student stands out in a crowd of female students. There is nothing unusual about the male student but, when surrounded by females, he stands out.

   An illustration of how contrast effects operate is an interview situation in which one sees a pool of job applicants. Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule. The candidate is likely to receive a more favourable evaluation if preceded by mediocre applicants, and a less favourable evaluation if preceded by strong applicants.

6. ***Projection:*** It is easy to judge others if we assume they are similar to us. This tendency to attribute one's own characteristics to other people is called projection. Projection can distort perceptions made about others. People who engage in projection tend to perceive others according to what they are like, rather than according to what the person being observed is really like. When managers engage in projection, they compromise their ability to respond to individual differences. They tend to see people as more homogeneous than they really are.

7. ***Implicit Personality Theories:*** We tend to have our own mini-theories about how people look and behave. These theories help us organise our perceptions and take shortcuts instead of integrating new information all the time. Implicit-personality theory is opinions formed about other people that are based on our own mini-theories about how people behave. For example, we believe that girls dressed in fashionable clothes will like modern music and girls dressed in traditional dress, like a saree, will like Indian classical music. These implicit personality theories are barriers because they limit out ability to take in new information when it is available.

8. ***Self-fulfilling Prophecies:*** Self-fulfilling prophecies are situations in which our expectations about people affect our interaction with them in such a way that our expectations are fulfilled. Self-fulfilling prophecy is also known as the Pygmalion effect, named after a sculptor in Greek mythology who carved a statue of a girl that came to life when he prayed for this boon and it was granted.

Caselet

Seasickness as Self-fulfilling Prophecy

Virtually no one is immune to seasickness, especially those in the Navy who must perform their jobs on rough seas. While there are drugs for the problem, some of the side effects are the very symptoms that the drugs are intended to prevent: drowsiness, blurred vision, and dryness of the mouth. Naval and aviation medicine continue to try to solve the challenge of motion sickness.

The authors of one study devised an experiment to see whether self-fulfilling prophecy could help. They assigned twenty-five naval cadets in the Israeli Defence Forces to experimental and control conditions. Before their first cruise, the cadets in the experimental

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group were told that they were unlikely to experience seasickness and that, if they did, it was unlikely to affect their performance at sea. Cadets in the control group were told about research on seasickness and its prevention. At the end of the five-day cruise, cadets in the experimental group reported less seasickness and were rated as better performers by their training officers. These cadets also had higher self-efficacy; that is, they believed they could perform well at sea despite seasickness.

The pills and patches that physicians often prescribe for seasickness are unpleasant to the point of deterring their use, are of short-term effectiveness, and have undesirable side effects. Self-fulfilling prophecy has none of these problems, and it appears to work in combating seasickness.

Sources: D. Eden and Y. Zuk, "Seasickness as a Self-Fulfilling Prophecy: Raising Self-efficacy to Boost Performance at Sea, "Journal of Applied Psychology" 80 (1995) page 628–635.

The Pygmalion effect has been observed in work organisations as well. A manager's expectations of an individual affect both the manager's behaviour toward the individual and the individual's response. For example, suppose a manager has an initial impression of an employee as having the potential to move up within the organisation. Chances are that the manager will spend a great deal of time coaching and counselling the employee, providing challenging assignments and grooming the individual for success.

10.2.3 Perceptions and its Application in Organisation

People in organisations are always judging each other. Managers must appraise their subordinate's performance. In many cases, these judgements have important consequences for the organisations. Let us look at the more obvious applications of perceptions in organisations.

1. ***Employment Interview:*** A major input into who is hired and who is rejected in any organisation is the employment interview. Evidence indicates that interviewers often make inaccurate perceptual judgements. Interviewers generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. As a result, information elicited early in the interview carries greater weight than does information elicited later. A "good applicant" is probably characterized more by the absence of unfavourable characteristics than by the presence of favourable characteristics.

   The employment interview is an important input into the hiring decision and a manager must recognize that perceptual factors influence who is hired. Therefore, eventually the quality of an organisation's labour force depends on the perception of the interviewers.

2. ***Performance Evaluation:*** An employee's performance appraisal very much depends on the perceptual process. The performance appraisal represents an assessment of an employee's work. While this can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgemental. The evaluator forms a general impression of an employee's work. What the evaluator perceives to be "good" or "bad" employee characteristics will significantly influence the appraisal outcome. An employee's future is closely tied to his or her appraisal – promotions, pay raises and continuation of employment are among the most obvious outcomes.

3. ***Performance Expectations:*** A manager's expectations of an individual affect both the manager's behaviour towards the individual and the individual's response. An impressive amount of evidence demonstrates that people will attempt to validate their perceptions of reality, even when these perceptions are faulty. This is particularly relevant when we consider performance expectations on the job.

   The term self-fulfilling prophecy or Pygmalion effect has evolved to characterize the fact that people's expectations determine their behaviour. Managers can harness the power of

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the Pygmalion effect to improve productivity in the organisation. It appears that high expectations of individuals come true. Managers can extend these high expectations of individuals to an entire group. When a manager expects positive things from a group, the group delivers. Similarly, if a manager expects people to perform minimally, they will tend to behave so as to meet these low expectations. Thus, the expectations become reality.

4. ***Employee Loyalty:*** Another important judgement that managers make about employees is whether they are loyal to the organisation. Few organisations appreciate employees, especially those in the managerial ranks openly disparaging the firm. The assessment of an employee's loyalty or commitment is highly judgemental. What is perceived as loyalty by one may be seen as excessive by another. An employee who questions a top management decision may be seen as disloyal. Some employees – called whistle-blowers – who report unethical practices by their employer to authorities inside or outside the organisation, typically act out of loyalty to their organisation but are perceived by management as troublemakers.

10.2.4 Myers-Briggs Type Indicator

The purpose of the Myers-Briggs Type Indicator® (MBTI) personality inventory is to make the theory of psychological types described by C. G. Jung understandable and useful in people's lives. The essence of the theory is that much seemingly random variation in the behavior is actually quite orderly and consistent, being due to basic differences in the ways individuals prefer to use their perception and judgment.

"Perception involves all the ways of becoming aware of things, people, happenings, or ideas. Judgment involves all the ways of coming to conclusions about what has been perceived. If people differ systematically in what they perceive and in how they reach conclusions, then it is only reasonable for them to differ correspondingly in their interests, reactions, values, motivations, and skills."

In developing the Myers-Briggs Type Indicator [instrument], the aim of Isabel Briggs Myers, and her mother, Katharine Briggs, was to make the insights of type theory accessible to individuals and groups. They addressed the two related goals in the developments and application of the MBTI instrument:

1. The identification of basic preferences of each of the four dichotomies (Extraversion or Introversion, Sensing or Intuition, Thinking or Feeling, Judging or Perceiving) specified or implicit in Jung's theory.
2. The identification and description of the 16 distinctive personality types (which can be expressed as a code with four letters) that result from the interactions among the preferences.

The 16 personality types of the Myers-Briggs Type Indicator® instrument are listed here as they are often shown in what is called a "type table." A type table is shown in Table 10.1

Table 10.1: Type Table

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

Further explanation of each type is as follows:

ISTJ: Quiet, serious, earn success by thoroughness and dependability. Practical, matter-of-fact, realistic, and responsible. Decide logically what should be done and work toward it steadily,

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regardless of distractions. Take pleasure in making everything orderly and organised - their work, their home, their life. Value traditions and loyalty.

ISFJ: Quiet, friendly, responsible, and conscientious. Committed and steady in meeting their obligations. Thorough, painstaking, and accurate. Loyal, considerate, notice and remember specifics about people who are important to them, concerned with how others feel. Strive to create an orderly and harmonious environment at work and at home.

INFJ: Seek meaning and connection in ideas, relationships, and material possessions. Want to understand what motivates people and are insightful about others. Conscientious and committed to their firm values. Develop a clear vision about how best to serve the common good. Organised and decisive in implementing their vision.

INTJ: Have original minds and great drive for implementing their ideas and achieving their goals. Quickly see patterns in external events and develop long-range explanatory perspectives. When committed, organise a job and carry it through. Skeptical and independent, have high standards of competence and performance - for themselves and others.

ISTP: Tolerant and flexible, quiet observers until a problem appears, then act quickly to find workable solutions. Analyze what makes things work and readily get through large amounts of data to isolate the core of practical problems. Interested in cause and effect, organise facts using logical principles, value efficiency.

ISFP: Quiet, friendly, sensitive, and kind. Enjoy the present moment, what's going on around them. Like to have their own space and to work within their own time frame. Loyal and committed to their values and to people who are important to them. Dislike disagreements and conflicts, do not force their opinions or values on others.

INFP: Idealistic, loyal to their values and to people who are important to them. Want an external life that is congruent with their values. Curious, quick to see possibilities, can be catalysts for implementing ideas. Seek to understand people and to help them fulfill their potential. Adaptable, flexible, and accepting unless a value is threatened.

INTP: Seek to develop logical explanations for everything that interests them. Theoretical and abstract, interested more in ideas than in social interaction. Quiet, contained, flexible, and adaptable. Have unusual ability to focus in depth to solve problems in their area of interest. Skeptical, sometimes critical, always analytical.

ESTP: Flexible and tolerant, they take a pragmatic approach focused immediate results. Theories and conceptual explanations bore them – they want to act energetically to solve the problem. Focus on the here-and-now, spontaneous, enjoy each moment that they can be active with others. Enjoy material comforts and style. Learn best through doing.

ESFP: Outgoing, friendly, and accepting. Exuberant lovers of life, people, and material comforts. Enjoy working with others to make things happen. Bring common sense and a realistic approach to their work, and make work fun. Flexible and spontaneous, adapt readily to new people and environments. Learn best by trying a new skill with other people.

ENFP: Warmly enthusiastic and imaginative. See life as full of possibilities. Make connections between events and information very quickly, and confidently proceed based on the patterns they see. Want a lot of affirmation from others, and readily give appreciation and support. Spontaneous and flexible, often rely on their ability to improvise and their verbal fluency.

ENTP: Quick, ingenious, stimulating, alert, and outspoken. Resourceful in solving new and challenging problems. Adept at generating conceptual possibilities and then analyzing them strategically. Good at reading other people. Bored by routine, will seldom do the same thing the same way, apt to turn to one new interest after another.

ESTJ: Practical, realistic, matter-of-fact. Decisive, quickly move to implement decisions. Organise projects and people to get things done, focus on getting results in the most efficient way possible.

Take care of routine details. Have a clear set of logical standards, systematically follow them and want others to also. Forceful in implementing their plans.

ESFJ: Warmhearted, conscientious, and cooperative. Want harmony in their environment, work with determination to establish it. Like to work with others to complete tasks accurately and on time. Loyal, follow through even in small matters. Notice what others need in their day-by-day lives and try to provide it. Want to be appreciated for who they are and for what they contribute.

ENFJ: Warm, empathetic, responsive, and responsible. Highly attuned to the emotions, needs, and motivations of others. Find potential in everyone, want to help others fulfill their potential. May act as catalysts for individual and group growth. Loyal, responsive to praise and criticism. Sociable, facilitate others in a group, and provide inspiring leadership.

ENTJ: Frank, decisive, assume leadership readily. Quickly see illogical and inefficient procedures and policies, develop and implement comprehensive systems to solve organisational problems. Enjoy long-term planning and goal setting. Usually well informed, well read, enjoy expanding their knowledge and passing it on to others. Forceful in presenting their ideas.

Task

Choose any five people of your choice and classify their personalities according to MBTI.

10.3 Attribution

As human beings, we are innately curious. We are not content merely to observe the behaviour of others; we want to know why they behave the way they do. We also seek to understand and explain our own behaviour. Attribution simply refers to how a person explains the cause of another's or his or her own behaviour. Attribution thus is the most relevant application of perception concepts to organisation behaviour – the issue of person perception. The attributions or inferred causes we provide for behaviour have important implications in organisations. In explaining the causes of employee performance, good or bad, we are asked to explain the behaviour that was the basis for the performance.

Our perceptions of people differ from our perceptions of inanimate objects like machines or buildings. Non-living objects are subject to the laws of nature; they have no beliefs, motives or intentions. People do. The result is that when we observe people, we attempt to develop explanations of why they behave in certain ways. Our perception and judgement of a person's actions, therefore, will be significantly influenced by the assumptions we make about the person's internal state. We explore Harold Kelly's attribution model, which is based on the pioneering work of Fritz Heider, the founder of attribution theory.

10.3.1 Internal and External Attributions

Attribution theory has been proposed to develop explanations of the ways in which we judge people differently, depending on what meaning we attribute to a given behaviour. Basically, the theory suggests that when we observe an individual's behaviour, we attempt to determine whether it was internally or externally caused.

1. ***Internal attributions:*** Attributions can be made to an internal source of responsibility. That means something within the individual's control. For example, suppose you perform well in your MBA examination, you might say you did well because you are smart or because you studied hard. If you attribute your success to ability or effort, you are citing an internal source.

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2. ***External Attributions:*** Attributions can be made to an external source of responsibility. That means something outside the individuals' control. For example, suppose you perform well in your MBA examination you might say the examination was easy or that you had good luck. In this case, you are attributing your performance to sources beyond your control or external attributions.

Case Study

Managers Explain what has helped and Hindered their Advancement

Industry Week magazine surveyed 1,300 middle mangers in medium-sized and large companies with at least 500 employees on a number of issues.

Two questions were particularly relevant because they address attribution issues: To what do you attribute your success to date? And what do you think has most hampered your advancement to even higher levels in your company?

Most managers attributed their advancement to their knowledge and on-the-job accomplishments. More than 80 per cent of these middle managers ranked these as being the biggest factors in their promotion into management.

When asked what most hindered their advancement to even higher levels of management, 56 percent of the managers said it was because they hadn't built relationships with the "right" people. This was followed by 23 percent saying that they were most hindered by insufficient education, intelligence, or knowledge of their business area.

These results are exactly what you'd expect based on attribution theory.

Specifically, consistent with the self-serving bias, these managers attributed their success to internal factors (their knowledge and on-the-job accomplishments) and placed the blame for their failures on external factors (the implied politics in knowing the right people).

Questions

1. What do you analyze as the main reasons to attribute to higher growth in an organisation?
2. Do you think that your relationship with "right people" determines how far you have to go in your career or is it your performance?

Source: D.R. Altany, "Torn Between Halo and Horns," Industry Week (March 15, 1993), page 19.

10.3.2 Attribution Theory

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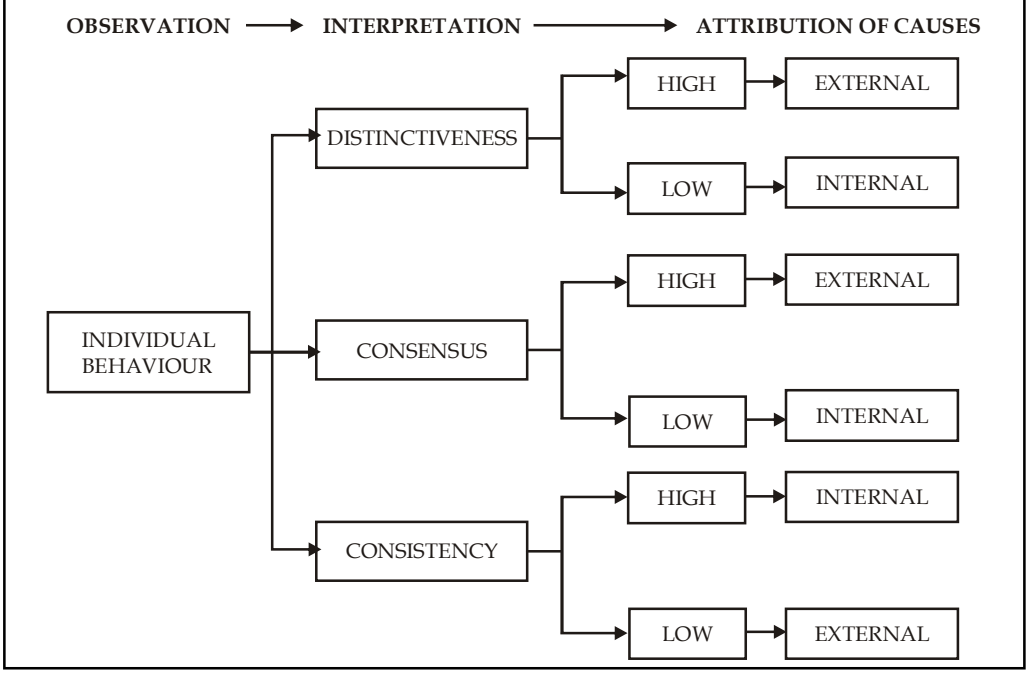
The Figure 10.2 below summarizes the key elements in attribution theory.

Figure 10.2: Attribution Theory



Source: Stephen P Robbins "*Organisational Behaviour – Concepts, Controversies and Application*" (7th Edition), Prentice Hall, Englewood Cliffs, NJ07632, page 136.

Attribution theory has been proposed to develop explanations of the ways in which we judge people differently, depending on what meaning we attribute to a given behaviour. Attribution is a perceptual process. The way we explain success of failure – whether our own or that of another person – affects our feelings and our subsequent behaviour. Harold Kelley extended attribution theory by trying to identify the antecedents of internal and external attributions. Kelley proposed that individuals make attributions based on information gathered in the form of three informational cues:

1. ***Consensus:*** Consensus is the extent to which peers in the same situation behave the same way. In other words, if everyone who is faced with a similar situation responds in the same way, we can say the behaviour shows consensus. If everybody in the same circumstance behaves in the same way, you would be given an external attribution, whereas if a single employee behaves in a particular way, your conclusion would be internal.

2. ***Distinctiveness:*** Distinctiveness is the degree to which the person behaves the same way in other situations. What we want to know is, if this behaviour is unusual or not. If it is, the observer is likely to give the behaviour an external attribution. If this action is not unusual, it will probably be judged as internal.

3. ***Consistency:*** Consistency refers to the frequency of a particular behaviour over time. An observer looks for consistency in a person's action. The more consistent the behaviour, the more the observer is inclined to attribute it to internal causes.

Consensus, distinctiveness and consistency are the cues used to determine whether the cause of behaviour is internal or external. The process of determinating the cause of behaviour may not be simple and clear-cut, because of some biases that occur in forming attributions.

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10.3.3 Attributional Biases

One of the more interesting findings from attribution theory is that there are errors or biases that distort attributions. The attribution processes may be affected by two very common errors: the fundamental attribution error and the self-serving bias.

1. ***Fundamental Attribution Error:*** The tendency to make attributions to internal causes when focusing on someone else's behaviour is known as the fundamental attribution error. For example, when a sales manager is prone to attribute the poor performance to his sales agents to laziness rather than the innovative product line introduced by a competitor, he is making a fundamental attribution error. Substantial evidence suggests that when we make judgements about the behaviour of other people, we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
2. ***Self-serving Bias:*** Individuals tend to attribute their own successes to internal factors like ability or effort while putting the blame for failure on external factors like luck. This is called the self-serving bias. In other words, when we succeed, we take credit for it; when we fail, we blame the situation or other people.

There are cultural differences in these two attribution errors. The self-serving bias of attribution theory doesn't apply in all cultures. In countries like Japan, that value collectivism more than individualism, managers take responsibility for group failure rather than blame other people or external factors. In cultures like India that are more fatalistic, people tend to believe that fate is responsible for much that happens. People in such cultures tend to emphasize external causes of behaviour.

The way individuals interpret the events around them has a strong influence on their behaviour. People try to understand the causes of behaviour. Managers use attributions in all aspects of their jobs. In evaluating performance and rewarding employees, managers must determine the causes of behaviour and a perceived source of responsibility. Attribution theory can explain how performance evaluation judgements lead to differential rewards. A supervisor attributing an employee's good performance to internal causes, such as effort or ability, may give a larger raise than a supervisor attributing the good performance to external causes, such as help from others or good training.

10.4 Summary

- An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts, and behavior. Emotions are subjective experiences, or experienced from an individual point of view.
- Emotions are thought to be related to activity in brain areas that direct our attention, motivate our behavior, and determine the significance of what is going on around us.
- Emotional Intelligence (EI), often measured as an Emotional Intelligence Quotient (EQ), is a term that describes the ability, capacity, skill or (in the case of the trait EI model) a self-perceived ability, to identify, assess, and manage the emotions of one's self, of others, and of groups.
- Practically speaking, we often fail to see reality in this world. We interpret what we see and call it reality. Perceptions, thus, influence behavioural responses greatly.
- Perception is nothing but a person's view of reality. To get a clear picture of what he visualises, a person first selects what he wants to see organises the obtained information and interprets the same in his own unique way. In this process he may move closer to reality or go off the track completely due to certain perceptual errors.

Notes

10.5 Keywords

Extraversion (E): To focus on the outer world

Feeling (F): To first look at the people and special circumstances

Introversion (I): To focus on inner world

Intuition (N): To interpret and add meaning

Judging (J): To get things decided

Perceiving (P): To stay open to new information and options

Sensing (S): To focus on the basic information you take in

Thinking (T): To first look at logic and consistency

10.6 Self Assessment

Fill in the blanks:

1. ..... personality is highly attuned to the emotions, needs, and motivations of others.
2. ..... want harmony in their environment.
3. ..... enjoy working with others to make things happen.
4. ..... want to understand what motivates people and are insightful about others.
5. ..... quickly see patterns in external events and develop long-range explanatory perspectives.
6. ..... are quite practical, matter-of-fact, realistic, and responsible.
7. ..... want an external life that is congruent with their values.
8. A generalisation about a person or group is known as……..
9. Tendency to form opinions about individual based on initial perception is termed as…….error.
10. You pass in an interview because you were confident and qualified. This is ……. attribution.

10.7 Review Questions

1. What do you mean by TA? Explain the theory.
2. This unit does not discuss any disadvantages of TA. Is it possible that something does not have any disadvantages? If no, discuss some potential disadvantages of TA.
3. Consider your personality 10 years ago, 5 years ago, today, and 5 years hence. Determine the type of personality that you were/are/would be in each.
4. The ability is seen to manifest itself in certain adaptive behaviours, true/false? Answer with elaborative reasoning.
5. Do you agree with the direct relationship concept between EI and job performance? Give reasons.
6. Mood happens to be a strong factor influencing our perception about somebody. Can we come over it? If yes, how? If no, how do we ensure then that we do not end making wrong perceptions about people?

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7. Examine how the perceiver, who observes the target's behaviour, infers the intentions of the target.
8. Illustrate though examples how the strength of the situational cues affects social perceptions.
9. Why would a boss reprimand some employees for doing something that – when done by another employee goes unnoticed?
10. Suggest measures to correct the halo effect.
11. Is it the right approach to be judgemental about others at workplace? If not, what should be the right approach?
12. How will you check the loyalty of an employee who questions a top management decision?
13. What are your opinions about the Pygmalion effect? Is it beneficial or not for the subordinates of a highly demanding boss?

Answers: Self Assessment

1.	ENFJ	2.	ESFJ
3.	ESFP	4.	INFJ
5.	INTJ	6.	ISTJ
7.	INFP	8.	Stereotyping
9.	First impression	10.	Internal

10.8 Further Readings

Books

Eric Berne, *Games People Play: The Psychology of Human Relationships*, Penguin Books Ltd.

Ian Stewart, Vann Joines, *TA Today: A New Introduction to Transactional Analysis*, Lifespace Publishing.

Online link

www.myersbriggs.org

Unit 11: Work Motivation

Notes

CONTENTS

Objectives

After studying this unit, you will be able to:

- Know the early approaches to motivation
- State Maslow's Hierarchy of Needs
- Discuss McGregor's theory X and theory Y
- Explain Herzberg's Two-Factor Theory of motivation and ERG theory
- Realise McClelland's Theory of Needs
- Discuss the Equity Theory and different strategies for resolving inequity
- State the Expectancy Theory of motivation

Introduction

Motivation is the process of rousing and sustaining goal-directed behaviour. Motivation is one of the more complex topics in organisational behaviour. Motivation comes from the Latin word "movere" which means, "to move". Because motivation is an internal force, we cannot measure the motivation of others directly. Instead, we typically infer whether or not other individuals are motivated by watching their behaviour. For example, we might conclude that our manager

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Mr. Arun who works late every evening, goes to the office on weekends and incessantly reads the latest management journals is highly motivated to do well. Conversely, we might suspect that Mr. Ivan who is working in the accounts department is usually the first one to go out of the door at quitting time, rarely puts in extra hours and generally spends little time reading up on new developments in the field, is not very motivated to excel.

What makes people work? Why do some people perform better than others? Why does the same person act differently at different times? Perhaps one of the biggest questions confronting organisations today is the "people" question. A manager must stimulate people to action to accomplish the desired goals; he must fuse the varied individual human capacities and powers of the many people employed into a smoothly working team with high productivity. How do we get people to perform at a higher than "normal" percent of their physical and mental capacities and also maintain satisfaction? This is the challenge of motivation.

11.1 What is Motivation?

Some of the widely quoted definitions are given below:

"Motivation is the result of processes, internal or external to the individual, that arouse enthusiasm and persistence to pursue a certain course of action."

Gray Starke

"We define motivation as the willingness to exert high levels of effort toward organisational goals, conditioned by the effort's ability to satisfy some individual needs."

Stephen P Robbins

" Motivation is a predisposition to act in a specific goal-directed way."

S. Zedeck and M. Blood

"(Motivation is) the immediate influences on the direction, vigour and persistence of action."

Atkinson J.W.

"(Motivation is) steering one's actions toward certain goals and committing a certain part of one's energies to reach them."

S.W Gellerman

"(Motivation is) how behaviour gets started, is energized, is sustained, is directed, is stopped and what kind of subjective reaction is present in the organism while all these are going on."

M.R. Jones

All these definitions contain three common aspects of the motivation process:

1. What energizes human behaviour?
2. What directs or channels such behaviour?
3. How is this behaviour maintained or sustained?

Motivation has certain underlying properties:

1. ***It is an individual phenomenon:*** Each individual is unique, and this fact must be recognized in motivation research.
2. ***Motivation is intentional:*** When an employee does something, it is because he or she has chosen to do it.

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3. ***Motivation has many facets:*** Researchers have analyzed various aspects of motivation, including how it is aroused, how it is directed, what influences its persistence, and how it is stopped.

4. ***The purpose of motivation theories is to predict behaviour:*** The distinction must be made between motivation, behaviour and performance. Motivation is what causes behaviour; if the behaviour is effective, high performance will result.

Motivation is the underlying process that initiates, directs and sustains behaviour in order to satisfy physiological and psychological needs. At any given time, one might explain behaviour as a combination of motives – needs or desires that energize and direct behaviour toward a goal.

The intensity of our motivation, which depends on the number and the strength of the motives involved, has a bearing on the effort and the persistence with which we pursue our goals. Sometimes we pursue an activity as an end in itself simply because it is enjoyable, not because any external reward is attached to it. This type of motivation is known as intrinsic motivation. On the other hand, when we engage in activities not because they are enjoyable, but in order to gain some external reward or to avoid some undesirable consequence, we are pulled by extrinsic motivation. Table 11.1 gives examples of intrinsic and extrinsic motivation.

Table 11.1: Intrinsic and Extrinsic Motivation

	Description	Examples
Intrinsic Motivation	An activity is pursued as an end in itself because it is enjoyable and rewarding.	A person anonymously donates a large sum of money to a university to fund a scholarship for deserving students. A child reads several books each week because reading is fun.
Extrinsic Motivation	An activity is pursued to gain an external reward or to avoid an undesirable consequence.	A person agrees to donate a large sum of money to a university for the construction of a building, provided it will bear the family name. A child reads two books each week to avoid losing television privileges.

Source: Samuel E. Wood and Ellen Green Wood, "*The World of Psychology*", Allyn and Bacon, Boston (2nd Edition) 1996, page 36.

Caselet

Going the Extra Mile

Experts say that a motivated and engaged employee will always go the extra mile in an organisation. S/he becomes the flag bearer of the organisation and helps create positive perceptions in the market. Especially in times of economic turmoil, it is necessary to motivate employees and help them see the bigger picture of where the organisation is headed, and this needs to be regularly re-enforced. According to Mallika Vyas, head - HR, IDBI Fortis Life Insurance, "It is essential that employees see that they are major stakeholders in the accomplishment of the organisation's mission. When employees feel closely rooted to the organisation and see meaningful goals they strive to achieve them. In essence, every organisation is as good as the employees, so during tough times, motivated employees will always unite to ensure that their organisation is able to meet their objectives."

Contd...

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"It is essential that employees see that they are major stakeholders in the accomplishment of the organisation's mission," Mallika Vyas, head - HR, IDBI Fortis Life Insurance Adding to this, Vinjamoori says, "At any given point in time, irrespective of the economic scenario, it is imperative that the associates in an organisation feel motivated and engaged. An associate is the most important stakeholder in an organisation enabling the organisation to achieve and surpass its goals constantly, which is why it is important to keep them motivated and engaged."

Source: www.authbridge.com

11.2 Early Approach to Motivation

The study of motivation can be traced back to the writings of the ancient Greek philosophers. They presented hedonism as an explanation of human motivation. The concept of hedonism says that a person seeks out comfort and pleasure and avoids discomfort and pain. Many centuries later, hedonism was still a basic assumption in the prevailing economic and social philosophies of economists like Adam Smith and J.S. Mill. They explained motivation in terms of people trying to maximize pleasure and avoid pain.

Early psychological thought was also influenced by the idea of hedonism. Psychologists in the 1800s and even in the early 1900s assumed that humans consciously and rationally strive for (a hedonistic approach to) pursuit of pleasure and avoidance of pain.

In organisations, one of the first individuals to address worker motivation explicitly was Fredrick Taylor, who did so through his writings on scientific management between 1900 and 1915. Because Taylor believed that people are motivated mainly by economic factors, he advocated a wage incentive system to encourage workers to excel at doing the job exactly as specified by management. However, the routine and specialized nature of the work, the tendency of managers to reduce wage incentives as production rose, and worker concerns that higher production would lead to job cutbacks led to worker resistance. Money, especially when it was curbed as production rose, did not seem to have the desired effects.

The apparent limitations of money as the sole motivational tool piqued the curiosity of researchers in the human relations school. On the basis of investigations such as, the Hawthorne studies, these researchers argued for devoting greater attention to the social aspects of the job. According to their prescription, managers should make workers feel important, increase vertical communication, allow some decision making on very routine matters related to the job, and pay greater attention to work group dynamics and group incentives. Still, like the scientific management advocates, the human relations school emphasized gaining strict compliance with managerial directives in carrying out extremely routine, specialized jobs. As a result, these efforts met with only limited success in motivating workers' behaviour.

By demonstrating the inadequacy of viewing workers as robot-like appendages that can be manipulated into compliance, these early efforts laid the groundwork for a more sophisticated approach and a better understanding of the motivation process.

The 1950s were a fruitful period in the development of motivation concepts. Three specific theories were formulated during this time, which, although heavily attacked and now questionable in terms of validity, are probably still the best-known explanations for employee motivation. These theories are:

1. 'Hierarchy of Needs' Theory,
2. Theories X and Y, and
3. Motivation-Hygiene Theory.

Notes

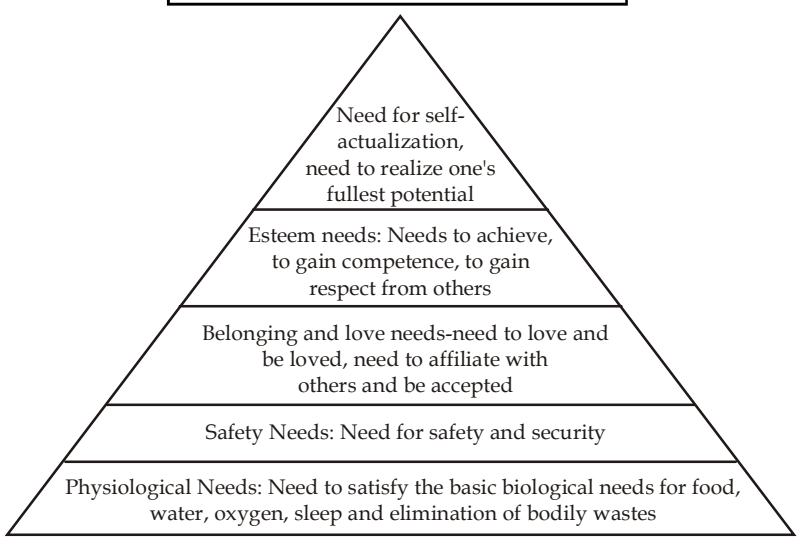
11.2.1 'Hierarchy of Needs' Theory

Abraham Maslow was a psychologist who proposed a theory of human motivation for understanding behaviour based primarily upon a hierarchy of five need categories. He recognized that there were factors other than one's needs (for example, culture) that were determinants of behaviour. However, he focused his theoretical attention on specifying people's internal needs. Maslow labelled the five hierarchical categories as physiological needs, safety and security needs, love (social) needs, esteem needs and the need for self-actualization.

Humans have a variety of needs or motives. Clearly, some needs are more critical to sustaining life than others. We could live without self-esteem, but obviously we could not live long without air to breathe, water to drink, or food to eat.

Abraham Maslow (1970) proposed a 'hierarchy of needs' to account for the range of human motivation. He placed physiological needs such as food and water at the base of the hierarchy, stating that these needs must be adequately satisfied before higher ones can be considered.

Figure 11.1: Maslow's Hierarchy of Needs



If our physiological needs (for water, food, sleep, sex and shelter) are adequately met, then the motives at the next higher level (the safety and security needs) will come into play. When these needs are satisfied, we climb another level to satisfy our needs to belong, and to love and be loved. Maslow believed that failure to meet the belonging and love needs deprives individuals of acceptance, affection and intimacy and is the most prominent factor in human adjustment problems. Still higher in the hierarchy are the needs for self-esteem and the esteem of others. These needs involve our sense of worth and competence, our need to achieve and be recognized for it, and our need to be respected.

At the top of Maslow's hierarchy is the need for self-actualization the need to actualize or realize our full potential. People may reach self-actualization through achievement in virtually any area of life's work. But the surest path of self-actualization is one in which a person finds significant and consistent ways to serve and contribute to the well being of humankind.

Maslow conceptually derived the five need categories from the early thoughts of William James and John Dewey, coupled with the psychodynamic thinking of Sigmund Freud and Alfred Adler. One distinguishing feature of Maslow's need hierarchy is the following progression hypothesis. Although some later research has challenged some of Maslow's assumptions, the theory insists that only ungratified needs motivate behaviour. Further, it is the lowest level of

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ungratified needs that motivate behaviour. As a lower level of need is met, a person progresses to the next higher level of need as a source of motivation. Hence, people progress up the hierarchy as they successively gratify each level of need. Some possible work-related means of fulfilling the various needs in the hierarchy are shown in Table 11.2 below:

Table 11.2: Maslow's Hierarchy of Needs and Potential Means of Fulfilment at Work

Needs Hierarchy		Potential Means of Fulfilment at work
	Self-Actualization Needs	Challenging projects, opportunities for innovation and creativity, training
	Esteem Needs	Important projects, recognition, prestigious office location
	Belongingness Needs	Good co-workers, peers, superiors, customers
	Safety Needs	Job security; benefits, like life insurance; safety regulations
	Physiological Needs	Basic pay, work space, heat, water, company cafeteria

Maslow recognized that a need might not have to be completely fulfilled before we start directing out attention to the next level in the hierarchy. At the same time, he argued that once we have essentially fulfilled a need, that need ceases to be a motivator and we begin to feel tension to fulfil needs at the next level. While Maslow's hierarchy has stimulated thinking about the various needs that individuals have, it has some serious shortcomings. Research suggests that needs may cluster into two or three categories rather than five. Also, the hierarchy of needs may not be the same for everyone. For instance, entrepreneurs frequently pursue their dreams for years despite the relative deprivation of lower level needs. Finally, individuals often seem to work on satisfying several needs at once, even though some needs may be more important than others at a given point of time.

11.2.2 Theory X and Theory Y

One important organisational implication of the hierarchy of needs concerns the philosophies and techniques that have a bearing on how to manage people at work. Douglas McGregor, taking a cue on motivation from Maslow's need-based theory, grouped the physiological and safety needs as "lower-order" needs and the social, esteem and self-actualization needs as "upper-order" needs. McGregor proposed two alternative sets of assumptions about people at work, based upon which set of needs were the active motivators. He labelled these sets of assumptions – one basically negative as – Theory X and the other basically positive – as Theory Y. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mould his or her behaviour toward subordinates according to these assumptions.

According to McGregor, people should be treated differently according to whether they are motivated by lower-order or higher order needs. Specifically, McGregor believed that Theory X assumptions are appropriate for employees motivated by lower-order needs. Theory Y assumptions, in contrast, are appropriate for employees motivated by higher-order needs, and Theory X assumptions are then inappropriate. In addition, McGregor believed that in the 1950s when he was writing, the majority of American workers had satisfied their lower-order needs and were therefore motivated by higher-order needs. Therefore, he proposed such ideas as participative decision-making, responsible and challenging jobs, and good group relations as approaches that would maximize employee's job motivation. Unfortunately, no evidence confirms that either set of assumptions is valid or that accepting Theory Y assumptions and altering one's actions accordingly will lead to more motivated workers.

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Table 11.3: Lists the Assumptions that McGregor makes about people, resolving them in his now famous Theory X and Theory Y

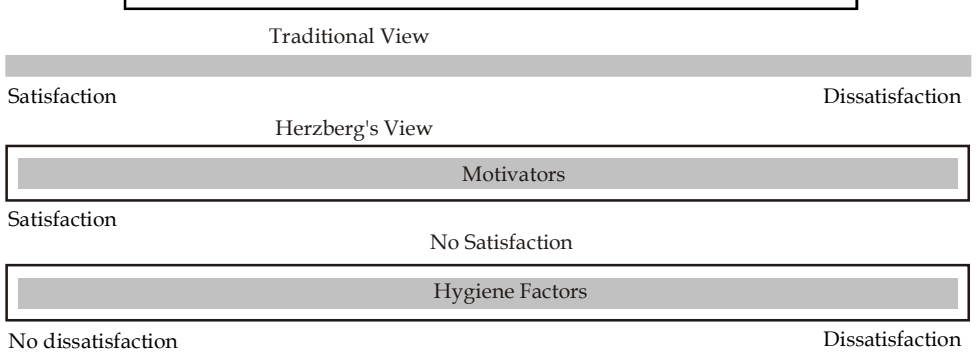
Theory X	Theory Y
• People are by nature indolent. That is, they work as little as possible. • People lack ambition, dislike responsibility, and prefer to be led. • People are inherently self-centred and indifferent to organizational needs. • People are by nature resistant to change • People are gullible and not very bright, the ready dupes of the charlatan and the demagogue.	• People are not by nature passive or resistant to organizational needs. They have become so as a result of experience in organizations. • The motivation, the potential for development, the capacity for assuming responsibility, and the readiness to direct behaviour toward organizational goals are all present in people. Management does not put them there. It is a responsibility of management to make it possible for people to recognize and develop these human characteristics for themselves. • The essential task of management is to arrange conditions and methods of operation so that people can achieve their own goals best by directing their own efforts toward organizational objectives.

Source: D.M. McGregor, "*The Human Side of Enterprise*", Management Review, November 1957: Page 22-28, 88-92.

11.2.3 Motivation-Hygiene Theory

Fredrick Herzberg departed from the need hierarchy approach to motivation and examined the experiences that satisfied or dissatisfied people's needs at work. This need motivation theory became known as the 'two-factor theory'. Herzberg's original study included 200 engineers and accountants in Western Pennsylvania during the 1950s. Prior to that time, it was common for those researching work motivation to view the concept of job satisfaction as one-dimensional, that is, job satisfaction and job dissatisfaction were viewed as opposite ends of the same continuum. This meant that something that caused job satisfaction, would cause job dissatisfaction if it were removed; similarly, something that caused job dissatisfaction, if removed, would result in job satisfaction. Based upon unstructured interviews with 200 engineers and accountants, Herzberg concluded that this view of job satisfaction was incorrect, and that satisfaction and dissatisfaction were actually conceptually different factors caused by different phenomena in the work environment. These two views of job satisfaction are shown in Figure 11.2.

Figure 11.2: Contrasting Views of Satisfaction and Dissatisfaction



Source: Stephen P Robbins "*Organisation Behaviour – Concepts, Controversies, Applications*", (Seventh Edition), 1996, page 217.

Work conditions related to satisfaction of the need for psychological growth were labelled motivation factors. Work conditions related to dissatisfaction caused by discomfort or pain was labelled 'hygiene factors'. Each set of factors related to one aspect of what Herzberg identified as the human-being's dual nature regarding the work environment. Thus, motivation factors relate

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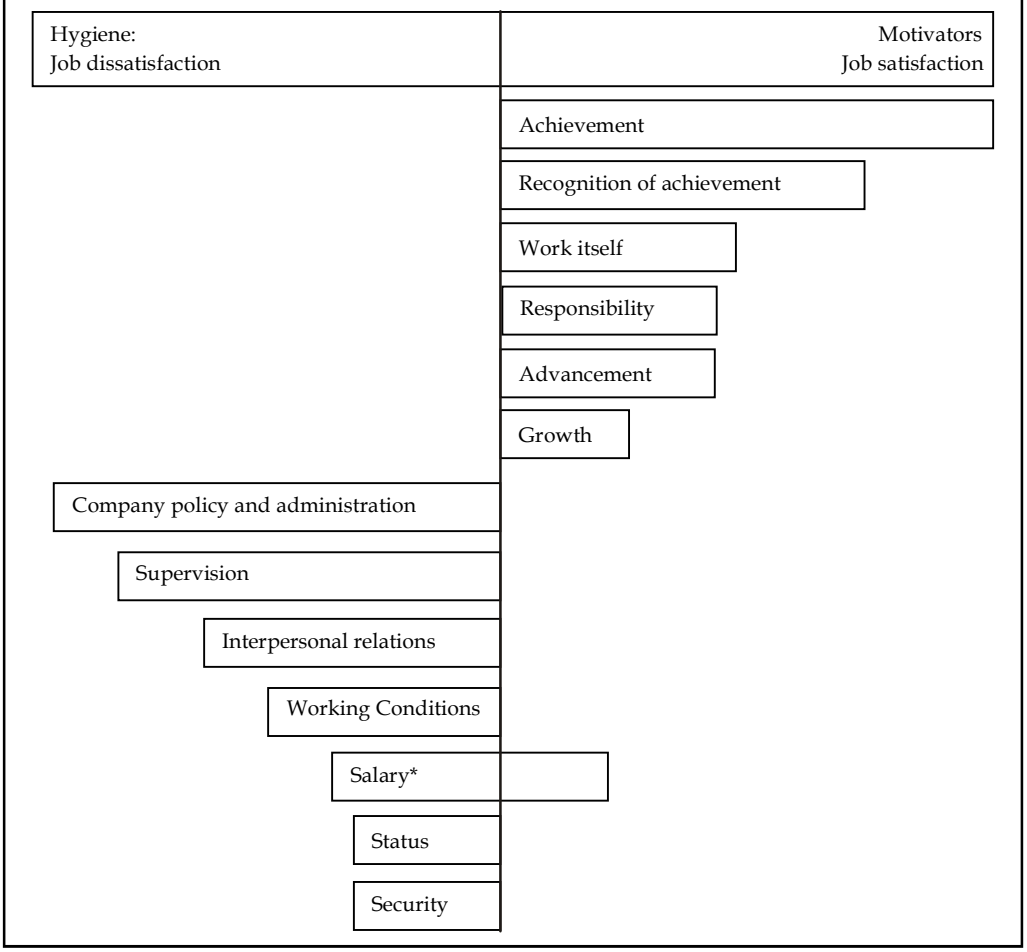
to job satisfaction, and hygiene factors relate to job dissatisfaction. These two independent factors are depicted in Figure 11.3.

Figure 11.3: Hygiene and Motivating Factors



*Because of its ubiquitous nature, salary commonly showed up as a motivator as well as hygiene. Although primarily a hygiene factor, it also often takes on some of the properties of a motivator, with dynamics similar to those of recognition for achievement.

Source: Frederick Herzberg, *The Managerial Choice: To Be Efficient is to be Human – Salt Lake City: Olympus*, 1982.

Motivation Factors

According to Herzberg, building motivation factors into a job produces job satisfaction. This process is known as job enrichment. In the original research, the motivation factors were identified as responsibility, achievement, recognition, advancement and the work itself. These factors relate to the content of the job and what the employee actually does on the job. When these factors are present, they lead to superior performance and effort on the part of job incumbents. Motivation factors lead to positive mental health and challenge people to grow, contribute to the work environment, and invest themselves in the organisation. The motivation factors are the most important of the two sets of factors, because they directly affect a person's motivational drive to do a good job. When they are absent, the person will be de-motivated to perform well and achieve excellence.

Hygiene Factors

Job dissatisfaction occurs when the hygiene factors are either not present or not sufficient. In the original research, the hygiene factors were company policy and administration, technical supervision, interpersonal relations with one's supervisor and working conditions, salary and status. These factors relate to the context of the job and may be considered support factors. They do not directly affect a person's motivation to work but influence the extent of the person's discontent. These factors cannot stimulate psychological growth or human development. Excellent hygiene factors result in employees' being not dissatisfied and contribute to the absence of complaints about these contextual considerations.

Task Discuss how will you motivate a colleague to increase his/her productivity at workplace when he is bogged down by work-life balance.

11.3 Contemporary Theory of Motivation

The theories discussed above are well known but have not held up well under close examination. Therefore, a number of authorities on the subject have come up with their version of the theories of motivation. These contemporary theories have one thing in common: each has a reasonable degree of valid supporting documentation. These theories are called contemporary theories not necessarily because they were developed recently, but because they represent the current state of the art in explaining employee motivation.

11.3.1 ERG Theory

Because of the criticisms of Maslow's 'hierarchy of needs' theory, motivation researcher Clayton Alderfer of Yale University has reworked Maslow's hierarchy of needs to align it more closely with empirical research. His revised need hierarchy is labelled ERG Theory. The name stems from combining Maslow's five needs into three need levels: existence, relatedness and growth.

1. ***Existence Needs:*** include the various forms of material and physiological desires, such as food and water, as well as work-related forms such as pay, fringe benefits and physical working conditions.
2. ***Relatedness needs:*** address our relationships with significant others, such as families, friendship groups, work groups and professional groups. They deal with our need to be accepted by others, achieve mutual understanding on matters that are important to us and exercise some influence over those with whom we interact on an ongoing basis.
3. ***Growth needs:*** impel creativity and innovation, along with the desire to have a productive impact on our surroundings.

ERG need levels differ in terms of concreteness, that is, the degree to which their presence or absence can be verified. The existence need level is the most concrete, relating to issues such as our rate of pay and the pleasantness of our work surroundings. The growth need level is the least concrete, involving more nebulous issues such as our level of creativity, the degree to which our capabilities are growing relative to our capacity, and the long-term impact of our efforts on our organisation. According to ERG theory, we generally tend to concentrate first on our most concrete requirements. As existence needs are resolved, we have more energy available for concentrating on relatedness needs, which offer a potential source of support that can help us in satisfying growth needs. Thus, ERG theory incorporates a satisfaction-progression principle similar to that of Maslow in that satisfaction of one level of need encourages concern with the next level.

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Besides substituting three needs for five, how does Alderfer's ERG Theory differ from Maslow's? The ERG Theory differs from the hierarchy of needs theory in three significant ways.

1. Although the general notion of a hierarchy is retained, Alderfer's theory argues that we can be concerned with more than one need category at the same time. Needs at lower levels are not necessarily fairly well satisfied before we concern ourselves with other needs, although satisfaction of lower-level needs can be helpful in allowing us to devote our attention to higher-level needs.
2. ERG theory is more flexible in acknowledging that some individuals' needs may occur in a somewhat different order than that posited by the ERG framework.
3. ERG theory incorporates a frustration-regression principle. This principle states that if we are continually frustrated in our attempts to satisfy a higher-level need, we may cease to be concerned about that need. Instead, we may regress to exhibiting greater concern for a lower level need that is more concrete and seemingly more within our grasp.

In summary, ERG theory argues – like Maslow – that satisfied lower order needs lead to the desire to satisfy higher order needs; but multiple needs can be operating as motivators at the same time, and frustration in attempting to satisfy a higher level need can result in regression to a lower level need. Both Maslow's hierarchy theory and ERG theory are extremely difficult to test because they involve measuring and tracking an individual's changing needs and fulfilment levels over time. So far, the limited research on ERG theory has generally been supportive. If ERG theory is correct in predicting that individuals attempt to fulfil multiple needs at the same time, then motivating individuals is likely to require offering a variety of means for need fulfilment. Because of the frustration-regression aspect of ERG theory, managers need to be particularly concerned with providing opportunities to satisfy growth needs, lest employees cease to be interested in them.

11.3.2 McClelland's Theory of Needs

While the hierarchy of needs theory and ERG theory view certain needs as an inherent part of our makeup, psychologist David C. McClelland offers a different perspective, 'acquired-needs' theory, which argues that our needs are acquired or learned on the basis of our life experience. Although such needs tend to be a product of a variety of conditions to which we are exposed, sometimes even a specific event can profoundly influence our desires.

In the late 1930s, Murray developed the Thematic Apperception Test (TAT). Twenty pictures were shown to subjects who were asked to make up a dramatic story about each one. Based on the results, Murray argued that about twenty basic human needs that motivated behaviour could be identified. Beginning in the 1950s, for more than three decades, McClelland and his associates researched three of these needs extensively—power, affiliation, and achievement. He measures these needs using the Thematic Apperception Test (TAT), which involves having test takers write stories about pictures that are purposely ambiguous. The stories are then scored according to the achievement, affiliation and power themes that they contain, the assumption being that individuals write about themes that are important to them. McClelland believes that each person possesses all three needs, but people differ in the degree to which the various motives dominate their behaviour. The motives are described as:

1. ***Need for power (nPow):*** The individual exhibiting this need as the dominant one derives satisfaction from his or her ability to control others. Actual achievement of desired goals is of secondary importance to the high nPow individual; instead the means by which goals are achieved (the exercise of power) are of primary importance. Individuals with a high nPow derive satisfaction from being in positions of influence and control. Organisations that foster the power motive tend to attract individuals with a high need for power (for example military organisation).

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2. ***Need for affiliation (nAff):*** Individuals exhibiting this need as a dominant motive derive satisfaction from social and interpersonal activities. There is a need to form strong interpersonal ties and to "get close" to people psychologically. If asked to choose between working at a task with those who are technically competent and those who are their friends, high nAff individuals will chose their friends.

3. ***Need for achievement (nAch):*** Individuals high in nAch derive satisfaction from reaching goals. The feeling of successful task accomplishment is important to the high achiever. High achievers prefer immediate feedback on their performance and they generally undertake tasks of moderate difficulty rather than those that are either very easy or very difficult. They also prefer to work independently so that successful task performance (or failure) can be related to their own efforts rather than the efforts of someone else.

McClelland has analyzed various needs in terms of their relationship to managerial effectiveness. He originally thought that individuals with a high need for achievement would make the best managers. His subsequent work suggests that, to the contrary, high-nAch individuals tend to concentrate on their own individual achievements rather than on the development and achievements of others. As a result, high-nAch individuals often make good entrepreneurs because initial success frequently depends largely on individual achievement. They may not, however, make good managers in situations that require working with a number of others and waiting to learn the results of their efforts. Similarly, individuals with a personal-power orientation run into difficulties as managers because they often attempt to use the efforts of others for their own personal benefit.

McClelland's work suggests that individuals with a high institutional-power need make the best managers because they are oriented toward coordinating the efforts of others to achieve long-term organisational goals. Thus, the need profile of successful managers, at least in competitive environments, appear to include:

1. A moderate-to-high need for institutional power,
2. A moderate need for achievement to facilitate individual contributions early in one's career and a desire for the organisation to maintain a competitive edge as one moves to higher levels, and
3. At least a minimum need for affiliation to provide sufficient sensitivity for influencing others.

The most distinctive element of the achievement motivation theory is the claim by McClelland that the need can be learned (or unlearned). McClelland has reported numerous instances in which individuals with a low initial need to achieve were subjected to a series of classroom experiences that resulted in an increased need to achieve. This type of training exposes individuals to tasks involving the achievement of goals and gradually makes the situations more challenging as the individuals increase their ability to handle the tasks. Again, a development program may be undertaken to reduce the need to achieve, to bring it more in line with the other two needs. So, while the need to achieve has received the greatest publicity, McClelland's theory is actually concerned with matching an individual's motivation patterns to the organisations in which he is working.

Criticisms of McClelland's Theory

The following are the three major criticisms:

1. The use of a projective technique, such as, TAT to determine basic needs has been questioned. While projective techniques have many advantages over structured questionnaires, the interpretation of subjective comments is at best an art, and at worst an exercise indicating the bias of the researcher, not the subject. Because of this criticism, it is useful to use different techniques to measure McClelland's three needs.

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2. The argument that the need for achievement can be taught to adults conflicts with the large body of psychological literature that argues that the acquisition of motives normally occurs in childhood and is very difficult to change, once it has been established.

3. McClelland's proposal has been questioned on grounds of performance. While it may be feasible to teach the need to achieve under carefully controlled conditions, it may be only a temporarily induced feeling rather than a permanent change in behaviour.

On balance, McClelland's work seems to have numerous practical applications, at least in the economic realm. It would appear that the current problem is to concentrate on the development of an environment that will support the desired need, be it affiliation, power, or achievement, or to change the need to fit the environment. In many respects, however, McClelland's work holds promise for work motivation.

11.3.3 Goal-setting Theory

Intentions to work toward a goal are a major source of work motivation. That is, goals tell an employee what needs to be done and how much effort will need to be expended. While goal setting was originally viewed as a technique, it is developing into a motivational theory as researchers attempt to understand better the cognitive factors that influence success. Goal-setting experts Edwin A Locke and Gary P Latham argue that goal setting works by directing attention and action, mobilizing effort, increasing persistence, and encouraging the development of strategies to achieve the goals. Feedback regarding results also is an essential element in motivating through goal setting.

The success of goal setting in motivating performance depends on establishing goals that have the appropriate attributes or characteristics. In particular goals should be specific and measurable, challenging, attainable, relevant too the major work of the organisation, and time-limited in the sense of having a defined period of time within which the goal must be accomplished.

Specific hard goals produce a higher level of output than does the generalized goal of "do your best". The specificity of the goal itself acts as an internal stimulus. If factors like ability and acceptance of the goal are held constant, we can also state that the more difficult the goal, the higher the level of performance. However, it's logical to assume that easier goals are more likely to be accepted. But once an employee accepts a hard task, he or she will exert a high level of effort until it is achieved, lowered or abandoned.

People will do better when they get feedback on how well they are progressing toward their goals because feedback helps identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behaviour.

Goal-setting theory presupposes that an individual is committed to the goal, that is, determined not to lower or abandon the goal. This is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned. Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy well try harder to master the challenge.

11.3.4 Equity Theory

As the name implies, this motivation theory is based on the assumption that individuals are motivated by their desire to be equitably treated in their work relationships. When employees work for an organisation, they basically exchange their services for pay and other benefits. Equity theory proposes that individuals attempt to reduce any inequity they may feel as a result of this exchange relationship.

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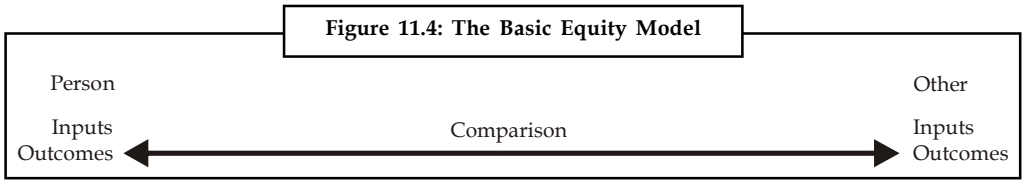
Adam's Theory of Equity is one of the popular social exchange theories and is perhaps the most rigorously development statement of how individuals evaluate social exchange relationships. Basically, the theory points out that people are motivated to maintain fair relationships with others and will try to rectify unfair relationships by making them fair. This theory is based on two assumptions about human behaviour:

1. Individuals make contributions (inputs) for which they expect certain outcomes (rewards). Inputs include such things as the person's past training and experience, special knowledge, personal characteristics, etc. Outcomes include pay recognition, promotion, prestige, fringe benefits, etc.
2. Individuals decide whether or not a particular exchange is satisfactory, by comparing their inputs and outcomes to those of others in the form of a ratio. Equity exists when an individual concludes that his/her own outcome/input ratio is equal to that of others.

The Figure 11.4 below shows the basic equity model.

Figure 11.4: The Basic Equity Model



The motivational aspect of equity theory is based on its two major premises:

1. The theory argues that the perception of inequity creates a tension in us.
2. The tension motivates us to eliminate or reduce inequality. The greater the perceived inequity, the stronger the tension and the greater our motivation to reduce it. When attempting to reduce felt inequity, an individual is likely to try a number of alternatives, some of which are:
   (a) The person may increase or decrease inputs or outcomes relative to those of the other;
   (b) The person may subjectively distort perceptions of her own or the other's inputs or outcomes;
   (c) The person may change to a different comparison 'other';
   (d) The person may leave the situation.

Reducing or Eliminating Inequity

Although the specific actions an individual takes will depend on what appears to be feasible in a given situation, Adam suggests that maintaining one's self-esteem is an important priority. As a result, an individual will probably first attempt to maximize outcomes and to personally resist costly changes in inputs. Changing perceptions about the inputs and outcomes of others or attempting to alter their side of the equation will usually be more palatable than cognitively changing or actually altering one's own side of the equation. Actions to leave the situation will probably be taken only in cases of high inequity when the other alternatives are not feasible. Finally, an individual will be highly resistant to changing the comparison others, especially if the objects of comparison have stabilized over time.

Although Adam's equity formulation considered one situation at a given point of time, recent work on the theory also considers inequities that extend over a period of time. The addition of the time perspective helps explain why people sometimes blow up over seemingly small inequities. Residues from previous inequities may pile up until the small incident becomes the "straw that broke the camel's back", and we react strongly.

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New Perspective on Equity Theory

Since the original formulation of the theory, a number of revisions have been made in light of new theories and research. One important theoretical revision proposes three types of individuals based on preferences for equity.

1. ***Equity sensitives*** are those people who prefer equity based on the originally formed theory.
2. ***Benevolent*** are people who are comfortable with an equity ratio less than that of his or her comparison other.
3. ***Entitled*** are people who are comfortable with an equity ratio greater than their comparison to the other.

Implications for Managers: Equity theory makes several helpful suggestions to supplement the recommendations of expectancy theory.

1. Managers need to maintain two-way communication with subordinates so that they have some idea of subordinates' equity perceptions.
2. It is important to let subordinates know the "rules" that will govern the allocation of outcomes related to inputs. This issue is closely related to the expectancy theory recommendation that the relationship between performance and outcomes be made clear to subordinates.
3. A pattern of inequalities over a period of time can build into major difficulties, which is another reason for maintaining good communication with subordinates, superiors, peers, customers, and other individuals associated with the job.

11.3.5 Expectancy Theory

Whereas Adam's theory of inequity focuses on a social process, Victor H Vroom's expectancy theory of motivation focuses on personal perceptions. His theory is founded on the basic notions that people desire certain outcomes of behaviour, which may be thought of as rewards or consequences of behaviour, and that they believe there is a relationship between the efforts they put forth, the performance they achieve, and the outcomes they receive. In its simplest form, expectancy theory says that a person's motivation to behave in a certain way is determined by

1. Outcomes the person sees as desirable, and
2. The person's belief that these desired outcomes can be attained.

The key constructs in the expectancy theory of motivation are:

1. ***Valence:*** Valence is the value or importance one places on a particular reward. The valance of an outcome is positive when the individual desires it and negative when he or she wishes to avoid it; valances are therefore scaled over a wide range of positive and negative values.
2. ***Expectancy:*** Expectancy is the belief that effort leads to performance, for example, "If I try harder, I can do better". Expectancy refers to the perceived relationship between a given level of effort and a given level of performance. People attach various expectancies to an outcome. Competent and secure individuals tend to perceive expectancy more positively than incompetent and pessimistic individuals.
3. ***Instrumentality:*** Instrumentality is the belief that performance is related to the rewards. For example, "If I perform better, I will get more pay". Instrumentality ranges from – 1 to + 1 (belief that one desired outcome is attainable only without the other) through 0 (belief

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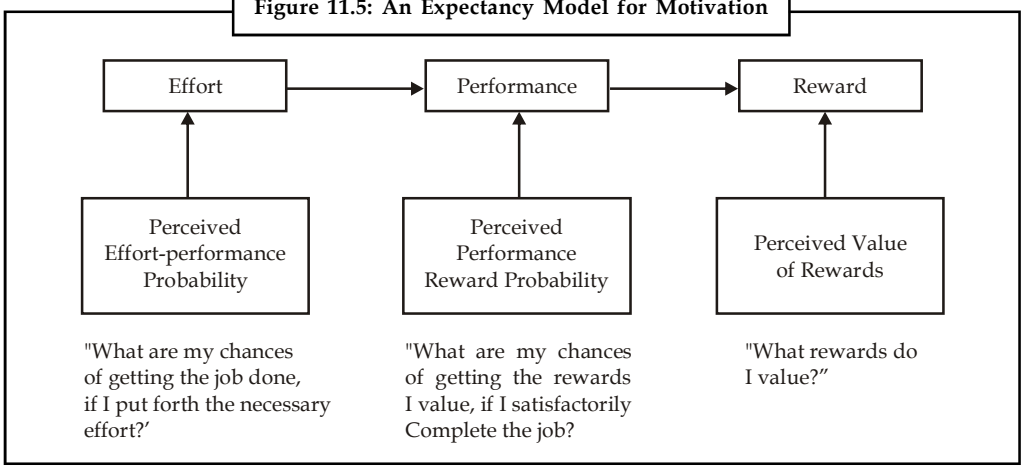
that there is no relationship between the two outcomes) to + 1 (belief that the first outcome is necessary and sufficient for the second outcome to occur)

A model for the expectancy theory notions of effort, performance and rewards is depicted in the Figure 11.5 below:

Figure 11.5: An Expectancy Model for Motivation



Source: Debra L Nelson and James Campbell Quick, "*Organisational Behavior - Foundations, Realities and Challenges*", (Second Edition), West Publishing Company, Minneapolis (1997), Page 149.

A person's motivation increases along with his or her belief that effort leads to performance and that performance leads to rewards, assuming that person wants the rewards. This is the third key idea within the expectancy theory of motivation. It is the idea that the valance, or value, that people place on various rewards varies. One person prefers salary to benefits, whereas another person prefers just the reverse. All people do not place the same value on each reward.

Motivational Problems

Motivational problems stem from three basic causes within the expectancy theory framework. They are:

1. If the motivational problem is related to the person's belief that effort will not result in performance, the solution lies in altering this belief. The person can be shown how an increase in effort or an alteration in the kind of effort put forth can be converted into improved performance.
2. If the motivational problem is related to the person's belief that performance will not result in rewards, the solution lies in altering this belief. The person can be shown how an increase in performance or a somewhat altered form of performance will be converted into rewards.
3. If the motivational problem is related to the value the person places on, or the preference the person has for certain rewards, the solution lies in influencing the value placed on the rewards or altering the rewards themselves.

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Case Study

Employee Motivation

Rohit Narang joined Apex Computers (Apex) in November after a successful stint at Zen Computers (Zen), where he had worked as an assistant programmer. Rohit felt that Apex offered better career prospects, as it was growing much faster than Zen, which was a relatively small company. Although Rohit had enjoyed working there, he realized that to grow further in his field, he would have to join a bigger company, and preferably one that handled international projects. He was sure he would excel in his new position at Apex, just as he had done in his old job at Zen.

Rohit joined as a Senior Programmer at Apex, with a handsome pay hike. Apex had international operations and there was more than a slim chance that he would be sent to USA or the UK on a project. Knowing that this would give him a lot of exposure, besides looking good on his resume, Rohit was quite excited about his new job.

Rohit joined Aparna Mehta's five-member team at Apex. He had met Aparna during the orientation sessions, and was looking forward to working under her. His team members seemed warm and friendly, and comfortable with their work. He introduced himself to the team members and got to know more about each of them.

Wanting to know more about his boss, he casually asked Dipti, one of the team members, about Aparna. Dipti said, "Aparna does not interfere with our work. In fact, you could even say that she tries to ignore us as much as she can."

Rohit was surprised by the comment but decided that Aparna was probably leaving them alone to do their work without any guidance, in order to allow them to realize their full potential.

At Zen, Rohit had worked under Suresh Reddy and had looked up to him as a guide and mentor - always guiding, but never interfering. Suresh had let Rohit make his own mistakes and learn from them. He had always encouraged individual ideas, and let the team discover the flaws, if any, through discussion and experience.

He rarely held an individual member of his team responsible if the team as a whole failed to deliver - for him the responsibility for any failure was collective. Rohit remembered telling his colleagues at Zen that the ideal boss would be someone who did not interfere with his/her subordinate's work.

Rohit wanted to believe that Aparna too was the non-interfering type. If that was the case, surely her non-interference would only help him to grow.

In his first week at work, Rohit found the atmosphere at the office a bit dull. However, he was quite excited. His team had been assigned a new project and was facing a few glitches with the new software. He had thought about the problem till late in the night and had come up with several possible solutions.

He could not wait to discuss them with his team and Aparna. He smiled to himself when he thought of how Aparna would react when he told her that he had come up with several possible solutions to the problem. He was sure she would be happy with his having put in so much effort into the project, right from day one.

He was daydreaming about all the praise that he was going to get when Aparna walked into the office. Rohit waited for her to go into her cabin, and after five minutes, called her up, asking to see her.

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She asked him to come in after ten minutes. When he went in, she looked at him blankly and asked, "Yes?" Not sure whether she had recognized him, Rohit introduced himself. She said, "Ok, but why did you want to meet me?"

Rohit started to tell her about the problems they were having with the software. But before he could even finish, she told him that she was busy with other things, and that she would send an email with the solution to all the members of the team by the end of the day, and that they could then implement it immediately.

Rohit was somewhat taken a back. However, ever the optimist, he thought that she had perhaps already discussed the matter with the team.

Rohit came out of Aparna's cabin and went straight to where his team members sat. He thought it would still be nice to bounce ideas off them and also to see what solutions others might come up with. He told them of all the solutions he had in mind.

He waited for the others to come up with their suggestions but not one of them spoke up. He was surprised, and asked them point-blank why they were so disinterested.

Sanjay, one of the team members, said, "What is the point in our discussing these things? Aparna is not going to have time to listen to us or discuss anything. She will just give us the solution she thinks is best, and we will just do what she tells us to do; why waste everyone's time?"

Rohit felt his heart sink. Was this the way things worked over here? However, he refused to lose heart and thought that maybe, he could change things a little.

But as the days went by, Rohit realized that Aparna was the complete opposite of his old boss. While she was efficient at what she did and extremely intelligent, she had neither the time nor the inclination to groom her subordinates.

Her solutions to problems were always correct, but she was not willing to discuss or debate the merits of any other ideas that her team might have. She did not hold the team down to their deadlines nor did she ever interfere.

In fact, she rarely said anything at all! If work did not get finished on time, she would just blame her team, and totally disassociate herself from them.

Time and again, Rohit found himself thinking of Suresh, his old boss, and of how he had been such a positive influence. Aparna, on the other hand, even without actively doing anything, had managed to significantly lower his motivation levels.

Rohit gradually began to lose interest in his work - it had become too mechanical for his taste. He didn't really need to think; his boss had all the answers.

He was learning nothing new, and he felt his career was going nowhere. As he became more and more discouraged, his performance suffered. From being someone with immense promise and potential, Rohit was now in danger of becoming just another mediocre techie.

Questions

1. What, according to you, were the reasons for Rohit's disillusionment? Answer the question using Maslow's Hierarchy of Needs or Expectancy Theory of Motivation.
2. How would you evaluate Aparna's behaviour in terms of need for power, need for achievement and theory X/Y?
3. What should Rohit do to resolve his situation? What can a team leader do to ensure high levels of motivation among his/her team members?

Source: www.icmrindia.org

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11.4 Summary

- Motivation is the internal condition that activates behavior and gives it direction; energizes and directs goal-oriented behavior.
- The challenge at work is to create an environment in which people are motivated about work priorities.
- Too often, organisations fail to pay attention to the employee relations, communication, recognition, and involvement issues that are most important to people.
- The first step in creating a motivating work environment is to stop taking actions that are guaranteed to demotivate people.
- The next step is to identify and take the actions that will motivate people.
- There are various theories to motivate people at work places.
- A few techniques that can motivate people at work are making only the minimum number of rules and policies needed to protect the organisation legally and create order in the work place; publishing the rules and policies and educating all employees, developing guidelines for supervisors and educating them about the fair and consistent application of the few rules and policies, etc.

11.5 Keywords

Benevolent: People who are comfortable with an equity ratio less than that of his or her comparison other.

Entitled: People who are comfortable with an equity ratio greater than their comparison to the other.

Instrumentality: The belief that performance is related to the rewards.

Relatedness needs: Deal with our need to be accepted by others, achieve mutual understanding on matters that are important to us and exercise some influence over those with whom we interact on an ongoing basis.

Valence: The value or importance one places on a particular reward.

11.6 Self Assessment

Fill in the blanks:

1. Motivation is the underlying process that ....., ... and sustains behaviour in order to satisfy physiological and psychological needs.
2. One important organisational implication of the hierarchy of needs concerns the ..... and ..... that have a bearing on how to manage people at work
3. McClelland has analyzed various needs in terms of their relationship to ..... .
4. Reinforcement theory ..... the inner state of the individual.
5. Expectancy refers to the ..... relationship between a given level of effort and a given level of performance.

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Choose the appropriate answer:

6. Which of the following is not a property of motivation?
   (a) It is an individual phenomenon
   (b) It has a unique facet
   (c) It is intentional
   (d) The purpose of motivation theories is to predict behaviour
7. Which of the following is not a component of expectancy theory?
   (a) Expectancy (b) Valence
   (c) Benevolence (d) Instrumentality
8. Which of the following is not a type of reinforcement situation?
   (a) Punishment (b) Rewards
   (c) Extinction (d) Leniency
9. Which of the following is not a McClelland motive to dominate individual behaviour?
   (a) Need for power (b) Need for achievement
   (c) Need for promotion (d) Need for affiliation
10. Which of the following is true?
   (a) The study of motivation can be traced back to the writings in ancient Rome.
   (b) According to the motivation-hygiene theory, atmospheric conditions related to satisfaction of the need for psychological growth were labelled motivation factors.
   (c) ERG need levels differ in terms of concreteness.
   (d) Reinforcement theory presupposes that an individual is committed to the goal.

11.7 Review Questions

1. How would you motivate a colleague who is self demotivated and has a pessimistic approach in general?
2. What would you suggest to motivate an employee of a hard task master who does not get happy ever by even the best performances of their subordinates?
3. What should be done to motivate sub ordinates under a boss who humiliates publicly and praises when alone?
4. How can such employees be motivated who worked day in and out to establish an organisation when it was young? Now the organisation getting stronger, specialists are hired at higher positions and paid higher salaries?
5. What should be done to motivate the employees who feel insecure due to their limited abilities? These employees have been in organisation for a long time due to their persistence and loyalty to the company.
6. "Motivation is a predisposition to act in a specific goal oriented way." Comment.
7. What might be the technical reason behind a person agreeing to donate a large sum of money to a university for the construction of a building, provided it will bear his family name?

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8. What would be the corresponding potential means of fulfillment at work when a person is working at safety needs, belongingness needs and esteem needs respectively?
9. Which do you think to be more conducive for the development of your organisation-Theory X or Theory Y and why?
10. Under the motivation-hygiene theory, what would you categorise salary and interpersonal relations as - as motivators or demotivators and why?
11. What will happen if the hygiene factors are either not present or not sufficient in an organisation? What should be done in such cases?
12. How would a person who works for growth needs behave in an organisation and why?
13. Examine McClelland's theory of needs.

Answers: Self Assessment

1.	initiates, directs	2.	philosophies, techniques
3.	managerial effectiveness	4.	ignores
5.	perceived	6.	(b)
7.	(c)	8.	(d)
9.	(c)	10	(c)

11.8 Further Readings

Books

Anne Bruce and James S. Pepitone, *Motivating Employees*, McGraw-Hill.

Barry Silverstein, *Motivating Employees: Bringing Out the Best in Your People*, Collins Business.

Online links

www.pickthebrain.com

www.motivation-tools.com

www.accel-team.com

Unit 12: Group Behaviour and Team Work

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Objectives

After studying this unit, you will be able to:

- Identity different types of groups to which people belong
- State the reasons people and organisations form groups
- Discuss stages of group development

Introduction

Man is by nature a social animal. It is impossible for him to work in isolation of all the other people around him. Moreover, in the world today, it has become almost imperative for a professional to work in consonance with other professionals around.

Organisations are nothing but a group of many professionals working together to achieve a common goal. Different departments comprise of smaller groups to work over a project/goal/ objective.

Thus it is quite obvious that the organisations are existent and successful only because of the existence and success of the various task groups and project teams existing inside them.

12.1 Group Behaviour

We define "group" as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of each acting in his or her own way. In other words, when individuals are in groups, they act differently than they do when they are alone.

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12.1.1 Types of Groups

Groups can be either formal or informal.

1. ***Formal Groups:*** A formal group is set up by the organisation to carry out work in support of the organisation's goals. In formal groups, the behaviours that one should engage in are stipulated by – and directed toward – organisational goals. Examples include a book-keeping department, an executive committee, and a product development team. Formal groups may be command groups or task groups.

   (a) *Command Group:* A command group consists of a manager and the employees who report to him or her. Thus, it is defined in terms of the organisation's hierarchy. Membership in the group arises from each employee's position on the organisational chart.

   (b) *Task Group:* A task group is made up of employees who work together to complete a particular task or project. A task group's boundaries are not limited to its immediate hierarchical superior.

   It can cross command relationships. A employee's membership in the group arises from the responsibilities delegated to the employee – that is, the employee's responsibility to carry out particular activities. Task group may be temporary with an established life span, or they may be open ended.

2. ***Informal Groups:*** An organisation's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interests or friendship. Thus, informal groups are alliances that are neither formally structured nor organisationally determined. These groups are natural formations in the work environment that appear in response to the need for social contact. Many factors explain why people are attracted to one another. One explanation is simply proximity; when people work near one another every day, they are likely to form friendships. That likelihood is even greater when people also share similar attitudes, personalities, or economic status.

   (a) *Friendship Groups:* Groups often develop because the individual members have one or more common characteristics. We call these formations 'friendship groups'. Social alliances, which frequently extend outside the work situation, can be based on similar age, same political view, attended the same college, etc.

   (b) *Interest Groups:* People who may or may not be aligned into common command or task groups may affiliate to attain a specific objective with which each is concerned. This is an interest group.

   (c) *Reference Groups:* Sometimes, people use a group as a basis for comparison in making decisions or forming opinions. When a group is used in this way, it is a reference group. Employees have reference groups inside or outside the organisation where they work. For most people, the family is the most important reference groups. Other important reference groups typically include co-workers, friends, and members of the person's religious organisation. The employee need not admire a group for it to serve as a reference group. Some reference groups serve as a negative reference; the employee tries to be unlike members of these groups.

   (d) *Membership Groups:* When a person does belong to a group (formal and informal groups to which employees actually belong) the group is called a membership group (or affiliation group) for that person. Members of a group have some collection of benefits and responsibilities that go beyond the group serving as a reference point. In a membership group, each member would be expected to contribute to the

group's well being and would enjoy the benefits arising from the group members' friendship.

Task Evaluate the type of group you are at workplace most often. Did you have to be a part of a group you did not want? What was the type of that group?

12.1.2 Stages of Group Development

In interpreting behaviour of a particular group, it is important to recognize not only a broad pattern of development but also the unique characteristics of the particular group and the circumstances that contribute to (or detract from) its development. The way in which a particular group develops, depends in part on such variables as the frequency with which group members interact and personal characteristics of group members. However, it is generally believed that groups pass through a standard sequence of five stages.

1. ***Forming:*** When a group is initially formed, its members cannot accomplish much until they agree on what their purpose is, how they will work together and so on. Answering such questions brings group members face to face with the first obstacle to maturity: uncertainty, anxiety, and disagreement over power and authority. In this stage, the focus is on the interpersonal relations among the members. Members assess one another with regard to trustworthiness, emotional comfort, and evaluative acceptance. Thus, the forming stage is characterized by a great deal of uncertainty about the group's purpose, structure and leadership. Members are testing the waters to determine the type of behaviour that is acceptable. This stage is complete when members have begun to think of themselves as part of a group.

2. ***Storming:*** The storming stage is one of inter-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individuality. Further, there is conflict over who will control the group. After a group leader has emerged, the remaining group members must sort out where they fit in the group. Even if all the group members accept the leader, the group enters a phase of conflict and challenge. One or more followers may test the leader. The group may split into factions supporting and opposing the leader. If the group gets stuck in this phase of development, group members may engage in battles over turf and expend their energies on a variety of political tactics. When this stage is complete, a relatively clear hierarchy of leadership exists within the group.

3. ***Norming:*** In this stage, close relationships develop and the group demonstrates cohesiveness. Entering and conducting the cohesion phase requires intervention by a group member who is emotionally unaffected by power and authority issues. Typically, such a person encourages group members to confront these issues openly. If the group engages in this process, the cohesion phase usually passes quickly. Group members recognize where they fit in, and the group agrees on how it will operate. A new leader may emerge, or the existing leader may become more aware of how much others in the group contribute. The norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behaviour.

4. ***Performing:*** The fourth stage is performing. The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand. Members' attention is directed to self-motivation and the motivation of other group members for task accomplishment. Some members focus on

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the task function of initiating activity and ensure that the work of the group really gets moving. Other members contribute to motivation and commitment within the group through maintenance functions such as supporting, encouraging and recognizing the contributions of members or through establishing the standards that the group may use in evaluating its performance.

5. ***Adjourning:*** For permanent work groups, performing is the last stage in their development. However for temporary groups, there is an adjourning stage. In this stage, the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead, attention is directed toward wrapping up activities.

12.1.3 Group Decision-making

The most common form of group decision-making takes place in face-to-face interacting groups. Interacting groups often censor themselves and pressure individual members toward conformity of opinion. Once a manager has determined that a group decision approach should be used, he or she can determine the technique best suited to the decision situation. Seven techniques are summarized below:

1. ***Brainstorming:*** Brainstorming is a good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested. Participations are encouraged to build upon the suggestions of others, and imagination is emphasized. Brainstorming is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not.

   In a typical brainstorming session, about 6 to 10 people sit and discuss the problem. The group leader states the problem in a clear manner, so that all participants understand it. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis.

   One recent trend is the use of electronic brainstorming instead of verbal brainstorming in groups. Electronic brainstorming overcomes two common problems that can produce group-brainstorming failure:

   (a) *Production Blocking:* While listening to others, individuals are distracted from their own ideas. This is referred to as production blocking.

   (b) *Evaluation Apprehension:* Some individuals suffer from evaluation apprehension in brainstorming groups. They fear that others might respond negatively to their ideas.

   Brainstorming, however, is merely a process for generating ideas.

2. ***Nominal Group Technique (NGT):*** The nominal group technique restricts discussion or interpersonal communication during the decision-making process, hence the term 'nominal'. Group members are all physically present, as in a traditional committee meeting, but members operate independently. NGT has the following discrete steps:

   (a) Individuals silently list their ideas.

   (b) Ideas are written on a chart one at a time until all ideas are listed.

   (c) Discussion is permitted, but only to clarify the ideas. No criticism is allowed.

   (d) A vote is taken by ballot or other recordable means.

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NGT is a good technique to use in a situation where group members fear criticism from others. The chief advantage of the NGT method is that it permits the group to meet formally but does not restrict independent thinking, as does an interacting group.

3. ***Delphi Technique:*** The Delphi technique originated at the Rand Corporation to gather the judgements of experts for use in decision-making. The Delphi method is similar to the nominal group technique except that it does not require the physical presence of the group's members. Experts at remote locations respond to a questionnaire. A coordinator summarizes the responses to the questionnaire, and the summary is sent back to the experts. The experts then rate the various alternatives generated, and the coordinator tabulates the results. The following steps characterize the Delphi technique.

   (a) The problem is identified and members are asked to provide potential solutions through a series of carefully designed questionnaires.

   (b) Each member anonymously and independently completes the questionnaire.

   (c) Results of the questionnaire are compiled at a central location, transcribed, and reproduced.

   (d) Each member receives a copy of the results.

   (e) After viewing the results, members are again asked for their solutions.

   The advantages of the Delphi Technique are:

   (a) The Delphi technique is valuable in its ability to generate a number of independent judgements without the requirement of a face-to-face meeting.

   (b) The Delphi technique can be used for decision-making among geographically scattered groups.

   (c) The cost of bringing experts together at a central location is avoided.

   The disadvantages of the Delphi Technique are:

   (a) The Delphi technique is extremely time consuming, it is frequently not applicable where a speedy decision is necessary.

   (b) The method may not develop the rich array of alternatives as the interacting of nominal group technique does.

   (c) Ideas that might surface from the heat of face-to-face interaction may never arise. On the other, introspection in isolation may produce superior results.

4. ***Electronic Meetings:*** This method blends the nominal group technique with sophisticated computer technology. Issues are presented to participants and they type their responses onto their computer screen. Individual comments, as well as aggregate votes, are displayed on a projection screen.

   The advantages of electronic meetings are:

   (a) Participants can anonymously type any message they want and it flashes on the screen for all to see at the push of a key on a participant's keyboard.

   (b) It allows people to be brutally honest without incurring any penalty.

   (c) It is fast because discussions don't go off the point and many participants can "talk" at once.

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The disadvantages of electronic meetings are:

(a) Those who can type fast can outshine those who are verbally eloquent but poor typists.

(b) Those with the best ideas don't get credit for them; and

(c) The process lacks the information richness of face-to-face oral communication.

Evaluating Effectiveness: The Table 12.1 below evaluates the different techniques for group decision-making.

Table 12.1: Evaluating Group Effectiveness

Effective Criteria	Interacting	Brainstorming	Nominal	Delphi	Electronic
Number of Ideas	Low	Moderate	High	High	High
Quality of ideas	Low	Moderate	High	High	High
Social pressure	High	Low	Moderate	Low	Low
Money costs	Low	Low	Low	Low	High
Speed	Moderate	Moderate	Moderate	Low	High
Task orientation	Low	High	High	High	High
Potential for interpersonal conflict	High	Low	Moderate	Low	Low
Feelings of accomplishment	High to low	High	High	Moderate	High
Commitment to solution	High	Not Applicable	Moderate	Low	Moderate
Develops group cohesiveness	High	High	Moderate	Low	Low

Source: J.K Murnighan, "Group Decision-making: What Strategies Should You Use?", Management Review (February 1981) Page 61.

5. ***Devil's Advocacy:*** In this method, an individual or a group is given the role of critic. This person or persons (called Devil's Advocate) has the task of coming up with the potential problems related to a proposed decision. This helps organisations avoid costly mistakes in decision-making by identifying potential pitfalls in advance.

6. ***Quality Circles and Quality Teams:*** Quality circles are small groups that voluntarily meet to provide input for solving quality or production problems. Quality circles are often generated from the bottom up; that is, they provide advice to managers, who still retain decision-making authority. As such, quality circles are not empowered to implement their own recommendations. They operate in parallel, 'dotted-line' linkages to the organisation's structure, and they rely on voluntary participation.

   Quality teams, in contrast, are included in total quality management and other quality improvement efforts as part of a change in the organisation's structure. Quality teams are generated from the top down and are empowered to act on their own recommendations.

   Quality Circles and quality teams are methods for using groups in the decision-making process. The next method, self-managed teams take the concept of participation one step further.

7. ***Self-managed Teams:*** Self-managed teams make many of the decisions that were once reserved for managers, such as work scheduling, job assignments and staffing. Unlike quality circles, whose role is an advisory one, self-managed teams are delegated authority in the organisation's decision-making process.

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Before choosing a group decision-making technique, the manager carefully evaluates the group members and the decision situation. Then the best method for accomplishing the objectives of the group decision-making process can be selected. For example:

(a) The need for expert input would be best facilitated by the Delphi Technique.

(b) Decisions that concern quality or production would benefit from the advice of quality circles.

(c) If group members were reluctant to contribute ideas, the nominal group technique would be appropriate.

(d) A manager who wants to provide total empowerment to a group should consider the possibility of allowing it to self-manage itself.

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Conducting a Group Meeting

Group meetings have a reputation for inefficiency. For instance, noted economist John Kenneth Galbraith has said, "Meetings are indispensable when you don't want to do anything".

When you're responsible for conducting a meeting, what can you do to make it more efficient and effective? Follow these 12 steps:

1. ***Prepare a meeting agenda:*** An agenda defines what you hope to accomplish at the meeting. It should state the meeting's purpose; who will be in attendance; what, if any, preparation is required of each participant; a detailed list of items to be covered; the specific time and location of the meeting; and a specific ending time.

2. ***Distribute the agenda in advance:*** Participants should have the agenda well ahead of time, so they can adequately prepare for the meetings.

3. ***Consult with participants before the meeting:*** An unprepared participant can't contribute to his or her full potential. It is your responsibility to ensure that members are prepared, so check with them ahead of time.

4. ***Get participants to go over the agenda:*** The first thing to do at the meeting is to have participants review the agenda, make any changes, then approve the final agenda.

5. ***Establish specific time parameters:*** Meetings should begin on time and have a specific time for completion. It is your responsibility to specify these time parameters and to hold them.

6. ***Maintain focused discussion:*** It is your responsibility to give direction to the discussion; to keep it focused on the issues; and to minimize interruptions, disruptions, and irrelevant comments.

7. ***Encourage and support participation of all members:*** To maximize the effectiveness of problem-oriented meetings, each participant must be encouraged to contribute. Quiet or reserved personalities need to be drawn out so their ideas can be heard.

8. ***Maintain a balanced style:*** The effective group leader pushes when necessary and is passive when need be.

9. ***Encourage the clash of ideas:*** You need to encourage different points of view, critical thinking, and constructive disagreement.

10. ***Discourage the clash of personalities:*** An effective meeting is characterized by the critical assessment of ideas, not attacks on people, When running a meeting, you must quickly intercede to stop personal attacks or other forms of verbal insult.

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11. ***Be an effective listener:*** You need to listen with intensity, empathy, objectivity, and do whatever is necessary to get the full intended meaning from each participant's comment.

12. ***Bring proper closure:*** You should close a meeting by summarizing the group's accomplishments; clarifying what actions, if any, need to follow the meeting; and allocating follow-up assignments. If any decisions are made, you also need to determine who will be responsible for communicating and implementing them.

Source: Stephen P Robbins, "*Organisational Behavior – Concepts, Controversies, Applications*" (Seventh Edition), Prentice Hall Englewood Cliffs NJ 07632 page 327.

Case Study

Self-directed Work Teams

It's hard to think of the Internal Revenue Service as a service organisation, let alone one that has customers. But for the last decade or so, the IRS has actually devoted itself to customer service – in fact, the agency considers customer service to be a strategic business objective.

Realizing that the only way to achieve better service was through its employees, former IRS commissioner Larry Gibbs turned to the human resource department for help. In conjunction with the union, the HR department instituted a quality improvement process with more than 400 formal task groups to identify and solve problems, then move to a strategy of continuous improvement in service.

Initially, the IRS formed four task groups (called "impact teams") that could be monitored closely for their effectiveness. Each group was small, about twenty members. A manager was assigned as the leader. The groups were aligned by function, such as tax collection or criminal investigation, and tasks were specific and measurable, within the realm of each group's own work processes. Groups were required to use a structured decision-making model, and though consensus was encouraged, it was not a high priority.

Even with a rigid, closely monitored structure, the groups had to go through stages of development. Leaders and facilitators (who had separate roles within the groups) first completed special training sessions on small-group dynamics. But as the groups actually got going, members often discovered the theories weren't necessarily applicable because opportunities to practice them didn't always arise. So the groups had to find their own paths of development.

Eight months after the impact teams began working together, the IRS administered a questionnaire designed to measure their progress in effective small-group dynamics and communication. It seemed that three of the four groups were pleased with the way they had evolved, and most members had developed mutual acceptance, trust, and an ability to communicate and make decisions together. They said they valued being able to ask each other questions.

How productive were the groups? Those that tackled small, concrete projects first showed the best performance. For instance, one team that was located in an area that served a high volume of taxpayers decided that service could be improved by ensuring that lunch and other breaks were taken on schedule – so they synchronized the office clocks every two weeks. Later, as the program expanded, different groups achieved the following: one created an automated database program that identified taxpayers who were liable for federal taxes so that state benefits could be withheld; one wrote a step-by-step employee handbook for preparing tax adjustments; and one made changes in a single tax form that

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reduced the taxpayer's time to complete it by nearly half. If we as taxpayers consider ourselves customers of the IRS, we can say that we are better served by an agency that has embraced groups to improve quality.

Questions

1. Why is it just as important for a government agency like the IRS as it is for a commercial business firm, to rely on productivity groups to benefit the organisation as a whole?
2. Do you think the rigid structure and close monitoring of the initial impact teams inhibited their development? Why or why not?
3. What characteristics of an effective group did the IRS impact teams have?

Source: Mathew J Ferrero, "Self-Directed Work Teams Untax the IRS," Personnel Journal, July 1994, page 66-71.

12.2 Understanding Work Teams

A team is a relatively permanent work group whose members must coordinate their activities to achieve one or more common objectives. The objectives might include advising others in the organisation, producing goods or services, and carrying out a project. Because achievement of the team's objectives requires coordination, team members depend on one another and must interact regularly. A work team generates positive synergy through coordinated effort. Their individual efforts result in a level of performance that is greater than the sum of those individual inputs. Teams have far-reaching impact in today's workplace. They have become an essential part of the way business is being done.

Teams imply a high degree of coordination among their members, along with a shared belief that winning (achieving team goals) is not only desirable but the very reason for the team's existence. Any team is therefore a group, but unfortunately, not all groups have the high degree of interdependence and commitment to success that we traditionally associate with the concept of a team. Although the desire to achieve high levels of commitment and coordination is common among organisations using teamwork, the nature of specific teams varies considerably. Two major dimensions along which teams differ are differentiation of team roles and integration into the organisation.

1. ***Differentiation*** is the extent to which team members are specialized relative to others in the organisation.
2. ***Integration*** is the degree to which the team must coordinate with managers, employees, suppliers and customers outside the team.

12.2.1 Creating Effective Teams

The four possible combination – high or low differentiation plus high or low integration – are associated with creation of effective teams.

1. Advice/Involvement,
2. Production/Service,
3. Project/Development, and
4. Action/Negotiation.

The Table 12.2 explains these four types of combinations with their resultant output.

1. ***Advice and Involvement:*** An advice/involvement team is a team formed to generate input from a broad base of employees. They are low in differentiation. Team members

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meet only long enough to generate ideas or develop proposals. The work group takes on problem solving as one of its daily activities. Because this team has a limited scope of control, the use of teamwork has essentially no impact on the organisation's management structure. Advice/involvement teams the routinely handle quality issues are often called quality circles. Such teams typically meet about an hour each week to generate ideas for improving quality in a given area.

2. ***Production and Service:*** Production/service teams, are charged with the activities related to producing and selling goods and services. Production/service teams, draw their membership from a broad base and often are formed as a way to empower first-line employees. They are low on differentiation and high in integration. They must coordinate their work extensively with suppliers, customers, and other groups in the organisation.

3. ***Project and Development:*** A project/development team is charged with planning, investigating, analyzing and reporting, often with the objective of creating outputs that are complex and unique. Project/development teams are highly differentiated because they require employees with expertise in particular areas. They tend not to be highly integrated because team members generally face internal deadlines, and coordination is primarily among group members.

4. ***Action and Negotiation:*** Action/negotiation team are usually comprised mainly of experts with specialized skills. Owing to their expertise, the team is highly differentiated; it is also highly integrated with the organisation. It must closely coordinate its efforts with the work of support personnel or with other action/negotiation teams.

Table 12.2: Ways Organizations Apply Team Work

Applications and examples	Work-team differentiation	External Integration	Typical Outputs
Advice/Involvement Committees Review panels, boards Quality control circles Employee involvement groups Advisory councils	Low differentiation: Inclusive or representative membership: often short group life span and/or limited working time.	Low integration: Often few demands for synchronization with other work units; external exchange can be minimal; work cycle may not be repeated.	Decisions, selections, suggestions, proposals and recommendations.
Production/Service Assembly teams Manufacturing crews Mining teams Flight attendant crews Data Processing groups Maintenance crews	Low Differentiation: variable membership requirements; sometimes high turnover; variable team life span; often special facilities.	High integration: Often internally paced project with deadline; little synchronization inside organization; task can require much external communication.	Food, chemicals, components, assemblies, retail sales, customer service, and equipment repairs.
Project/Development Research groups Planning teams Architect teams Engineering teams Development teams Task forces	High differentiation: Members usually expert specialists; task may require specialized facilities; sometimes extended team life span.	Low integration: Often internally paced project with deadline; little synchronization inside organization; task can require much external communication.	Plans, designs, investigations, presentations, prototypes, reports and findings.
Action/Negotiation Sports teams Entrainment groups Expeditions Negotiating teams Surgery teams Cockpit crews	High differentiation: Exclusive membership of expert specialists; specialized training and performance facilities; sometimes extended team life span.	High integration: Performance events closely synchronized with counterparts and support units inside the organization.	Combat missions, expeditions, contacts, lawsuits, concerts, surgical operations and competitions.

Source: Eric Sundstrom, Kenneth P De Meuse, and David Futrell, "Work Teams: Applications and Effectiveness," American Psychologist 45 (2) (February 1990): Page 125.

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12.2.2 Types of Teams

Based on their objectives, teams may be classified as problem-solving teams, self-managed teams and cross-functional teams.

1. ***Problem-solving Teams:*** Problem-solving teams consist of groups of 5-10 employees from the same department, who meet for a few hours each week to discuss ways of improving quality, efficiency and the work environment. These members share ideas or offer suggestions on how work processes and methods can be improved. Problem-solving teams meet regularly to discuss their quality problems, investigate causes of problems, recommend solutions and take corrective actions.

2. ***Self-managed Work Teams:*** A self-managed team includes collective control over the pace of work, determination of work assignments, organisation of breaks, and collective choice of inspection procedures. Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result, supervisory positions take on decreased importance and may even be eliminated. These teams do their own scheduling, rotate jobs on their own, establish production targets, set pay scales that are linked to skills, fire co-workers and do the hiring. Self Managed work teams are compared with conventional work groups in Table 12.3.

Table 12.3: Self-directed Work Teams Compared with Conventional Work Groups

Issues	Conventional group	Self-directed team
Job Categories	Many narrow categories.	One or two broad categories.
Authority	Supervisor directly controls daily activities.	Through group decisions, team controls daily activities.
Reward System	Tied to type of job, individual performance, and seniority.	Tied to team performance and individual breadth of skills.

Source: Jack D. Orshurn, Linda Moran, Ed. Musselwhite and John H Zenger, "*Self-directed work teams: The New American Challenge*", Burr Ridge, IL: Irwin (1990) page 11.

3. ***Cross-functional Teams:*** Cross-functional teams are made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task. Cross-functional teams are an effective way to allow people from diverse areas within an organisation (or even between organisations) to exchange information, develop new ideas, solve problems and coordinate complex projects. These teams are not easy to manage. Their early stages of development are often very time consuming as members learn to work with diversity and complexity. It takes time to build trust and teamwork, especially among people from different backgrounds, with different experiences and perspectives. There are two types of cross-functional teams. They are:

   (a) *Task force* – is nothing more than a temporary cross-functional team.

   (b) *Committees* – composed of groups made up of members from across departmental lines.

Caselet

Self-managed Teams at W.L. Gore and Associates

W.L. Gore and associates manufactures Gore-Tex, the waterproof fabric found in outdoor clothing and spacesuits, as well as other Teflon products for medical and industrial uses. William L. "Bill" Gore, the founder of W.L. Gore and Associates, created a company with a unique way of operating: Gore introduced the concepts

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of worker self-management, empowerment, and teams more than thirty years ago. No employee has a formal title – all are known as associates – and the company has no formal structure. To be hired, an individual must be sponsored by an existing employee, who must also find work for the "new" employee to do. The sponsor continues to advise the associate and even "market" his or her abilities to project teams in the company.

For example, an individual who acts as a product specialist takes charge of developing a new product. This person then creates a team to work on the product development. The team expands its membership as needed to perform various functions in developing and ultimately manufacturing the product. Team members decide how the team will operate and what staff and financial resources the team requires. They do not need to consult with individuals outside the team on budget or other decisions that mainly affect the team and its product. Team members would perform functions traditionally performed by managers, such as scheduling and assigning jobs, maintaining equipment, ordering supplies, and keeping business data about the team's performance.

Teams can grow to become a plant, but can have no more than 200 associates, so that members are familiar with all those in the group. In principle, an entire work operation can become a large self-managing team in which each member is self-managing. As the team grows, it divides into multiple teams known as manufacturing cells. Each team member can perform most manufacturing processes, but agrees to assume certain ones as his or her personal responsibility. Once an associate makes a commitment, he or she is expected to follow it. Each team has a leader who emerges from within the team as a result of discussion and consensus.

The approach used at W.L. Gore and Associates is in marked contrast to that used in companies with a clearly established set of reporting relationships and formal titles for all employees. In traditionally functioning companies, leaders are appointed and teams are not self-managing, but are supervised by a manager. In thirty years, W.L. Gore and Associates has grown to a company with 5,600 associates, 35 plants worldwide, and revenue close to $1 billion.

Source: F. Shipper and C.C Manz, " Employee self-management without formally designated teams: An alternative road to Empowerment", Organisational Dynamics 20 (winter 1992) PAGE 58 – 60.

12.3 Summary

- Thus we see that team skills and group membership form a very important component of the attributes required for success in work place.
- If a group in which the individual is working, is conducive for work, the performance of the individual will be similarly affected and vice versa.
- There are many reasons and methods for group formation but groups are mandatory for one's work.
- Similarly, the teams guarantee good productivity.

12.4 Keywords

Differentiation: It is the extent to which team members are specialized relative to others in the organisation.

Integration: It is the degree to which the team must coordinate with managers, employees, suppliers and customers outside the team.

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Problem Solving Team: Problem-solving teams meet for a few hours each week to discuss ways of improving quality, efficiency and the work environment.

Self-managed Team: A self-managed team includes collective control over the pace of work, determination of work assignments, organisation of breaks, and collective choice of inspection procedures.

12.5 Self Assessment

Fill in the blanks:

1. Formal groups may be ..... groups or task groups.
2. ..... is the set of authority and task relations among a group's members.
3. ..... is the degree of respect that other members of the group accord to individual group members.
4. Close relationships develop in the ..... stage.
5. A ..... group is made up of employees who work together to complete a particular job at hand.
6. Breakdowns in role development may result in ....., ... or ..... .
7. ..... is a situation when expected roles exceed a group member's abilities.
8. Cohesive groups tend to avoid conflicts and to demand ..... .
9. Limiting other person's output by getting in his way is known as ..... .
10. A group succeeds if each member believes that the group can achieve its ..... .

12.6 Review Questions

1. What problems have you faced while working in (a) groups, (b) teams?
2. What has been the greatest performance of a team that you have been a part of? What do you think has been the reason for that?
3. Why are statistics useful in explaining group behavior but not reliable for explaining or predicting individual behavior?
4. How can a group be successful even after having many people with leadership qualities?
5. Have you ever come across cross functional teams? What was the biggest problem that the team had?
6. According to you, which should be more productive and why – a command group or a task group?
7. What do you think are more conducive to work – formal or informal groups, and why?
8. Examine various stages of group development.
9. How do you think the brainstorming exercise to be beneficial for the teams working on specific projects? Have you ever been a part of such session? What were your learnings?
10. What do you think are the benefits that a team can earn from the nominal group technique?
11. Explore the potential disadvantages of Devil's advocacy method and discuss them with examples.

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12. Why are the quality circles often generated from the bottom up? How are better/worse than the quality teams?

13. What are the benefits that an organisation earns from the self managed groups? Can such a group have limitations? If yes, what, and if no, why not?

Answers: Self Assessment

1.	commands	2.	Status structure
3.	Status	4.	norming
5.	task	6.	role ambiguity, role conflict, role overload
7.	Role overload	8.	conformity
9.	Production Blocking	10.	objectives

12.7 Further Readings

Books

Judith Heyer, Frances Stewart, Rosemary Thorp, *Group Behaviour and Development: Is the Market Destroying Cooperation?*

M. Gangadhara Rao, Surya P. Rao, *The Dynamics of Group Behaviour: Concepts, Principles and Practices*.

Online links

www.ingentaconnect.com

mymbaclasses.blogspot.co

Unit 13: Communication and Leadership

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CONTENTS

Objectives

After studying this unit, you will be able to:

- State the significance of communication
- Identify types of communication and barriers to effective communication
- State the nature and characteristic of leadership
- Identify leadership styles patterns and skills
- Discuss the importance and various theories of leadership
- Explain the functions and types of a leader

Introduction

Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common goals. Unless common meanings are shared, managers

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find it extremely difficult to influence others. Whenever groups of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation.

Leadership is a key process in any organisation. Coming to business enterprises, people working there need leaders who could be instrumental in guiding the efforts of groups of workers to achieve the goals of both individuals and the organisation. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal.

13.1 Significance of Communication

Communication is an indispensable activity in all organisations. No organisation can think of its existence without effective communication. That is why Chester Bernard once remarked, "the first executive function is to develop and maintain a system of communication". An organisation's very survival depends on its employees' ability to communicate with one another and with the members of its environment. The free flow of ideas and information is an essential ingredient in the drive for quality and continuous improvement. The organisation relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment. An effective communication system is essential to pass messages, ideas and information for explaining objectives and plans, controlling performance and taking corrective action.

The importance of communication in management can be judged from the following:

1. Gaining acceptance of policies, winning cooperation of others, getting instructions and ideas clearly understood and bringing about the desired changes in performance are dependent upon effective communication.
2. Communication helps the management in arriving at vital decisions. In its absence, it may not be possible for the top-level management to come in closer contact with each other and discuss the important problems pertaining to the organisation.
3. Constant communication with personnel helps the management to remain informed about their problems, difficulties and grievances. Appropriate steps can be taken in time to remove the worker's difficulties. Conflicts often arise because of communication gaps. They can be averted by setting up a regular arrangement of keeping contact with the workers through communication media.
4. Communication is quite essential for coordination, which is the essence of effective management. It brings about mutual understanding between the personnel at all levels and fosters the spirit of cooperation. In the words of Mary Crushing Niles, "Good communications are essential to coordination. They are necessary upward, downward and sideways, through all the levels of authority and advise for the transmission, interpretation and adoption of policies, for the sharing of knowledge and information, and for the more subtle needs of good morale and mutual understanding".
5. Greater, better and cheaper production are the aims of all managers. In today's organisations, the information passes through a variety of filters and there is always a chance for misinterpretation. An effective system of communication can play a vital role in avoiding this illusion. The employees should be told clearly what exactly to do and the way in which an instruction is to be carried out. In this process, certain directions are to be given, certain feelings must be expressed and a certain amount of interpersonal perceptions

must be exchanged. In the words of Shobhana Khandwala, "For this, management has to sell ideas, motivate the workers to work with a will, and build up higher morale in the company. Communication, as an influence process, plays a vital role here. It becomes, thus, a part of education, propaganda, leadership and guidance function of the management".

6. Under an effective system of communication, it is quite convenient for the employees to express their grievances, and bring all their problems to the notice of the management. Proper communications between the interested parties reduce the point of friction and minimize those that inevitably arise. Hence by effective communication, a group having 'skill' and 'will' to do can be built up. Communication helps in securing the largest possible participation or consultation in decision making, planning and general administration. This will give a democratic character to the managerial process and strengthen the morale of the staff.

13.2 Types of Communication

13.2.1 Based on Level

Levels of communication are:

1. ***Intrapersonal communication:*** It is the language used or thought internal to the communicator. Intrapersonal communication is the active internal involvement of the individual in symbolic processing of messages. Both the roles of the sender and receiver, is assumed by the individual himself and he also provides feedback to herself in an ongoing internal process. It can be useful to envision intrapersonal communication occurring in the mind of the individual in a model which contains a sender, receiver, and feedback loop.

2. ***Interpersonal communication:*** It is the level in which communication channels are the medium chosen to convey the message from sender to receiver. Communication channels can be either direct or indirect. Direct channels are those that are obvious and can be easily recognized by the receiver. They are also under direct control of the sender. Indirect channels are those channels that are usually recognized subliminally or subconsciously by the receiver, and not under direct control of the sender.

3. ***Group communication*** refers to the nature of communication that occurs in groups that are between 3 and 12 individuals. Small group communication generally takes place in a context that mixes interpersonal communication interactions with social clustering.

4. ***Public communication:*** It's at the heart of our economy, society, and politics. Studios use it to promote their films. Politicians use it to get elected. Businesses use it to burnish their image. Advocates use it to promote social causes. It's a field built on ideas and images, persuasion and information, strategy and tactics. No policy or product can succeed without a smart message targeted to the right audience in creative and innovative ways.

13.2.2 Based on Form/Medium Used

Communication can be classified on the basis of the medium employed:

1. ***Verbal Communication:*** It means communicating with words, written or spoken. Verbal communication consists of speaking, listening, writing, reading, and thinking. It may further be classified as Oral or Written Communication.

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2. ***Non-verbal communication:*** It includes using of pictures, signs, gestures, and facial expressions for exchanging information between persons. It is done through sign language, action language, or object language. Non-verbal communication flows through all acts of speaking or writing. It is a wordless message conveyed through gestures (sign), movements (action language), and object language (pictures/clothes) and so on. Further non-verbal communication can be identified by personal space (proxemics), sense of smell (olfactics) and time (chronemics).

3. ***Meta communication:*** Here the speaker's choice of words unintentionally communicates something more than what the actual words state. For example, a flattering remark like "I've never seen you so smartly dressed" could also mean that the regular attire of the listener needed improvement.

4. ***Formal Communication:*** A formal channel of communication can be defined as a means of communication that is formally controlled by managers or people occupying positions in an organisation. The communication flows through formal channels, that is, officially recognized positions along the line in the organisation. This ensures that the information flows orderly, timely, and accurately. Any information, decision, memo, reminder etc. will follow this path.

5. ***Informal Communication:*** Side by side with the formal channel of communication every organisation has an equally effective channel of communication that is the informal channel. It is not officially sanctioned, and quite often it is even discouraged or looked down upon. But, then, it is very much there, and has been given the name 'grapevine' precisely because it runs in all directions-horizontal, vertical, diagonal. As the management experts put it, *"it flows around water coolers, down hallways, through lunch rooms, and wherever people get together in groups"*.

6. ***Downward Communication:*** The Communication that flows from Top to Bottom is known as downward communication. Any organisation has an inbuilt hierarchical system, and in that, in the first instance, communication invariably flows downwards.

7. ***Upward Communication:*** The Communication that flows from bottom to top, which is from lower hierarchical level to higher level, is called Upward Communication. The main function of upward communication is to supply information to the upper levels about what is happening at the lower levels. It is just the reverse of the previous dimension.

8. ***Lateral Communication:*** When communication takes place between two or more persons who are subordinates working under the same person, or those who are working on the same level, it is called lateral or horizontal communication. A good example of this kind of communication is that between functional managers. It is necessary for the reviewing of the activities assigned to various subordinates having identical positions

9. ***Diagonal Communication:*** Diagonal or Crosswise communication includes flow of information among persons at different levels who have no direct reporting relationships. As an example, the Communication between the Training Supervisor and Marketing Manager, regarding the Training of a few employees of Marketing Department, is Diagonal Communication. This kind of communication is used to speed up information flow, to improve understanding, and to coordinate efforts for the achievement of organisational objectives.

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Grapevine

The network for much informal communication is the organisation's grapevine. Grapevines develop in organisations to handle communications that the formal channels of communication do not handle. It typically supplements or replaces the organisational hierarchy as the means for transmitting communication. The grapevine serves as an excellent source of information about employee attitudes as well as an emotional outlet for workers. Thus, the grapevine is likely to be strong during uncertain times and in organisations that limit the flow of information to employees through formal channels. Also, employees may participate in a grapevine to help meet social needs.

The development of grapevines is inevitable.

Their content is misinterpreted, abbreviated, embellished and selectively transmitted in terms of what the sender believes the receiver wants or needs to know. Since the original message may be only partially true, it is not surprising that the grapevine is sometimes referred to as a rumour mill. The information that travels through a grapevine typically takes the form of gossip (belief about other people) and rumours (efforts to predict future events). The Grapevine has three main characteristics:

1. It is not controlled by management.
2. It is perceived by most employees as being more believable and reliable than formal communiqués issued by top management.
3. It is largely used to serve the self-interests of the people within it.

13.2.3 Based on Context

Based on context, the different types of communication are:

Organisational Communication

Communication is the passing of information and understanding from one person to another at the same level or at different levels. It is the process by which the management reaches others in managing its work. Since managers work through others, all of their managerial functions pass through the bottleneck of communication. One person can initiate the process but he alone cannot complete it. It is completed only when it is received by others. The effectiveness of management largely depends upon the effectiveness of communication. It is communication which gives life to the organisation; so, it can be likened to the life blood of an organisation. The communication system serves as the vehicle by which an organisation is embedded in its environment. It not only integrates the various sub –units of an organisation but also, in a systematic sense, serves as an elaborate set of interconnected channels designed to sift and analyse information important from the environment. It also exports processed information to the environment.

The roles of communication become more critical as the organisation grows in its size, complexity and sophistication. So, the system should be adjusted according to the needs of the organisation from time to time.

Communication is the nervous system of an organisation. It keeps the members of the organisation informed about the internal and external happenings relevant to a task and of interest to the organisation. It coordinates the efforts of the members towards achieving organisational objectives. It is the process of influencing the action of a person or a group. It is

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the process of meaningful interaction among human beings to initiate, execute, accomplish, or prevent certain actions. **Communication is, thus, the life blood of an organisation**. Without communication, an organisation is lifeless and its very existence is in danger.

Political Communication

Political communication is a field of communications that is concerned with political scenario in a country or communication that often influences political decisions and vice versa.

The area of political communication concern 2 main areas:

1. ***Election campaigns:*** the campaigning for various candidates during elections is political communications
2. ***Government operations:*** this role is usually fulfilled by a Ministry of Communications, Information Technology or similar political entity. Such an entity is in charge of maintaining communication legislation and would be responsible for setting telecommunications policy and regulations as well as issuing broadcasting licenses, comments press releases, etc.

Intercultural Communication

Intercultural communication refers to the communication between people from different cultures. According to Samovar and Porter, intercultural communication occurs whenever a message is produced by a member of one culture for consumption by a member of another culture, a message must be understood. Because of cultural differences in these kinds of contacts, the potential for misunderstanding and disagreement is great. To reduce this risk, it is important to study intercultural communication.

The importance of intercultural communications is increasing due to:

1. ***Globalisation of world markets***: Doing business beyond our borders is now commonplace. Not only are market borders blurring, but acquisitions, mergers, and alliances are obscuring the nationalities of many companies. As markets expand, national boundaries and national allegiance mean less and less. What has happened is globalisation of markets where world tends to act as one marketplace. In this global marketplace, more and more markets are opening to worldwide competition enabling businesses to look for new growth opportunities for their goods and services. To be successful in this interdependent global village, companies are finding it necessary to adapt to other cultures.
2. ***Technological Advancements***: amazing new transportation and information technologies are major contributors to the development of our global interconnectivity. Supersonic planes now carry goods and passengers to other continents overnight. Equally significant in creating the global village are incredible advancements in communication technologies. The Internet now permits instantaneous oral and written communication across time zones and continents. People in companies use high-speed data systems to transfer and exchange information and plans instantly with their counterparts in foreign locations. The new communication technologies allow teams from all over the world to work on projects and share information without leaving their desks. At the same time, advanced technologies allow manufacturers to produce their goods in foreign locations that offer abundant supply of low cost labour.
3. ***Multicultural Workforce***: As world commerce mingles more and more, another trend gives intercultural communication increasing importance. People are on the move. Lured by the prospects of peace, prosperity, education or a fresh start, persons from many cultures are moving to countries promising to fulfill their dreams. As a result, today's workforce

is increasingly made up of people who differ in race, gender, age, culture, family structure, religion, and family background. Such cultural diversity affects how business messages are conceived, planned, sent, received, and interpreted in the workplace.

4. ***Understanding Culture***: Every country or region within a country has a unique common heritage, joint experience, or shared learning. This shared background produces the culture of a region, country, or society. For our purposes, culture may be defined as the complex system of values, traits, morals, and customs shared by a society. Culture teaches people how to behave, and it conditions their reactions. Intercultural communications helps in understanding various cultures.

Educational Communication

This type of communication relates to the field of education. It involves any type of communication flows, levels, systems that lead to acquisition and imparting of learning.

Example: A teacher, teaching in a class or a student giving a presentation in a class etc.

Task

Analyse the type of communication that you follow or have followed as a student while communicating with your friends, seniors and principal. Is there any difference?

13.3 Barriers to Effective Communication

Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organisations. The more prominent barriers to effective communication which every manager should be aware of is given below:

Filtering: Filtering refers to a situation where sender manipulating information so it will be seen more favourably by the receiver. The major determinant of filtering is the number of levels in an organisation's structure. The more vertical levels in the organisation's hierarchy, the more will be the opportunities for filtering. Sometimes the information is filtered by the sender himself. If the sender is hiding or camouflaging some meaning and disclosing information in such a fashion as to make it more appealing to the receiver, then he is "filtering" the message deliberately. A manager in the process of altering communication in his favour is attempting to filter the information.

Selective Perception: Selective perception means seeing what one wants to see. The receiver, in the communication process, generally resorts to selective perception, i.e., he selectively perceives the message based on the organisational requirements, the needs and characteristics, background of the employees, etc. Perceptual distortion is one of the distressing barriers to the effective communication. People interpret what they see and call it a reality. In our regular activities, we tend to see those things that please us and to reject or ignore unpleasant things. Selective perception allows us to keep out dissonance (the existence of conflicting elements in our perceptual set) at a tolerable level. If we encounter something that does not fit our current image of reality, we structure the situation to minimize our dissonance. Thus, we manage to overlook many stimuli from the environment that do not fit into our current perception of the world. This process has significant implications for managerial activities.

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Example: The employment interviewer who expects a female job applicant to put her family ahead of her career is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

Emotions: How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilation or depression are quite likely to hinder the effectiveness of communication. A person's ability to encode a message can become impaired when the person is feeling strong emotions.

Example: When you are angry, it is harder to consider the other person's viewpoint and to choose words carefully. The angrier you are, the harder this task becomes.

Extreme emotions: such as jubilation or depression – are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

Language: Communicated message must be understandable to the receiver. Words mean different things to different people. Language reflects not only the personality of the individual but also the culture of society in which the individual is living. In organisations, people come from different regions, different backgrounds, and speak different languages. People will have different academic backgrounds, different intellectual facilities, and hence the jargon they use varies. Often, communication gap arises because the language the sender is using may be incomprehensible, vague and indigestible. Language is a central element in communication. It may pose a barrier to correct and timely action if its use obscures meaning and distorts intent. Words mean different things to different people. Age, education and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. Therefore, use simple, direct, declarative language. Speak in brief sentences and use terms or words you have heard from your audience. As much as possible, speak in the language of the listener. Do not use jargon or technical language except with those who understand it.

Stereotyping: It is the application of selective perception. When we have preconceived ideas about other people and refuse to discriminate between individual behaviours, we are applying selective perception to our relationship with other people. Stereotyping is a barrier to communications because those who stereotype others use selective perception in their communication and tend to hear only those things that confirm their stereotyped images. Consequently, stereotypes become more deeply ingrained as we find more "evidence" to confirm our original opinion.

Stereotyping has a convenience function in our interpersonal relations. Since people are all different, ideally we should react and interact with each person differently. To do this, however, requires considerable psychological effort. It is much easier to categorize (stereotype) people so that we can interact with them as members of a particular category. Since the number of categories is small, we end up treating many people the same, even though they are quite different. Our communications, then, may be directed at an individual as a member of a category at the sacrifice of the more effective communication on a personal level.

Status Difference: The organisational hierarchy poses another barrier to communication within the organisation, especially when the communication is between employee and manager. This is so because the employee is dependent on the manager as the primary link to the organisation and hence more likely to distort upward communication than either horizontal or downward communication. Effective supervisory skills make the supervisor more approachable and help

reduce the risk of problems related to status differences. In addition, when employees feel secure, they are more likely to be straightforward in upward communication.

Use of conflicting signals: A sender is using conflicting signals when he or she sends inconsistent messages. A vertical message might conflict with a non-verbal one.

Example: If a manager says to his employees, "If you have a problem, just come to me. My door is always open", but looks annoyed whenever an employee knocks on his door", then we say the manager is sending conflicting messages.

When signals conflict, the receivers of the message have to decide which, if any, to believe.

Reluctance to Communicate: For a variety of reasons, managers are sometimes reluctant to transmit messages. The reasons could be:

1. They may doubt their ability to do so.
2. They may dislike – or be weary of – writing or talking to others.
3. They may hesitate to deliver bad news because they do not want to face a negative reaction.

When someone gives in to these feelings, they become a barrier to effective communications.

Projection: Projection has two meanings:

1. ***Projecting one's own motives into others' behaviour:***

Example: Managers, who are motivated by money, may assume their subordinates also motivated by it. If the subordinate's prime motive is something other than money, serious problems may arise.

2. ***The use of defense mechanism to avoid placing blame on oneself:*** As a defense mechanism, the projection phenomenon operates to protect the ego from unpleasant communications. Frequently, individuals who have a particular fault will see the same fault in others, making their own fault seem not so serious.

The "Halo Effect": The term "halo effect" refers to the process of forming opinions based on one element from a group of elements and generalizing that perception to all other elements.

Example: In an organisation, a good attendance record may cause positive judgments about productivity, attitude, or quality of work.

In performance evaluation system, the halo effect refers to the practice of singling out one trait of an employee (either good or bad) and using this as a basis for judgment of the total employee (e.g., seeing the well-dressed manager as the "good" manager).

13.4 Overcoming Barriers to Communication

Following are some of the additional measures to overcome the barriers to communication:

1. ***Fostering good relationships:*** Strong relationships must be fostered between the employer and employee in order to avoid misunderstandings and accept each other's view points in order to remove the barriers and to facilitate proper communication in the organisation.
2. ***Purposeful and well focused communication:*** Communication should be purposeful and directed to an individual. At the end of the communication, the receiver should not be left to feel that communication had been meaningless or useless.

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3. ***Co-ordination between superior and subordinates:*** In case the superior thinks at a level, which is different from that of the subordinate and vice versa, it will affect the effectiveness of communication. Therefore, there should be good and proper co-ordination and co-operation between the superior and subordinate for effective communication.

4. ***Avoid technical language:*** The specialized language should be avoided. Efforts should be made to use the language commonly understood by the receiver and sender of the message. There should be least use of technical jargon in the communication process.

5. ***Feedback:*** The selective perception of receiver should be minimized through proper feedback. The drawback of the selective perception should be explained to minimize the barriers.

6. ***Accuracy:*** There should be accuracy in the message to be transmitted between both parties for the communication to improve its effectiveness.

7. ***Clarity in message:*** The message to be transferred should be clear, practical accurate and without any ambiguity.

8. ***Communication of organisational philosophy:*** Efforts have to be made in a planned way to sensitize people with the organisational philosophy. It should be properly communicated to its employees so that accord proper attention to their day-to-day communication.

9. ***Flat organisational structure:*** The organisation should have clear cut and simple organisational structure. Tall hierarchical structures should be removed, and changed to flat structures to avoid excessive control of information. Wrong information to be transferred to any one in the organisation can prove detrimental. Proper redesign of organisational structure will reduce the status gap.

10. ***Division of labour:*** There should be proper division of labour between people in order to reduce information overload and prevent delay in information transfer.

11. ***Organisation policies:*** The organisation should formulate its policies in such a way that it will give full advantage to all members of the organisation. It should be flexible and easy to implement. While the organisation's goal must be clear, everyone must know about his position, in the organisational communication process. The network has to be fully developed so that no such type of barriers exists. Moreover, there should be consistency when messages are passed from a sender to a receiver. One should not introduce a personal view in the message. It must be clear and understood by everyone easily. Timeline in the message should be mentioned for if it is not passed in time, it will be of no use.

12. ***Minimize semantic problem:*** People use either the same word in different ways or different words in the same way. One will be surprised to know that there are 15 different meanings of the word 'charge' in the English language. They also occur when people use jargon or professional shorthand which they expect others to understand, or use language which is outside the other's vocabulary.

13. ***Proper communication channels:*** If one wants immediate action from the receiver, there is no need to send a lengthy discussion report. One can pick up the telephone or go to his office to tell him what to do. Remember, also that one picture is worth a thousand words, and in this age of computer graphics, information can be produced more quickly in this way too.

14. ***Right feedback:*** Although one–way communication is quicker, two–way communication is more accurate. In complex situations, it helps both sender and receiver to measure their understanding and improves their joint commitment towards the task. It enables both parties to identify and clear misunderstandings leading to a higher quality of reception and acceptance.

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Case Study

Police Miscue Told in Bus Incident

Sometimes a communication miscue not only embarrasses and inconveniences people, it may also endanger lives. Such was the case one evening when police pulled over a bus outside Chicago and stormed it, looking for a murder suspect (who wasn't on the bus). The incident started with a tip-off from the murder victim's family that the suspect might be travelling by bus from Chicago to Milwaukee. Chicago police issued a warning to other local police as well as the state police that the suspect might be on the bus, but to "let him pass." Then they notified the Milwaukee police, who were ready to pick up the suspect as soon as he arrived. But Glencoe and state police interpreted the message to mean that they should stop the bus and make an arrest.

"There wasn't anything ambiguous about it," declares Paul Harlow, director of public safety in Glencoe. "The message was that you have a suspect who is wanted for homicide, and that's probably in my understanding the highest priority message you can put out."

So passengers were filed off the bus, herded to the side of the road, frisked, and held there for several hours. Traffic on the highway was jammed up for miles. Meanwhile, the suspect had actually boarded another bus to Milwaukee, where he was arrested later. Law enforcement experts claim that, had he been on the stopped bus, the situation could have become dangerous very quickly.

What caused this communication miscue? First, there was no formal pattern of communication leading to a clear chain of command. Second, there were errors in perception. The message (that Chicago police intended as merely informational) was received and interpreted by other police departments as a request for action. Third, there was no feedback about the message from receiver to sender – instead, the bus was stormed.

The California Highway Patrol has a policy that would have prevented such a miscue: an officer may not take action such as pulling over a bus unless he or she has received approval from a supervisor at headquarters. "We want to make sure that someone that has a slightly different perspective that may not be caught up in the situation can provide guidance," explains Steve Kohler of the organisation. It is a safe bet that police departments around Chicago are now working on improving communications.

Questions

1. What steps might state and local police take to improve communication with each other?
2. What type of formal communication patterns might work best in a situation like this?
3. How might non-verbal communication play a role (positively or negatively) in a situation like this, where rapid, accurate communication is essential?

Source: Louis Carlozo and Doglas Holt, "*Bus Drama Turns up Empty*," Chicago Tribunal, May 21, 1994 Sec.1 page 1, 9.

13.5 Definitions and Meaning of Leadership

Researchers rarely agree on what is meant by leadership. Different investigators define it in different ways. Although there is some consensus on general statements such as "leaders have followers" and "effective leaders somehow get others to do things that are helpful for group performance", exactly how and why performance increases is unclear. Some consensus, however,

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is being reached on how we should handle this problem. One suggestion was to break down the question of "What is leadership?" into two questions:

1. What characteristics or behaviours make it more likely that an individual will become a leader?
2. Once someone holds a formal position as a leader, what characteristics make it more or less likely that he or she will be effective?

The first question is one of the emergence of a leader. The second question sees leadership as those characteristics or behaviours that make an individual effective in a given position. Leadership is seen not as some set of universally agreed-upon traits, but as those things which are positively related to groups' productivity in a given situation. The central idea is that there is no best style of leadership. What will work best depends on the proper combination of personal characteristics and the specific situation in which one works. To understand this position more fully, let us examine the definitions given by authorities on the subject, for 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 organised 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 inter-personal 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 Encyclopedia 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 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 of 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 organisation in such a manner that both will obtain maximum satisfaction".

In the words of James Gibbon, Leadership is "a process of influencing 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 the common objectives and satisfaction with the type of leadership provided".

According to Katz and Kalm, "In the descriptions of organisations, 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 the people in an organisation towards attainment of the objectives of the enterprise.

13.6 Characteristic of Leadership

1. ***Leadership implies the existence of followers:*** We appraise the qualities of a leader by studying his followers. In an organisation, leaders are also followers, e.g., a supervisor works under a branch head. Thus, in a formal organisation a leader has to be able to be both a leader as well as a follower, and be able to relate himself both upward and downward.

2. ***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 of workers work for some other purpose, that's hardly a sign of leadership.

3. ***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.

4. ***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.

5. ***Leadership is the function of stimulation:*** Leadership is the function of motivating people to strive willingly to attain organisational objectives. A successful leader allows his subordinates (followers) to set their own individual goals in such a way that they do not conflict with the organisational objectives, and – more desirably – mesh closely with them.

6. ***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 matter 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, energize and enable people to surpass themselves. In other words, a leader must set the pace by setting a high personal example for his followers to emulate and admire.

7. ***A leader ensures absolute justice:*** A leader must be objective and impartial. He should not follow unfair practices like favoritism and nepotism. He must display fair play and absolute justice in all his decisions and actions.

8. ***Leadership styles and patterns:*** Tannenbaum and Schmidt have described the range of possible leadership behaviour available to a manager. Each type of action is related to the degree of authority used by the boss and to the degree of freedom available to his subordinates in reaching decisions.

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Caselet

COCO Raynes Associates

It takes a leader to have a vision, pursue it, and institute change. Coco Raynes, an architectural designer, has done all three. Not only has she effected change in and through her organisation, she has used her organisation to change other people's lives for the better.

"I developed an idea that was sitting in my head and patented it," Raynes (a French native now based in Boston) recalls. The idea become the Raynes Rail, a Braille and audio handrail system designed to guide the visually impaired through the corridors of office buildings, hospitals, libraries, and the like. In 1994, the Raynes Rail won the Gold award from the Industrial Designers Society of America. Twenty years ago, when Raynes first got the idea, she was told that Braille was outdated. Now, people are realizing that Braille is, indeed, very much up-to-date. Use of the Braille system (a tactile system of writing and printing for the blind) is on the raise again. Raynes held onto her vision and pursued it to its fulfillment.

Coco Raynes Associates (which employs only five people, including Raynes) reflects Rayne's personality, behaviour, and leadership style. Raynes says her design firm, " has no signature. You can't identify our style, because we change from one project to the next. We don't follow trends; we serve the client".

But within this antistyle lies a subtle philosophy devoted to setting standards rather than adapting to them – an example of transformational leadership. Coco Raynes Associates gets people thinking one step further. For instance, federal law requires all public doors be encoded in Braille, but as Raynes says, "the gesture means nothing. A blind person doesn't know how to find the door. We're bringing in the missing link". Don Stull, a principal of the architectural firm Stull and Lee, concurs. "Some designers work by rearranging existing solutions. Coco starts with a process of asking and answering questions and, as a result, creates extremely inventive solutions that come from that."

Coco Raynes associates specializes in creating a certain amount of freedom for the physically impaired – not only in the United States but also overseas. The firm has designed graphic programs for the St. Regis Sheraton in New York as well as the Bosphorus Swissotel in Istanbul. It takes a persistent, creative leader to motivate a tiny organisation toward a huge goal. Coco Raynes can do it.

13.7 Leadership Styles

1. ***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.
2. ***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.
3. ***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.
4. ***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.

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5. ***The Manager may present the problem, get the suggestions and then take his own decision:*** Here manager gives sufficient opportunity to the employees to make suggestions, that are carefully considered by the Manager.

6. ***The Manager may define the limits and request the group to make a decision:*** Under this style of management, the manager delegates to the group the right to make the decision. His subordinates are able to take a decision within well defined criteria and limits.

7. ***The Manager may permit full involvement of the subordinates in the decision-making process:*** This is a style of leadership often referred to as 'Democratic' leadership.

Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organisational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership style over 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. They are:

1. Forces in the manager, i.e., the manager's personality, experience and value system.

2. Forces in the subordinates, i.e., the subordinates' readiness for taking decisions, and their knowledge, interest, need for independence, etc.

3. Forces in the situation, i.e., complexity of the problem, pressure of time etc.

Types of Leadership Styles

The different types of leadership styles are:

1. Autocratic or Task Management Leadership

2. Participative or Democratic Leadership and

3. Laissez-faire or Free-rein Leadership

4. Paternalistic Leadership.

1. ***Autocratic or Task Management Leadership:*** The autocratic leader gives orders 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 immediate 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 his subordinates. He drives himself and his subordinates with one thought uppermost in his mind – action must produce results. An autocratic leader controls the entire planning process, and calls upon his subordinates to execute what he has planned. An autocratic leader operates on the following assumptions:

   (a) An average human being has inherent dislike for work and will avoid it if he can.

   (b) If his subordinates were intelligent enough, they would not be in subordinate positions.

   (c) He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.

   (d) As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation, that is, through threats of penalty and punishment.

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Thus, under this style, all decision-making power is centralized in the leader. The autocratic leader stresses his prerogative to decide and order, and denies subordinates the freedom to influence his behaviour.

Types of Autocratic Leadership

(a) *Strictly autocratic leaders:* A strictly autocratic leader relies on negative influence and gives orders which the subordinates must accept. He may also use his power to dispense rewards to his group.

(b) *Benevolent Autocrat:* The benevolently autocratic leader is effective in getting high productivity in many situations and he can develop effective human relationships. His motivational style is usually positive.

(c) *Manipulative Autocrat:* A manipulative autocratic leader is one who makes subordinates feel that they are participating in decision making process even though he has already taken the decision.

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 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 organisational 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 skills and tools to carry out their assignments. He assigns a fair work load to his personnel and accords due recognition to jobs that are well done. There is a team approach to the attainment of organisational goals. He recognizes the human value of showing greater concern for his subordinates.

A participative leader operates on the following assumptions:

(a) Subordinates are capable of doing work independently and assuming the responsibility for proper execution if they are given opportunities and incentives.

(b) Subordinates are supervised, guided and aided rather than threatened and commanded to work.

(c) Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

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 entrusts the decision-making authority to his subordinates. He does not direct his subordinates, thereby giving them complete freedom of operation. Groups of members work independently and provide their own motivation. The manager exists as a facilitator and buffer contact man between the team and outsiders, while bringing for his group the information and resources it needs to accomplish its job. A free-rein leader operates in the following manner:

(a) He follows the rule of minimum exposure to accountability.

(b) He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.

(c) He has no clear idea of the goals to be attained.

(d) 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 sincere need to go ahead and discharge their responsibility.

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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 as that of family, with the leader as the head of the family. The leader works to help, guide, protect and keep his followers happily working together as members of a family. He provides them with good working conditions, fringe benefits and employee services. It is said that employees under such leadership will work harder, out of sheer gratitude as well as emotional bondage.

Task Critically analyse the type of your most favourite leader.

13.8 Importance of Leadership

The importance of leadership in an organisation cannot be denied. People working in an organisation need 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 organisation. 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:

1. Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.
2. An effective leader motivates subordinates for turning in a higher level of performance.
3. Leadership promotes team-spirit and team-work which is essential for the success of any organisation.
4. Leadership is an aid to authority. Dynamic and enlightened leadership helps in the effective use of formal authority.
5. Leadership creates confidence in 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 skills".

13.9 Functions of a Leader

According to Peter Drucker, "An effective leader is one who can make ordinary men do extraordinary things, make common people do uncommon things. Leadership is a lifting of a man's sights to a higher vision, the raising of man's standard to a higher performance, the building of a man's personality beyond its normal limitations." This viewpoint of Peter Drucker stresses the leader's obligation to attain organisational goals and gives attention to the needs of the individuals who are his subordinates. The important functions of a business leader may be briefly summarized as follows:

1. ***To take the initiative:*** A leader initiates all the measures that are necessary for the purpose of ensuring the health and progress of the organisation in a competitive economy. He should not expect others to guide or direct him. He should lay down the aims and objectives, commence their implementation and see that the goals are achieved according to the pre-determined targets.

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2. ***He identifies group goals:*** A leader must always help the group identify and attain their goals. Thus, a leader is a goal setter.

3. ***He represents the organisation:*** A leader represents the organisation and its purpose, ideals, philosophy and problems to those working for it and to the outside world. In other words, a leader is a true representative of the entire organisation.

4. ***He acts as an arbitrator:*** When groups experience internal difference, whether based on emotional or intellectual clashes, a leader can often resolve the differences. He acts as an arbitrator to prevent serious differences from cropping up within the group.

5. ***To assign reasons for his action:*** It is the delicate task of a leader to assign reasons to his every command. He has to instruct things in such a way that they are intelligible to all concerned and their co-operation is readily forthcoming.

6. ***To interpret:*** He interprets the objectives of the organisation and the means to be followed to achieve them; he apprises his followers, convinces them, and creates confidence among them.

7. ***To guide and direct:*** It is the primary function of the leader to guide and direct the organisation. He should issue the necessary instructions and see that they are properly communicated.

8. ***To encourage teamwork:*** A leader must try to win the confidence of his subordinates. He must act like the captain of a team.

9. ***He manages the organisation:*** Last but not the least, he administers the undertaking by arranging for the forecast, planning, organisation, direction, co-ordination and control of its activities.

13.10 Basic Approaches

Different authorities and different researchers have viewed leadership differently. Some put emphasis on personal options, while others view leadership as situational. The researches conducted by behavioural scientists to find out what makes a leader effective have resulted in "theories of leadership". The important theories of leadership are listed/discussed below:

1. Trait Theory of Leadership
2. Behavioural Theory of Leadership
3. Contingency Theory of Leadership
4. Management Grid or Leadership Grid
5. Situational Theory of Leadership
6. Great Man Theory of Leadership
7. Path-Goal Theory
8. Participation Theory of Leadership

1. ***Trait Theory of Leadership:*** Trait theory seeks to determine personal characteristics of effective leaders. It points out that the personal traits or personal characteristics of a person make him an effective or successful leader. Charles Bird examined twenty lists of traits attributed to leaders in various surveys and found that none of the traits appeared on all lists. Leaders were characterized a wide variety of traits ranging all the way from neatness to nobility.

   Persons who are leaders are presumed to display better judgment and engage themselves in social activities. Study of the lives of successful leaders reveals that they possessed

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many of these traits. According to the trait theory, persons who possess the following traits or personal characteristics could become successful leaders:

(a) *Good personality:* Physical characteristics and level of maturity determine the personality of an individual. Good personality is an important factor in determining the success of a leader.

(b) *Intellectual ability:* A leader must have a higher level of intelligence than the average follower. A leader should analyze the situation accurately and take decision accordingly.

(c) *Initiative:* A leader should initiate suitable activities at a proper time.

(d) *Imagination:* A leader should have the ability to imaginatively visualize trends and device his policies and programmes.

(e) *Maturity:* A leader should be emotionally mature and have a balanced temperament. They should also have high frustration tolerance.

(f) *Desire to accept responsibility:* A leader should be prepared to shoulder the responsibility for the consequences of any step he takes. In other words, he should accept full responsibility for his actions.

(g) *Self-confidence:* A leader should possess self-confidence. Self-confidence is essential to motivate the followers and boost up their morale.

(h) *Flexibility:* A leader should be prepared to accommodate others viewpoints and modify his decisions. He should have an open mind, ready to absorb and adopt new ideas and views of others.

(i) *Fairness and objectivity:* A good leader is fair and objective in dealing with subordinates. Honesty, fairplay, justice and integrity of character are expected of any good leader.

(j) *Considerate:* A good leader is considerate to the followers as his success as a leader largely depends on the co-operation of his followers.

Research indicates that a few traits show a weak but consistent link to holding positions of leadership. People with a high energy level tend to rise to leadership positions. Leadership potential has been associated with the social trait of dominance and with the motives of need for achievement and need for power. Leadership has also been widely linked to high self-esteem. General cognitive ability has one of the strongest links to leadership ability.

Table 13.1: Traits Associated with Effective Leadership

Drive	High level of effort; relatively high desire for achievement; ambition; high energy; persistence; initiative.
Desire to Lead	Strong desire to influence and lead others; willingness to take responsibility.
Honesty and Integrity	Trusting relationships with followers; truthfulness; high consistency between words and actions.
Self-confidence	Absence of self-doubt; self-assurance that convinces followers of the rightness of the leader's goals and decisions.
Intelligence	Ability to gather, synthesize, and interpret large amounts of information; ability to create visions, solve problems, and make good decisions.
Job-relevant Knowledge	High level of knowledge about the organization, industry, and technical matters related to the group's activities.

Source: Shelly a Kirpatrick and Edwin A Locke, "Leadership: Do Traits really matter?" Academy of Management Executive, May 1991 Page 48 - 60.

Limitations of the Trait Theory

(a) It assumes that leadership is an inborn quality. This is not always true but, leadership qualities may be developed through training also.

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(b) A leader may prove very successful is one situation due to some traits, but may fail in another situation.

(c) The theory also fails to mention the traits which are necessary to maintain leadership. Measurement of a trait usually occur after a person becomes a leader.

(d) There cannot be any common list of personal traits found in all successful leaders.

(e) Personal traits are only a part of the whole environment. By emphasizing merely on the personal traits, the other qualities of a leader are ignored.

Applications of Trait Theory

Despite the limitations of trait theory, people still think in terms of leadership traits. For example, in many hiring and promotion decisions, the decision maker selects people, he or she should have "leadership potential". There is nothing wrong about such a choice, but is this an effective strategy? Probably not. Using valid systems for employee selection results in higher-quality employees than basing decisions on non-job-related personality traits.

2. ***Behavioural Theory of Leadership:*** According to this theory, a particular behaviour of a leader provides greater satisfaction to the followers and so they recognize him as a good leader. The behavioural approach is based on the premise that effective leadership is the result of effective role behaviour. A leader uses conceptual, human and technical skills to influence the behaviour of his subordinates. The behavioural theory does not concentrate on the traits of leaders; it inspires study of the activities of leaders to identify their behavioural patterns.

The inability of the trait approach to consistently define specific traits that would differentiate successful and unsuccessful leaders led to the conclusion that emphasis on the behaviour of leaders (which could be measured) rather than emphasis on traits (which could not be measured) were an appropriate new research strategy. Beginning in the late 1940s and continuing through the early 1960s, research based on this emphasis was conducted at Ohio State University and the University of Michigan.

(a) *The Ohio State University Studies:* A team of Ohio State University researchers including Edwin Fleishman conducted extensive surveys. The goal of the research was to:

(i) Identify the behaviours exhibited by leaders.

(ii) Determine what affect these behaviours had on employee satisfaction and performance.

(iii) Identify the best leadership style.

To do this, questionnaires were developed to assess leadership styles. The Leader Behaviour Description Questionnaire (LBDQ) was designed to tap subordinate perception of the leader's behaviours, while the Leader Opinion Questionnaire (LOQ) measured the leader's perception of his own style.

After an analysis of actual leader behaviour in a wide variety of situations, two important leadership behaviours were isolated:

(i) Initiating-structure behaviour (IS): Clearly defining the roles of leader and follower so that everyone knows what is expected. This includes establishing formal lines of communication and deciding how tasks are to be performed.

(ii) Consideration Behaviour(C): Demonstrating concern for followers and trying to establish a friendly and supportive work climate based on mutual trust.

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These two kinds of behaviour were viewed as independent, meaning a particular leader can score high in use of one type of behaviour, the other, or both. Leaders who scored high on IS generally led high-producing groups and were rated highly by their superiors. However, the subordinates of those leaders tended to have lower morale, higher grievance rates, and higher turnover. Leaders high on C, on the other hand, generally led groups with higher morale but lower productivity. Thus, each of the specific leader behaviours had positive and negative outcomes associated with them. The extension of these findings by some later theorists led to the conclusion that leaders high on both LS an C would simultaneously satisfy their superiors (by achieving high performance) and their subordinated (by improving their morale).

(b) *University of Michigan Studies:* Under Rensis Likert, researchers at the University of Michigan conducted extensive interviews with managers and the employees who reported to them. After studying numerous industrial situations, the researchers concluded that two leadership styles – employee-centered and production or task-centered – influenced employee performance and satisfaction.

(i) Task-Centered Leader Behaviour: An effort to lead employees by focusing on work and how well employees performs. The task-centered leader pays close attention to employees' work, explains work procedures, and is deeply interested in performance.

(ii) Employee-centered Leader Behaviour: An effort to lead employees by developing a cohesive work group and ensuring employee satisfaction. The employee-centered leader emphasizes employees' well being rather than the tasks they perform.

The researchers defined these behaviours as mutually exclusive; a leader tends to use one or the other. The Michigan studies showed that employee-centered leaders supervised groups with higher morale and productivity, while production-centered leaders supervised groups with lower productivity and morale. These findings led to the belief that the employee-centered leadership style was superior to the production-centered leadership style.

3. ***Contingency Theory of Leadership:*** Fiedler's contingency model is one of the most serious and elaborate situational theories in leadership literature. Fiedler is probably the first researcher who recognised the need for a broader explanation of leadership phenomena anchored on situational variables.

Fiedler's model is called a 'contingency' model because the leader's effectiveness is partially contingent upon three major situational variables.

(a) *Leader-member relations:* It refers to the degree of confidence, trust and respect followers have in the leader. It indicates the degree to which group members like the leader and are willing to accept the leader's behaviour, as an influence on them. If followers are willing to follow because of charisma, expertise, competence or mutual respect, the leader has little need to depend on task structure or position power. If, on the other hand, the leader is not trusted and is viewed negatively by followers, the situation is considered less favourable.

(b) *Task structure:* It measures the extent to which the task performed by subordinates is routine or non-routine. Task structure refers to the degree to which the task requirements are clearly defined, (clarity of goals) the correctness of a decision can be easily verified (verifiability of decisions made) and there are alternative solutions to task problems (multiplicity of options to solve problems). In other words, task structure refers to how routine and predictable the work group's task is.

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(c) *Leader position power:* The most obvious manner in which the leader secures power is by accepting and performing the leadership role. Position power in the contingency model refers to the power inherent in the leader's organisational position. It refers to the degree to which the leader has at his disposal various rewards and sanctions, his authority over group's members, and the degree to which this authority is supported by the organisation.

(d) *Favourableness of the situation:* Thus, depending on the 'high' and low' categories of these situational variables, Fiedler developed eight possible combinations ranging from highly favourable to unfavourable situations.

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

Figure 13.1: Fiedler's Findings on how Leader Effectiveness Varies with the Situation

Fiedler's Classification of Situational Favourableness

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

Very Favourable ⟷ Very Unfavourable

4. ***Managerial Grid:*** Robert R Blake and Jane S Moulton have designed an organisation development program emphasizing the importance of the two basic leader behaviours (concern for people and concern for production) originally identified in the Ohio State and Michigan studies.

The managerial grid categorizes leadership behaviour as concern for people and concern for production. However, rather than viewing each type of concern as an absolute measure, the managerial grid puts them along two independent continuums. A manager thus has low to high concern for people and low to high concern for production. Each type of concern is ranked on a scale from 1 to 9, resulting in five major combinations of leader behaviour:

(a) *Improvised (1,1) Management:* Minimal concern for production or people. This style of management results in employees doing the minimum required.

(b) *Authority-Compliance (9.1) Management:* High concern for production and low concern for people. This style of management tends to result in efficient operations.

(c) *Country Club (1,9) Management:* Low concern for production and high concern for people. This style of management creates a working environment where employees feel comfortable.

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(d) *Middle-of-the Road (5,5) Management:* Moderate levels of concern for both people and production. This style of management balances needs through compromise, resulting in adequate performance.

(e) *Team (9,9) Management:* High levels of concern for people and production. This style of management results in superior performance from committed employees.

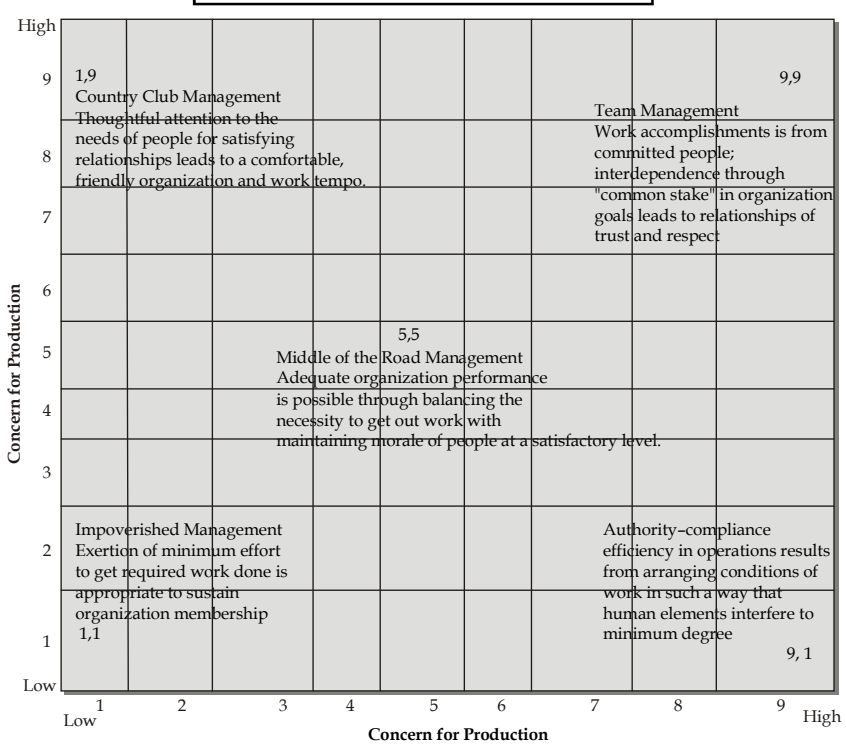
The model is designed to help managers first see their current leadership style and then to help them develop the most desirable style. Blake and Mouton believe there is an ideal style 9, 9 management. However, they have found that most managers use the middle-of the road style. The Figure 13.2 below shows the five possible leadership style.

Figure 13.2: Five Possible Leadership Styles

Style Label	Leader Emphasis on	
	Production	People
1,1	Low	Low
9,1	High	Low
1,9	Low	High
5,5	Moderate	Moderate
9,9	High	High

A slightly more complex model of leadership is the managerial grid developed by Robert Blake and Jane Mouton. This model is illustrated in Figure 13.3 and is called the Leadership Grid in the latest version prepared by Robert Blake and Anne McCanse.

Figure 13.3: The Leadership Grid



Source: The Leadership Grid Figure for Leadership Dilemmas - Grid Solution, by Robert R Blake and Anne Adams McCanse (Formerly the 'Managerial Grid figure' by Robert R Blake and Jane S Mouton) Houston: Gulf Publishing Company Page 29.

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5. ***Situational Theory of Leadership:*** The situational theory of leadership is strongly affected by the situation from which a leader emerges and in which he works. This theory emphasizes that the entire action between the group and the leader is the main factor which makes a leader successful. The people (followers) tend to follow the person (leader) who is capable of fulfilling their aspirations. Thus, a leader recognizes the need of the situation and acts accordingly. The merit of this theory is that it makes it abundantly clear that there is no single universally "best style" of leadership. A leader has to change his style of leadership from situation to situation.

   Contingency or situational theories differ from the earlier trait and behavioural theories in asserting that no single way of leading works in all situations. Recent research suggests that managers should select a leadership that best fits with the situation at a given time. Effective managers diagnose the situation, identify the leadership style that will be most effective, and then determine if they can implement the required style. Early situational research suggested that three general factors affect the appropriate leadership style in a given situation.

   (a) *Subordinate Considerations:* Reflect the leader's awareness of subordinate's expertise, experience, competence, job knowledge, hierarchical level and psychological characteristics.

   (b) *Supervisor Considerations:* Reflect the leader's degree of upward influence, as well as his or her similarity of attitudes and behaviours to those in higher positions.

   (c) *Task Considerations:* Reflect the degree of time urgency, amount of physical danger, permissible error rate, presence of stress, degree of autonomy, degree of job scope, importance and meaningfulness, and degree of ambiguity of the work being performed.

   The precise aspects of each dimension that influence the most effective leadership style vary in different situations. Most situational theorists suggest that effective leaders develop a range of leadership styles, which they adapt to different situations.

   Limitations of Situational Theory Leadership

   (a) This theory stresses the leadership ability of a person in a given situation but it is silent on the question whether he will fit in another situation.

   (b) If the leader adopts some style under all situations, he may not be successful. This is not always true, but leaders have been successful at all times and at all situations.

6. ***Great Man Theory of Leadership:*** The theory asserts that leaders are born and not made. This is especially so with great leaders who are natural leaders. Leadership calls for certain qualities like commanding personality, charm, courage, intelligence, integrity, persuasiveness, tenacity and aggressiveness. These qualities are of such a nature that they can't be taught or learnt in a formal sense. The implementations of this approach are:

   (a) Leaders have certain inborn leadership qualities.

   (b) Inborn qualities are sufficient for a leader to be successful.

   (c) Ordinary people cannot become leaders.

   (d) Leadership qualities cannot be acquired.

   Thus great leaders are "the gift of god" to mankind. They bestow great good on people by their decisions and activities, which are also divinely destined and approved.

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Limitations of Great Man Theory of Leadership

(a) The theory is now regarded as almost obsolete and absurd because it has little scientific and empirical basis.

(b) The theory does not explain who are leaders, how they emerge, how they behave and what exactly it is that makes for their effectiveness.

7. ***Path-goal Theory:*** Developed by Robert House, the Path Goal theory is one of the most respected approaches to leadership. The essence of the theory is that it's the leader's job to assist his or her followers in attaining their goals and to provide the necessary direction and/or support to ensure their goals are compatible with the overall objectives of the group or organisation. According to this theory, leaders attempt to influence their subordinate's perceptions of the payoff for accomplishing their goals and show them ways to achieve the goals. Thus, a leader's behaviour is motivational to the degree it:

(a) Makes subordinate need satisfaction contingent on effective performance, and

(b) Provide the coaching, guidance, support and rewards that are necessary for effective performance.

To test these statements, House identified four leadership behaviours or styles:

(a) *Directive Style:* The leader tells subordinates what is expected of them, gives them guidance about what should be done, and also shows them how to do it.

(b) *Supportive Style:* The leader shows concern for the well-being and needs of his or her subordinates by being friendly and approachable.

(c) *Participative Style:* The leader involves subordinates in decision making, consults with them about their views of the situation, asks for their suggestions, considers those suggestions in making a decision, and sometimes lets the subordinates make the decision themselves.

(d) *Achievement-Oriented Style:* The leader helps subordinates set goals, rewards the accomplishment of these goals and encourages subordinates to assume responsibility for their attainment.

House assumes that leaders are flexible and implies that the same leader can display any or all of these behaviours, depending on the situation.

Applying Path-Goal Theory

The leader will begin by choosing a leadership style that fits the situation. To do this, the leader has to assess five aspects of the situation and people involved:

(a) *Assess the task:* Structured tasks and clear goals require less direction then less structured tasks and less clear goals.

(b) *Assess the leader's formal authority:* managers with formal authority typically should not use a directive style because it duplicates their authority, but they may use supportive achievement-oriented or participative styles.

(c) *Assess the nature of the work group:* The leader should assess its cohesiveness as well as its experience in working together. The more cohesive the group, the less need for supportive leadership since this is redundant with the group's character.

(d) *Assess the organisation's culture:* A culture that supports participation also supports a participative leadership style. A culture that encourages goal accomplishment or a results orientation reinforces an achievement-oriented style.

(e) *Assess the subordinate's skills and needs:* Subordinates skilled in a task require less direction than those less skilled. Subordinates with high achievement needs, require

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a style that helps meet these needs. Subordinates with social needs, require a style that helps meet these needs.

8. ***Participation Theory of Leadership:*** Victor Vroom and Phillip Yetton developed a leader-participation model that related leadership behaviour and participation to decision making. They assume that leaders use four basic styles in making decisions: authoritative, consultative, group-based and delegative. These styles led to different decision-making processes for solving both individual and group problems. This is shown in the Table 13.2 below.

Table 13.2: Decision-making Process

For individual problems		For group problems	
AI	You solve or make the decision yourself.	AI	You solve the problem or make the decision yourself, using information available to you at the time.
AII	You obtain any necessary information from the subordinate, then decide on the solution to the problem yourself.	AII	You obtain any necessary information from subordinates, then decide on the solution to the problem yourself.
CI	You share the problem with the relevant subordinate, getting his or her ideas and suggestions. Then you make the decision, which may or may not reflect your subordinate's influence.	CI	You share the problem with the relevant subordinates individually, getting their ideas and suggestions without bringing them together. Then you make the decision, which may or may not reflect your subordinates' influence.
GI	You share the problem with one of your subordinates, and together you analyze the problem and arrive at a mutually satisfactory solution in an atmosphere of free and open exchange of information and ideas.	CII	You share the problem with your subordinates in a group meeting, in which you obtain their ideas and suggestions. Then you make the decision, which may or may not reflect their influences.
DI	You delegate the problem with one of your subordinates, providing him or her with any relevant information that you possess, but giving him or her responsibility for making the decision and your support for any decision reached.	GII	You share the problem with your subordinates as a group. Together you generate and evaluate alternatives and attempt to reach true consensus on a solution. Acting as a coordinator of the discussion, you are willing to accept and implement any solution that the entire group supports.

Source: V.H. Vroom and A.G. Jago, "Decision-making as a social process: Normative and descriptive models of leader behaviour", Decision Sciences 5 (1974) page 745.

13.11 Contemporary Issues in Leadership

1. ***Male/Female leadership styles:*** As more women assume visible leadership roles, many observers perceive differences in the leadership styles of the two sexes. The studies that have found differences between male and female leadership styles typically find that women tend to lead more democratically than their male counterparts. Women are more likely to encourage participation in decision making, to share power and information, and to try to enhance the self-worth of their followers. They influence through their charisma, expertise, personal contacts, and interpersonal skills. In contrast, men are more likely to rely on the authority of their position and issue directives to their followers.

2. ***Leading through empowerment:*** Managers are currently advised to lead through empowerment. Effective leaders share power and responsibilities with their employees. The empowering leader's role is to show trust, provide vision, improve performance, dismantle blocking barriers, offer encouragement, motivate and coach employees.

3. ***Biological basis for leadership:*** A growing body of research suggests the best leaders are not necessarily the smartest, strongest, or more aggressive of a group but rather those who are most proficient at handling social interactions. Researchers have found that effective leaders possess a unique biochemical mixture of hormones and brain chemistry that helps them build social alliances and cope with stress. Higher levels of the chemical serotonin increases levels of sociability and controls aggression, while higher levels of testosterone increase aggressive tendencies and competitive drive.

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Case Study

Sushma's Quandary as a Leader

Sushma Gupta worked as the Assistant Manager (AM) of Operations for Mega Shopping Arena (MSA). MSA, a popular store, sold everything from food, clothes, and shoes to stationery, furniture, household items, electronics, and toys. The store advertised itself as a one-stop shop where the customer could find everything he or she needed. Sushma was happy that she was working with such a reputed, well-established store.

Sushma loved her job and had worked hard to get to the position of AM.

Her life revolved around her work, so much so that she had to be forced to take leave or a vacation. Her seniors were happy with her work, and Sushma was looking forward to the performance appraisals in March.

She was sure that she would be promoted. She had excelled at her work in the four years she had been at the store, and she felt that she definitely deserved to become Manager.

In March, as she had expected, Sushma was promoted and made Manager. Her job profile now was different - she was no longer required to do the day-to-day administrative tasks that she had been doing till then.

Neither was she required to deal with customers. Her new role involved managing the supply chain, and taking care of the advertising and marketing plans of the store.

In her new role, Sushma had a team of four AMs, who were each required to present a daily report to her at the end of each day. The AMs were required to handle the administrative duties, including dealing with counter staff, as well as to handle customer complaints.

However, Sushma being the perfectionist that she was, insisted on taking all the decisions herself, even when they had to be made at the AM level. She did not understand of CI, GI or DI types of participation theory. Because of this, the AMs did not have a sense of ownership. They shied away from taking decisions, leaving them to Sushma, besides asking for her guidance even on small issues.

One day, Sonal Kapoor, a regular customer, came to return a pair of wrinkle-free trousers that she had bought a week earlier. Mrs. Kapoor, a member of the store's loyalty program, was quite upset because the trousers had shrunk in just one wash, and she wished to return them.

She produced the original bill, and asked for a full refund, pointing to the notice hung on the wall which clearly stated the store's return policy of giving full refund if the customer returned the product within a week along with the original bill.

At this point, Sushma was not in office, as she was attending an off-site meeting. Rajeev, the AM handling the matter, refused to take a decision as he was not sure how to ascertain the number of days from the day of purchase - whether he should include the day of purchase or not! He asked Mrs. Kapoor to come back the next day to meet Sushma. Mrs. Kapoor first tried to argue and then said she would agree to an exchange.

However, Rajeev refused to commit himself and kept asking her to meet Sushma. An irritated Mrs. Kapoor then raised her voice, drawing the attention of other shoppers.

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She said she was surprised that there wasn't a single competent person who could help her out. Rajeev tried to calm her down but this only annoyed her further. She dashed to the exit, flinging both the pair of trousers and the loyalty card to the floor, vowing never to come back to the store. Rajeev knew the store had lost a loyal and valuable customer, but at the same time did not want to take any decisions without consulting Sushma first. He felt frustrated and helpless.

Ever since Sushma had been promoted, she had been working late, sometimes till midnight. However, most of the work that she was doing was something that she should have delegated to her juniors. She preferred to do the work herself as she did not have enough trust in her juniors.

So in actual fact, only her title had changed - her attitude and focus had not. She was still doing the same work that she had been doing before her promotion! All this additional work, however, left her with very little time to attend to her own responsibilities.

On another occasion, when Sushma heard a customer complaining about the quality of fruit and vegetables at the store, she immediately went to the woman to sort out the issue, forgetting that she had an appointment with a senior official from Techtron Electronics who wanted to discuss his company's plans of running a promotional event in association with MSA.

It was a great opportunity for Sushma to get additional business. The marketing manager of Techtron, Vishal Anand, waited about 45 minutes for Sushma, but she was busy pacifying the woman who had come to complain. Sushma could not perform well on the task consideration of situational theory of leadership. Anand ultimately grew tired of waiting and left; he then went to Stop&Shop, MSA's prime competitor.

In the evening, Aravind Sinha, Director, MSA, came to know that Techtron had gone to their rivals. So he called up Anand to know why he had changed his mind and tied up with MSA's rival.

Anand then told him, "Your store was our first choice, but it seems your Manager was too busy to see me. I thought I should go elsewhere where they would appreciate my time." Sinha was taken a back.

On learning what had happened, Sushma was worried that she had disappointed Sinha. From being a star performer and everyone's favourite employee, Sushma had suddenly become the one person no one wanted to work with.

Her juniors thought she interfered too much, while her seniors thought that she was not focused enough. Sushma was confused. She liked to think of herself as indispensable, and thought she was working her way toward becoming exactly that for her organisation.

The way she saw it, she was being helpful to everyone, working harder and longer than ever, and doing more than she was expected to do! What then, was she doing wrong?

Questions

1. What in your opinion was Sushma doing wrong? What do you suggest she do now in order to rectify the situation?
2. Should the company have trained Sushma for her new role? What should Sinha do now?
3. How do you suggest Sushma to move on to greater participation levels in accordance with the participation theory?

Source: www.icmrindia.org

Notes

13.12 Summary

- Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common goals. Unless common meanings are shared, managers find it extremely difficult to influence others.
- Communication is an indispensable activity in all organisations. No organisation can think of its existence without effective communication.
- The organisation relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment.
- Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organisations.
- Leadership is a process by which an individual influences the thoughts, attitudes, and behaviors of others.
- Leaders set a direction for the rest of the group, and help it to see what lies ahead.
- They help the team visualize what it might achieve and encourage as well as inspire the entire team to perform up to its true potential.
- Without leadership a group degenerates into non performers.
- That is why the practice of leadership is known to be a key business differentiator.
- In order to increase individual effectiveness, one must certainly possess good team skills coupled with great leadership qualities.

13.13 Keywords

Authority-Compliance Management: High concern for production and low concern for people. This style of management tends to result in efficient operations.

Communication: Exchange of messages between people

Country Club Management: Low concern for production and high concern for people. This style of management creates a working environment where employees feel comfortable.

Improvised Management: This style of management results in employees doing the minimum required.

Kinesics: Study of body movements, including posture

Lateral Communication: Communicating with members at same level of the heirarchy

Middle-of-the Road Management: Moderate levels of concern for both people and production. This style of management balances needs through compromise, resulting in adequate performance.

Paralanguage: Vocal aspects of communication relating to how something is said rather than to what is said

Proxemics: The influence of proximity and space in communication

Team Management: High levels of concern for people and production. This style of management results in superior performance from committed employees.

Notes

13.14 Self Assessment

Fill in the blanks:

1. Your new boss wrongly perceived that you are an expert in tax accounting since you mostly hang out with accountants during free hours. This is known as…….
2. Most of the communication process is not complete without…….
3. A ……..can be in a form of ideas, thoughts, feelings or opinions.
4. Japanese usually bend while greeting others. They are said to be communicating through……..
5. A political leader speaking at an election rally is political communication. It is also ……communication.
6. Leadership is the function of ..... people to strive willingly to attain the predetermined objectives.
7. A leader must try to win the ..... of his subordinates.
8. In ..... style, the leader tells subordinates what is expected of them.
9. Leadership involves an ..... distribution of authority among leaders and group members.
10. The ..... leader pays close attention to employees' work.

13.15 Review Questions

1. Suppose there is an urgent meeting being called in your CEO's office within half-an hour and you are given the responsibility of informing all the other managers. You don't have the time to personally visit or call every member. How will you tackle the problem?
2. "Employees may participate in a grapevine to help meet social needs". Elaborating on this statement, bring out the basic idea behind grapevines.
3. As a manager, what all non-verbal cues must keep in mind? How can you communicate through non-verbal elements effectively?
4. Critically analyse the concept of stereotyping and halo effect. Examine the role of human psychology in this context.
5. "If there is communication, there will be communication barriers too". Elucidate
6. List the techniques that can be used by the managers to overcome the barriers to communication in an organisation.
7. Explain the significance of communication in a sales organisation.
8. "A good leader is one who understands his subordinates, their needs and their sources of satisfaction". Comment.
9. Critically examine the different approaches to the study of leadership behaviour. Is there one best style of leadership?
10. "Leadership is the driving force which gets thing done by others". Discuss.
11. According to the Managerial Grid, which is considered the most desirable combination of leadership behaviour? Why?

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12. Assuming that nobody can be equally competent on all grounds, what should a leader try to excel in among human skills, conceptual skills, technical skills and personal skills and why?
13. Is following the rule of minimum exposure to accountability the right kind of attitude? If yes, in which situations it would result in negative?
14. It is well known maxim that leadership is what a leader shows. What according to you is leadership?

Answers: Self Assessment

1.	Halo Effect	2.	Feedback
3.	Message	4.	Gestures
5.	Public	6.	motivating
7.	confidence	8.	Directive
9.	unequal	10.	task-centered

13.16 Further Readings

Books

Managerial Effectiveness, ICFAI Centre for Management Research.

PG Aquinas, *Organisational Behavior*, Excel Books, New Delhi.

Robert Kreitner and Mamta Mohapatra, *Management*, Biztantra.

Steven H McShane and Mary Ann Von Glinow, *Organisational Behavior*, Tata McGraw Hill.

Online links

www.c-pal.net/course/module3/pdf/Week1_Lesson7

www.tpub.com/content/administration/.../css/14300_46.htm

soft-skills-development.suite101.com/.../communication_model

www.managementstudyguide.com/grapevine_communication.htm

www.ehow.com/how_2060517_develop-interpersonal-skills.html

ezinearticles.com/?Developing...Interpersonal-Skills...

www.citehr.com/120320-role-responsiblities

Notes

Unit 14: Conflict Management

CONTENTS

Objectives

After studying this unit, you will be able to:

- State the consequences/outcomes of conflict
- Discuss different forms and levels of conflict
- Identify sources and causes of conflict in organisations
- Explain the stages of conflict
- Explain techniques for managing conflict
- Discuss the steps in an effective negotiating process

Introduction

All of us have experienced conflict of various types, yet we probably fail to recognize the variety of conflicts that occur in organisations. Conflict can be a serious problem in any organisation. A better understanding of the important areas of conflict will help managers to use the people in the organisation more effectively to reach the organisation's objectives. Failure to be concerned about conflict is very costly, since ignoring it will almost guarantee that work and interpersonal relations will deteriorate.

14.1 Definition of Conflict

One of the problems in organisational conflict is that the term has been defined in many different ways by academics and managers. But despite the divergent meanings the term has acquired, several common themes underlie most definitions. A few definitions are reproduced below:

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According to Gray and Starke, "Conflict is behaviour by a person or group that is purposely designed to inhibit the attainment of goals by another person or group. This 'purposeful inhibition' may be active or passive."

R.W. Woodman defines conflict "As any situation in which incompatible goals, attitudes, emotions or behaviours lead to disagreement or opposition between two or more parties."

K.W. Thomas defines conflict as "A process that begins when one party perceives that another party has negatively affected or is about to negatively affect, something the first party cares about."

According to B. Kabanoff, "Conflict refers to a disagreement, opposition, or struggle between two or more individuals or groups. It results from incompatible influence attempts between and within individuals, groups or organisations."

From the above definitions we can state that conflict most commonly arises from four circumstances.

1. Conflict can occur when individuals or groups perceive they have mutually exclusive goals or values.
2. Behaviour designed to defeat, reduce or suppress an opponent may cause conflict.
3. Groups that face each other with mutually opposing actions and counter-actions cause conflict, and
4. If each group attempts to create a relatively favoured position vis-à-vis the other, conflict may ensue.

Today's organisations may face greater potential for conflict than ever before. The market-place, with its increasing competition and globalization, magnifies difference among people in terms of personality, values, attitudes, perceptions, languages, cultures and national backgrounds. With the increasing diversity of the workforce, furthermore, comes potential incompatibility and conflict.

14.2 Sources of Organisational Conflict

1. ***Line and Staff Competition:*** The growth of highly specialized, creative, well-educated staff poses unique problems for line managers. Faced with a growing dependence on staff, line managers must adjust to a reduction in organisational power and prestige. Conflict in most organisations persists between line and staff because it is virtually impossible to define precisely the responsibility and authority relationships between the two.
2. ***Organisation-Individual Disagreements:*** From one perspective, the conflict between the organisation and the individual centres around the individual's failure to fulfil the organisation's expectations regarding productivity or compliance with rules. From another, the conflict is often seen as resulting from excessive organisational demands. Such conflict may be overt or hidden from view, depending on the perception each side has of the power of the other.
3. ***Overlapping Responsibilities:*** Organisations constantly change in response to personnel turnover, expansion or contraction, the adoption of new policies, changes in external environment, and so forth. As a result, it is impossible to establish job responsibilities once and for all. When a change occurs, one person reaches out to assume more responsibility, another retrenches and still another tentatively assumes responsibility for certain functions without knowing definitely who should be performing them. Thus, the stage is set for conflict.

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4. ***Functional Interdependence:*** Conflicts between an organisation's functional units, such as sales, accounting and manufacturing are commonplace. The sales department is at odds with manufacturing because quality is too low or prices are too high to meet the competition. Although departments are separated on the basis of function, they can never function as completely autonomous units. They must somehow resist the constant urge to view the organisation in terms of their narrow self-interests.
5. ***Personality Clashes:*** Individual differences in such personal qualities as values, attitudes, abilities and personality traits are often the cause of conflict. Two managers may learn to despise each other thoroughly for reasons totally unrelated to their work, but their performance on the job may suffer because of it.
6. ***Disagreement Over Goals:*** Conflict among managers is often caused by the fact that there is poor agreement over goals. Perhaps an even more common source of conflict is the clash of the personal goals of managers and employees with the goals of the organisation.
7. ***Bottlenecks in the Flow of Work:*** Line supervisors in manufacturing must meet production deadlines, but they are dependent upon production schedules, warehousing shipping, and others for effective performance. A bottleneck at any point can prevent the line supervisors from being effective and is quite naturally an occasion for interpersonal conflict.

14.3 Levels of Conflict or Forms of Conflict

We can analyze the effects of conflicts from many different perspectives. They are:

1. ***Intra-individual or Intrapersonal Conflict***: This refers to conflict within an individual about which work activities to perform. An individual may experience

   (a) *Cognitive Conflict:* An intellectual discomfort created by trying to achieve incompatible goals.

   (b) *Affective Conflict:* Occurs when competing emotions accompany the incompatible goals and result in increased stress, decreased productivity or decreased satisfaction for the individual.

   There are several types of intrapersonal conflict, including inter-role, intra-role and person-role conflicts.

   (a) *Inter-role Conflict:* Occurs when a person experiences conflict among the multiple roles in his or her life. One inter-role conflict that many employees experience is work/home conflict, in which their role as worker clashes with their role as spouse or parent.

   (b) *Intra-role Conflict:* Is conflict within a single role. It often arises when a person receives conflicting message from role senders (the individuals who place expectations on the person) about how to perform a certain role.

   (c) *Person-role Conflict:* Occurs when an individual in a particular role is expected to perform behaviours that clash with his or her values. For example, salespeople may be officially required to offer the most expensive item in the sales line first to the customer, even when it is apparent the customer does not want or cannot afford the item. This may conflict with the salesman's values or past experience, and he may experience person-role conflict.

   Analyzing this type of conflict is difficult because "inner states" of the individual must be assessed.

2. ***Inter-individual Conflict:*** When two individuals disagree about issues, actions, or goals and where joint outcomes become important, there is inter-individual conflict. Research

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on this type of conflict (e.g., marriage counselling) often focuses on personality differences and why individuals feel obliged to block the goal attainment of the other person. Inter-individual or interpersonal conflict often arises from differences in individuals' status, perceptions and orientations. Such conflict may motivate individuals to reveal additional relevant issues or it may prevent any further communication. To further complicate matters, some individuals are more likely to engage in conflict than others.

To manage interpersonal conflict, it is helpful to understand power networks in organisations, defence mechanisms exhibited by individuals and ways of coping with difficult people.

Power Networks: According to Mastenbrock, individuals in organisations are organised in three basic types of power networks.

(a) The first relationship is equal versus equal, in which there is a horizontal balance of power among the parties. The behavioural tendency is the focus on a win-lose approach to problems (sub-optimization) and each party tries to maximize its power at the expense of the other party.

(b) The second power network is a powerful versus a less powerful relationship. Conflicts that merge here take the basic form of the powerful individuals trying to control others, with the less powerful people trying to become more autonomous.

(c) The third power network is high versus middle versus low. Two particular conflicts are evident for middle managers: role conflict, in which conflicting expectations are placed on the manager from bosses and employees, and role ambiguity in which the expectations of the boss are unclear.

The Table 14.1 below illustrates the three basic kinds of power relationships in organisations.

Table 14.1: Power Relationships in Organisation

Types of Power	Behavioural Tendencies and Problems	Interventions
Equal vs Equal	Sub optimization	1. Defining demarcation lines.
	1. Tendency to compete with one another.	2. Improving coordination procedures.
	2. Covert fighting for positions.	3. Integrating units.
	3. Constant friction in border areas	4. Teaching negotiating skills.
		5. Clarifying common interest.
		6. Activating central authority.
High vs Low	Control vs autonomy	7. Bureaucratizing power through rules.
	1. Resistance to change.	8. Using a different style of leadership.
	2. Motivation problems.	9. Structural and cultural interventions.
High vs Middle vs Low	Role Conflict, role ambiguity, stress	10. Improving communication.
	1. Concessions, double-talk, and use of sanctions and rewards to strengthen the position.	11. Clarifying tasks.
		12. Horizontalization, vertical task expansion.
		13. Teaching power strategies.

Source: W. F. G Mastenbrock, "*Conflict Management and Organisational Development*", John Wiley and Sons Ltd. (1987)

Notes

Defence Mechanism: When individuals are involved in conflict with other human beings, frustration often results. Defence mechanisms are common reactions to the frustration that accompanies conflict.

(a) Aggressive mechanisms are aimed at attacking the source of the conflict. Some of these are fixation, displacement and negativism.

(b) Compromise mechanisms are used by individuals to make the best of a conflict situation. Compromise mechanisms include compensation, identification and rationalization.

(c) Withdrawal mechanisms are exhibited when frustrated individuals try to flee from a conflict using either physical or psychological means. Flight, conversion and fantasy are examples of withdrawal mechanism.

The Table 14.2 below illustrates several defence mechanisms seen in organisations.

Table 14.2: Common Defence Mechanisms

Defence Mechanism	Psychological Process
	Aggressive Mechanism
1. Fixation	Person maintains a persistent, nonadjustive reaction even though all the cues indicate the behaviour will not help in coping with the problem.
2. Displacement	Individual redirects pent-up emotions toward persons, ideas, or objects other than the primary source of the emotion.
3. Negativism	Person uses active or passive resistance, operating unconsciously.
	Compromise Mechanisms
1. Compensation	Individual devotes himself or herself to a pursuit with increased vigour to make up for some feeling of real or imagined inadequacy.
2. Identification	Individual enhances own self-esteem by patterning behaviour after another's, frequently also internalizing the values and beliefs of the other person; also vicariously shares the glories or suffering in the disappointments of other individuals or groups.
3. Rationalization	Person justifies inconsistent or undesirable behaviour, beliefs, statements, and motivations by providing acceptable explanations for them.
	Withdrawal Mechanisms
1. Flight or withdrawal	Person leaves the field in which frustration, anxiety, or conflict is experienced, either physically or psychologically.
2. Conversion	Emotional conflicts are expressed in muscular, sensory, or bodily symptoms of disability, malfunctioning, or pain.
3. Fantasy	Person daydreams or uses other forms of imaginative activity to obtain an escape from reality and obtain imagined satisfactions.

Source: Timothy W Costello and Sheldon S. Zalkind, "Psychology in Administration: A Research Orientation", *Journal of Conflict Resolution*, III (1959) Page 148–149.

Coping with Difficult People: Many interpersonal conflicts arise when one person finds another person's behaviour uncomfortable, irritating or bothersome in one way or another. Robert Baramsom has identified seven basic types of difficult people that may be encountered at work.

The Table 14.3 presents the seven types of difficult people, along with suggestions for coping with them.

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Table 14.3: Coping Tactics for Dealing with Difficult People

HOSTILE-AGRESSIVE
1. Stand up for yourself. 2. Give them time to run down. 3. Use self-assertive language. 4. Avoid a direct confrontation.
COMPLAINERS
1. Listen attentively. 2. Acknowledge their feelings. 3. Avoid complaining with them. 4. State the facts without apology. 5. Use a problem-solving mode.
CLAMS
1. Ask open-ended questions. 2. Be patient in waiting for a response. 3. Ask more open-ended questions. 4. If no response occurs, tell clams what you plan to do, because no discussion has taken place.
SUPER-AGREEABLES
1. In a non-threatening manner, work hard to find out why they will not take action. 2. Let them know you value them as people. 3. Be ready to compromise and negotiate, and do not allow them to make unrealistic commitments. 4. Try to discern the hidden meaning in their humour.
NEGATIVISTS
1. Do not be dragged into their despair. 2. Do not try to cajole them out of their negativism. 3. Discuss the problem thoroughly, without offering solutions. 4. When alternatives are discussed, bring up the negative side yourself. 5. Be ready to take action alone, without their agreement.
KNOW-IT-ALLS
Bulldozers: 1. Prepare yourself. 2. Listen and paraphrase their main points. 3. Use the questioning form to raise problems. Balloons: 1. State facts or opinions as your own perceptions of reality. 2. Find a way for balloons to save face. 3. Confront balloons, alone, not in public.
INDECISIVE STALLERS
1. Raise the issue of why they are hesitant. 2. If you are the problem, ask for help. 3. Keep the action steps in your own hands. 4. If possible, remove the staller from the situation.

Source: Robert M Bramson "*Coping with difficult people*", Dell Publishing Inc. (1989).

(a) *Hostile-aggressive:* Bully other people by bombarding them with cutting remarks, or throwing a tantrum when things do not go their way.

(b) *Complainers:* Gripe constantly but never take action about what they complain about, usually because they feel powerless or they do not want to take responsibility.

(c) *Clams:* Are silent and unresponsive when asked for opinions. They react to conflict by closing up and refusing to discuss problems.

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(d) *Superagreeables:* Are often charming individuals who are sincere and helpful to your face, but they fail to do what they promise when you leave.

(e) *Negativists:* Respond to any attempts to solve a problem with pessimism.

(f) *Know-it-alls:* Display superior attitudes, wanting you to know that they know everything there is to know about everything. If they really know what they are talking about, they are bulldozers. Phoney experts are known as balloons. Balloons only think they know everything. To deal with them, state your position, as your own perception of the situation.

3. ***Individual-Group Conflict:*** In organisations, there are two important situations where individuals find themselves in conflict with groups. The first situation is one in which an individual is violating group norms. The reason for this conflict is that groups have a greater ability to block an individual's goal achievement than the other way around. Only in unusual cases will an individual be able to mobilize the resources to block the group's movement toward its goals.

   The second case of individual-group conflict is one in which subordinates of one boss collectively disagree with a course of action the boss wants to take. A conflict exists here because the subordinates are blocking the goal achievement plans of the boss. Although the boss can exercise formal authority to suppress this type of conflict, this is generally an unwise course, since subordinates often find a way to retaliate.

4. ***Inter-group Conflict:*** This involves conflict between groups of people, irrespective of the size of the group. Included in this category, therefore, is interdepartmental conflict within organisations. Inter-group conflict exists between or among groups. Such conflicts can be traced to competing goals, competition for limited resources, cultural differences, power discrepancies and attempts to preserve the groups' separate identities.

5. ***Organisational Level Conflict:*** Conflict can also exist between organisations. The amount of conflict may depend on the extent the organisations create uncertain conditions for competitors, suppliers, or customers; attempt to access or control the same resources; encourage communication; attempt to balance power in the marketplace; and develop procedures for resolving existing conflict. Recent attempts to manage such conflict and ensure that it has a positive impact on organisational performance have emphasized the formation of strategic alliances and partnerships.

6. ***Functional Conflict:*** Some conflicts support the goals of the group and improve its performance; these are functional, constructive disagreements between two or more people. Functional conflict can produce new ideas, learning and growth among individuals; when they engage in constructive conflict, they develop a better awareness of themselves and others.

7. ***Dysfunctional Conflict:*** There are conflicts that hinder group performance, and are therefore known as dysfunctional or destructive forms of conflict. Dysfunctional conflict is an unhealthy, destructive disagreement between two or more people. A key for recognizing a dysfunctional conflict is that its origin is often emotional or behavioural. Disagreements that involve personalized anger and resentment directed at specific individuals rather than specific ideas are dysfunctional. In dysfunctional conflict, the losses to both parties may exceed any potential gain from the conflict.

   The demarcation between functional and dysfunctional conflict is neither clear nor precise. The criterion that differentiates functional and dysfunctional conflict is group performance. Since groups exist to attain a goal or goals, it is the impact the conflict has on the group, rather than on any individual member, that determines functionality. The manager must

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look at the issue, the context, and the parties involved. The following questions can be used to diagnose the nature of the conflict a manager faces:

(a) Are the parties approaching the conflict from a hostile standpoint?

(b) Is the outcome likely to be a negative one for the organisation?

(c) Do the potential losses of the parties exceed any potential gains?

(d) Is energy being diverted from goal accomplishment?

If the majority of the answers to these questions are 'yes', than the conflict is probably dysfunctional. Once the manager has diagnosed the type of conflict, he or she can either work to resolve it (if it is dysfunctional) or to stimulate it (if it is functional).

14.4 Causes of Conflict

There are numerous sources of conflict within formal organisations. To manage it effectively, managers should understand these sources of conflict.

Caselet

A Consultant's View of Conflict

Part and parcel of any organisation is the presence of conflict. Kenneth Sole, president of Kenneth Sole and Associates, training and consulting firm, believes that since conflict is inevitable, his task is to reduce its adverse impact on corporations.

Sole says every conflict can be turned into a positive or negative situation, depending upon the attitudes participants bring to it. The worst mistake is to suppress conflict once it has been perceived. Sole says if people were better able to allow conflict to surface naturally, there would be more battles, but less costly ones.

Sole argues that it is better to react initially than to let trouble brew over time. By suppressing conflict, misattribution may arise and the conflict is taken out on innocent bystanders.

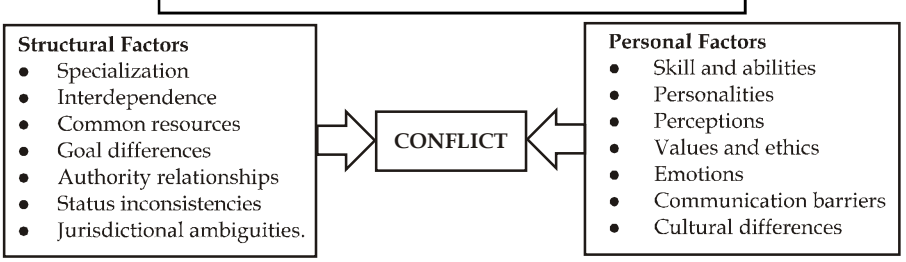
Talking around the issue is another problem resulting from suppressed conflict. Sole says this situation damages the people and the organisation until someone realizes it rests on one basic conflict.

Those discussed below have been analyzed extensively by researchers. They can be classified into two broad categories:

1. Structural factors
2. Personal factors.

Figure 14.1 below illustrates the causes of conflict.

Figure 14.1: Causes of Conflict in Organizations



Source: Debra L. Nelson, James Campbell Quick "*Organisational Behavior – foundations, realities and challenges*". (Second Edition), West Publishing Company, Minneapolis (1997), Page 380.

Notes

1. ***Structural Factors:*** Structural factors stem from the nature of an organisation and the way in which work is organised. The causes of conflict related to the organisation's structure include specialization, interdependence, common resources, goal differences, authority relationships, status inconsistencies and jurisdictional ambiguities.

   (a) *Common and Limited Resources:* Perhaps the most fundamental fact of organisational life is that resources are finite. Any time multiple parties must share resources, there is potential conflict. Even the most successful companies have found that they are limited in what they can accomplish. With this realization, groups and individuals see that there will be times when they will have to fight for what they want. One resource often shared by managers is secretarial support. It is not uncommon for a secretary to support ten or more managers, each of whom believes his or her work is most important. This puts pressure on the secretaries and leads to potential conflicts in prioritizing and scheduling work. The most obvious manifestation of this problem comes when the annual budget is set. Each department typically submits a request for its needs during the next fiscal year and top management adjusts the request based on its knowledge of the total organisation. Department heads often see their requests cut back because the resources for the total organisation are limited. When cutbacks occur, however, the potential for conflict increases because the heads of various departments begin making value judgements about why management decided to cut back one department but not another. As a general rule, "the greater the scarcity of resources, the greater the potential for conflict".

   (b) *Interdependent Work Activities:* Added to the basic problem of finite resources is the problem of organisational units having to work together. Work that is interdependent requires groups or individuals to depend on one another to accomplish goals. Depending on other people to get work done is fine when the process works smoothly. However, when there is a problem, it becomes very easy to blame the other party and conflict escalates.

   It is important for managements to know the nature of work interdependence so systems of work can be implemented that will reduce the potential for dysfunctional conflict. As a general rule, "the more interdependent the work activities, the greater the potential for conflict".

   (c) *Specialization and Differentiation of Activities:* We noted above that interdependence of work activities is an important source of conflict in organisations. Backing up one step further, we can see that the mere existence of groups doing different functions creates the potential for conflict. Especially when jobs are highly specialized, employees become experts at certain tasks. Highly specialized jobs can lead to conflict, because people have little awareness of the tasks that other perform.

   A classic conflict of specialization is one between salespeople and engineers. Engineers are technical specialists responsible for product design and quality. Salespeople are marketing experts and liaison with customers. Salespeople are often accused of making delivery promises to customers that engineers cannot keep because the sales force is felt to lack the technical knowledge necessary to develop realistic delivery deadlines.

   (d) *Authority Relationship:* The traditional boss-employee relationship makes employees feel uncomfortable. The boss is superior to the employees and can dictate terms to his subordinates. For many employees, this relationship is not a comfortable one because another person has the right to tell them what to do. In addition, some bosses are autocratic and manipulative and this increases the potential for conflict. To add to the problem, some employees resent authority more than others, and obviously this creates conflicts.

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(e) *Goal Differences:* The differentiation in work activities leads to differentiation in goals. When work groups have different goals, these goals may be incompatible. For example, production's goals may be to have long production runs with few changes in product style, because this allows the production facilities to operate at peak efficiency. Marketing's goal, on the other hand, may be to give customers what they want when they want it. This means rush orders, special orders, and other demands that conflict directly with production's goals.

(f) *Jurisdictions Ambiguities:* Jurisdictional ambiguity is tantamount to unclear lines of responsibility within an organisation. When a problem occurs for which there is no definite fixation of responsibility, workers tend to "pass the buck" or avoid dealing with the problem. Conflicts emerge over who has responsibility for the problem. For example, if you are a customer of a company and have a problem with the product you brought and you telephone the company to set it right, you would have had your call transferred through several different people and departments.

(g) *Status Inconsistencies:* Some organisations have a strong status difference between managers and workers. Managers enjoy many privileges like flexible schedules, personal telephone calls at work and longer lunch hours. These privileges are not available to other employees resulting in resentment and conflict.

2. ***Personal Factors:*** Personal factors arise from differences among individuals. These differences include skills and abilities, personalities, perceptions, emotions, values and ethics and communication barriers.

(a) *Differences in Perceptions:* We all "see" the world slightly differently because we have all had different experiences. Differences in perception can also lead to conflict. One area in which perceptions can differ is the perception of what motivates employees. If managers and workers do not have a shared perception of what motivates people, the reward system can create conflicts. It is hard to make unequivocal statements about how differences in perception will influence conflict. It is also difficult to deduce exactly how a person views the world unless the person is well-known to the manager. Nevertheless, a realization that differences in perception (by groups or individuals) is crucial to conflict means that it must be included in any discussion of conflict.

(b) *Communication Problems:* Communication problems develop because not all groups have the same information. Each group therefore takes a position based on its view of the world and the information it has. The obvious solution to this problem is to give all groups equal information. However, this is generally not feasible because individuals with important information may want to use it for their own advantage and not share it.

The various communication barriers that lead to conflict include:

(i) Communication barriers such as physical separation and language can create distortions in messages and these can lead to conflict.

(ii) Another communication barrier is value judgement, in which a listener assigns a worth to a message before it is received. For example, suppose X is a chronic complainer. When X enters the manager's office, the manager is likely to devalue the message before it is even delivered. Conflict can then emerge.

(iii) Communication barriers are also caused by technical jargon that is so frequently used in organisations.

(c) *Value and Ethics:* Differences in values and ethics can be sources of disagreement. When conflicts over values or ethics do arise, heated disagreement is common because of the personal value systems giving rise to such differences.

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(d) *Skills and Abilities:* Diversity in skills and abilities hold potential for conflict, especially when jobs are interdependent. Experienced workers may find it difficult to work alongside new and unskilled recruits. Employees can become resentful when their new boss, fresh from business school, knows a lot about managing people but is unfamiliar with the technology with which they (employees) are working.

(e) *Emotions:* Moods and emotions can be a source of conflict in the workplace. Personal problems at home often take their toll at the work place and the resultant mood-swings can be hard for others to deal with.

(f) *Personalities:* Personality conflicts are realities in organisations. To expect that you will like all of your co-workers may be a naïve expectation. One personality trait that many people find difficult to deal with is abrasiveness. Abrasive individuals create stress and strain for those around them.

14.5 Changing View of Conflict

If we look back over the happenings of the last century, it becomes obvious that assumptions about whether conflict is good or bad for organisations have changed substantially. The traditional view is that conflict must be avoided because it indicates a malfunctioning within the group. The Human Relations view is that conflict is a natural and inevitable outcome in any group. The third view is that conflict is absolutely necessary for groups to perform effectively. These three views are explained below:

1. ***Traditional View:*** This view of conflict, which was popular until the early 1940s, assumed that conflict was bad for organisations. In the view of the traditionalists, organisational conflict was proof that there was something "wrong" with the organisation. The view that all conflict is bad certainly offers a simple approach to looking at the behaviour of people who create conflict. Since all conflict is to be avoided, we need merely direct our attention to the causes of conflict and correct such malfunctions in order to improve group and organisational performance.

   Because conflict was viewed as bad, considerable attention was given to reducing, eliminating or even suppressing it. While these tactics sometimes worked, they were largely ineffective because

   (a) They did not get at the exact cause of the conflict, and

   (b) Suppressing the conflict did not allow any of the positive aspects of conflict emerge.

   The traditional view of conflict appears to be losing ground as time passes, despite the fact that many people still subscribe to that viewpoint.

2. ***Human Relations View:*** According to this view, organisational conflict is neither good nor bad per se, but is inevitable. Thus, conflict will occur even if organisations have taken great pains to prevent it. Thus, organisations will experience conflict even if they have well defined job descriptions, and their managers are reasonable people who treat employees well. Since conflict was inevitable, the human relations school advocated acceptance of conflict. In other words, they rationalize its existence.

3. ***Interactionist View:*** This approach encourages conflict on the ground that a harmonious, peaceful and cooperative group is prone to becoming static, and non-responsive to needs for change and innovation.

   According to the Interactionist view of conflict, when the amount of conflict (low to high) is related to organisational performance (low to high), we see that there is an optimum level of conflict which maximizes organisational performance. This optimum level is

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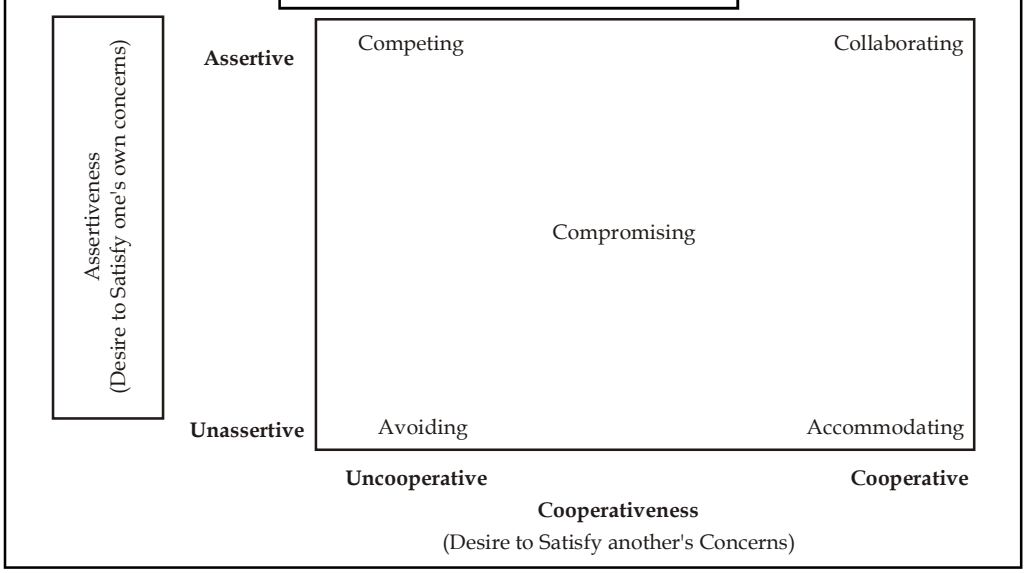
neither low nor high. At moderate levels of conflict, employees are motivated to resolve conflicts, but these do not disrupt the normal work activities.

14.6 Resolving Conflicts

Managers have at their disposal a variety of conflict management styles: avoiding, accommodating, competing, compromising and collaborating. The way they handle conflict depends on the degree to which they seek to satisfy their own concerns (assertiveness) and the degree to which they try to satisfy the other person's concerns (cooperativeness).

The Figure 14.2 below shows the five conflict management styles using these two dimensions.

Figure 14.2: Conflict Management Styles



Source: K.W Thomas, "Conflict and Conflict Management," in M. D Dunnette, "Handbook of Industrial and Organisational Psychology" Chicago, IL: Rand McNally. (1976).

1. ***Avoiding:*** Managing a conflict with an avoiding strategy involves just what the term sounds like: not seeking to meet your own objectives or the objectives of the other person. Avoiding is a style low on both assertiveness and cooperativeness. Avoiding is a deliberate decision to take no action on a conflict or to stay out of a conflict situation.
2. ***Accommodating:*** In an accommodating strategy, one person attempts to satisfy another person's objectives. Appropriate situations for accommodating include those when you find you are wrong, when you want to let the other party have his or her way. Accommodating is cooperative but unassertive.
3. ***Competing:*** A competing strategy involves attempting to win, with the presumption that others will lose. Under this strategy, you want to satisfy your own interests and are willing to do so at the other party's expense. Competing is a style that is very assertive and uncooperative.
4. ***Compromising:*** In a compromising strategy, the parties reach a mutually acceptable solution in which each person gets only part of what he or she wanted. Often, this means the parties decide to "split the difference". The compromising style is intermediate in both assertiveness and cooperativeness, because each party must give up something to reach a solution to the conflict.

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5. ***Collaborating:*** This strategy seeks to make everyone a winner. Working towards collaborating involves an open and thorough discussion of the conflict and arriving at a solution that is satisfactory to both parties. Collaborating is a win-win style that is high on both assertiveness and cooperativeness.

The Table 14.4 below shows the appropriate conflict-handling situation.

Table 14.4: Uses of Five Styles of Conflict Management

Conflict-handling style	Appropriate situation
Competing	1. When quick, decisive action is vital (e.g., emergencies). 2. On important issues where unpopular actions need implementing (e.g., cost cutting, enforcing unpopular rules, discipline). 3. On issues vital to company welfare when you know you are right. 4. Against people who take advantage of non-competitive behaviour.
Collaborating	5. To find an integrative solution when both sets of concerns are too important to be compromised. 6. When your objective is to learn. 7. To merge insights from people with different perspectives. 8. To gain commitment by incorporating concerns into a consensus. 9. To work through feelings that have interfered with a relationship.
Compromising	10. When goals are important, but not worth the effort or potential disruption of more assertive modes. 11. When opponents with equal power are committed to mutually exclusive goals. 12. To achieve temporary settlements to complex issues. 13. To arrive at expedient solutions under time pressure. 14. As a backup when collaboration or competition is unsuccessful.
Avoiding	15. When an issue is trivial, or more important issues are pressing. 16. When you perceive no chance of satisfying your concerns. 17. When potential disruption outweighs the benefits of resolution. 18. To let people cool down and regain perspective. 19. When others can resolve the conflict more effectively. 20. When issues seem tangential or symptomatic of other issues.
Accommodating	21. When you find you are wrong – to allow a better position to be heard, to learn, and to show your reasonableness. 22. When issues are more important to others than to yourself – to satisfy others and maintain cooperation. 23. To build social credits for later issues. 24. To minimize loss when you are outmatched and losing. 25. When harmony and stability are especially important. 26. To allow employees to develop by learning from mistakes.

Source: D. Tjosvold, "*The Conflict Positive Organisation*", Addison-Wesley Publishing Company (1991).

The Table 14.5 below gives the examples and uses of conflict management strategy.

Table 14.5: Examples and Uses of Conflict Management Strategies

Strategy	Examples	Appropriate for
Avoiding	Buffer created between groups Discussions postponed.	Trivial issues. Explosive issues – used to calm parties involved before resolving some other way.
Accommodating	Acceptance of customer returns Modification of product or process according to manager's ideas.	Gaining good will. Building up social credits for other conflicts. Strategy emphasizing that customer is always right.
Compromising	Negotiation in which parties each gain part of what they sought.	Quickly reaching a temporary solution. Goals that are too important to concede by competition.
Competing	Making needs or solutions clear while maintaining respect for others (i.e., assertiveness).	Situations in which a best solution is obvious or other party is obviously wrong or untrustworthy. Emergencies – can lead to faster solutions since parties work more independently.
Collaborating	Competing groups are shown how they need to work together for productivity.	Problems requiring new insight. Situations in which building commitment is important. Significant conflicts – because of high time and energy requirements.

Source: Patrick M Wright and Raymond A Noe "*Management of Organisations*" Irwin McGraw-Hill Boston (1996) page 690.

Notes

Task Analyse the situation when you managed conflict between two or more people. How could you have managed?

14.7 Negotiation

Negotiation is the process through which the parties to a conflict define what they are willing to give and accept in an exchange. Negotiation permeates the interactions of almost everyone in groups and organisations. If the conflict is complex, the negotiation process may incorporate different strategies for different issues: avoiding some, compromising on others, and so on.

Steps in Negotiation

We can identify four basic steps in the negotiation process. They are:

1. ***Preparation:*** Preparation for negotiations should begin long before the formal negotiation begins. Each party gathers information about the other side—its history, likely behaviour, previous interactions and previous agreements reached by the parties. Each party polls its members to determine their wishes, expectations, and preferences regarding a new agreement.
2. ***Evaluation of Alternatives:*** The two sides attempt to identify the bargaining range (i.e., the range in which both parties would find an agreement acceptable). The bargainers determine the alternatives acceptable to them and also identify their best alternative if a negotiated settlement is not reached. Identifying a set of alternatives, including the best one, helps individuals determine whether to continue the negotiation or seek another course of action.
3. ***Identifying Interests:*** Negotiators act to satisfy their own interests, which may include substantive, relationship, personal or organisational ones. The person or group must assess the other party's interests and then decide how to respond to those interests in their offers. Effective negotiations call for satisfying interests by identifying and exploring a range of possible positions on specific issues.
4. ***Making Trade-offs and Creating Joint Gains:*** Bargainers use trade-offs to satisfy their own and others' interests. Either position would meet the interests of maintaining a certain standard of living. One way to assess trade-offs is
   (a) Begin by identifying the best and worst possible outcomes.
   (b) Next, specify what impact trade-offs will have on these outcomes.
   (c) Finally, consider whether the changed outcomes will better meet the parties' interest.

Negotiators need to overcome the idea that a fixed pie of outcomes exists, avoid non-rational escalation of conflict, pay attention to others' cognitions and avoid devaluating the others' concessions while overvaluing their own.

Notes **Negotiating**

Once you've taken the time to assess your own goals, consider the other party's goals and interests, and develop a strategy, you're ready to begin actual negotiations. The following suggestions should improve your negotiating skills.

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1. ***Begin with a positive overture:*** Studies on negotiation show that concessions tend to be reciprocated and lead to agreements. As a result, begin bargaining with a positive overture – perhaps a small concession – and then reciprocate your opponent's concessions.

2. ***Address problems, not personalities:*** Concentrate on the negotiation issues, not on the personal characteristics of your opponent. When negotiations get tough, avoid the tendency to attack your opponent. It's your opponent's ideas or position that you disagree with, not him or her personally. Separate the people from the problem, and don't personalize differences.

3. ***Pay little attention to initial offers:*** Treat an initial offer as merely an initial offer, as merely a point of departure. These initial offers tend to be extreme and idealistic. Treat them as such.

4. ***Emphasize win-win solutions:*** Inexperienced negotiators often assume their gain must come at the expense of the other party. As noted with integrative bargaining, that needn't be the case. There are often win-win solutions. But assuming a zero-sum game means missed opportunities for trade-offs that could benefit both sides. So if conditions are supportive, look for an integrative solution. Frame options in terms of your opponent's interests and look for solutions that can allow your opponent, as well as yourself, to declare a victory.

5. ***Create an open and trusting climate:*** Skilled negotiators are better listeners, ask more questions, focus their arguments more directly, are less defensive, and have learned to avoid words and phrases that can irritate an opponent (i.e., "generous offer," "fair price," "reasonable arrangement"). In other words, they are better at creating the open and trusting climate necessary for reaching an integrative settlement.

Source: J. A Wall Jr. and M. W Blum, "Negotiations", page 278-282.

Cultural Differences in Negotiations

While there appears to be no significant direct relationship between an individual's personality and negotiation style, cultural background does seem to be relevant. Negotiating styles clearly vary between national cultures as we can see from the Table 14.6.

Table 14.6: Negotiation Styles of Three Cultures

Japanese	North American	Latin American
Emotional sensitivity highly valued.	Emotional sensitivity not highly valued.	Emotional sensitivity valued.
Hiding of emotion.	Dealing straightforwardly or impersonally.	Emotionally passionate.
Subtle power plays; conciliation.	Litigation not as much as conciliation.	Great power plays; use of weakness. Loyalty to employer (who is often family).
Loyalty to employer; employer takes care of its employees.	Lack of commitment to employer; Breaking of ties by either, if necessary.	Decisions come down from one individual.
Group decision-making consensus Face-saving crucial; decisions often made on basis of saving someone from embarrassment.	Team work provides input to a Decision Maker.	Face-saving crucial in decision making to preserve honour, dignity.
Decision makers openly influenced by special interests.	Decision maker influenced by special Interests, but often not considered ethical.	Execution of special interests of decision maker expected, condoned.

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Not argumentative; quiet when right.	Argumentative when right or wrong, but impersonal.	Argumentative when right or wrong; passionate.
What is put down in writing must be accurate, valid.	Great importance given to documentation as evidential proof.	Impatient with documentation as obstacle to understanding general principles.
Step-by-step approach to decision making.	Methodically organized decision making.	Impulsive, spontaneous decision making.
Good of group is the ultimate aim.	Profit motive or good of individual ultimate aim.	What is good for group is good for the individual.
Cultivate a good emotional-social setting for decision making; get to know decision makers.	Decision making impersonal; avoid involvements, conflict of interest.	Personalization necessary for good decision making.

Source: Nancy J Adler, "*International Dimensions of Organisational Behavior*", 2nd Edition, FWS-Kent, Boston (1991) Page 179-217.

Negotiating Approaches

There are two major negotiating approaches:

1. ***Distributive Bargaining:*** Distributive bargaining is an approach in which the goals of one party are in direct conflict with the goals of the other party. Each party wants to maximize its share of the limited resources. Distributive bargaining is a competitive or win-lose approach to negotiations.
2. ***Integrative Negotiation:*** Under this approach to negotiation, the parties' goals are not seen as mutually exclusive; the focus is on making it possible for both sides to achieve their objectives. Integrative negotiation focuses on the merits of the issues and is a win-win approach.

Third-party Negotiations

When individuals and groups reach a stalemate and are unable to resolve their differences through direct negotiations, especially when a conflict is emotionally charged, they may turn to a third party to help them find a solution. The third party may be a manager, a well-respected colleague or someone whose formal role is to resolve conflicts.

1. ***Mediator:*** A mediator is neutral third party who facilitates a negotiated solution by using reasoning and persuasion, suggesting alternatives, etc. A mediator's role involves exerting high control over the process but not the outcome. A mediator interviews the parties separately, and then tries to help them reach a solution by bringing those together or ferrying messages back and forth during labour-management negotiations.
2. ***Arbitrator:*** An arbitrator is a third party with the authority to dictate an agreement. An arbitrator's role involves exerting low control over the process and high control over the outcome. The arbitrator allows each party to present facts or arguments and then decides on the outcome and may even enforce it. Arbitration can be voluntary or compulsory.
3. ***Consultant:*** A consultant is a skilled and impartial third party who attempts to facilitate problem solving through communication and analysis, aided by his or her knowledge of conflict management. This approach has a longer term focus to build new and positive perception and attitude between the conflicting parties.
4. ***Inquisitor:*** The role of an inquisitor involves high control over both the process and the outcome of conflict resolution. An inquisitor asks questions, directs the way evidence is presented, calls for additional evidence and referees arguments, then decides the outcome of the dispute and enforces his or her decision.

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5. ***Avoider, delegator or impetus provider:*** A category of roles that involve exerting little control over the process and the outcome. They are:

   (a) *Avoider:* tries to ignore the conflict and minimize its significance.

   (b) *The delegator:* asks another person to help in the negotiation.

   (c) *Impetus provider:* delegates the conflict to the parties along with a threat that if they fail to resolve it, the manager will dictate a solution they are sure to dislike.

Case Study

James Farris

James Farris was a college student who, during the summer, worked in the Denver plant of Western Gypsum Company, a manufacturer of drywall material, various ready-mix patching compounds, and other assorted home-improvement products.

The plant was a small one and employed only twenty-five people. Farris worked on the second floor and mixed raw materials (diatomaceous earth, dolomite, limestone, sand, etc.) together in specified proportions to make the ready-mix compounds. Consumers needed only to add water in the right amount to use the product. Because of this, quality control was a key function in the production process.

Farris hated his job but felt it was necessary to pay his way through college. On several occasions, he had argued with his foreman about the level of work demanded, but to no avail. One hot afternoon, the foreman approached Farris and the following discussion took place:

Foreman: Farris, you've got to be more careful when mixing the compound. Walters (the quality control inspector) tells me that six of the last eight batches you mixed were no good. All that stuff has to be remixed and that's going to cost the company a lot of money. We're paying you to mix those batches right! And another thing, you're not mixing the required seventeen batches a day. What's the problem?

Farris: I'm making mistakes because you're too demanding. I'm doing only fourteen batches a day instead of seventeen because I physically can't do seventeen. I'm not about to kill myself running around up here in this heat just so I can mix seventeen batches a day. Look, I'm the fifth guy to have this job in the last seven months, right?

Foreman: Right.

Farris: Doesn't that tell you something?

Foreman: Yeah, it tells me that most people today don't want to do an honest day's work!

Farris: Don't give me that! To do this job right, I can only do eleven batches a day. Besides, I'm not so sure those batches were actually bad. I've heard that Walters is very picky when checking batches because it gives him a sense of power over the other workers. Besides, he's just trying to get me because he thinks I scraped his new car in the parking lot the other day.

FOREMAN: You college guys are all alike! I used to do this job and I never had any trouble. You're just too lazy. And stop blaming Walters; he's been here for twenty-three years and knows a lot more about ready-mix compounds than you'll ever know! Now get back to work and start pulling your weight around here.

One week later, the foreman was told by the personnel manager that Farris had quit.

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Questions

1. Analyze this conflict? What would you do if you were the foreman?
2. How might this conflict have been resolved?

Source: Jerry L Gray and Frederick A Starke, "*Organisational Behaviour – Concepts & Applications*", (3rd Edition), Charles E. Merrill Publishing Company, Columbus, Page 503-504.

14.8 Summary

- Conflict management refers to the long-term management of intractable conflicts.
- A conflict can be internal or external.
- Conflict is inevitable and often good. Getting the most out of diversity means often-contradictory values, perspectives and opinions.
- Conflict helps to raise and address problems, energizes work to be on the most appropriate issues, helps people "be real learn how to recognize and benefit from their differences.
- Conflict is a problem when it hampers productivity, lowers morale, causes more and continued conflicts or results in inappropriate behaviors.
- There are many reasons for conflicts.
- Similarly, there are many reasons to settle a conflict.
- One must try to make only the positive use of a conflict and not vice versa.

14.9 Keywords

Assertive: An assertive style of behavior is to interact with people while standing up for your rights.

Compromise: A concept of finding agreement through communication, through a mutual acceptance of terms.

Conflict: Actual or perceived opposition of needs, values and interests.

Negotiation: Negotiation is a dialogue intended to resolve disputes, to produce an agreement upon courses of action, to bargain for individual or collective advantage, or to craft outcomes to satisfy various interests.

14.10 Self Assessment

Fill in the blanks:

1. Conflict can occur when individuals or groups perceive they have mutually ..... goals or values.
2. ..... conflict is an unhealthy, destructive disagreement between two or more people.
3. Conflict among managers is often caused by the fact that there is ..... agreement over goals.
4. Conflicts between an organisation's ..... units, such as sales, accounting and manufacturing are commonplace.
5. ..... mechanisms are common reactions to the frustration that accompanies conflict.
6. ..... are those who respond to any attempts to solve a problem with pessimism.

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7. ..... are silent and unresponsive when asked for opinions.
8. ……..conflicts support the goals of the group and improve the performance of the group.
9. As per……..view, conflict is inevitable in an organisation.
10. ……negotiation seeks to achieve a win-win situation for both the parties.

14.11 Review Questions

1. What are the various defense mechanisms that you would employ to overcome a conflicting boss? Remember, you don't have the option of leaving the organisation.
2. If the member with the highest performance says "no" to work with another team member with a low performance, how would you tackle the situation as a leader of such a team?
3. If the team of yours is not performing upto the mark because of some internal conflicts, though you know each is a great performer, how would you manage the conflict?
4. Identify the structural and personal factors that contribute to conflict.
5. Have you ever engaged in a third party negotiation? If yes, explain the experience,. If no, think of such a situation and elucidate upon possible benefits.
6. Can the conflict also have positive consequences? Support your answer with reasons.
7. The growth of highly specialized, creative, well educated staff poses unique problems for line managers. Why/Why not?
8. Why is it impossible to establish job responsibilities once and for all?
9. Conflict among managers is often caused by the fact that there is poor agreement over goals. What should be done to bring an alignment among them?
10. Examine various types of intra-individual conflicts.
11. When would you encounter tendencies of sub optimization in an organisation? What kind of power network is the organisation most likely to possess in such a case?
12. Have you ever been a part of person-role conflict? How did you emerge as a winner out of it?
13. Suppose an important employee of your organisation gets married to a complaining know-it-all wife. Frustrated at home front, he descends on the productivity chart of the organisation. How would you handle the situation?
14. By the help of examples, illustrate structural factors causing employee conflict.

Answers: Self Assessment

1.	exclusive	2.	Dysfunctional
3.	poor	4.	functional
5.	Defense	6.	Negativists
7.	Clams	8.	Functional
9.	human relations	10.	integrative

14.12 Further Readings

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Books

P.G. Aquinas, *Organisational Behaviour*, Excel Books.

Rick Brinkman, Rick Kirschner, *Dealing with People you can't Stand*, McGraw-Hill Companies.

Online links

www.cnr.berkeley.edu

www.cios.org

Notes

Unit 15: Power and Politics

CONTENTS

Objectives

After studying this unit, you will be able to:

- Identify interpersonal and structural sources of power in organisations
- State the consequences of using power
- Describe implications of political behaviour
- Explain major political strategies and influence tactics
- State Maccoby's four political types
- Discuss techniques of impression management

Introduction

Power refers to the potential or actual ability to influence others in a desired direction. As an exchange relationship, power occurs in transactions between an agent and a target. The agent is the person using the power, and the target is the recipient of the attempt to use power. Different individuals and groups within and outside the organisation can exert power. Individual employees, including top and middle management, technical analysts and specialists, support staff, and other non-managerial workers can influence the actions an organisation takes to reach its goals. Formal groups of employees, such as various departments, work teams, management councils, task forces, or employee unions, as well as informal groups such as those workers with offices near each other or those who see each other socially, can similarly exercise power. Non-employees may also try to influence the behaviour of an organisation and its members. Owners, suppliers' clients, competitors, employee unions, the general public and directors of the organisation may exert power that affects the organisation. Thus, we may define power as the ability of a person (or group A) to induce another person (or group B) to behave in a way that the former desires.

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Because power is an ability, individuals can learn to use it effectively. Influence is the process of affecting the thoughts, behaviour and feelings of another person. Authority is the right to influence another person. It is important to understand the subtle differences between these terms. For example, a manager may have authority but no power. He or she may have the right, by virtue of his or her position as boss, to tell someone what to do. But he or she may not have the skill or ability to influence other people.

Interpersonal source of power: Interpersonal sources of power involve the relationship between the person who holds power and those who are influenced by him or her. Interpersonal sources or power are further classified as:

1. Reward Power
2. Coercive Power
3. Legitimate Power
4. Referent Power and
5. Expert Power

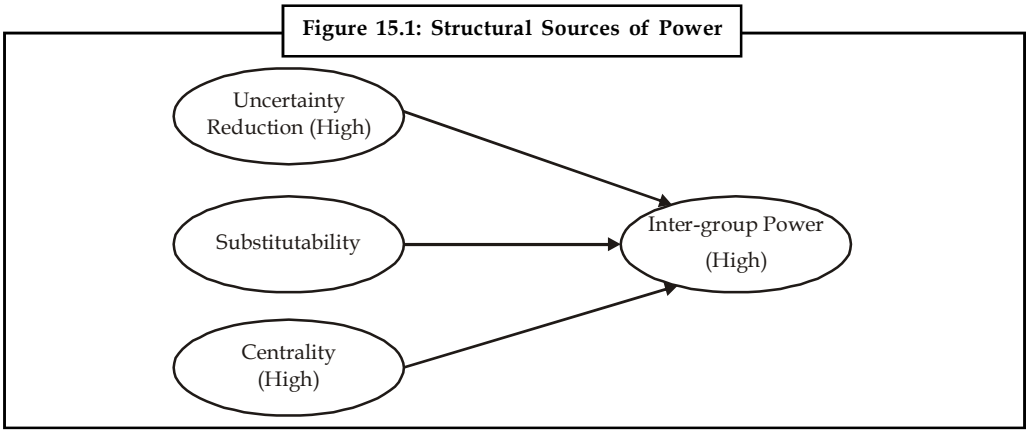
15.1 Sources of Power in Organisations

There is much more to managing than simply taking charge. Even if employees settled for being ordered around, attaining a competitive advantage depends on manager's skills at bringing out the best in their employees. This enlightened view of management implies that power comes not only from having a job that gives you the right to issue orders, but from other sources as well. Managers therefore need to recognize multiple sources of power. These sources may be interpersonal or structural.

Structural Sources of Power

The degree of power wielded by a particular group/individual also depends on the structure of work activities and communications in the organisation. Figure 15.1 below shows a group's/individual's power base on three variables: ability to reduce uncertainty, lack of substitutes and centrality of activities to achieve organisation's objectives.

Figure 15.1: Structural Sources of Power



Source: David J Hickson, C Robin Hinings, Cynthia A Lee, Rodney H Schneck and Johannes M Pennings, "A strategic Contingencies Theory of Intra-organisational Power," Administrative Science Quarterly 16 (1971) Page 216-229.

1. ***Uncertainty Reduction:*** Organisations must operate in the face of uncertainty about their key resources: Human capital, raw materials, supplies and equipment, money and

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technology. Those who are able to reduce uncertainty have power in the organisation. Basic ways of reducing uncertainty are:

(a) *Resource Control:* Groups or individuals gain resource control when they acquire hard-to-get resources and maintain access to them. In these cases, groups that have resource control can reduce uncertainty for other groups by providing access to the necessary resources.

(b) *Information Control:* The organisation members who can provide needed information have power because they can reduce uncertainty for others. Changes in technology and organisational structures are intensifying the importance of information power. Hence a person's power may be more closely related to his or her ability and willingness to share information with those who can apply it toward maintaining a competitive advantage.

(c) *Decision-making Control:* The groups and individuals who make decisions about the use of resources also have relatively great power. Logically, the decision makers can reduce uncertainty by making and communicating decisions affecting others in the organisation. Those who gain the power from decision-making control are the ones who make decisions about basic policies and practices such as, what the organisation will produce and who its target market will be.

2. ***Substitutability:*** The power of an individual or group is inversely related to the person's or group's substitutability. People are powerful because they cannot easily be replaced. In other words, organisations cannot find a substitute for their skills or knowledge. Being a hard-to-replace employee is not always advantageous. If a manager views an employee as indispensable for a particular job, that employee may miss opportunities for promotion or career development. And if the employee becomes associated with a particular job or way of doing things, changes in the organisation can render him or her highly dispensable.

3. ***Centrality:*** Central groups are those that have many connections with other groups and a large effect on work flow. Thus, groups and individuals in a central position are generally more powerful than those at the periphery. These people have command of key information and other resources, and others in the organisation are likely to be aware of what they control and how they affect the organisation.

15.2 Consequence of using Power

When people use power, they become addicted to power or use power to empower others.

1. ***Addictiveness of Power:*** An addiction to power is harmful for the organisation. Managers who are addicted to power are likely to be arrogant and out of touch with their employees. They use coercive power tactics that alienate the people they try to influence. In the long run, such a manager suffers because his or her tactics damage morale, interfere with cooperation and can even incite rebellion. The Figure 15.2 below shows the steps towards addiction of power.

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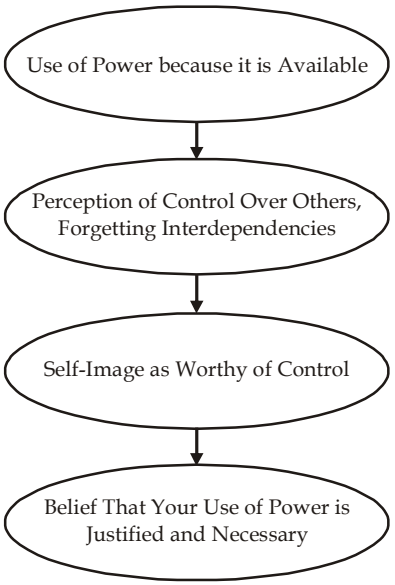
Figure 15.2: Steps toward Addiction to Power



Source: Patrick M. Wright and Raymond A Noe, "*Management of Organisations*", Irwin McGraw-Hill, Boston (1996) Page 663.

2. ***Empowerment:*** Jay Conger defines empowerment as "creating conditions for heightened motivation through the development of a strong sense of personal self-efficacy". This means sharing power in such a way that individuals learn to believe in their ability to do the job. When people share power in this way, they may empower others—that is, transfer power to them. Empowerment is easy to advocate but difficult to put into practice. Conger offers some guidelines:

   (a) Managers should express confidence in employees and set high performance expectations.

   (b) Managers should create opportunities for employees to participate in decision making.

   (c) Managers should remove bureaucratic constraints that stifle autonomy.

   (d) Managers should set inspirational or meaningful goals.

Case Study

Enriching and Empowering Employees

The Saturn Corporation of Spring Hill, Tennessee, is a subsidiary of General Motors that is as renowned for the way it produces cars as it is for the cars it produces. At Saturn, all work is accomplished by work units, consisting of about 15 team members and a work unit counselor. The counselors have some management functions like managing daily production, managing conflicts, and monitoring budget, quality, and safety issues. However, the work unit makes decisions by consensus, and the counselor is more of an executor working for the unit than a manager working for upper management.

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Work units are empowered to perform about 30 functions for which all team members are responsible. Each Saturn team will:

1. Design its own jobs
2. Plan and assign work.
3. Control its own material and inventory.
4. Perform maintenance on its equipment.
5. Make hiring decisions.

All Saturn members have the power to "stop the line" if they see a quality problem. Although this is not uncommon in other plants, at Saturn, if you stop the line, you are responsible for fixing the problem. You can't pass it off to a manager or to another department. This means that all team members must keep in constant contact with suppliers, engineers, customers, and end users.

Empowerment without ability doesn't work, so Saturn gives all new team members 320 hours of training their first year, and at least 92 hours of training per year thereafter. Workers are trained in conflict management, problem solving, and interviewing – subjects that in other companies are often reserved only for managers. The aim of Saturn's approach is to broaden the employees' skills and help each one maximize his or her potential.

Although making decisions by team consensus is not the fastest method, it has paid off for Saturn. Once a decision is made, Saturn members are strongly committed to it because they were directly involved in the process. Most important, all Saturn employees feel that they are, to some degree, in control of the operation of the company.

Questions

1. Do you think that Saturn has taken a right step by empowering it's employees to stop the line whenever they see a problem?
2. Think of a situation in which an employee sees a quality problem but doesn't have an idea to improve it. Should he pass it on without getting it checked to should he stop the line and bear the brunt of seniors for not having a solution?

Sources: "Enriching and Empowering Employees – The Saturn Way", Personnel Journal (September 1995): Page 32.

15.3 Political Behaviour in Organisations

When people get together in groups, power will be exerted. People want to carve out a niche from which to exert influence, to earn awards, and to advance their careers. Power is tightly linked to the concept of politics: Activities aimed at acquiring power and using it to advance interests, which may be personal or organisational. D. Farrell and J.C. Petersen define political behaviour in organisations as "those activities that are not required as part of one's formal role in the organisation, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organisation". Table 15.1 below summarizes basic ways people use political behaviour.

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Table 15.1: Ways People Use Political Behaviour in Organizations

	What They Can Influence	Advantages	Drawbacks
Face- To-Face Methods			
Exercise of power based on position.	Behaviour within zone that the other perceives as legitimate in light of the obligation.	Quick – requires no outlay of tangible resources.	If the request is outside the acceptable zone, it will fail; if it is too far outside, others might see it as illegitimate.
Exercise of power based on perceived expertise.	Attitudes and behaviour within the zone of perceived expertise.	Quick – requires no outlay of tangible resources.	If the request is outside the acceptable zone, it will fail; if it is too far outside, others might see it as illegitimate
Exercise of power based on identification with a manager.	Attitudes and behaviour that are not in conflict with the ideals that underlie the identification.	Quick – requires no expenditure of limited resources.	Restricted to influence attempts that are not in conflict with the ideals that underlie the identification.
Exercise of power based on perceived dependence.	Wide range of behaviour that can be easily monitored.	Quick – can often succeed when other methods fail.	Repeated influence attempts encourage the other to gain power over the influencer.
Coercive exercise of power based on perceived dependence.	Wide range of behaviour that can be easily monitored.	Quick – can often succeed when other methods fail.	Invites retaliation – very risky.
Use persuasion.	Very wide range of attitudes and behaviour.	Can produce internalized motivation that does not require monitoring; requires no power or outlay of scarce material resources.	Can be very time-consuming – requires other person to listen.
Combine these methods.	Depends on the exact combination.	Can be more potent and less risky than using a single method.	More costly than using a single method.
Indirect Methods			
Manipulate the other's environment by using any or all of the face-to-face methods.	Wide range of behaviour and attitudes.	Can succeed when face-to-face methods fail.	Can be time-consuming; is complex to implement; is very risky, especially if used frequently.
Change the forces that continuously act on the individual; formal organizational arrangements, informal social arrangements, technology, resources available, statement of organizational goals.	Wide range of behaviour and attitudes on a continuous basis.	Has continuous influence, not just a one-shot effect; can have a very powerful impact.	Often requires a considerable power outlay to achieve.

Source: John P Kotter, "Power, Dependence and Effective Management," in John J. Gabaero, ed. "Managing People and Organisations" McGraw-Hill, New York (1991) page 43.

Many organisational conditions encourage political activity. Among them are:

1. Unclear Goals
2. Autocratic decision making
3. Ambiguous lines of authority
4. Scarce resources, and
5. Uncertainty

Individuals who use power in organisations are organisational politicians. Political behaviour is actions not officially sanctioned by an organisation that are taken to influence others in order to meet one's personal goals. Table 15.2 below shows the personal characteristics of effective

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organisational politicians. Study the contents of the table and try to answer the questions that follow it:

Table 15.2: Personal Characteristics of Effective Political Actors

Personal Characteristic	Behavioural example
Articulate	▪ Must be able to clearly communicate ideas.
Sensitive	▪ Must be sensitive to other individuals, situations, and opportunities.
Socially adept	▪ Must understand the social norms of the organization and behave so as to be perceived by influential others as "fitting in well".
Competent	▪ Must have the necessary skills and qualifications.
Popular	▪ Must be interested in what happens outside of him or her.
Extraverted	▪ Must have confidence in his or her abilities.
Self-confident	▪ Must be self-assertive and forceful.
Aggressive	▪ Must be eager to attain success.
Ambitious	▪ Must be willing to use any tactic to get his or her way.
Devious	
"organization man or woman"	▪ Must emphasize the well-being of the organization.
Highly intelligent	
Logical	▪ Must be able to use his or her knowledge to solve problems. ▪ Must be capable of reasoning.

Political behaviour may be legitimate or illegitimate.

Legitimate Political Behaviour refers to normal everyday politics

1. Complaining to your supervisor.
2. Bypassing the chain of command.
3. Forming coalitions.
4. Obstructing organisational policies.
5. Excessive adherence to rules, and
6. Developing contacts outside the organisation through one's professional activities.

Illegitimate Political Behaviours are those activities that violate the implied rules of the game. Illegitimate activities include:

1. Sabotage.
2. Whistle-blowing.
3. Symbolic protests.
4. Group of employees simultaneously applying for casual leave.

The extreme illegitimate forms of political behaviour pose a very real risk of loss to organisations.

15.4 Political Strategies and Influence Tactics

Influence is the process of affecting the thoughts, behaviour or feelings of another person. The other person could be the boss (upward influence), an employee (downward influence), or a co-worker (lateral influence). To understand how employees strengthen their power in organisations, we can look at certain political behaviour. The ways people obtain and use power to meet personal and other objectives in an organisation basically involve some form of assessing

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and using existing resources or obtaining additional resources. There are eight basic types of influence tactics. They are listed and described in Table 15.3 below:

Table 15.3: Influence Tactics used in Organizations

Tactics	Description	Examples
Pressure	The person uses demands, threats, or intimidation to convince you to comply with a request or to support a proposal.	If you don't do this, you're fired. You have until 5:00 to change your mind, or I'm going without you.
Upward appeals	The person seeks to persuade you that the request is approved by higher management, or appeals to higher management for assistance in gaining your compliance with the request.	I'm reporting you to my boss. My boss supports this idea.
Exchange	The person makes an explicit or implicit promise that you will receive rewards or tangible benefits if you comply with a request or support a proposal, or reminds you of a prior favour to be reciprocated.	You owe me a favour. I'll take you to lunch if you'll support me on this.
Coalition	The person seeks the aid of others to persuade you to do something or uses the support of others as an argument for you to agree also.	All the other supervisors agree with me. I'll ask you in front of the whole committee.
Ingratiation	The person seeks to get you in a good mood or to think favourably of him or her before asking you to do something.	Only you can do this job right. I can always count on you, so I have another request.
Rational persuasion	The person uses logical arguments and factual evidence to persuade you that a proposal or request is viable and likely to result in the attainment of task objectives.	This new procedure will save us $150,000 in overhead. It makes sense to hire John; he has the most experience.
Inspirational appeals	The person makes an emotional request or proposal that arouses enthusiasm by appealing to your values and ideals, or by increasing your confidence that you can do it.	Being environmentally conscious is the right thing. Getting that account will be tough, but I know you can do it.
Consultation	The person seeks your participation in making a decision or planning how to implement a proposed policy, strategy, or change.	This new attendance plan is controversial. How can we make it more acceptable? What do you think we can do to make our workers less fearful of the new robots on the production line?

Source: G. Yukl and C. M Falb, "Influence Tactics and Objectives in Upward, Downward, and Lateral Influence Attempts," Journal of Applied Psychology (1990): Page 132-140.

In impression management, individuals use influence tactics to control others' impressions of them. Which influence tactics are more effective? It depends on the target of the influence attempt and the objective. Individuals use different tactics for different purposes, and they use different tactics for different people. Besides the above mentioned political strategies and tactics, some other tactics are defined below. They are:

1. Sponsorship
2. Whistle blowing
3. Control of resources
4. Attacks on others

Table 15.4 gives the information in tabular form.

Table 15.4: Some other Political Strategies and Tactics

Strategy or Tactic	Description	Example
Sponsorship	Commitment to an idea or project by a manager who uses his or her political power to support it.	Through rational persuasion or appeals, you convince a higher level manager that your idea is a good one.
Whistle blowing	Inform an outsider such as a news reporter or government agency about an organization's unethical or illegal behaviour.	Charges of sexual harassment or other misdeeds that hurts the organization's reputation.
Control of resources	Seeking and exercising control over information, funding and other resources.	Managers with relatively greater power may keep people waiting.
Attack on others	Minimizing the successes of others and drawing attention to their failures	For example, scapegoats, people blamed for negative outcomes.

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15.5 Reality of Politics

Politics is a fact of life in organisations. People play politics for the following reasons:

1. Organisations are made up of individuals and groups with different values, goals and interests.
2. Resources in organisations are limited. This forces members to compete for the organisation's limited resources.
3. Most decisions have to be made in a climate of ambiguity. People within organisations will use whatever influence they can to tweak the facts to support their goals and interests.

Politics cannot – and should not – be eliminated from organisations. Managers can, however, take a proactive stance and manage the political behaviour that inevitably occurs.

1. Uncertainty is a condition that tends to increase political behaviour, while transparency and open communication reduces this uncertainty.
2. Regarding performance, clarify expectations. This can accomplished through the use of clear, quantifiable goals and through the establishment of a clear connection between goal accomplishment and rewards.
3. Often, people engage in political behaviour when they feel excluded from decision-making processes in the organisation. Therefore, the key is participative management.
4. Managing scarce resources is important. Clarify the resource allocation process. This discourages dysfunctional political behaviour.
5. Encourage co-operation among work groups. This can instil a unity of purpose in work teams by rewarding cooperative behaviour.

Tasks Critically examine the situation when you saw a professional using

1. his power for positive gains for the organisation
2. politics for positive gains for himself

15.6 Maccoby's Four Political Types

In his book "The Gamesman", Michael Maccoby describes four types of organisational politicians. They are:

1. ***Craftsman:*** Craftsmen, driven by achievement, are the least political. They are often technical specialists who like details and precision. The person is usually quiet, sincere, modest and practical.
2. ***Jungle Fighter:*** Jungle fighters, although very different in behaviour, are apt to be active politicians. Unafraid to step on others to get ahead, this fighter believes employees should be used to get ahead in the company. They desire success at any cost. There are two types of jungle fighters:
   (a) *Foxes:* The foxes make their nests in the organisation and manoeuvre from this safe base.
   (b) *Lions:* Conquer others' territories and build empires.
3. ***Company man or women:*** As politicians go, these are conservative people. They possess a strong desire for affiliation and may not exhibit a lot of political behaviour. In fact, this

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individual's identity rests with the powerful, protective company. The concern of such people is for humans; however, they are more involved with security than success and may miss opportunities that arise.

4. ***Gamesman:*** The gamesmen are apt politicians. They view business as a game and take calculated risks. The Gamesman tends to be charismatic, thrives on challenge and competition and motivates employees with enthusiasm.

The major contribution of Maccoby's work is that it shows that individuals differ in their behaviour as political actors.

Caselet

Bringing Kids into the Family Business

Bringing offspring into the family business can be a source of pride for parents who are business owners; it can also be a sore spot, a source of destructive politics for everyone involved. Employees may automatically question a young family member's talent or commitment to the business. Senior managers may worry about the security of their jobs as the person rises in rank at the company. "They may feel their own chances for advancement are now limited, or they may be worried about being caught in the middle of family conflicts, such as, getting one set of directions from the older generation and another set from the younger one," explains Jeff Wolfson, an attorney who specializes in family business at the Boston law firm of Goulston and Storrs.

Should parents who own businesses avoid hiring their children, or hide their children's identity once they are hired? Of course not. But Wolfson says they can prevent or end destructive politics in a number of ways.

First, they can hire offspring at an entry level in the company, as did Miles Ezell, Jr., and his brother Bill, who own Purity Dairies Inc., based in Nashville, Tennessee. Three sons, a daughter, and a son-in-law who joined the company now hold management positions, but they started "small". "Because they came here directly out of college and hadn't worked elsewhere first, they spent at least three years working in different areas, getting a feel for them," says Miles. "They worked in some of the worst jobs, like cleanup detail in the milk plant or in the garage, and they spent six months running milk routes." The Ezell offspring never displaced another worker, and it became clear early on that favouritism was not going to be a problem.

Wolfson agrees that children of founders or owners must learn the business from the bottom up, even if they are assured of succession. "The second generation needs to show some patience," he advises.

Mentoring can also help avoid destructive politics, as long as the mentor is not a family member. A trusted or long-term manager can help acquaint the young person with the company in an unobtrusive manner, sometimes even acting as a go-between with the young person and other workers.

Referent power with the young family member can work both ways. The young family member can work both ways. The young person may worry that his or her associations with other employees are based solely on connections with the founding family. But in other cases, it benefits everyone. Gray Langsam, president of Plaut & Stern Inc., a wholesale meat company and meat packing plant in New York City, recalls positive relationships with other employees, even though they knew his father was a company partner. They

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watched him work his way up from the bottom and grew to trust him. "I would listen to their suggestions and pass them along to my father," he says. "All that helped me ease my way and break down any resentment the workers had at having the boss's kid in their midst".

Hiring the kids doesn't have to be a disaster. It just takes good political strategies that benefit everyone in the organisation.

Source: "Playing Favorites?" Entrepreneur (July 1994) Page 78-81.

15.7 Summary

- The toughest of all areas within corporate life is dealing with power and politics.
- Some companies are better or worse than others in the amount of political activity taking place.
- Usually, the larger the company, the more part the politics plays in one's ability to perform.
- In order to be successful in the corporate world, people need power.
- There are many types of powers.
- All have their advantages and disadvantages.
- Power may be used for both the benefits of an organisation or disadvantage for it.
- Similarly, politics may be used for both, self benefit without harming others or harm to others.

15.8 Keywords

Expert Power: Power that arises from a person's expertise, knowledge or talent.

Reward Power: When the source of power is a person's control over rewarding outcomes, the power is called reward power.

15.9 Self Assessment

Fill in the blanks:

1. Employees at all levels may exert ..... power through such tactics as ridicule or exclusion of a co-worker.
2. ..... Political Behaviours are those activities that violate the implied rules of the game.
3. ..... groups are those that have many connections with other groups and a large effect on work flow.
4. ..... feedback, while tougher to initiate, if given in a problem-solving format, can even bring about a closer relationship.
5. Some people influence others through the force of their attractiveness, the mysterious personal magnetism we call ..... .
6. The key to using the power in an organisation is using it ..... .
7. The degree of power wielded by a particular group/individual also depends on the ..... of work activities and communications in the organisation.

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8. Power is an…… and therefore, individuals should learn to use it effectively.
9. Formation of coalition is a…….political behaviour.
10. ……are very calculative politicians and view business as a game.

15.10 Review Questions

1. Can you describe your ideal employee? What is the type of power that he has to attract you?
2. What display of power or play of politics would you make to become your ideal employee?
3. What do you support more- reward or reprimand and why?
4. "Internal Politics is good for an organisation." Discuss.
5. There is no employee who wants growth in his career but doesn't want to have power. Does growth and power go hand in hand?
6. The greater the power, the lesser is the politics one plays in an organisation. Do you support this argument? Give reasons for your argument.
7. Do you think that people engaged in office politics can be good decision makers? Why/ Why not?
8. What do you think about uncertainty being a determinant of political behaviour of the employees in an organisation?
9. Which one do you prefer among jungle fighters and gamesman and why?
10. What can be the reason behind dysfunctional political behaviour in organisations? How do you suggest preventing it?
11. What would you call the political behaviour in which your boss comes to you and says, only you can do it right. I can always count on you, so I have another request. Does he really come to make a request?
12. What among pressure, upward appeal, coalition and ingratiation, do you discount most and why?
13. Which characteristics of effective political actors do you possess? Which do you need to work on?

Answers: Self Assessment

1.	coercive	2.	Illegitimate
3.	Central	4.	Negative
5.	'charisma'	6.	ethically
7.	structure	8.	Ability
9.	Legitimate	10.	Gamesman

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15.11 Further Readings

Books

Arundhati Roy, *An ordinary person's Guide to Empire*, South End Press.

Stephen Brook, *Bordeaux: People, Power and Politics*, Mitchell Beazley.

Online links

www.itstime.com

www.imow.org

Unit 16: Organisational Culture

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CONTENTS

Objectives

After studying this unit, you will be able to:

- State the effects, functions and importance of culture to the organisation
- Describe forces of change in organisations
- Identify major reasons individuals and organisations resist change
- Explain methods organisations can use to manage resistance
- Discuss the models of change

Introduction

Organisational culture is an idea in the field of organisational studies and management which describes the psychology, attitudes, experiences, beliefs and values, both personal and cultural, of an organisation. It can also be defined as the specific collection of values and norms that are shared by people and groups in an organisation and that control the way they interact with each other and with stakeholders outside the organisation.

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The culture of an organisation can be further expanded as beliefs and ideas about what kinds of goals and objectives, the members of an organisation should pursue. It also covers the ideas about the appropriate kinds or standards of behavior organisational members should use to achieve these goals as objectives as determined earlier. These values in turn help determine the organisational norms, guidelines or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organisational members towards one another.

Change is inevitable in a progressive culture. Change in fact, is accelerating in our society. Revolutions are taking place in political, scientific, technological and institutional areas. Organisations cannot completely insulate themselves from this environmental instability. Change is induced by the internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organisation lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to devise management practices that best meet the new challenges and make use of the opportunities for the growth of the organisation.

Organisational change refers to a modification or transformation of the organisation's structure, processes or goods. Flexibility requires that organisations be open to change in all areas, including the structure of the organisation itself. In a flexible organisation, employees can't think of their roles in terms of a job description. They often have to change the tasks they perform and learn new skills. The most flexible organisations have a culture that (a) values change, and (b) managers who know how to implement changes effectively.

Notes There's been a great deal of literature produced over the past decade about the concept of organisational culture as well as corporate culture, particularly in regard to learning how to change it. Organisational change efforts are known to fail the vast majority of the time. Usually, this failure is owed to the lack of understanding about the strong role of culture and the role being played by it in organisations. That's one of the reasons that many strategic planners now place as much emphasis on identifying strategic values as they do mission and vision.

16.1 Types of Organisational Culture

There are different types of organisational culture in the corporate world. This depends on the way of working, strategy formulated by an organisation, and also its core values. Very widely known are two categories namely – strong and weak. But here, we pertain to different classification. While different theorists and different companies even might have differing opinions on the types of organisational cultures out there, there is a general consensus on four different types of organisational culture. Most companies or corporations in their style or plan can fall into one of these four general types, viz.

1. Clan Culture
2. Hierarchy Culture
3. Adhocracy Culture
4. Market Culture

Let us understand each of them one by one.

1. ***Clan Culture:*** This type of culture is visible in those organisations which are very friendly place to work where people share a lot of themselves. It is like an extended family.

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2. ***Hierarchy Culture:*** This type of culture is visible in those organisations which are much formalized structured place to work. Procedures govern what people do.

3. ***Adhocracy Culture:*** This type of culture is visible in those organisations which are dynamic entrepreneurial and creative places to work. People stick their necks out and take risks.

4. ***Market Culture:*** This type of culture is visible in those organisations which are results oriented organisations whose major concern is with getting the job done. People are competitive and goal-oriented.

As already said, most companies will fall into one of these categories. Knowing these organisational types will help in analyzing each company and the organisational culture appropriate for each one.

Task

Explain which type of organisational culture is your favourite and why? How do you think it will help in advancement of your career?

16.2 Effects of Organisational Culture

The organisations world over require a strong organisational culture. This happens because a strong organisational culture:

1. could help an organisation adapt to the environment

2. can also be an anchor around the neck of change.

Three features that determine a culture's strength can be identified.

The *first* is thickness of culture which is measured by the number of important shared assumptions.

The *second* dimension is extent of sharing. In strong cultures, layers and layers of beliefs are shared.

The *third* determinant of the cultural strength of an organisation is clarity of ordering.

Strength of culture is significant because strong cultures, that is, thick cultures in which the sharing of clearly ordered beliefs and values is pervasive are more resistant to change than are weak cultures.

One of the most important factors that affect the strength of an organisational culture are:

1. Number of employees, and

2. Geographic dispersion.

Small work forces and more localized operations contribute to the development of strong cultures because beliefs and values are easily developed and shared. However, these characteristics are not essential for a strong culture. With 10,000 restaurants spread around the world, McDonald's clearly employs a large number of people and is very dispersed. Yet, it has a very strong organisational culture.

Strong cultures though are not always desirable. There appear to be organisational conditions that do not necessarily warrant them. If one looks at organisations as mechanisms for governing transaction costs (the organisation requires something of the employee, who in turn benefits from the organisation), there are three ways to manage those transaction costs. Whichever method is used to mediate costs, it must be viewed as equitable to everyone.

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The first two mechanisms, the marketplace and bureaucracy, are used under the conditions of fairly low uncertainty and complexity. The market form, appropriate in competitive situations, manages transaction costs with a price mechanism. Contracts are made and kept among parties at a "fair" price so that competitors won't take over the business. Bureaucracy creates the appearance of equity by creating an employment contract, whereby employees contract to receive wages and in turn submit to supervision, which is designed to reduce uncertainty and monitor employee performance. A hallmark of bureaucracy is the simplification of complex tasks into easily monitored activities. The bureaucracy uses the mechanism of rules or standards of behavior; as long as uncertainty is low, the rules in place can guide behavior.

When uncertainty or complexity increases, none of these mechanisms works. A third mechanism, a clan or culture, thus, then becomes feasible. As already discussed, the clan is a culturally homogeneous organisation in which members share a common set of values, objectives, and beliefs. This common core empowers them to act with greater flexibility in a fluid situation. This approach addresses the social exchange problem quite differently than either the marketplace or bureaucracy method: it socializes parties to the exchange in such a way that all participants see their objectives in the exchange as congruent. Clans require a tremendous amount of group process activity.

Strength also rests in the core values of an organisation. Any good organisation must have an inspiring, shared mission at its core and it must have capable leadership in place and in development. Assuming these two factors are present, the following eight traits define a healthy corporate or organisational culture.

1. ***Openness and humility from top to bottom of the organisation:*** As we know that the arrogance kills learning and growth by blinding us to our own weaknesses. Obviously, strength comes out of receptivity and the willingness to learn from others.
2. ***An environment of accountability and personal responsibility:*** Weak organisations show signs of denial, blame, and excuses hardened relationships and intensify conflict. Successful teams on the other side, hold each other accountable and willingly accept personal responsibility.
3. ***Freedom for risk-taking within appropriate limits:*** Both the extremes–an excessive, reckless risk-taking and a stifling, fearful control have the potential to threaten any organisation. Freedom to risk new ideas flourishes best within appropriate limits.
4. ***Courage and persistence in the face of difficulty:*** The playing field is not always level, or life fair, but healthy cultures remain both realistic about the challenges they face and unintimidated and undeterred by difficulty
5. ***A fierce commitment to "do it right":*** Mediocrity is easy; excellence is hard work, and there are many temptations for shortcuts. A search for excellence always inspires both inside and outside an organisation.
6. ***Unquestioned integrity and consistency:*** Dishonesty and inconsistency undermine trust. Organisations and relationships thrive on clarity, transparency, honesty, and reliable follow-through.
7. ***A willingness to tolerate and learn from mistakes:*** Punishing honest mistakes stifles creativity. Learning from mistakes encourages healthy experimentation and converts negatives into positives.
8. ***Pursuit of collaboration, integration, and holistic thinking:*** Turf wars and narrow thinking are deadly. Drawing together the best ideas and practices, integrating the best people into collaborative teams, multiplies organisational strength.

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16.3 Functions of Organisational Culture

Organisational culture has many significant functions. The most important of them all are as under:

1. It gives a sense of identity to the employee
2. It promotes commitment among people
3. It enhances stability among the employees
4. It makes sense of behavior.

16.4 Importance of Culture to the Organisation

It is already clear from the above discussion that the prevailing culture of an organisation affects business results as well as shapes the health, morale and productivity of its employees. All the employees are encouraged to make decisions that will positively move us toward this vision for an outstanding corporate culture that continues for decades to come.

A healthy organisational culture translates in a reduced turnover rate, decreased absenteeism, and a reputation as an employer of choice. Attracting the best candidates reduces operational costs and achieves stellar performance levels. Success stories abound linking organisational performance with culture. An organisational culture influences the occupational or industry peculiarities tied to the organisation as well as the national culture of the country in which the organisation operates.

An organisational culture establishes standards of acceptable behavior and an understanding of organisational operating styles. Changing, guiding and sustaining a high organisational culture requires engaging fortitude and rigour on the part of management and an ability to measure variations so as to correct whenever needed.

The organisations that were able to make the leap from good to great were able to do so because of their focus on building a strong culture around their organisation, within which their employees could excel. These companies built this culture and filled it with highly disciplined people who will take disciplined action. They shook off bureaucracies, as "bureaucratic cultures only arise to compensate for incompetence and lack of discipline." When you have the right people in place in your organisation, then there is no need for bureaucracy.

The above mentioned relevance of organisational culture supports the proposition that, in this competitive and globalized corporate scenario, there is huge need of the development of a strong organisational culture.

Schein suggests that organisational culture is even more important today than it was in the past. Increased competition, globalization, mergers, acquisitions, alliances, and various workforce developments have created a greater need for:

1. Coordination and integration across organisational units in order to improve efficiency, quality, and speed of designing, manufacturing, and delivering products and services.
2. Product innovation
3 Strategy innovation
4. Process innovation
5. Effective management of dispersed work units and increasing workforce diversity
6. Cross-cultural management of global enterprises
7. Construction and management of hybrid-cultures
8. Facilitation and support of teamwork.

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In addition to a greater need to adapt to these external and internal changes, organisational culture becomes more important because, for an increasing number of corporations, intellectual as opposed to material assets constitute the main source of value. Maximizing the value of employees as intellectual assets requires an organisational culture that promotes their intellectual participation and facilitates both individual and organisational learning, new knowledge creation and application, and the willingness to share knowledge with others. Organisational culture thus must play a key role in promoting

1. Knowledge management
2. Creativity
3. Participative management
4. Leadership

We should remember that excellent companies do not remain excellent for long.

Example: Perhaps a strong consistent organisational culture is useful in the beginning start-up phase of an organisation but a mature organisation may need to become more differentiated as well as more oriented to change and learning.

What is important for long-term organisational success may not be a particular type of organisational culture per se but the ability to effectively manage and change the organisational culture over time to adjust to changes in the situation and needs of the organisation.

The studies have shown that the organsitaions that succeed over a long period of time have had one or all characteristics written below:

1. Strategic planning and the identification of necessarily cultural requisites
2. Ensured consistency of culture with mission, goals, strategies, structures and processes
3. Existence of formal statements of organisational philosophy and values
4. Established consistent incentives, recognition systems, and performance measurement
5. Well maintained appropriate error-detection and accountability systems
6. Coaching, mentoring, informal and formal training, and identifying role
7. Taking advantage of the growth of subcultures
8. Managing and promoting strong communities of practice.

Case Study

Organisational Culture at Southwest Airlines

In 1967, Air Southwest Co. (later Southwest Airlines Co.) was started by Rollin King and, John Parker, who were later joined by Herbert D. Kelleher.

They wanted to provide the best service with the lowest fares for short-haul, frequent-flying and point-to-point 'non-interlining' travelers The trio decided to commence operations in the state of Texas, connecting Houston, Dallas and San Antonio (which formed the 'Golden Triangle' of Texas). These cities were growing rapidly and were also too far apart for travelers to commute conveniently by rail or road. With other carriers pricing their tickets unaffordably high for most Texans, Southwest sensed an attractive business opportunity.

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Southwest's objective was to provide safe, reliable and short duration air service at the lowest possible fare. With an average aircraft trip of roughly 400 miles, or a little over an hour in duration, the company had benchmarked its costs against ground transportation. Southwest focused on short-haul flying, which was expensive because planes spent more time on the ground relative to the time spent in the air, thus reducing aircraft productivity. Thus it was necessary for Southwest to have quick turnarounds of aircraft to minimize the time its aircraft spend on the ground.

Since its inception, Southwest attempted to promote a close-knit, supportive and enduring family-like culture. The company initiated various measures to foster intimacy and informality among employees. Southwest encouraged its people to conduct business in a loving manner. Employees were expected to care about people and act in ways that affirmed their dignity and worth. Instead of decorating the wall of its headquarters with paintings, the company hung photographs of its employees taking part at company events, news clippings, letters, articles and advertisements. Colleen Barrett even went on to send cards to all employees on their birthdays.

The organisational culture of the company was shaped by Kelleher's leadership also. Kelleher's personality had a strong influence on the culture of Southwest, which epitomized his spontaneity, energy and competitiveness. "Culture is the glue that holds our organisation together. It encompasses beliefs, expectations, norms, rituals, communication patterns, symbols, heroes, and reward structures. Culture is not about magic formulas and secret plans; it is a combination of a thousand things", he used to say.

Southwest's culture had three themes: love, fun and efficiency. Kelleher treated all the employees as a "lovely and loving family". Kelleher knew the names of most employees and insisted that they referred to him as Herb or Herbie. Kelleher's personality charmed workers and they reciprocated with loyalty and dedication. Friendliness and familiarity also characterized the company's relationships with its customers.

Kelleher was so much into this culture that he once said, "Nothing kills your company's culture like layoffs. Nobody has ever been furloughed [at Southwest], and that is unprecedented in the airline industry. It's been a huge strength of ours. It's certainly helped us negotiate our union contracts. One of the union leaders….came in to negotiate one time, and he said, "We know we don't need to talk with you about job security." We could have furloughed at various times and been more profitable, but I always thought that was shortsighted. Post-September 11, 2001, when most airlines in the US went in for massive layoffs, Southwest avoided laying off any employee.

Southwest showed its people that it valued them and it was not going to hurt them just to get a little more money in the short term. The culture at the organisation spoke about its belief in the thought that not furloughing people breeds loyalty. At Southwest, it bred a sense of security and trust. So in bad times the organisation took care of them, and in good times they're thought, perhaps, "We've never lost our jobs. That's a pretty good reason to stick around."...

As a result, Southwest was the only airline to remain profitable in every quarter since the September 11 attack. Although its stock price dropped 25% since September 11, it was still worth more than all the others big airlines combined. Its balance sheet looked strong with a 43% debt-to-equity ratio and it had a cash of $1.8 billion with an additional $575 million in untapped credit lines. The entire credit to the profit was given to the loyal employee base the company had and it could be developed only as a result of the organisational culture at Southwest. The company left no stone unturned to boost employee loyalty and morale and made many a competitors to follow suit.

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Questions

1. What do you analyse as the most influential characteristic of Southwest's culture?
2. Do you really think that the reason behind Southwest's profit's was its culture or the leadership was just playing it humble?
3. Do you think that following the Southwest way, the other airlines would have also made profits?

Source: www.ibscdc.org

16.5 Changing Organisational Culture

If organisations are to consciously create and manage their cultures, they must be able to take their employees into consideration. There are problems that managers face when they go about the business of changing organisational culture. Changing organisational culture takes patience, vigilance, and a focus on changing the parts of an organisational culture that managers can control:

1. ***Behaviours:*** One way of changing a corporate culture is to use behavioural addition or behavioural substitution to establish new patterns of behaviour among employees.
   (a) *Behavioural Addition:* Behavioural Addition is the process of having managers and employees perform new behaviours that are central to and symbolic of the new organisational culture that a company wants to create.
   (b) *Behavioural Substitution:* Behavioural substitution is the process of having managers and employees perform new behaviours central to the "new" organisational culture in place of behaviours that used to be central to the "old" organisational culture.
2. ***Visible Artifacts:*** Another way in which managers can begin to change corporate culture is to change visible artifacts of their old culture. Visible artifacts are visible signs of an organisation's culture, such as office design and layout, company dress codes, and company benefits and perks like stock options, personal parking spaces, etc. These need to change keeping the new corporate culture in mind.

Corporate cultures are very difficult to change. Consequently, there is no guarantee that behaviour-substitution, behavioural addition or changing visible artifacts will change a company's organisational culture. Clearly, an open display of top management commitment and support for the new values and beliefs is critically important to enable employees to change.

16.6 Forces for Change in Organisations

More and more organisations today face a dynamic and changing environment that, in turn requires these organisations to adapt. Change has become the norm in most organisations. Plant closing, business failures, mergers and acquisitions, and downsizing have become common experiences for most organisations. Adaptiveness, flexibility and responsiveness are terms used to describe organisations that will succeed in meeting the competitive challenges that businesses face. In the past, organisations could succeed by claiming excellence in one area — quality, reliability or cost. But this is not the case today. The current environment demands excellence in all areas.

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Table 16.1 below summarizes six specific forces that are acting as stimulants for change

Table 16.1: Forces for Change

Force	Examples
Nature of the work force	• More cultural diversity • Increase in professionals • Many new entrants with inadequate skills
Technology	• More computers and automation • TQM programs • Re-engineering programs
Economic shocks	• Security market crashes • Interest rate fluctuations • Foreign currency fluctuations
Competition	• Global competitors • Mergers and consolidations • Growth of specialty retailers
Social trends	• Increase in college attendance • Delayed marriages by young people • Increase in divorce rate
World politics	• Collapse of Soviet Union • Iraq's invasion of Kuwait • Overthrow of Haitian dictator

Source: Stephen P Robbins, "*Organisational Behaviour - Concepts, Controversies, Applications*", 7th Edition, Prentice-Hall, Englewood Cliffs, NJ (1996) page 717.

Why is organisational change so important? From outside and inside the organisation, a variety of forces press for change. "We live in the midst of constant change" has become a well-worn but relevant cliché. Pressures for change are created both inside and outside the organisation. Organisations must forge ahead on these forces to survive. Some of these are external, arising from outside the company, whereas others are internal arising from sources within the organisation.

1. ***External Forces:*** When the organisation's general or task environment changes, the organisation's success often rides on its ability and willingness to change as well. The modern manager is change-conscious and operating in the constantly changing environment. Many external changes bombard the modern organisations and make change inevitable. The general environment has social, economic, legal, political and technological dimensions. Any of these can introduce the need for change. In recent years, far-reaching forces for change have included developments in information technology, the globalization of competition, and demands that organisations take greater responsibility for their impact on the environment. These forces are discussed below:

   (a) *Technological Change:* Rapid technological innovation is a major force for change in organisations, and those who fail to keep pace can quickly fall behind. It is perhaps the greatest factor that organisations reckon with. According to C. Handy, "the rate of technological changes is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the organisation". For example, the substitution of computer control for direct supervision is resulting in wider spans of control for managers and flatter organisations.

   Technological innovations bring about profound change because they are not just changes in the way work is performed. Instead, the innovation process promotes associated changes in work relationships and organisational structures. Sophisticated

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information technology is also making organisations more responsive. The team approach adopted by many organisations leads to flatter structures, decentralized decision making and more open communication between leaders and team members.

(b) *Globalization:* The global economy means competitors are likely to come from across the ocean. The power players in the global market are the multinational and trans-national organisations. This has led companies to think globally. There are no longer any mental distinctions between domestic and foreign operations. Globalization of an organisation means rethinking the most efficient ways to use resources, disseminate and gather information and develop people. It requires not only structural changes but also changes in the minds of employees. Successful organisations will be the ones that can change in response to the competition. They will be fast on their feet, capable of developing new products rapidly and getting them to market quickly.

(c) *Social and Political Changes:* A firm's fate is also influenced by such environmental pressures as social and political changes. Many new legal provisions in the corporate sector get introduced every time that affects organisations.

(d) *Workforce Diversity*: Related to globalization is the challenge of workforce diversity. Workforce diversity is a powerful force for change in organisations. The demographic trends contributing to workforce diversity are

(i) The workforce will see increased participation from females, as the majority of new workers will be female.

(ii) The workforce will be more culturally diverse than ever (part of this is attributable to globalization).

(iii) The workforce is aging. There will be fewer young workers and more middle aged workers.

(e) *Managing Ethical Behaviour:* Employees face ethical dilemmas in their daily work lives. The need to manage ethical behaviour has brought about several changes in organisations. Most centre on the idea that an organisation must create a culture that encourages ethical behaviour. Society expects organisations to maintain ethical behaviour both internally and in relationship with other organisations. Ethical behaviour is expected in relationships with customers, environment and society. These expectations may be informal or they may come in the form of increased legal requirements.

These challenges are forces that place pressures to change on organisations. Organisations cannot afford to be rigid and inflexible in the wake of environmental pressures, rather they must be dynamic and viable so that they survive.

Example: For Tata Iron and Steel Company, foreign investors (suppliers of capital) are a new force for change. In the past, Tata emphasized the creation of jobs in its community of Jamshedpur, a city in eastern India.

Tata's 78,000 workers receive lifetime employment, along with free housing, education and medical care. The company, in turn has benefited from a complete lack of strikes in 60 years. But investors interested in Tata have asked how the company might improve its profit margin of only 3.7 percent. (Note: Tata's managing director Jamshed Irani, "We will now be forced to balance loyalty against productivity).

2. ***Internal Forces:*** Besides reacting to or anticipating changes on the outside, an organisation may change because someone on the inside thinks a new way of doing things will be

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beneficial or even necessary. Pressures for change that originate inside the organisation are generally recognizable in the form of signals indicating that something needs to be altered. These internal forces are discussed below:

(a) *Changes in Managerial Personnel:* One of the most frequent reasons for major changes in an organisation is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Managerial behaviour is always selective so that a newly appointed manager might favour different organisational design, objectives procedures and policies than a predecessor. Changes in the managerial personnel are thus a constant pressure for change.

(b) *Declining Effectiveness:* Declining effectiveness is a pressure to change. A company that experiences losses is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost cutting programmes, whereas others view the loss as symptomatic of an underlying problem, and seek out the cause of the problem.

(c) *Changes in work climate:* Changes in the work climate at an organisation can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is common in organisations that have experienced layoffs. Workers who have escaped a layoff may find it hard to continue to be productive. They may fear that they will be laid off as well and may feel insecure in their jobs.

(d) *Deficiencies in the Existing System:* Another internal pressure for organisational change is the loopholes in the system. These loopholes may be unmanageable spans of control, lack of coordination between departments, lack of uniformity in politics, non-cooperation between line and staff etc.

(e) *Crisis:* A crisis also may stimulate change in an organisation; strikes or walkouts may lead management to change the wage structure. The resignation of a key decision maker is one crisis that causes the company to rethink the composition of its management team and its role in the organisation.

(f) *Employee Expectations:* Changes in employee expectations also can trigger change in organisations. These forces may be:

   (i) Employees' desire to share in decision-making.

   (ii) Employees' demand for effective organisational mechanism.

   (iii) Higher employee expectation for satisfying jobs and work environment.

   (iv) Employees' desire for higher wages.

All these forces necessitate change in organisations. Besides these forces, a company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers.

Although organisational changes are important, managers should try to institute changes only when they make strategic sense. A major change or two every year can be over-whelming to employees and create confusion about priorities. A logical conclusion is that managers should evaluate internal forces for change with as much care as they evaluate external forces.

16.7 Forms of Change

Change has become the norm in most organisations. Adaptiveness, flexibility and responsiveness are terms used to describe the organisations that will succeed in two basic forms of change in

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organisations that will succeed in meeting the competitive challenges that businesses face. There are two basic forms of change in organisations: Planned change and unplanned change.

1. ***Planned Change:*** Planned change is change resulting from a deliberate decision to alter the organisation. It is an intentional, goal-oriented activity. The goals of planned change are:

   First, it seeks to improve the ability of the organisation to adapt to changes in its environment.

   Second, it seeks to change the behaviour of its employees.

2. ***Unplanned Change:*** Not all change is planned. Unplanned change is imposed on the organisation and is often unforeseen. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of organisations. Examples of unplanned changes are changes in government regulations and changes in the economy.

   The Role of Change Agents: Change in organisations is inevitable, but change is a process that can be managed. The individual or group that undertakes the task of introducing and managing a change in an organisation is known as a change agent. Change agents can be of two types:

   (a) *Internal Change Agents:* Change agents can be internal, such as managers or employees who are appointed to oversee the change process.

   Internal change agents have certain advantages in managing the change process. They are:

   (i) They know the organisation's past history, its political system, and its culture.

   (ii) Internal change agents are likely to be very careful about managing change because they must live with the results of their change efforts.

   There are also disadvantages of using internal change agents. They are:

   (i) They may be associated with certain factions within the organisation and may easily be accused of favouritism.

   (ii) Internal change agents may be too close to the situation to have an objective view of what needs to be done.

   (b) *External Change Agents:* Change agents can also be external, such as outside consultants. They bring an outsider's objective view to the organisation.

   External change agents have certain advantages:

   (i) They may be preferred by employees because of their impartiality.

   (ii) They have more power in directing changes if employees perceive the change agents as being trustworthy, possessing important expertise, and having a track record that establishes credibility.

   There are also disadvantages of using external change agents. They are:

   (i) External change agents face certain problems, including their limited knowledge of the organisation's history.

   (ii) They may be viewed with suspicion by organisation members.

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Caselet

Reorganisation as Rebirth

Like many organisations in the 1980's, St. Francis Regional Medical Center of Wichita, Kansas, tried downsizing. A layoff of 400 people was a horrible experience, both for those who left and for those who stayed. The 1990's brought a change in the health care environment, and the hospital's administration needed to change the structure and culture in order to remain competitive.

The management team re-mapped the ideal management structure to run things without regard to the structure that was actually in place. To make such radial change work, they defined specific job titles, but not specific people. They dissolved the old organisational chart and created a new one, unveiling a chart that had all the new titles on it with no names. Those who wanted to be part of the new organisation had to apply for whatever position they felt they were most qualified to fill. Imagine having to apply for whatever position they felt they were qualified to fill. Imagine having to apply to a company you'd been with for fifteen years! The restructuring also meant a rethinking of corporate culture. An examination of culture revealed that making decisions at the hospital become bogged down by management and dictated by policy.

Eliminating old policies allowed the team to look at things as possibilities rather than restrictions. Two task forces were formed to look at service lines and functional realignment. A consulting firm was called in to help the hospital make the transition. The consulting firm helped strategize and create a time line for the changes.

At the reorganisation meeting, each employee was given an 80-page bound booklet complete with vision statement, the organisational chart, timetable, reorganisation fact sheet, copies of all position descriptions, and a question and answer section. The result was terror, confusion, upheaval, and little by little, understanding cooperation and success. Instead of approaching the reorganisation as a shameful secret, the task forces highlighted the changes in the new culture and tied the internal changes to the changes in the health care industry. Each week "The Grapevine: Reorganisation Update" was distributed. In the first official day of the new organisation, employees were given flowers and a message stating "Today starts a new beginning focused on you".

The new corporate culture involves management by contract. The new VPs walk the hallways and touch base constantly with what's going on. The result of the reorganisation is decision making at lower levels, which results in faster actions. No more ideas die because of red tape. The reorganisation is fluid and ongoing with employees and managers still incorporating the new management philosophy and corporate culture into their daily work lives.

Source: M.S. Egan, "Reorganisation as Rebirth," *HR Magazine* (January 1995) Page 84-88.

16.8 Resistance to Change

As the manager contemplates and initiates change in the organisation, one phenomenon that is quite likely to emerge anytime in the change process is the resistance to change. People often resist change in a rational response based on self-interest. Resistance to change doesn't necessarily surface in standardized ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate. The greater challenge is managing resistance that is implicit or deferred.

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16.8.1 Sources of Resistance

The sources of resistance to change can be categorized into two sources: individual and organisational.

1. ***Individual Resistance:*** One aspect of mankind that has remained more or less constant is his innate resistance to change. Individuals resist change because they attach great preference to maintaining the status quo. Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities and needs. The following are the reasons:

   (a) *Economic Reasons:* The economic reasons to fear change usually focus on one or more of the following:

      (i) Fear of technological unemployment.

      (ii) Fear of reduced work hours and consequently less pay.

      (iii) Fear of demotion and thus reduced wages.

      (iv) Fear of speed-up and reduced incentive wages.

      Changes in job tasks or established work routines can also arouse economic fears if people are concerned they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

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

   (c) *Fear of Loss:* When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology is introduced. Employees may also fear losing their status because of a change. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job. For example, computerizing the customer service positions, threaten the autonomy that sales representatives previously enjoyed.

   (d) *Security:* People with a high need for security are likely to resist change because it threatens their feeling of safety.

   (e) *Status quo:* Perhaps the biggest and most sound reason for the resistance to change is the status quo. As human beings, we are creatures of habit. Change may pose disturbance to the existing comforts of status quo. When confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance. Change means they will have to find new ways of managing them and their environment—the ways that might not be successful as those currently used.

   (f) *Peer Pressure:* Individual employees may be prepared to accept change but refuse to accept it for the sake of the group. Whenever change is unwilling to the peers, they force the individuals who want to accept change to resist change.

   (g) *Disruption of Interpersonal Relationships:* Employees may resist change that threatens to limit meaningful interpersonal relationships on the job.

   (h) *Social Displacement:* Introduction of change often results in disturbance of the existing social relationships. Change may also result in breaking up of work groups. Thus when social relationships develop, people try to maintain them and fight social displacement by resisting change.

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2. ***Organisational Resistance:*** Organisations, by their very nature are conservative. They actively resist change. Some of the organisational resistances are explained below:

   (a) *Resource Constraints:* Resources are major constraints for many organisations. The necessary financial, material and human resources may not be available to the organisation to make the needed changes. Further, those groups in organisation that control sizable resources often see change as a threat. They tend to be content with the way things are.

   (b) *Structural Inertia:* Some organisational structures have in-built mechanism for resistance to change. For example, in a bureaucratic structure where jobs are narrowly defined and lines of authority are clearly spelled out, change would be difficult. This is so because formalization provides job descriptions, rules, and procedures for employees to follow. The people who are hired into an organisation are chosen for fit; they are then shaped and directed to behave in certain ways. When an organisation is confronted with change, this structural inertia acts as a counterbalance to sustain stability.

   (c) *Sunk Costs:* Some organisations invest a huge amount of capital in fixed assets. If an organisation wishes to introduce change, then difficulty arises because of these sunk costs.

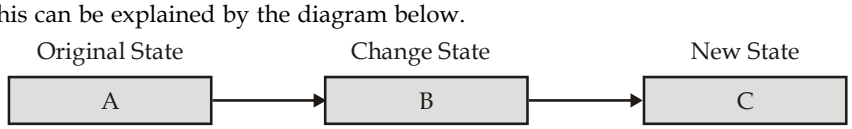
   (d) *Politics:* Organisational change may also shift the existing balance of power in an organisation. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

   (e) *Threat to established power relationships:* Any redistribution of decision-making authority can threaten long established power relationships within the organisation. Managers may therefore resist change that introduces participative decision making because they feel threatened.

   (f) *Threat to expertise:* Change in organisational pattern may threaten the expertise of specialized groups. Therefore, specialists usually resist change.

   (g) *Group Inertia:* Even if individuals want to change their behaviour, group norms may act as a constraint. For example, if union norms dictate resistance to any unilateral change made by management, an individual member of the union who may otherwise be willing to accept the changes may resist it.

Notes One of the reasons why managing change is so difficult is because change is so final. That is, once a change is made, one cannot go back to the original conditions. The reason for this can be explained by the diagram below.



Each of the boxes describes a state of nature. A is the situation as it exists prior to a change. State B is the state after change. Assume that after state B it is decided that the change was a poor idea and we wish to go back to state A. This is impossible because A did not include having experienced state B. Therefore, the only possibility is to move on to State C, a new state of nature. The lessons here are: (1) when a change is made it should be thought out carefully because the conditions before the change will never exist again; and (2) to overcome a mistake in managing change usually means that new changes must be made (state C) rather than trying to go back to where everything started.

Source: Jerry L Gray and Frederick A Starke, "*Organisational Behaviour – Concepts and Applications*", (3rd Edition), Charles E. Merrill Publishing Company, Columbus (1984) Page 556.

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16.8.2 Managing Resistance to Change

Although resistance to change is a common phenomenon in organisations, it must be noted that not all changes are resisted. In fact, if we look at any organisation closely we would probably find that far more changes are accepted than resisted. The traditional view of resistance to change treated it as something to be overcome, and many organisational attempts to reduce the resistance have only served to intensify it. The contemporary view holds that resistance is simply a form of feedback and that this feedback can be used very productively to manage the change process. One key to managing resistance is to plan for it and to be ready with a variety of strategies for using the resistance as feedback and helping employees negotiate the transition. Some tactics have been suggested for use in dealing with resistance to change.

1. ***Education and Communication:*** Communication about impending change is essential if employees are to adjust effectively. The details of the change should be provided, but equally important is the rationale behind the change. Employees want to know why change is needed. If there is no good reason for it, why should they favour the change? Providing accurate and timely information about the change can help prevent unfounded fears and potentially damaging rumours from developing. It is also beneficial to inform people about the potential consequences of the change. Educating employees on new work procedures is often helpful.

2. ***Participation:*** It is difficult for individuals to resist a change decision in which they participated. Prior to making a change, those opposed can be brought into the decision process. When employees are allowed to participate, they are more committed to the change.

3. ***Empathy and Support:*** Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening is an excellent tool for identifying the reasons behind resistance and for uncovering fears. An expression of concerns about the change can provide important feedback that managers can use to improve the change process.

4. ***Negotiation:*** Another way to deal with potential resistance to change is to exchange something of value for a lessening of the resistance. Where some persons in a group clearly lose out in a change, and where groups have considerable power to resist, negotiation and agreements are helpful. It becomes relatively easy to avoid major resistance through negotiation. Negotiation as a tactic may be necessary when resistance comes from a powerful source.

5. ***Manipulation and Co-optation:*** Manipulation refers to covert influence attempts. Twisting and distorting facts to make them appear more attractive, withholding undesirable information and creating false rumours to get employees to accept a change are all examples of manipulation. It involves giving individuals a desirable role in design or implementation of change.

6. ***Coercion:*** Coercion is the application of direct threats or force on the resisters. They essentially force people to accept a change by explicitly or implicitly threatening them with the loss of their jobs, promotion possibilities and transferring them. Coercion is mostly applied where speed is essential in implementing change and the change initiator possesses considerable power.

Task Suggest three measures to handle resistance to change in an organisation which employs people usually in their 40s.

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16.9 Approaches/Models to Managing Organisational Change (Change Process)

For most people, change is not easy. Even when we know things could be better, we get a certain comfort from a familiar setting; familiar people and familiar ways of doing things. Because of this, change is most likely to succeed when managers follow a well-thought-out path to implement it. The following models show which type of strategy can be utilized to increase the effectiveness of change strategies.

1. Lewin's Change Model
2. Nadler's Organisational Model.
3. A Contingency Model of Analyzing Change

16.9.1 Lewin's Change Model

Kurt Lewin a social psychologist, noted for his work in organisational theory, developed a model of the change process that has stood the test of time and continues to influence the way organisations manage planned change. Lewin's model is based on the idea of force field analysis.

Lewin proposed the three-step model as shown in the Figure 16.1 below.

Figure 16.1: Lewin's Model of Organisational Change

Steps in the Change Process

1. ***Unfreezing:*** The process begins with unfreezing, which is a crucial first hurdle in the change process. 'Unfreezing' means melting resistance to change; the people who will be affected by the change come to accept the need for it. People tend to resist change because it increases anxiety and stress, and it may threaten their self-interests. Unfreezing involves encouraging individuals to discard old behaviours by shaking up the equilibrium state that maintains the status quo. Unfreezing on the part of individuals is an acceptance that change needs to occur. Resistance to change "melts" when events or information-customer complaints, mounting losses, an accident – causes people to conclude that the status quo is unacceptable and that change is worth the effort. In essence, individuals surrender by allowing the boundaries of their status quo to be opened in preparation for change.
2. ***Change or moving:*** If unfreezing succeeds, people want to make a change, but they still need to see a path to a better state. In the moving stage, new attitudes, values and behaviours are substituted for old ones. Organisations accomplish moving by initiating new options and explaining the rationale for the change, as well as by providing training to help employees develop the new skills needed.

   The transformation stage requires altering one or more characteristics of the work setting:

   (a) The structure and systems of the organisation;

   (b) Social factors – characteristics of employees, the way they interact, the organisational culture;

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(c) The organisation's technology and/or

(d) The physical setting.

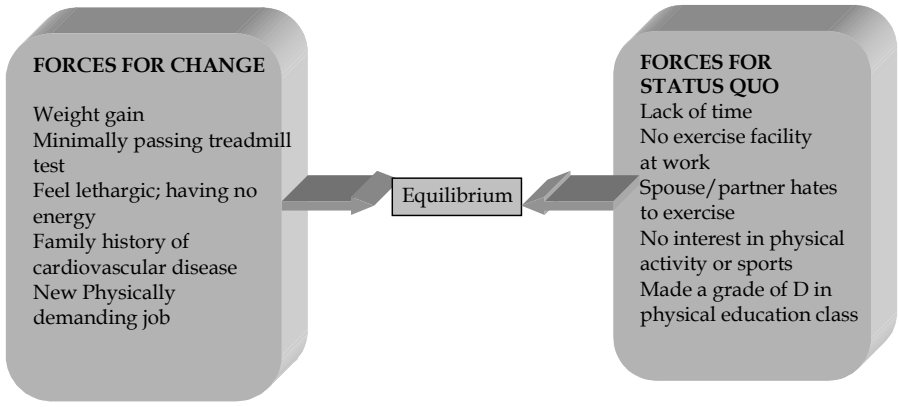
The implication is that changes in the work setting will lead to changes in individual behaviour, which in turn will improve the organisation's outcomes.

3. ***Refreezing:*** For the change to endure, it must be reinforced as part of a new system. Lewin calls this step 'refreezing'. Refreezing is the final step in the change process. In this step, new attitudes, values and behaviours are established as the new status quo. In some cases, the people affected by the change will clearly benefit from it. The resulting benefits will themselves reinforce the change. In other cases, the manager needs to take an active role in reinforcing the change. The new ways of operating should be cemented and reinforced. Managers should ensure that the organisational culture and formal reward system encourage the new behaviours and avoid rewarding the old ways of operating.

Force Field Analysis

A useful technique for analyzing change situations is Kurt Lewin's force-field analysis method. This technique describes and analyses the various forces that operate in social systems to keep the system either in balance or in state of change. Lewin's method proposes that two sets of forces operate in any system: forces that operate for change (the driving forces) and forces that operate against change (the resisting forces). If the two sets of forces are equal in strength, then the system is in equilibrium. This is explained through the Figure 16.2 which shows a force field analysis of a decision to engage in exercise behaviour.

Figure 16.2: Force-field Analysis of Equilibrium



Source: Debra L Nelson and James Campbell Quick "*Organisation Behaviour – Foundations, Realities and Challenges*", (Second Edition), West Publishing Company, Minneapolis (1997), Page 552.

For behavioural change to occurs, the forces maintaining status quo must be overcome. This can be accomplished by increasing the forces for change, by weakening the forces for status quo, or by a combination of these actions.

Tasks **Applying Force Field Analysis**

Think of a problem you are currently facing. An example would be trying to increase the amount of study time you devote to a particular class.

1. Describe the problem, as specifically as possible.

Contd...

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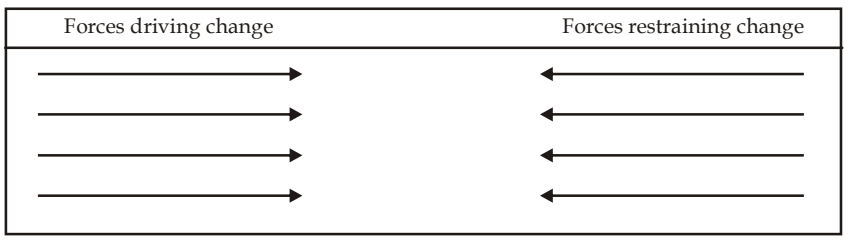
2. List the forces driving change on the arrows at the left side of the diagram.
3. List the forces restraining change on the arrows at the right side of the diagram.
4. What can you do, specifically, to remove the obstacles to change?
5. What can you do to increase the forces driving change?
6. What benefits can be derived from breaking a problem down into forces driving change and forces restraining change?

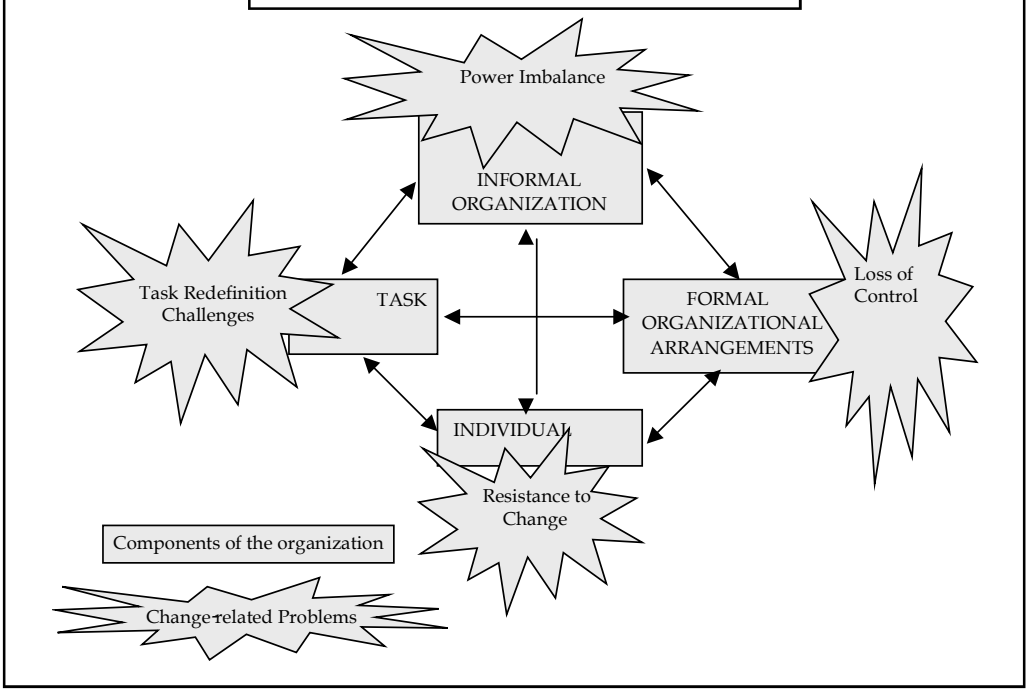


Source: Debra L Nelson and James Campbell Quick, *Organisation Behaviour – Foundations, Realities and Challenges* (Second Edition), West Publishing Company, Minneapolis (1997) Page 553.

16.9.2 Nadler's Organisational Model

David Nadler's model provides guidance in identifying and managing the internal forces that drive or inhibit change. His model is based on the open systems model of organisations. Figure 16.3 below explains Nadlers' organisational model.

Figure 16.3: Nadler's Organizational Model



Source: David A Nadler, "Concepts for the Management of Organisational Change," in M.L Tushman and N.L Moore (eds.) , Readings in the Management of Innovation, (2nd Edition) Ballenger Publishing Company (1988) Page 722.

As shown in the Figure 16.3 above, Nadler describes the transformation process as an interaction among four basic components of the organisation: its task, its individuals, its formal

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organisational arrangements (structures, processes, systems) and its informal organisation (patterns of communications, power and influence, values and norms).

When an organisation undergoes change, its organisational components start out with one set of characteristics, then cross over through a transitional state, to finally reach a future state where they have a different set of characteristics.

During the transition as well as in the future state, a change in one of the organisational components (for example, task) will call for changes in other components as shown around the outside of Figure 16.3.

1. ***Resistance:*** The individuals in the organisation may resist changing. They may
   (a) Be anxious about the change.
   (b) Feel they will lose control, or
   (c) Be unable to cope, or
   (d) Have a vested interest in the existing state of things.
2. ***Control:*** During the transition and afterwards, this formal structure may no longer be effective. Managers may lose the ability to monitor performance and make needed corrections.
3. ***Power:*** Changes disrupt the existing balance of power, and especially during the transition state cause individuals to engage in political (power-seeking) behaviour.

Awareness of these problem areas enables managers to prepare themselves to implement change successfully.

16.9.3 A Contingency Model of Analyzing Change

Kotter and Schlesinger have proposed a contingency framework for matching methods with situations of organisations. There proposal is shown in Table 16.2 below:

Table 16.2: Methods for Dealing with Resistance to Change

Approach	Commonly Used in Situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time-consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time consuming if participators design an inappropriate change.
Facilitation + Support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time-consuming, expensive, and still fail.
Negotiation + Agreement	Where someone or some grip will clearly lose out in a change, and where the group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + Co-optation	Where other tactics will not work, or are too expensive.	It can be relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + Implicit coercion	Where speed is essential and the change initiators possess considerable power.	It is speedy, and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Source: John P Kotter and Leonard A Schlesinger, "Choosing Strategies for Change," Harvard Business Review (March - April 1979) Page 111.

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The various approaches in the model are explained below:

1. ***Education and Communication:*** providing of facts and information; increased communication about the change.
2. ***Participation and involvement:*** Letting those affected have a voice in how the change will occur.
3. ***Facilitation and support:*** providing training for change, effective listening, counselling and understanding of emotional reaction to change.
4. ***Negotiation and agreement:*** bargaining over various aspects of change.
5. ***Manipulation and co-optation:*** Using information about change selectively or seconding a representative (or informal leader) from the group to participate in the design of the change.
6. ***Explicit and implicit coercion:*** Using power position and threats to force compliance.

While implementing change, managers must choose which approach best fits the situation. Each approach has its advantages and disadvantages and hence, they are appropriate in certain situations only.

16.10 Summary

- The presence of a strong and appropriate organisational culture has become essential for an organisation to function effectively and efficiently in the modern era.
- Organisational culture is the consciously or subconsciously accepted and followed way of life or manner of performing day-to-day activities in an organisation.
- It plays an important role in determining and controlling employee behavior at workplace.
- The core values, assumptions, norms, procedures, etc. that are followed in an organisation constitute its culture.
- These are more often than not, accepted and followed throughout the organisation, without much deviation.
- For organisations to develop, they often must undergo significant change at various points in their development.
- Organisational Change occurs when an organisation evolves through various life cycle.
- Significant organisational change occurs, when an organisation changes its overall strategy for success, adds or removes a major section or practice, and/or wants to change the very nature by which it operates.
- Leaders and managers continually make efforts to accomplish successful and significant change.
- The changes that bring a complete overhaul are most often than not resisted by the others first.
- It is very important that the staff be made to understand the necessity for the change.
- There are many approaches to guiding change – some planned, structured and explicit, while others are more organic, unfolding and implicit.
- Different people often have very different – and strong – opinions about how change should be conducted.
- Whatever resistances or objections, if the change is essential and justified, it must be undertaken, as they say- the only constant factor is change.

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16.11 Keywords

Adhocracy Culture: This culture is a representative of those organisations which are dynamic entrepreneurial and creative places to work. People stick their necks out and take risks.

Clan Culture: This type of culture is visible in those organisations which are very friendly place to work where people share a lot of themselves. It is like an extended family.

Hierarchy Culture: This type of culture is visible in those organisations which are much formalized structured place to work. Procedures govern what people do.

Market Culture: This type of culture is visible in those organisations which are results oriented organisations whose major concern is with getting the job done.

Refreezing: Refreezing is the third of Lewin's change transition stages, where people are taken from a state of being in transition and moved to a stable and productive state.

Unfreezing: Unfreezing is the first of Lewin's change transition stages, where people are taken from a state of being unready to change to being ready and willing to make the first step.

16.12 Self Assessment

Fill in the blanks:

1. According to Schien, there exists a hand-in-glove relationship between ..... and ..... .
2. The culture of an organisation can be further expanded as ..... and ideas about what kinds of ..... and objectives, the members of an organisation should pursue.
3. Small work forces and more localized operations contribute to the development of ..... cultures.
4. The traditional view of resistance to change treated it as something to be ....., and many organisational attempts to reduce the ..... have only served to intensify it.
5. The contemporary view holds that resistance is simply a form of ..... .
6. Related to ..... is the challenge of workforce diversity.
7. Resistance can be....., ..., ..., or deferred.

16.13 Review Questions

1. Assess the culture of an organisation of your choice on the basis of the following:
   (a) How is the space allocated? Where are the offices located?
   (b) How much space is given to whom? Where are people located?
   (c) What is posted on bulletin boards or displayed on walls?
   (d) What is displayed on desks or in other areas of the building? In the work groups? On lockers or closets?
   (e) How are common areas utilized?
   (f) What do people write to one another?
   (g) What is said in memos or email? What tone is of messages (formal or informal, pleasant or hostile, etc.)?

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(h) How often do people communicate with one another? Is all communication written, or do people communicate verbally?

(i) What interaction between employees do you see? How much emotion is expressed during the interaction?

2. What would be the one thing you would most like to change about the organisation you discussed in the answer of question 2?
3. What are the reasons for mangers to care about their relationship with the stakeholders?
4. Coaching, mentoring and other forms of training can help define an organisation's culture-true/false? Justify your statement.
5. As a manager HR, how would you deal with a person who has an independent and aggressive work attitude due to his cultural background and is a better performer than the rest of the employees who do their work with full grit but lack that enthusiasm?
6. Suppose you have inherited a business of your father who nurtured employees like a family, thus turning the organisation into an informal type. How will you ensure commitment to your plans of fast growth and profit maximization?
7. How will you minimize resistance from middle management in implementing the change in the situation given in question 1?
8. What would you choose- implementing the change yourself or hiring a consultant? If latter, how would you benefit from a consultant?
9. How would you measure the inherent risks/costs of not embracing the change?
10. How would you choose the processes that would need to change/introduce?
11. How will success be measured and what value will success have for the business and individual?
12. "Give an example of how you changed the direction of an organisation or group. Provide examples of the process, procedures and techniques used to change the direction."
13. As a change manager, would you resort to negotiation and agreement with the main resistors of the organisational change?
14. Examine Nadler's Model to manage change. Is there any limitation that it overlooks?
15. What may be the various forces that might operate in social systems to keep the system either in balance or in state of change?
16. Why does the change inherently imply political activity in an organisation?
17. Out of empathy & support, and manipulation & co-optation, what do you think to be a better way of dealing with resistance to change and why?

Answers: Self Assessment

1. culture, leadership
2. beliefs, goals
3. strong
4. overcome, resistance
5. feedback
6. globalization
7. overt, implicit, immediate

Notes

16.14 Further Readings

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LOVELY PROFESSIONAL UNIVERSITY
Jalandhar-Delhi G.T. Road (NH-1)
Phagwara, Punjab (India)-144411
For Enquiry: +91-1824-521360
Fax.: +91-1824-506111
Email: odl@lpu.co.in

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