

# **BHARATHIDASAN UNIVERSITY**

(Re-accredited with 'A' Grade by NAAC)

## **CENTRE FOR DISTANCE EDUCATION**

PALKALAIKERUR, TIRUCHIRAPPALLI – 24



**M.B.A**

**FIRST SEMESTER**

**Paper - V**

**ORGANIZATIONAL BEHAVIOUR**

Syllabus Revised from 2017 onwards

**CORE COURSE: V**  
**ORGANISATIONAL BEHAVIOUR**  
**(Syllabus)**

***Objectives:***

The objectives of the course are to familiarize the participants with the behavioural patterns of human beings at individual and group levels in the context of an Organization.

***Unit I***

Organizational Behavior – Definition, Need for studying Organizational Behavior, Disciplines involved in the study of Organizational Behavior, -Contributing disciplines and area like psychology, social psychology, economics, anthropology etc. Application of Organizational Behavior in Business.

***Unit II***

Individual behaviour – personality, perception, learning, attitudes inter-personal behaviour – Group and inter-group behaviour.

***Unit III***

Group Dynamics – Formal and Informal Group, Group Norms, Group Cohesiveness, Group Behaviour and Group Decision – making.

***Unit IV***

Motivation and morale, leadership-nature, styles and approaches, development of leadership including laboratory training. Power and Authority – Definition of Power – Types of Power.

***Unit V***

Management of change-conflict Management- Organisation Health, Development and Effectiveness. Management of culture, Cross Cultural Management.

***Recommended Text books***

1. Organizational Behaviour, India Edition, Nelson & Quick, Cengage learning.
2. Organisational Behaviour, S. Fayyaz Ahamed and others, Atlantic publisher.
3. Organisation Behaviour, A modern approach – Arun Kumar & N. Meenakshi Vikas publishing House PVT Ltd.,
4. Behaviour in organizations, Indian Edition, Jerald Green Berg and Robert A. Baron – PHI Learning PVT Ltd.,
5. Organisational Behaviour, UMA Sekaran, Tata Mcgraw Hill.

***Suggested Readings:***

1. Fundamentals Organisational Behaviour, India Edition – Slocum and Hell Riegel by Cengage learning.
2. Culture and organisational Behaviour Jai B.P. Sinha [www. sagepublications. com](http://www.sagepublications.com)
3. Organizational Behaviour, Special Indian Edition – by Steven L Mcshane, Mary Ann Von Glinow and Radha R. Sharma, Tata Mcgraw hill co.
4. Management of Organizational Behaviour Indian Edition, By Paul Hersey Kenneth. H. Blanchard and Dewey – PHI learning PVT Ltd.,

**ORGANISATIONAL BEHAVIOUR**  
**UNIT-1**  
**EVOLUTION OF MANAGEMENT THOUGHT**

**1.1 Introduction:**

Management as a discipline, as we understand and practise today, is barely hundred years old. Considering that documented history is a few thousand years old, the so-called scientific management is still in its infancy. Obviously, our ancestors practised some form of management and achievements testify their success. Any traveller to countries which have had ancient civilizations, such as India, China or Greece, will marvel at how human beings scaled great heights of success in politics, science, commerce, religion, etc. only to fall later and then start all over again. The very concept of management is understood and practised differently in different countries. From that perspective, contemporary management concepts are just another wave of thought in the vast ocean of human history and are bound to change with the passage of time and culture.

**1.2 Objectives:**

After reading this unit, you will be able to

- 1) define the concept of management
- 2) trace the history of management
- 3) identify the contributions made by important management thinkers.
- 4) compare the contributions of various management thinkers.

**1.3 Structure of the unit**

**1.3.1 Definition of Management**

**1.3.2 Features of Management**

**Check your Progress**

**1.40 Pioneer of Management Thinkers**

**1.41 Frederic Winslow Taylor**

**1.42 Henri Fayol**

**1.43 Max Weber**

**1.44 Mary Parker Fallot**

**1.45 George Elton Mayo**

**1.46 Chester I. Bernard**

**1.47 Herbert A. Simon**

**1.48 Rensis Likert**

**1.49 Douglas McGregor**

**1.50 Chris Argysis**

**Check your Progress**

**1.51 Modern Management Thinkers**

**1.52 Peter F. prucker**

**1.53 Michel E. Porter**

**1.54 Tom peters**

**1.55 Gary Hamel**

**1.56 H. Igor Ansoff**

**1.57 Henry Minzberg**

**Check your Progress**

**1.58 Summary**

**1.59 Key words**

**1.60 Answers to check your progress**

**1.61 Activity**

**1.62 Cases**

**1.63 Review questions**

**1.64 References**

### 1.3.1 Definition of Management

There were four blind men. They wanted to see an elephant. The first man described elephant was like a pillar, second man as rope, the third man as wall and the last man as a fan. Similarly, there was no single definition of Management. To have an understanding, three important definitions are discussed below:

“Management may be defined as the art of securing 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”. -JOHN.E.MEE

“Management is the art of getting things done through and with people in formally organised groups. It is the art of creating the environment in which people can perform as individuals yet cooperate towards attainment of group goals. It is the art of removing blocks to such performance, a way of optimising efficiency to reach goals.” -HAROLD KOONTZ

“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.” -GEORGE. R. TERRY

#### 1.31 Features of Management:

You have gone through three popular definitions of Management. Each definition has its own emphasis. Based on them, we can narrate the following features of Management:

1. **Activity:** Management is a process of organised activity. It is concerned with the efficient use of resources like men, money and materials in the organisation.
2. **Group Activity:** Management cannot exist independent of the group or organisation it manages. It is a cardinal part of any group activity and inspires workers to put forth their best efforts.
3. **Universal Activity:** Management is a universal phenomenon. However, management principles are not universally applicable but are modified to suit the given situation and the type of organisation.
4. **Purposeful:** Management is a goal-oriented activity. It is concerned with the accomplishment of goals through its various functions like planning, organizing, staffing, directing, and controlling.
5. **Process:** Management is a process, which involves planning, organizing, directing and controlling the efforts of human resources in the use of material resources. These are the basic functions, which every manager performs for the accomplishment of certain goals.
6. **Intangible:** Management is abstract and cannot be seen with the eyes. It is indicated by the quality of the organisation and the results. Thus, feeling of management is result-oriented.
7. **Profession:** Management is a profession because most of its established principles are being applied in practice.
8. **Interdisciplinary:** This implies that, even though management has been developed as a distinct discipline, it draws knowledge and concepts from other social sciences like psychology, sociology, anthropology, economics, and so on.
9. **Decision-making:** Management process involves decision-making at various levels for getting things done by others. It involves selecting the most appropriate alternative out of the several available.

10. **Science and an art:** Management has developed certain principles and laws, which have wide applications. So it is treated as a science. It is also an art, because it is concerned with the application of knowledge for the solution of organisational problems.

#### **Check Your Progress:**

1. When management is performed at all levels of organization, it is said to be \_\_\_\_\_
2. Management requires the knowledge of various disciplines and hence it is \_\_\_\_\_

### **1.40 Pioneers of Early Management Thinkers**

After understanding the concept of Management, let us trace the history of Management. You see management has been practised in some form or other since the dawn of civilization. The Egyptian pyramids, the Great Wall of China, Qutab Minar in Delhi, the Taj mahal in Agra, the Stupas or Sanchi, the Jain temple at Mount Abu the Archaeological findings of Mohanjodara all clearly indicate that organizations and ideas about how to manage them have been around since antiquity. In this section, we would come across the pioneer thinkers of management, who provided solid mettle for constructing the sophisticated and elegant buildings of management. Their contributions are explained below:

#### **1.41 Frederick Winslow Taylor (1856 –1915):**

F.W. Taylor was born in 1856 in Philadelphia, U.S.A. Taylor was a chief engineer in the Midvale Steel Works where he started his career as an apprentice. He carried out many experiments to find out the best way to work, over a period of more than two decades. One of his experiments led to the discovery of high speed steel which made him popular. He became disgusted with the existing monotonous methods of working. Soon he realised that there was a lot of waste of material, resulting in loss of production and efficiency. As a solution to these problems, he wanted to apply scientific reasoning to management. After leaving Midvale Steel works, Taylor joined the Bethlehem Steel Company where he experimented with his ideas. He discussed his thoughts of management in a paper, ‘A Piece Rate System and shop Management’, before the American Society of Mechanical Engineers. Moreover, Taylor’s publications like ‘Shop Management’ and ‘Principles of Scientific Management’ have received wide public attention and reading.

Frederick W. Taylor rested his philosophy on four basic principles:

1. the development of a true science of management, so that the best method for performing each task could be determined.
2. the scientific selection of workers, so that each worker would be given responsibility for the task for which he or she is best suited.
3. the scientific education and development of the worker and
4. the Intimate, friendly cooperation between management and labour.

Taylor contended that the success of these principles required “a complete mental revolution” on the part of management and labour. Rather than quarrel over profits, both sides should try to increase production; by so doing, he believed, profits would rise to such an extent that the labour and management would no longer have to fight over them. In short, Taylor believed that management and labour had a common interest in increasing productivity.

Taylor based his management system on production-line time studies. Instead of relying on traditional work methods, he analysed and timed steel workers' movements on a series of jobs. Using time study as his base, he broke each job down into its components and designed the quickest and best methods of performing each component. In this way he established how much workers should be able to do with the equipment and materials at hand. He also encouraged employers to pay more productive workers at a higher rate than others, using a "scientifically correct" rate that would benefit both company and worker. Thus, workers were urged to surpass their previous performance standards to earn more. Taylor called his plan the different piece rate system.

The substitution of the rule of thumb by scientific approach is one of the chief contributions of Taylor. Cooperation between labor and management may be regarded as a foundation on which the structure of Scientific Management can be built. This can only be achieved through a change in the mental attitude of the workers and the management towards each other. Taylor called it as "Mental Revolution".

The main functions of mental revolution are the following:

1. to create the spirit of mutual trust and confidence.
2. to put in all efforts for increased production.
3. to inculcate and develop the scientific attitudes towards problems.

Taylor suggested that the management is responsible for maintaining a congenial atmosphere in the factory and should take all necessary steps to include the best methods / practices for carrying out various jobs. The workers should also change their attitude towards the management. They should be loyal, sincere and disciplined in discharging their assigned tasks. They should not indulge in wastage of resources and utmost importance should be given for mutual trust and confidence. To sum up, Taylor laid emphasis on the following:

1. Science, not rule of thumb.
2. Harmony in group action, rather than discord.
3. Maximum output; not restricted output.
4. Scientific selection and placement of the workers.
5. Development of all workers to the fullest extent possible for their own and the organisation's prosperity.

### **Benefits of Scientific Management**

The following are the benefits:-

1. Replacement of the traditional rule of thumb method.
2. Better workforce through proper selection and training.
3. Harmonious labour-management relationship
4. Standardisation of tools, equipment and work methods.
5. Better utilization of scarce resources.
6. Continuous improvement of the workers
7. Incentives (wages) to the workers for higher production
8. Satisfaction of the needs of the customers by providing them with higher quality products at lower prices.
9. High productivity for the nation.

## **Criticism of Scientific Management**

Taylor's scientific management was criticized by the workers, managers, psychologists and the public at large. The various grounds of criticism are as follows:

1. The concept of functional foremanship is not feasible in practice as it violates the principle of unity of command.
2. 'Taylorism' is confined mostly to production management and fully ignores the areas of finance, marketing, accounting, and personnel.
3. The use of the word 'Scientific' before 'Management' is objected to because what is actually meant by scientific management is nothing but a scientific approach to management.
4. Trade unionists object to it as the wages of the workers are not increased in direct proportion to the increase in productivity.

In spite of the above criticism, many of the recommendations of Taylor are still being applied by the modern business undertakings.

### **1.42 Henri Fayol (1841-1925)**

Henri Fayol, a French contemporary of Taylor started his career as a coal mine engineer in the French coal mine company in 1860. He was its Managing Director from 1888 to 1918. During this period, he took the company to great heights from the verge of bankruptcy. As a Managing Director he came to the conclusion that there was only a singly administrative science applicable to all types of organisations. Because of his emphasis on universality of administrative science or management principles, he is known as the 'Universalist'.

Fayol's contributions are generally termed operational management or administrative management. They were first published in the book form under the title *Administration industrielle te generale* (General and Industrial Management.) in French, in 1916. However, his contributions did not become famous until 1949 when the English translation of his book became widely available.

Fayol divided all activities of industrial enterprises into six groups.

They are as follows:

1. Technical activities concerning production.
2. Commercial activities of buying and selling.
3. Financial activities intended to seek optimum use of capital.
4. Accounting activities concerning final accounts.
5. Security activities relating to protection of property.
6. Managerial activities.

Unlike Taylor, Fayol considered management from a top manager's viewpoint. He not only recommended teaching theories in management dealing with planning, organizing, commanding, coordinating, and controlling but also practised it by founding a centre for Administrative Studies in Paris. Major contributions of Fayol are the following:

1. Identification and classification of business activities.
2. Identification of management as a separate set of functions.
3. Classification of functions of management into five elements.
4. Development of universal principles of management.
5. Emphasis on managerial qualities.

## Henri Fayol's Principles of Management

Henri Fayol has suggested fourteen principles of management for running the business efficiently. According to him, "there is nothing rigid or absolute in management affairs; it is all a question of proportion". Thus these principles are flexible and capable of adaptation. They are as follows:

**1. Division of work.** It refers to the division of work among various individuals in the organisation to bring about specialization in every activity. Specialisation tends to increase efficiency and helps to avoid waste of time and effort caused by changes from one work to another.

**2. Authority and responsibility.** Authority is the power to give orders to the subordinates. Responsibility means the duty, which the subordinates are expected to perform. Fayol suggested that authority and responsibility should go hand in-hand. Authority without responsibility promotes irresponsible behaviour on the part of management. Similarly, responsibility without authority makes management ineffective. Thus there should be parity between authority and responsibility.

**3. Discipline.** Discipline is highly essential for the smooth running of the organisation. It means obedience to rules and regulations of the organisation. Maintenance of discipline in the organisation depends upon the quality of leadership, clear and fair agreements etc.

**4. Unity of Command.** An employee should receive orders from one superior only for any action or activity. This principle is necessary to avoid confusion and conflict. Besides, when there is unity of command, it is easy to fix responsibility for mistakes. Fayol stated that if this principle is violated, authority will be undermined, discipline will be in jeopardy, order will be disturbed and stability will be threatened.

**5. Unity of direction.** The principle of unity of direction states that for a group of activity having the same objective, there should be one head and one plan. It alone can produce a sense of loyalty and devotion among the subordinates. Fayol observed that, unity of direction must not be confused with the unity of command. Unity of direction is provided for by a sound organisation of the body corporate. Unity of command pertains to the functioning of the personnel. Unity of command cannot exist without unity of direction, but it does not follow from it.

**6. Subordination of individual interest to general interest.** This principle calls for the reconciliation of objectives of individuals with those of the organisation. Organisation is superior to individuals. When the individual and the organisational interests conflict, the latter must prevail.

**7. Remuneration of personnel.** The remuneration of the employees should be fair and just. Employees who are paid decent wages will have a high morale.

**8. Centralisation.** Centralisation refers to the concentration of authority at one level in the organisation. On the other hand, decentralization is the dispersal of authority to the lower levels in the organisation. The degree of centralization may be different in various organisations. But a balance should be maintained between centralization and decentralization to ensure the best results.

**9. Scalar chain.** Scalar chain refers to the chain of superiors ranging from the final authority to the lowest level in the concern. It is otherwise, regarded as a chain of command because orders or instructions issued at higher levels flow through intermediate managers before reaching lower levels,

Scalar chain states superior-subordinate relationship throughout the concern. It is highly essential to ensure unity of command and effective communication in the organisation. But it is subject to certain limitations. They are:

- Communication takes too long a time as the order flows from the top to the bottom in the chain.
- There is a possibility of distortion of messages in the course of its transmission. However, a ‘gang plank’ may be created bypassing the established line of authority to allow quick communication and swift action.

**10. Order.** This principle implies a “right man in the right place.” Fayol said that there should be a place for everything and everyone. The management should get order in work through suitable arrangement of men and materials.

**11. Equity.** It means justice and kindness. Management must practice equity and equality of treatment while dealing with the people. Equity ensures healthy industrial relations between the management and the labour.

**12. Stability of tenure.** This principle calls for the lowest possible turnover of personnel for the well-being of the organisation. Since the loyalty of the employees highly depends on their stability in the organisation, the management should strive to minimize employee turnover.

**13. Initiative.** Initiative implies freedom to think and execute a plan. Initiative is a powerful motivator of human behaviour and a source of strength for the organisation.

**14. Esprit de corps.** ‘Esprit de corps’ means the spirit of loyalty and devotion, which unites the members of a group. This is the principle of ‘union is strength’ and extension of unity of command for establishing teamwork.

Strength of an organisation lies in the cooperation and harmony of its workers. The policy of ‘divide and rule’ should, therefore, be replaced by ‘union is strength’. The differences of opinion should be settled then and there.

#### Comparison Between Taylor and Fayol

F. W. Taylor	Henri Fayol
He is known the father of scientific management.	He is known the father of functional management.
He worked from bottom to top level.	He worked from top to bottom level.
He gave greater emphasis to shop and factory management.	He gave greater emphasis to the office and the management process as a whole.
His main concern was to increase the efficiency of workers and managers.	His main concern was to evolve principles of general management and the functions of managers.

#### 1.43 Max Weber (1864-1920)

Max Weber was a German sociologist. Writing in the early part of this century, Weber developed a theory of authority structures and described organisational activity on the basis of authority relations. He described an ideal type of organisation called a **bureaucracy**, characterized by division of labour, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships. Weber recognized that this ideal bureaucracy didn’t exist in reality but, rather, represented a selective reconstruction of the real world. He used it as a basis for theorizing about work and the way that work could be done in large groups. His theory became the design prototype for many of today’s large organisations. Weber’s bureaucracy was an attempt to formulate an ideal model for organisation design and a response to the abuses that Weber observed within organisation.

Weber believed that his model could remove the ambiguity, inefficiencies, and patronage that characterized most organisations at that time. Weber's bureaucracy is not as popular as it was a decade ago, but many of its components are still inherent in large organisations.

His theory of bureaucratic management stressed the need for a strictly defined hierarchy governed by clearly defined regulations and lines of authority. He considered the ideal organisation to be a **bureaucracy** and its activities and objectives were rationally thought out and its divisions of labour were explicitly spelled out. Weber also believed that technical competence should be emphasized and that performance evaluation should be made entirely on the basis of merit.

#### **1.44 Mary Parker Follett (1868-1933)**

Mary Parker Follett was among those who built on the basic framework of the classical school. However, she introduced many new elements, especially in the area of human relations and organisational structure. In this, she initiated trends that would be further developed by the emerging behavioural and management science schools.

Follett was convinced that no one could become a whole person except as a member of a group; human beings grew through their relationships with others in organisations. In fact, she called management "the art of getting thing done through people." She took for granted Taylor's assertion that labor and management shared a common purpose as members of the same organisation, but she believed that the artificial distinction between managers (order givers) and subordinates (order takers) obscured this natural partnership. She was a great believer in the power of the group, where individuals could combine their diverse talents into something bigger. Moreover, Follett's holistic model of control took into account not just individuals and group, but the effects of such environmental factors as politics, economics, and biology.

Follett's model was an important forerunner of the idea that management meant more than just what was happening inside a particular organisation. By explicitly adding the organisational environment to her theory, Follett paved the way for management theory to include a broader set of relationships, some inside the organisation and some across the organisation's borders. A diverse set of modern management theories pay homage to Follett on this point.

She strongly believed that management and labour share a common purpose as members of the same organisation. She also believed that participative style of management could increase cohesiveness, sense of belonging and creativity. She advocated 'Behavioural approach in management'.

#### **Check your Progress**

**Match the following with the respective statements given:**

**A.** Taylorism    **B.** 14 Principles    **C.** Bureaucracy    **D.** Management

1. Application of science at the factory level of Management
2. They are applied in effecting a sound organization structure
3. It is characterized by division of labour, clearly defined hierarchy and impersonal relationship.
5. Art of getting things done through people.

#### **1.45 Elton Mayo and the Hawthorne Experiments 1924 - 1933**

The Hawthorne Experiments conducted by Elton Mayo and his associates at the Western Electric Company provided new insights into the human behaviour. Many of the experiments were performed at the Western Electric's Hawthorne plant near Chicago. Mayo's findings in these experiments marked the beginning of the Human Relations Era.

The studies attempted to investigate the relationship between the physical conditions at the workplace and the productivity of workers. The researchers divided the employees into two groups. One group called the test group was subjected to changes in lighting. The lighting condition for the other group called the control group remained constant throughout the study. When the test group's lighting conditions were improved, productivity increased as expected. What surprised the researchers most was the fact that productivity continued to increase even when the lighting was reduced. Further, to add to the mystery, the control group's output also increased as the test group's lighting conditions were changed, though there was no change in the lighting conditions for the control group. As a result, for the first time, it was realized that something in addition to lighting was influencing the worker's performance.

In another set of experiments, the changes, in the performance of a group of workers were observed by changing the various work related factors such as;

- Increasing the wages;
- Introducing rest periods; and
- Reducing the workdays and workweek;

Workers were also allowed to choose their own rest periods and to have a say in all these changes. These experiments revealed that financial incentives alone were not causing the productivity improvements. It was found that a complex set of attitudes were responsible for the productivity increase. Employers develop group norms at the work place. The test and the control groups developed some group understanding that motivated them to perform well. The fact that employees would work hard if they were convinced that supervisors pay special attention to their welfare was also made abundantly clear. This is often referred as the Hawthorne Effect.

Another conclusion of the studies was that informal work groups exist in the work place. The informal groups help the individuals share common values, understanding and beliefs. These informal groups exert significant influence on the employees. It is our common knowledge that many a time we find in the organisations how employees associations and friendships with co-workers influence their attitude towards the work and the superiors.

The contribution of the Human Relations movement is quite significant in that the individual and the impact of his association with a group had received due attention. Employee productivity was viewed as a function of the human relations at work rather than an engineering problem. Elton Mayo's studies in fact, contributed to a thorough change in the attitude and approach towards training.

#### **1.46 Chester I. Barnard (1886-1961)**

Chester Barnard, like Follett, introduced elements to classical theory to be further developed in later schools. Barnard, who became president of New Jersey Bell in 1927, used his work experience and his extensive readings in sociology and philosophy to formulate theories about organisations. According to Barnard, people come together in formal organisations to achieve ends they cannot accomplish working alone. But as they pursue the organisation's goals, they must also

satisfy their individual needs. And so Barnard arrived at his central thesis: An enterprise can operate efficiently and survive only when the organisation's goals are kept in balance with the aims and needs of the individuals working for it. What Barnard was doing was specifying a principle by which people can work in stable and mutually beneficial relationships over time.

For example, to meet their personal goals within the confines of the formal organisation, people come together in informal groups such as cliques. To ensure its survival, the firm must use these informal groups effectively, even if they some times work at purposes that run counter to management's objectives. Barnard's recognition of the importance and universality of this 'informal organisation' was a major contribution to management thought.

Barnard believed that individual and organisational purposes could be kept in balance if managers understood an employee's zone of indifference - that is, what the employee would do without questioning the manager's authority. Obviously, the more activities that fell within an employee's zone of indifference (What the employee would accept), the smoother and more cooperative an organisation would be. Barnard also believed that executives had a duty to instil a sense of moral purpose in their employees. To do this, they would have to learn to think beyond their narrow self-interest and make an ethical commitment to society. Although Barnard stressed the work of executive managers, he also focused considerable attention on the individual worker as "the basic strategic factor in organisation." When he went further to emphasize the organisation as the cooperative enterprise of individuals working together as groups, he set the stage for the development of a great deal of current management thinking.

According to Barnard an organisation exists when the following three conditions are fulfilled:

- ❖ there are persons able to communicate with each other,
- ❖ they are willing to contribute to the action and
- ❖ they attempt to accomplish a common purpose.

He has identified three types of functions, which an executive performs in an organisation. These are:

- ❖ maintenance of organisational communication.
- ❖ the securing of essential services form individuals in the organisation so as to achieve the overall purpose and
- ❖ the formulation and definition of organisational purpose.

Barnard's views on the concept of authority are noteworthy. He does not agree with the traditional view that authority transcends from the top to bottom. In his view, a person does not simply obey an order or directive because a superior has given it. As such, the exercise of authority depends on its acceptance, which is possible only when an individual,

- ❖ understands the communication,
- ❖ believes that it is not inconsistent with the organisational purpose,
- ❖ believes it to be compatible with his personal interest as a whole, and
- ❖ is mentally and physically able to comply with it.

The contribution of Barnard shows his perception of the organisation as a social system.

### **1.47 Herbert A. Simon (1916-1978)**

Herbert Simon is an eminent American social scientist. Born in 1916, he was awarded the Nobel Prize in Economics in 1978, in recognition of his outstanding contribution in analysing the Decision-Making Process. He goes to the extent of equating decision-making with management. He laid emphasis on how decisions are made and how they can be made effectively.

In his writings on decision-making, he maintained that to be scientific, one must exclude value judgements and concentrate on facts, apply rigorous analysis and test factual statements. Simon viewed an organisation as a structure of decision – makers. The missing factor, according to him, is correct decision-making. He argued that optimum rational choice between alternative courses of action is rarely made.

Simon divides the decision – making process into three phases, namely,

- intelligence activity: This involves finding occasions calling for decision. The manager analyses the environment and identifies conditions that need action ;
- design activity: Identifying, developing and analyzing all possible alternative courses of action are the important tasks in this stage.
- choice activity: Finally, the manager selects one of the alternative sources of action available to him.

According to Simon, every decision consists of a logical combination of facts and value propositions. He argues that complete rationality in decision-making is not always possible. He disputes the concept of total rationality in administrative behaviour. Human behaviour is neither totally rational nor totally non-rational. It involves, “bounded rationality”. ‘Bounded rationality’ and ‘satisfying’ are the two important terms used by him to drive home the point further. ‘Satisfaction’ involves the choice of an action which is satisfactory or fairly satisfactory.

Simon argues that managers do not aim at maximum satisfaction or result from a decision but are satisfied with reasonably good enough outcome or result. It is because of the limitations involved in identifying the alternatives, collecting all the facts and data, knowing the values of all alternatives.

Though some of Simon’s views on decision-making are widely acclaimed, his critics point out that social, political, economic and cultural factors did not get due attention. His theory is criticized as being extremely general and does not provide the details to guide the managers in decision-making. In spite of some imperfections, Simon’s contribution is undoubtedly a major breakthrough in the decision-making behaviour of managers.

### **1.48 Resins Likert (1903-1972)**

Resins Likert is an American social psychologist born in 1903. Likert and his associates carried out extensive research on management practices in a wide variety of situations like industrial units, railways, hospitals, schools and voluntary organisations and covered unskilled workers in factories to top scientists in research laboratories. He believed that the body of knowledge of social sciences can pave the way to frame a generalised theory of organisation and management. His findings provided deep insights into supervision, general management systems and dynamics of interpersonal relationships.

Likert classified supervisors into two categories: job centred and employee centred: the primary concern of the first category of supervisors is to ensure performance of assigned tasks and maintenance of prescribed standards. On the other hand supervisors in the second category are primarily concerned with the human aspects of their subordinates and effective team- building for high task performance.

It is argued that high performing managers are humane to their subordinates, and low performing managers are compelled to get tough with their subordinates to achieve better results. To resolve this dilemma, Likert and his colleagues conducted a series of experiments in which high and low performing managers were changed into each other's jobs. While high performing managers succeeded in improving the performance of low production units, low performing managers placed in high production units brought down their output over a span of time.

### ***Management Systems***

The most important contribution of Likert is his conceptualisation of different systems of management along a continuum. He identifies four distinct points along the continuum for purpose of illustration of the characteristic of each of the management systems. He labels them as under.

1. exploitative-authoritative,
2. benevolent-authoritative,
3. consultative and
4. participative.

The four management systems are then arrayed along the two important dimensions, the type of authority or control an organisation exercises over its members is represented as one dimension. The second dimension relates to the motivational forces used to control the activity of the people.

The operating characteristics include leadership, motivation, communication, interaction influence, decision-making and goal-operating characteristic and are juxtaposed over the four types of management systems.

Likert points out that authoritarian-exploitative management system displays a steep hierarchical structure and a centralised decision-making and results in top-down communication, tight supervision performance under pressure, and low degree of employee motivation. On the other hand, the participative management system displays flat structure, group decision processes, open and authentic three-way communication (up, down and lateral), adaptive supervision, individual and work groups with a high degree of achievement motivation. The other management systems 2 and 3 reveal intermediate combination on forms and processes.

The intermediate forms of management systems 2 and 3 will reveal transitory characteristics of progression from management system from 1 to 4 over a period. In system- 2 management orientation is still authoritative, but becomes less exploitative and more benevolent towards the members of the organisation. In system- 3 exercise of authority is more broad-based with delegation of powers to middle levels and consultation of affected interests at lower levels. To the extent motivation, communication and involvement of subordinates replace reliance on exercise of formal authority, consultative management systems will be well set to move forward to the management system-4.

#### **1.49 Douglas McGregor (1906-1964)**

McGregor proved that reliance on authority as the primary means of control leads to resistance, restriction of output and indifference to organisational objectives. His monumental classic “The Human side of the Enterprise” (1960) marked the watershed in the history of management movement. He questioned the various models describing man as rational, economic, and self-actualising.

McGregor’s assumptions, on the other hand, about human beings in the form of ‘Theory X and Theory Y’ present contrasting nature of man. Theory X revolves around the Traditional Theory of Human Behaviour. In his own words, these assumptions are as follows:

- The average human being has an inherent dislike of work and will avoid it if he can;
- Hence most people must be controlled, directed and coerced with punishment to get them to put forth adequate effort towards the achievement of organisational objectives;
- The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all.

Theory Y assumptions on the other hand, hold an optimistic view of human nature. According to this set of assumptions modern life does not fully tap the potential of the average human being. They suggest that the manager should take advantage of the subordinates’ willingness and ability to work by providing a climate for their performance. The assumptions under theory Y as pronounced by McGregor are as follows:

- The expenditure of physical and mental effort in work is as natural as play or rest;
- External control and the threat of punishment are not the only means for producing effort towards organisational objectives. People will exercise self direction and self- control in the service of objectives to which they are committed;
- The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement;
- Average human beings learn, under proper conditions, not only to accept but also to check responsibility;
- The capacity to exercise with a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problem is widely and not narrowly distributed in the population;
- Under the conditions of modern industrial life, the intellectual potentialities of human beings are only partially utilised.

As can be easily seen, these two sets of assumptions are fundamentally different. Theory X is pessimistic, static and rigid. Control is external in that the superior imposes it on the subordinate. In contrast, Theory Y is optimistic, dynamic and flexible with an emphasis on self-direction. It also advocates the integration of individual need with organisational demands.

#### **1.50 Chris Argyris**

Chris Argyris was in early 1950s a teacher of Industrial Administration at Yale University. In 1968, he moved to the Harvard Business School. He has been consultant to IBM, DuPont, Shell and several governments.

A staunch supporter of job enrichment, Argyris believes that each person already has the ‘psychological energy’ that provides motivation. The challenge, he suggests, is not to find ways of artificially motivating people; it is to recognize and channelize this innate energy.

**T-groups.** Chris Argyris was the main force behind the ground-breaking T-group experiments in the 1960s. ‘T-group training’ is a phrase used to describe a number of similar training methods, the purpose of which is to increase the trainee’s skills in working with other people – and a considerable proportion of time on such a training course is spent in discussing the trainees’ relationships with one another.

### Check your Progress

#### Match the following

1.	Human Relations Movement	1.	Herbert A. Simon
2.	Systems theory	2.	Rensis Likart
3.	Decision making process	3.	Douglas McGregor
4.	T-groups	4.	Elton Mayo
5.	Theory x and y	5.	Chris Argrsis
6.	Summative Scale	6.	Chaster I. Bernard

#### 1.51 Modern Management thinkers

As you know, the twentieth century has witnessed a few more thinkers on management. Their contribution has made the management more advanced. They are Peter F. Drucker, Michel E. Porter, Tom Peters, Gary Hamel, H. Igor Ansoff and Henri Minzberg. Let us see the contributions of these management thinkers.

#### 1.52 Peter F. Drucker

Drucker is a highly respected management thinker; He is a prolific writer and has published several books and articles on the management practices. He is so versatile that there is hardly area in management, which is not touched by him. He has drawn heavily from his consultancy experience spread over the last four to five decades. Drucker perhaps is the only management thinker who is admired by even the socialist block countries also. His views on management may be summarized as follows:

**1. Management as a practice:** According to Drucker management has two important functions, namely, i) Innovation and ii) Marketing. He has treated management as a discipline as well as a profession. For him, management is more a practice. It is always goal oriented. His comment on the purpose of business as the creation of customer, if understood and in the right way helps any organisation to achieve success.

Drucker’s views on innovation are equally important for the emphasis they place on new product development. He argues that ‘new products should drive out existing products’ rather than the other way round. As such, he is against bureaucratic management for it stifles the innovative spirit and the initiative among the people in the organisation. He contends that modern organisations are knowledge based organisations and describes the modern workers as ‘knowledge workers’ considering their skills, and innovative abilities.

**2. Functions of management;** Drucker points out three basic functions of management. The actions of management should contribute to

- the achievement of purpose and mission of the institution;
- make the work productive and the worker achieving, and
- effective management of social responsibilities.

**3. Objective setting;** Drucker has attached great importance to objective setting. He has specified that objectives should be set for all the key result areas of business. To make the objective setting and their achievement more meaningful, he has given a new tool, what is popularly known as Management by Objectives.

MBO is regarded as one of his most important contributions to the discipline of management. He has discussed the concept in great detail in his book, the practice of management 1954. MBO is a process whereby superiors and subordinates jointly identify the common objective, set the results that should be achieved by subordinates and assess the contribution of each individual. It is viewed more as a philosophy than as a tool or technique to achieve the objectives.

**4. Orientation towards Future;** Drucker is a great visionary and futurologist. He was ahead of others in visualizing the future trends that affect the society. He visualized the modern organisation and its impact on the society several years ago. His views on the many facets of the modern corporations have almost all become reality now. To put it in his own words, he described the present age as the ‘age of discontinuity’.

**5. Federalism;** Drucker has advocated the concept of federalism. Federalism according to him involves centralized control in a decentralised structure. Federalism has certain positive values over other methods of organizing. These are as follows;

- It sets the top management free to devote itself to major policy formulation and strategy development;
- It defines the functions and responsibilities of the operating people;
- It creates yardsticks to measure twin success and effectiveness in operating jobs; and
- It helps to resolve the problem of continuity through giving education to the managers of various units while in an operating position.

Drucker’s realistic way of looking at the organisations and society has earned him the status of a Management Guru. His contributions have made tremendous impact on the management practices all over the world.

### **1.53 Michael E. Porter**

Michael E. Porter is an authority on competitive strategy and competitive advantage. He has written sixteen books and more than one hundred research papers. ‘Competitive Strategy’ (1980), ‘Cases in Competitive Strategy’ (1982), ‘Competitive Advantage: Creating and Sustaining Superior Performance’ (1985).

The important contributions of Michael Porter are given below:

#### **Five Forces Analysis**

Porter has developed a model describing the forces which shape competition in an industry. This model is as follows:

**1. Threats of Entry:** New entrants to an industry bring new capacity, and attempt to gain market share. When barriers to entry are high and a new entrant can expect sharp retaliation from the existing players, the threat of entry will not be high. There are six sources of barriers to entry namely economies, product differentiation, capital, cost advantage, access to channels and govt. policy.

**2. Bargaining Power of Customers:** When customer group is powerful, then it may be buyers’ market. Powerful customers can shape product quality, prices distribution channels, etc. Bargaining power of customers is high in various circumstances:

**3. Bargaining Power of Suppliers:** Suppliers can exercise power on firms in an industry by raising prices of goods and services.

The supplier group is powerful in the different circumstances:

**4. Substitute Products:** The substitutability of products of an industry also determines the degree of competition in the industry. In several cases product substitutes have affected the growth of industry. Packing materials have affected jute industry.

Five forces model enables a firm to carry out a deep analysis of competition and industry. This is helpful in designing an effective competition strategy. Right competitive positioning on the basis of the five forces will help to improve performance. These five forces also influence the cost of operations, prices of end products, investment and capacity to create and sustain entry barriers in the industry.

### **Generic Competitive Strategies:**

In order to cope with the five competitive forces, Porter has suggested three generic strategic approaches:

**1. Cost Leadership Strategy:** Under this strategy, the cost of production is reduced to the minimum possible level. Low cost relative to competitors enables a firm to increase market share and drive out competition.

**2. Differentiation Strategy:** This strategy involves differentiating the product or service from rival products or services so that it is perceived unique throughout the industry. Differentiation can be created in several forms, e.g., unique design, brand image, customer service, dealer network or other dimensions. Product differentiation enables the firm to earn above average returns.

**3. Focus Strategy:** A firm pursuing this strategy focuses on a particular buyer group, segment of the product line or geographic market. The strategy is based on the premise that the firm can serve its narrow strategic market more effectively than the competitors who are competing more broadly.

### **Value Chain Analysis:**

Porter has developed the concept of value chain analysis to dissect a firm into “activities” that are the building blocks of competitive advantage. It includes primary and secondary activities. It helps in determining value creating potential of different activities.

#### **1.54 Tom Peters:**

In 1982, Peters co-published with Bob Waterman *In Search of Excellence*, which brought him worldwide fame. This book describes McKinsey 7-S Model focusing on shared values, staff, systems, strategy, structure, skills and style. Peters’ work represents a shift from number-centred, rational and analytical frameworks to more innovative, intuitive and people-centred approach.

#### **1.55 Gary Hamel**

### **Strategy as Revaluation:**

In a seminal article, “Strategy as Revolution” (Harvard Business Review, July/Aug 1996, pp. 69-82), Hamel sets out 10 principles that strategy generators should bear in mind.

- Change is not the problem-engagement is – People will support change and welcome the responsibility for engendering it, if this gives them some control over their own future.
- Strategy making must be democratic – The capability for strategic thinking is not limited to senior people, and it is impossible to predict where a good, revolutionary idea may be lurking.

- Anyone can be a strategy activist – People who care about their organization do not wait for permission to act.
- Perspective is worth 50 IQ points – subversive strategy means gaining a new perspective on the world, and looking at potential markets through new eyes.
- Top-down and bottom-up are not alternatives – if top-down can achieve unity of purpose among the few involved, bottom-up bring diversity of perspective. Bring the two together.
- You can't see the end from the beginning – Surprises do not appeal to everyone, but delving into discontinuities and identifying potential competencies will bring about unpredictable outcomes. These will probably not fit the orthodox strategic mould – but strategy making is about letting go.

### **Creating Strategy:**

Hamel turns his revolutionary principles into action points, and urges organizations to adopt a new stance through:

- New voices – Top management relinquishing its hold on strategy and introducing newcomers; young people and people from different groups bring richness and diversity to strategy formulation.
- New conversations – The same people discussing the same issues over and over again leads to sterility; new opportunities arise from juxtaposing formerly isolated people.
- New passions – People will go for change when they can steer it and benefit from it.
- New perspectives – Search for new ways of looking at markets, customers, and organizational capabilities; think different, see different.

Professor Gary Hamel is one of the most respected contributors to the debate on strategy of the late 20<sup>th</sup> century. His fresh and often hard-hitting approach to organizational innovation has brought wide acknowledgment from academics and practitioners alike.

### **1.56 H. Igor Ansoff:**

Ansoff wrote several books out of which 'Corporate Strategy' became most popular. Ansoff identified four standard types of organizational decisions as related to strategy, policy, programmes, and standard operating procedures. The last three of these, he argued, are designed to resolve recurring problems or issues and, once formulated, do not require an original decision each time. This means that the decision process can easily be delegated. Strategy decisions are different, however, because they always apply to new situations and so need to be made anew every time.

Ansoff developed a new classification of decision-making, partially based on Alfred Chandler's work, *Strategy and Structure* (Cambridge, Massachusetts: MIT Press, 1962). Decisions are: strategic (focused on the areas of products and markets); administrative (organizational and resource allocating); or operating (budgeting and directly managing). Ansoff's decision classification became known as Strategy-Structure-Systems, or the 3S model.

### **1.57: Henry Mintzberg and Managerial Roles**

In the late 1960s, Henry Mintzberg found that the managers engaged in a large number of varied, unattended and short-term acuties. He also provided a categorization scheme for defining the manager's job. These are commonly known as Mintzberg's Managerial Roles.

Mintzberg concluded that managers perform 10 different but highly related roles. The term managerial roles refer to specific categories of managerial behaviour. They can be grouped under their specific headings – interpersonal relationships, transfer of information and decision-making.

## Mintzberg's Managerial Roles

<b>Roles</b>	<b>Description</b>	<b>Identifiable Activities</b>
<b><u>Interpersonal</u></b> Figurehead	Symbolic head: obliged to perform a number of routine duties of a legal or social nature	Greeting visitors: signing legal documents
Leader	Responsible for the motivation and activation of employees: responsible for staffing, training, and associated duties.	Performing virtually all activities that involve employees
Liaison	Maintains self-developed network of outside contacts and informers who provide favours and information	Acknowledging mail: doing external board work: performing other activities that involve outsiders
<b><u>Informational</u></b> Monitor	Seeks and receives wide variety of special information (much of it current) to develop thorough understanding of organisation and environment: emerges as nerve center of internal and external information about the organisation	Reading periodicals and reports: maintaining personal contacts
Disseminator	Transmits information received from other employees to members of the organisation- some information is factual, some involves interpretation and integration influencers	Holding informational meetings: making phone calls to relay information
Spokesperson	Transmits of diverse value positions of organisational information to outsiders on organisation plans, policies, actions, result, etc.: serves as expert on organisation's industry	Holding board meeting giving information to the media
<b><u>Decisional</u></b> Entrepreneur	Searches organisation and its environment for opportunities and initiates improvement projects to bring about change: supervises design of certain projects as well	Organizing strategy and review sessions to develop new programs
Disturbance handler	Responsible for corrective action when organisation faces important disturbances.	Organizing strategy and review sessions that involve disturbances and crises
Resource allocator	Responsible for the allocation of organisational resources of all kinds- in effect, the making or approval of all significant organisational decisions	Scheduling: requesting authorization: performing any activity that involves budgeting and the programming if employees work
Negotiator	Responsible for representing the organisation at major negotiations	Participating in union contract negotiations or in those with suppliers

### Check your Progress

#### Answer the following:

1. "There is only valid definition of business purpose, to create a customer" – who said it?
2. Who introduced Management by objectives as a tool of Management?
3. Competitors, Potential entrants, buyers, substitutes and suppliers are the five forces of an industry – who introduced this?
4. Who has developed McKinsey 7-S Model to produce excellence?
5. Who highlighted ten related roles to be played by a Manager?

## 1.58 SUMMARY

1. Management is the process of creating an environment in an organization
2. FW Taylor developed principles of scientific management at the factory level.
3. Henri Fayol gave fourteen principles of management.
4. Max Weber developed the concept of bureaucracy equal to government organization.
5. Mary Parker Fallot described management “getting things done through others”.
6. Elton Mayo introduced Human Relations Movement in Management
7. Chester I. Barnard studied management from sociological angle and developed social systems school of thought.
8. Herbert A. Simon developed a new theory of decision – making.
9. Rensis Likert framed four styles of management based on authority
10. Theory x and theory y were formulated by Douglas McGregor.
11. Chris Argyris developed immaturity – maturity theory.
12. Peter F. Drucker, the father of modern management considered management as a key to social welfare.
13. Michel Porter is the leading thinker on corporate strategy and competitive advantage.
14. Tom Peter is the co-author of “In search of Excellence”.
15. Gary Hamel developed principles of strategy and competence
16. Igor Ansoff developed 3S model.
17. Mintzberg identified ten roles managers have to play.

## 1.59 Key words:

- ❖ Scientific Management: Application of science in the day today work of a factory
- ❖ Universality : Presence of management everywhere.
- ❖ Zone of indifference : doing without questioning by an employee
- ❖ Hierarchy : arrangement of activities or people is an order
- ❖ Continuum : range in which styles vary
- ❖ Rationality : a reason being guiding factor
- ❖ Key result areas : Crucial areas requiring attention.
- ❖ Strategy : technique or idea supported by resources and linked to objectives.

## 1.60 Answers to check your progress

- |      |                     |                       |
|------|---------------------|-----------------------|
| 1.31 | 1. Universal        | 2. Multi disciplined  |
| 1.44 | 1. Taylorism        | 2. 14 Principles      |
|      | 3. Bureaucracy      | 4. Mary parker Fallot |
| 1.50 | 1. Elton mayo       | 2. Chester I. Bernard |
|      | 3. Herbert Simen    | 4. Chris Argysis      |
|      | 5. Douglas McGregor | 6. Rensis Likert      |
| 1.57 | 1. Peter F. Drucker | 2. Peter F. Drucker   |
|      | 3. Michel F. Porter | 4. Tom Peters         |
|      | 5. Henri Mintzberg  |                       |

### **1.61 Activity:**

Select a company in your area. Just observe the various tools and techniques of management used by them. Then Classify them into traditional and modern techniques.

### **1.62 Case study:**

Mr. Simon had just graduated from a B-school, Chennai, and joined his father's small business, which employed 38 semi-skilled workers. After a week his father, a retired Military officer called him and said. "Simon", I have had a chance to observe your working with the employees for a few days. Although I hate to, I must say something. You are just too nice to people. I know they taught you human relations stuff at the institution but it just does not work here. I remember, when the Hawthorne studies were first reported, everyone at the academic field felt excited about them. But believe me, there is more to managing people than just being nice to them".

Carefully examine the above case and answer the following questions.

#### **Question:**

1. Do you think, Mr. Simon's father understood and interpreted the Hawthorne studies correctly?
2. If you were Mr. Simon, what would be your reaction to his father's comment.

### **1.63 Review questions:**

1. What is scientific Management? What are the contributions by Taylor?
2. Highlight important contribution by Henri Fayol.
3. Give the contribution made by Chester I Bernard and Fallot.
4. Explain the characteristics of Management thought.
5. Explain in brief the contribution of Peter F. Drucker to Management thought.
6. Briefly explain the ideas of Tom Peters on Management thought.
7. Describe the contribution made Henry Mintzberg in the field of Management.
8. Explain brief note on Iger Ansoff's corporate strategy

### **1.64 References for further Reading:**

1. F.W. Taylor, "Scientific Management" New York, Harper, 1947.
2. Henri Fayol, "General and Industrial Administration", Sir Issace Pitman, 1949.
3. D.S. Push et al; "Management thought and thinkers" R.N. Singh Sultan Chard & sons, 1960
4. Douglas McGregor, "The Human side of Enterprise" New York, McGraw Hill co, 1967
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6. Henry Mintzberg, "The Nature of Management work", New York, Harper and Row co. 1973.

## UNIT II INDIVIDUAL BEHAVIOUR

- 2.10 Objectives
- 2.11 Structure of the unit
- 2.20 OB definition
- 2.21 Contributing disciplines to OB

### **Check your progress**

- 2.30 Personality
- 2.31 Definition
- 2.32 Features
- 2.33 Factors determining personality
- 2.34 Theories of personality
- 2.35 Types of personality
- 2.36 Implications of personality

### **Check your progress**

- 2.40 Perception
- 2.41 Definition
- 2.42 Components of percept
- 2.43 Factors
- 2.44 Principles
- 2.45 Impression management

### **Check your progress**

- 2.46
- 2.50 Learning
- 2.51 Definition
- 2.52 Process of learning
- 2.53 Theories of learning
- 2.54 Methods shaping behaviour

### **Check your Progress**

- 2.60 Attitudes
- 2.61 Definition
- 2.62 Difference between attitudes and other traits
- 2.63 Sources of attitudes
- 2.64 Measurement of attitudes
- 2.65 Forms of attitudes

### **Check your progress**

- 2.70 Group behaviour
- 2.71 Definition of group
- 2.72 Characteristics of group
- 2.73 Functions of groups
- 2.74 Group Dynamics
- 2.75 Group Formation / theories
- 2.76 Types of groups
- 2.77 Group co-hesian

## **Check your progress**

- 2.80 Summary
- 2.81 Key words
- 2.82 Answers to check your progress
- 2.83 Activity
- 2.84 Case study
- 2.85 Review questions
- 2.86 References

### **2.00 Introduction:**

An individual is a part-parcel of an organization. You know, he is Kaleidosipic in nature. In other words, he is multidimensional and colourful. What is his nature? How is he seen by co-workers supervisors and superior? Is he able to adjust with them? How does he feel about his job? Is he satisfied or dissatisfied? What changes do occur in his behaviour due to others and his organization? How does he mingle with his group members? All these necessitate understanding his personal behaviour his perception, personality, learning attitude and group behaviour.

### **2.10 Objectives:**

After studying this unit, you will be able to

1. Define the perceptual process.
2. Suggest ways to improve perceptual ability
3. Discuss various theories of personality and personality traits.
4. Distinguish between classical and operant conditioning theories of learning
5. State how attitudes are formed and measured.
6. Describe group norms, goals, role and conflict.

### **2.20 Definition of organizational Behaviour:**

Organisation behaviour is the study and application of knowledge about how and why people behave in organizations. Though it is defined by various authors, three important definitions are given below:

“Organisational behaviour is directly concerned with the understanding, prediction and control of human behaviour in organizations”- Fred Luthons.

“The study and application of knowledge how people act or behave within organization. It is a human tool for human benefit. It applies broadly to the behaviour of people in all types of organizations such as business government, schools and service organizations”- Davis and Newstorm.

“Organisational behaviour is a field of study that investigates the impact that individuals, groups and structure have on behaviour within organizations for the purpose of applying such knowledge towards improving an organization’s effectiveness” – Robbins

The above definitions illustrate that orgaisational behaviour is multi-dimensional. It requires the help of other social sciences. Now, let us discuss the relationship of organizational behaviour with psychology, sociology, and anthropology.

### **2.21 Contributing disciplines to organizational behaviour:**

Psychology: This helps to understand directly and predict individual behaviour. It has contributed largely to intra-personal behaviour of a person, perception, personality, learning and motivation to portray an idea about individual behaviour.

**Sociology:** It is the study of people in relation to others. This explains the group behaviour and group dynamics, formal and informal communication.

**Anthropology:** It is a study of society. It explains human beings and their activities. It explains the differences in values attitudes and behaviour of people in different regions.

### **Check your progress**

#### **Fill in the blanks**

1. A science which studies human mind is called .....
2. It is used to understand and predict the behaviour of people in organizations.....
3. Organisational behaviour is ..... disciplinary.

### **2.30 PERSONALITY:**

In your daily life you meet different persons. Some are neatly dressed. Some are respected more due to knowledge and decisions. Some people are nice to speak while others tend on their temperament. Do you know that there are different dimensions of personality? But the concept of personality is more than that. Let us understand the original meaning and its connotation.

#### **2.31 Definition:**

Let us discuss three important definitions of personality:

“a set of characteristics and tendencies that determine those commonalities and differences in the psychological behaviour (thoughts, feelings and actions) of people that have continuity in time and that may not be easily understood as the sole result of social and biological pressures of the moment”- S.R. Maddi.

“Personality is how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person situation interaction.” – Fred Luthans.

“Personality is the sum total of ways in which an individual refers to and acts with others” – Robbins.

#### **2.32 Features:**

The above definitions of personality bring out the following features of personality:

1. It refers to a stable set of characters.
2. They are affected by biological and social conditions.
3. External physical appearance is a part of personality.
4. It includes inner psychological mechanism which reacts
5. It interacts with situation.

### **2.33 Factors determining personality:**

#### **Brain**

It influences the personality of an individual. The psychologists are unable to prove empirically the contribution of human brain in influencing personality. Preliminary results from the electrical stimulation of the brain (ESB) research give indication that better understanding of human personality and behaviour might come from the study of the brain.

#### **Cultural Factors**

Culture is traditionally considered the major determinant of an individual’s personality. The culture largely determines what a person is and what a person will learn. The culture within which a person is brought up is a very important determinant of behaviour of a person.

The personality of an individual, to a marked extent, is determined by the culture in which he is brought up. According to Mussen "...each culture expects, and trains, its members to behave in the ways that are acceptable to the group." In spite of the importance of the culture on personality, researchers are unable to establish correlation between these two concepts of personality and culture.

### **Family and Social factors**

Identification starts when a person begins to identify himself with some other members of the family. Normally a child tries to emulate certain action of his parents. Identification process can be examined from three angles: (a) it can be viewed as the similarity of behaviour between child and the model, (b) it can be looked as the child's motives or desires to be like the model and (c) it can be viewed as the process through which the child actually takes on the attributes of the model.

## **2.34 Theories of personality:**

### ***Psycho - analytical theory***

Freud developed an organisation of personality consisting of three structures within the human mind the id, the ego, and the superego. These parts of the mind are primarily responsible for originating human actions and reactions and modifications.

#### ***The id***

It is the original and the most basic system of human personality. At the base of the Freudian theory lies the id that is primitive, instinctual and governed by the principles of greed and pleasure. Id represents a storehouse of all instincts, containing in its dark depth all wishes, and desires that unconsciously direct and determines our behaviour. Id is largely childish, irrational, never satisfied, demanding and destructive of others, but id is the foundation upon which all other parts of personality are erected. Like a newly born baby id has no perception of reality, it is primitive, immoral, insistent and rash. Id is the reservoir of the "psychic energy" which Freud calls "libido". According to Freud id is totally oriented towards increasing pleasure and avoiding pain, and it strives for immediate satisfaction of desires.

#### ***Ego***

As an individual learns to separate the unreality from reality in childhood, the ego develops. The ego is reality-oriented part of thinking: it is largely practical and works in an executive capacity. Ego is rational and logical, and in essence, it is the conscious mediator between the realities of world and the id's impulsive demands and superego's restrictive guidance. Ego is rational master. The ego is said to be the executive part of the personality because it controls the gateway to action, selects the features of the environment to which it will respond, and decides what instincts will be satisfied.

#### ***Superego***

Superego represents noblest thoughts, ideals, feelings that are acquired by a person from his parents, teachers, friends, religion, organisation and colleagues etc. As a child grows and absorbs parental and cultural attitudes and values, he develops superego. Superego is the moralistic segment of the human personality. The primary concern of superego is to determine whether the action proposed by "ego" is right or wrong so that the individual acts in accordance with the values and standards of the society. If people violate the prohibitions of superego, they may feel guilty.

#### ***Trait Theories***

Trait theorists view personality from the standpoint of understanding traits. Among trait theorists are included Allport, Cattell and Sheldon.

Allport is of the opinion that each individual possesses a set of traits that are not shared by any other individuals. He emphasizes the uniqueness of personality.

Cattell has extensively worked on traits in various work settings employing a number of psychological measures. On the basis of factor analysis he developed factor concepts such as tender-mindedness, somatic anxiety, dominance etc.

Sheldon extended physical structuring by asserting that physique consists of three components endomorphs (soft and spherical structure), mesomorphy (tough and muscular body) and ectomorphy (linear and fragile). The relative existence of these three physical elements indicates specific personality patterns. Corresponding to these physical aspects, he assumed three aspects of temperament; viscerotonia (love of comfort and affection), somatonia (physical adventure and risk taking) and cerebrotonia (restraint and inhibition). Although he assumed a close relationship between respective aspects of structure and personality, there is no evidence to support this view.

### ***Evaluation of Trait Theories***

When compared to type theories, trait theories have some sense. Instead of making unrealistic attempt to place personalities into discrete, discontinuous categories, trait theories give recognition to continuity of personalities. But the trait theories suffer from the following limitations;

1. Trait may be too abstract. For example, the scale of 'measuring' 'anxiety' may be abstract.
2. Trait approach focuses on isolated traits without specifying how these traits are organized within the personality. Without knowing which traits are more important and how they are related to other traits of an individual, it is not possible to make adequate description of an individual's personality.
3. Another fundamental problem (or drawback) of trait theories is that they are essentially descriptive rather than analytical.

### ***Self theory***

The Intrapsychic, physiognomy and trait theories represent the traditional approaches to understanding the complex human personality. Self-theory rejects both psychoanalytic and behaviouristic conception of human nature as too mechanistic portraying people as creatures helplessly tossed about by internal instincts or external stimuli. Carl Rogers and his associates have developed the self-theory that places emphasis on the individual as an initiating, creating influential determinant of behaviour within the environmental framework.

To understand the Roger's theory we have to understand a) the self-concept, b) the organism and c) the development of self.

#### **a) Self-Concept**

The most important concept in Roger's theory is the self. The self consists of all the perceptions, ideas, values, and characteristics that characterize 'I or Me'. It includes 'What I am' and 'what I can do'. Rogers defines the self-concept as 'an organized, consistent, conceptual gestalt composed of perceptions of I or me and the perceptions of the relationships of I or me to these perceptions'. Here 'I' refers to the personal self, and 'me' and the perceptions of the relationships of I or me to these perceptions'. Here 'I' refers to the personal self, and 'me' refers to the social self.

## **b) The organism**

The organism is essentially the locus of all experience. The totality of experience is the field known to the person himself and is frequently referred to as frame of reference ; Behaviour of an individual is largely determined by this field and not by the stimulating conditions of events in the external field or environment.

## **c) The development of self-personality**

Rogers feels that the fundamental force motivating the human organism is self-actualization i.e. “a tendency toward fulfilment, toward the maintenance and enhancement of the organism. The tendency of self-actualization of both the organism and the self is subject to the profound influence of the social environment. In the childhood itself, when his parents evaluate the child’s behaviour continuously, he will be in a position to discriminate between thoughts and actions that are considered ‘worthy’ and ‘unworthy’. He will be able to exclude the unworthy experiences from his self-concept.

### ***Evaluation of the Self- Theory***

Self-concept is the result of one’s perceptual process. It is a cognitive factor and maintained through thinking-related activities. The self-theory is appreciated on the ground that it is organized around the concept of self. It is the one, which says that the individual largely determines personality and behaviour whereas in other theories, the individual is the medium through which behaviour is elicited after having been acted upon by elements over which he has no control.

## **2.35 Types of personality**

### **Personality and Behaviour**

Personality and Behaviour of people in the organisation are intricately linked. For example, researchers have extensively investigated the relationships between the Big Five personality factors and job performance. Their findings indicate that the employees who are responsible, dependable, persistent and achievement oriented perform better than those who lack these traits.

**Self-Esteem:** It is the result of an individual’s continuing evaluation of himself herself. In other words, people develop, hold and sometimes modify opinions of their own behaviour, abilities, appearance and worth. These general assessments reflect responses to people and situations, successes and failures and the opinion of others.

### **Locus of Control (LOC)**

It refers to the extent to which individuals believe that they can control events affecting them. Individuals who have a high internal LOC (internals) believe that their own behaviour and actions primarily, but not necessarily totally, determine many of the events in their lives. On the other hand, individuals who have a high external LOC (externals) believe that chance, fate of other people primarily determine what happens to them.

Many differences between internals and externals are significant in explaining aspects of behaviour in organisations and other social settings.

### **Goal Orientation**

Another individual difference of importance for behaviour in work settings is goal orientation or the preference for one type of goal versus another. Specifically, two orientations are considered important in terms of understanding some aspects of individual job performances. A learning goal orientation is a predisposition to develop competence by acquiring new skills and mastering new situations.

## **Introversion and Extroversion**

In everyday usage, the words introvert and extrovert describe a person's congeniality; An introvert is shy and retiring, whereas an extrovert is socially gregarious and outgoing. The terms have similar meanings when used to refer to personality dimensions.

One of the most striking implications of the introversion-extroversion personality dimension involves task performance in different environments.

### **2.36 Implication of personality on organisation**

**Authoritarianism is closely related to dogmatism but is narrower in scope.**

- The authoritarian personality describes someone who adheres to conventional values, obeys recognized authorities, exhibits a negative view of society, respects power and roughness, and opposes the expression of personal feelings.
- In organisations the authoritarian personality probably is subservient to authority figures and may even prefer superiors who have a highly directive, structured leadership style. Both dogmatism and authoritarianism are related to the intellectual openness factor.

### **Organisational implications**

It should be evident by now that the personality dimensions discussed, and the specific relationship for each, have important implications for organisational behaviour. However, managers and groups should not try to change or otherwise directly control employees' personality. Even if such control were possible, it would be highly unethical; rather, the challenge for managers and employees is to understand the crucial role played by personality in explaining some aspects of human behaviour in the workplace. Knowledge of important individual differences provides managers, employees, and students of organisational behaviour with valuable insights and a framework that they can use to diagnose events and situations.

### **Check your progress**

#### **State true or false**

1. Personality = Physical appearance + self
2. Id = biological, Ego = reality; super ego = Morality
3. I = Personal self; Me = social self
4. Introvert = directed inward; extrovert = directed outward

### **2.40 Perception:**

You see and experience many things in your daily life. They may be true or may not be true. All that glitters is not gold. Educated youth prefer to white collar job as it carries less work and more pay. But really it is not so. An MBA student studying through distance education may be recruited by an MNC. This is purely due to his personality. Therefore, these examples explain you that what is seen, heard or experienced, not be real. Perception is more than that.

### **2.41 Definition of perception:**

Perception is what and how we understand the other. We can understand the meaning of perception from the following definitions:

“a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment” – Stephen P. Robbins.

“Perception is an important meditative cognitive process through which persons make interpretations of the stimuli's or situation they are faced with” – Fred Luthans

## **2.42 Components of perception:**

### ***Stimuli***

The receipt of information is the stimulus, which results in sensation. Knowledge and behaviour depend on senses and their stimulation. The physical senses used by people are vision, hearing, touch, smell and taste. These senses are influenced by a larger number of stimuli, which may be action, information, consideration and feelings, etc. The stimuli may be in the form of objects or physical commodities.

### ***Attention***

Stimuli are selectively attended to by people. Some of the stimuli are reacted to while others are ignored without being paid any attention. The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, viz. announcement of bonus, appeal for increasing productivity, training and motivation.

### ***Recognition***

The recognition process is dependent on mental acceptance. For example, if a car driver suddenly sees a child in front of his running car, he stops the car. He recognises the stimuli, i.e. the life of the child is in danger. His mental process recognises the danger after paying attention to the stimuli. If he does not pay attention to the stimuli, he does not recognise the danger. After recognising the stimuli, he translates the message into behaviour.

### ***Translation***

The stimuli are evaluated before being converted into action or behaviour. The evaluation process is translation. In the above example, the car driver after recognising the stimuli uses the clutch and brake to stop the car. He has immediately translated the stimulus into an appropriate action. The perception process is purely mental before it is converted into action.

### ***Behaviour***

Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e. stimuli. It is an overt and covert response. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning and personality, environmental factors and other internal and external factors at the workplace.

### ***Performance***

Proper behaviour leads to higher performance. High performers become a source of stimuli and motivation to other employees. A performance-reward relationship is established to motivate people.

### ***Satisfaction***

High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation.

## **2.43 Factors determining perception:**

Perception is influenced by various factors. They are divided into internal and external factors. They are explained below:

### ***External Attention Factors***

The external attention factors are:

- a. Intensity
- b. Size
- c. Contrast
- d. Repetition
- e. Motion
- f. Novelty and familiarity

### ***Intensity***

The intensity of stimulus implies that the more intense the stimulus, audio or visual, the more is the likelihood it will be perceived. A loud noise, strong odour or bright light or bright colours will be more readily perceived than soft sound, weak odour or dim light. It is because of this advantage that advertisers employ intensity to draw the consumers' attention.

### ***Size***

As regards the size of the stimulus, any odd size attracts attention. A Great Den dog which is tall attracts the attention. At the same time a pocket dog also attracts attention because of its size. However, generally the larger the object the more likely it will be perceived.

### ***Contrast***

The contrast principle states that external stimuli, which stand out against the background or which, are not what the people expect will receive attention. Plant safety signs, which have black lettering on a red background, gain attention.

### ***Repetition***

The factor of repetition implies that a repeated external stimulus attracts more attention than the one that occurs at one time alone. Perhaps, it is because of this that supervisors tend to repeat directions regarding job instructions several times for even simple tasks to hold the attention of their workers. Advertisers while putting T.V. or radio advertisements repeat the brand name they are advertising.

### ***Motion***

The factor of motion implies that the individual attend to changing objects in their field of vision than to static objects. It is because of this advantage that advertisers involve signs, which include moving objects in their campaigns.

### ***Novelty and familiarity***

A novel object in the familiar situation or a familiar object in a novel situation tends to attract attention. Thus a white or a black in India catches attention faster.

### ***Internal set Factors***

The internal set factors are as under:

- a. Habit
- b. Motivation and interest
- c. Learning
- d. Organisational role and specialization:

### ***Habit***

A Hindu will bow and do Namaskar when he sees a temple while walking on the road, because of his well-established habit. The motor set may cause the likelihood of inappropriate responses.

### ***Motivation and interest***

Two examples of motivational factors are hunger and thirst. Motivational factors increase the individual's sensitivity to those stimuli, which he considers as relevant to the satisfaction of his needs in view of his past experience with them. A thirsty individual has a perceptual set to seek a water fountain or a hotel to quench his thirst, which increases for him the likelihood of perceiving restaurant signs and decreases the likelihood of visualizing other objects at that moment of time.

## **Principles of perception:**

Perception has various principles also. They are as follows:

There are several kinds of primitive perceptual organisations, which include grouping, closure, figure-ground effect and constancy phenomenon.

### ***Perceptual grouping***

The grouping principle of perceptual organisation states that there is a tendency to group several stimuli together into a recognizable pattern. The principle is very basic and seems largely inborn. In the visual fields, we find that objects that are similar in appearance tend to be grouped together. Likewise, the individual tends to create a whole even when it is not there.

### ***Closure***

The closure principle of grouping is closely related to the gestalt school of psychology. The principle is that a person will sometimes perceive a whole when one does not exist. The person's perceptual processes will close the gaps that are unfilled from the sensory inputs.

### ***Figure-ground***

The objects are perceived with reference to their background. The figure-ground principle means simply that perceived objects stand out as separable from their general background. When the reader is reading this paragraph, in terms of light-wave stimuli, the reader perceives patches of irregularly shaped blacks and whites. Yet the reader perceives the shapes as letters and figures printed against the white background. In other words the reader perceptually organizes these stimuli into recognizable patterns i.e. the words.

### ***Perceptual constancy***

Constancy is one of the more sophisticated forms of perceptual organisation. It gives a person a sense of stability in a changing world. This principle permits the individual to have some constancy in a tremendously variable world.

### ***Impression Management***

Whereas social perception is concerned with how one individual perceives other individuals, impression management (sometimes called "self-presentation") is the process by which people attempt to manage or control the perceptions others form of them. There is often a tendency for people to try to present them in such a way as to impress others in a socially desirable way. Thus, impression management has considerable implications for areas such as the validity of performance appraisals (is the evaluator being manipulated into giving a positive rating?) and a pragmatic, political tool for one to climb the ladder of success in organisations.

## **Check your progress:**

### **Give correct answer:**

1. The five senses used in perception are called as \_\_\_\_\_ process
2. The interpretation of events in perception is called \_\_\_\_\_ Procal
3. A full page advertisement is \_\_\_\_\_ factor of perception
4. Explaining human behaviour in terms of cause and effect is called \_\_\_\_\_

## **2.50 Learning:**

Learning involves change in behaviour a student studying MBA for two years would ultimately results in change in his behaviour. A new sales executive who attends a training programme shows change in his behaviour. A house wife after a few years of marriage experiences change in her behaviour. Thus, learning brings either intentional or unintentional change in behaviour.

### **2.51 Definition of learning:**

There are various definitions of learning. Two important definitions are given below:

“Learning is any relatively permanent change in behaviour that occurs as a result of experience” – Stephen P. Robbins

“Learning can be defined as relatively permanent change in behaviour potentiality that results from reinforced practice or experience” – Steers and Porter.

### **2.52 Process of Learning:**

The above definitions have given the following components of learning:

1. Change: Learning involves change, which is good or bad.
2. Permanent: The change in behaviour is relatively permanent.
3. Acquired: The change in behaviour occurs through acquired experience that would result in change in attitude.
4. Experience: There is some form of experience which takes place through practice / observation, etc.
5. Life long process: It takes place in all the stages of life.

### **2.53 Theories of Learning:**

#### ***Theories of learning***

Three theories have been offered. They are

1. Classical conditioning
2. Operant conditioning
3. Social learning

#### ***Classical Conditioning***

Classical conditioning grew out of experiments to teach dogs to salivate in response to the ringing of a bell, conducted at the turn of the century by a Russian physiologist, Ivan Pavlov.

A simple surgical procedure allowed Pavlov to measure accurately the amount of saliva secreted by a dog. When Pavlov presented the dog with a piece of meat, the dog exhibited a noticeable increase in salivation. When Pavlov withheld the presentation of meat and merely rang a bell, the dog had no salivation. Then Pavlov proceeded to link the meat and the ringing of the bell. After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no food was offered. In effect, the dog had learned to respond—that is, to salivate—to the bell. Let us review this experiment to introduce the key concepts in classical conditioning.

The meat was an unconditioned stimulus: It invariably caused the dog to react in a specific way. The reaction that took place whenever the unconditioned stimulus occurred was called the unconditioned response (or the noticeable increase in salivation, in this case). The bell was an artificial stimulus, or what we call the conditioned stimulus. While it was originally neutral, after the bell was paired with the meat (an unconditioned stimulus), it eventually produced a response when presented alone. The last key concept is the conditioned response. This describes the behaviour of the dog salivating in reaction to the bell alone.

Classical conditioning is passive. Something happens and we react in a specific way. It is elicited in response to a specific, identifiable event. As such, it can explain simple reflexive behaviours. But most behaviour particularly the complex behaviour of individuals in organisation is emitted rather than elicited. It is voluntary rather than reflexive. For example, employees choose to

arrive at work on time, ask their boss for help with problems, or “good off” when no one is watching. The learning of these behaviours is better understood by looking at operant conditioning.

### ***Operant Conditioning***

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unalarmed 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 strengthens a behaviour and increases the likelihood that it will be repeated.

We see illustrations of operant conditioning everywhere. For example, any situation in which it is either explicitly suggested that reinforcement is contingent on some action on your part involves the use of operant learning. Your instructor says that if you want a high grade in the course you must write correct answers. A commissioned salesperson wanting to earn a sizable income finds that this is contingent on generating high sales in his territory.

### ***Social Learning***

Individuals can also learn by observing what happens to other people and just by being told about something, as well as by direct experiences. So, for example, much of what we have learned comes from watching models-parents, teachers, peers, motion pictures and television performers, bosses, and so on. This view that we can learn through both observation and direct experiment has been called social-learning theory.

While social-learning theory is an extension of operant conditioning-that is, it assumes that behaviour is a function of consequences- it also acknowledges the existence of observational learning and the importance of perception in learning. People respond to how they perceive and define consequences, not to the objective consequences themselves.

#### **2.53.1 Methods of shaping behaviour**

There are four methods to shape behaviour: positive reinforcement, negative reinforcement, punishment, and extinction.

When a response is followed with something pleasant, it is called positive reinforcement. This would describe, for instance, the boss who praises an employee for a job well done. When a response is followed by the termination or withdrawal of something unpleasant, it is called negative reinforcement. Punishment is causing an unpleasant condition in an attempt to eliminate an undesirable behaviour. Giving an employee a two-day suspension from work without pay for showing up drunk is an example of punishment. Eliminating any reinforcement that is maintaining is called extinction. When behaviour is not reinforced it tends to gradually be extinguished. Both positive and negative reinforcement result in learning. They strengthen a response and increase the probability of repetition. Praise strengthens and increases the behaviour of doing a good job because praise is desired. Both punishment and extinction, however, weaken behaviour and tend to decrease its subsequent frequency.

#### **Schedules of reinforcement**

When the reward varies relative to the behaviour of the individual, he or she is said to be reinforced on a variable-ratio schedule. Salespeople on commission are examples of individuals on such a reinforcement schedule. On some occasions, they may make a sale after only two calls on potential customers. On other occasions, they might need to make twenty or more calls to secure a sale. The reward, then, is variable in relation to the number of successful calls the sales person makes.

## Check your progress

### State true or false:

1. A consumer buying a product is learning
2. Attending a training programme is learning
3. Classical conditioning theory is based on eliciting of behaviour.
4. Operant conditioning theory is based on emitting of behaviour.
5. Reinforcement is required to change the behaviour.

**2.60 Attitudes:** You just ask a question anyone, “Are you satisfied with your Job”? Are you loyal to the company? You say yourself, “I like my MBA”, These are all attitudes expressed by people. Thus, attitude, is the expression of feeling about something.

**2.61 Definition of Attitudes:** Two important definitions on attitude are given below:

“Attitude is the persistent tendency to feel and behave in a favourable or unfavourable way towards some object, person, or ideas” – Reitz.

“Attitudes are evaluation statements either favourable or unfavourable or unfavourable concerning objects, people or events. They reflect how one feels about something” – Robbins.

### **2.62 Difference between Attitudes, and Values Belief, etc.**

#### **Attitudes and values:**

There are differences between values and attitudes. Attitudes essentially represent predisposition to respond. Values focus on the judgment of what ought to be. This judgment can represent the specific manifestation of a determining tendency below the behaviour. Attitudes represent several beliefs focused on a specific object or situation. Value, on the other hand, represents a single belief that transcendentally guides actions and judgments across objects and situations. Finally, a value stands in relation to some social or cultural standards or norms while attitudes are personal experiences.

#### **Attitudes and Opinions**

An opinion is an expression of an evaluative judgment or point of view regarding a specific topic or subject. An attitude is somewhat generalized (such as liking or not liking a person’s supervisor), whereas an opinion typically is an interpretation regarding a specific matter-(such as saying that the boss plays favourites in granting promotions).

#### **Attitude, Beliefs and Ideology**

A belief is a judgment about something. For example, a belief that the world is round is a judgement about its form. Many of our beliefs, of course, are emotionally neutral; others are definitely favourable or unfavourable towards some object. For example, a favourable attitude towards religion may involve beliefs. The religion helps to curb delinquency, and worshippers are better citizens than are non-believers. People who stay away from temples are unhappy and immoral, and so on.

When beliefs become organized into systems, they are called ideologies. The capitalist ideology, for example, is a set of beliefs that a free enterprise economy is maximally productive; that competition in the long run brings down prices and raises quality; and that events in the marketplace do and should determine what is produced.

## 2.63 Sources of Attitudes:

The sources of a person's attitude are a mixture of-

- a) Personal experiences
- b) Association
- c) Family
- d) Peer groups and society
- e) Models and
- f) Institutional factors.

**(a) Personal Experiences:** People form attitudes by coming in direct contact with an object. By the time a person goes for work in a specified organisation, he holds many attitudes towards the type of job of that is acceptable to him, the expected pay, working conditions and supervision.

**(b) Association:** People are highly influenced by the major groups or associations to which they belong, geographic region, religion, educational background, race, sex, age and income-class-all strongly influence attitudes. The nearer the group the stronger is the group influence on the attitudes of the individual.

**(c) Family:** Family is the primary group that an individual belongs to. Family exerts high influence on the initial core of attitudes held by an individual. Individuals develop certain attitudes from family members-parents, brother, sister, etc. The family characteristics influence the individual's early attitude patterns.

**(d) Peer Groups:** As people approach their adulthood, they increasingly rely on their peer groups for approval / attitude. How others judge an individual largely determine his self-image and approval-seeking behaviour.

**(e) Models:** Some of the attitudes are developed through imitation of models. The process is something like this; in a particular situation, we see how another person behaves. We correctly or incorrectly interpret his behaviour as representing certain attitudes and beliefs.

**(f) Institutional Factors;** Many institutional factors function as sources and support our attitudes and beliefs. For example, consider the description of a certain temple Aarati. When the people come into this temple, they bow to pray, sit with heads bowed. Their clothes are clean and freshly washed. When the Pujari signals and is with Aarati all start singing Bhajan and clap. The entire process is devoted to a ritual. From this we can get an idea as to the general character of the religious attitudes and beliefs.

## 2.64 Measurement of Attitudes

### Measurement of Attitudes

Though attitude is a hypothetical construct, it also subject to measurement.

The most common and frequently used measures of attitudes are the questionnaires which ask the respondents to evaluate and rate their attitude towards a particular object directly, and to respond favourably or unfavourably about his belief regarding the object. Generally, bipolar scales are used to assess the attitudes of individual employees in an organisation. Different types of scales are in use with respect to measurement of attitudes viz., Thurstone's scale, Likert's scale , Bogardus's social distance scale etc.

**Thurstone's scale:** The statements, both favourable and unfavourable, relating to the area in which attitude were to be measured are placed into eleven piles; one representing the most favourable one and one representing the unfavourable. Individuals will then be asked to check those statements with which they agreed. The average of the scale values of the items, which they accepted, will give an indication of the placement of a person along the attitude continuum.

**Likert's scale:** Another scale that is relatively easy when compared to the earlier one is the one that is developed by Rensis Likert.

Likert's scale consists of five boxes ranging from 'strongly agree' to 'strongly disagree'. Under each statement of attitude the respondent will be given a chance to check one of the five boxes and finally all the ratings are summed up. The Likert's scale is also known as summed-rating measure, because several statements are collected in an attitude area such as one's attitude about a job, and the scales are added up or summed to obtain a person's attitude towards his job. The summed-rating scale provides a means of measuring the intensity of one's attitude towards a particular object / event in addition to the direction.

**Bogardus's social distance scale:** Perhaps the simple scale of measuring attitudes is the social distance scale developed by Bogardus in 1925. The scale is composed of a large number of statements regarding national, racial or ethnic groups.

**Guttman's scale:** Guttman in 1950 developed a cumulative scaling technique to measure attitudes. In the scale of one's attitude toward work, an employee might be presented with six statements displaying successively higher degrees of dissatisfaction. It is assumed that the employee will reach some point beyond which he can no longer agree. The main threshold is considered to be the degree of satisfaction.

**Measuring attitudes by means of projective tests:** Other methods are, therefore, sometimes required to obtain a truer picture of attitudes. One such method is the projective test, which requires a person to respond to an unstructured stimulus situation. The rationale behind such tests is that, when the stimulus situation is unstructured, mainly his motives, expectations, and other personal factors determine the individual's responses. Projective tests of attitude are particularly valuable in the study of prejudice, since so many of our prejudices operate at an unconscious level or are deliberately disguised to conform to prevailing taboos-against the expression of overt prejudice. There are good many other scales to measure attitudes. From a practical standpoint, one should either use a standard questionnaire or consultant expert to obtain a valid estimate of attitudes of the employees in an organisation.

**2.65 Forms of Attitudes:** The other forms of attitude and job satisfactions and attitudes and job satisfaction are:

### **Job satisfaction**

In organisation behaviour, perhaps the attitude of greatest interest is the general attitude of employees towards work or towards a job, often called job satisfaction. The sources of job satisfaction are of particular interest because they often suggest corrective action that can be taken.

### **Sources of Job satisfaction**

Job satisfaction is sometimes regarded as a single concept: that is, whether a person is satisfied or not satisfied with the job. However, it actually is a collection of specific job satisfaction-attitudes that can be related to various aspects of the job. For example a popular measure of job

descriptive index (JDI) measures satisfaction in terms of five specific aspects of a person's job: pay, promotion, supervision, the work itself, and co-workers. Obviously, an employee may be satisfied with some aspects of the job and, at the same time, be satisfied with others.

**Attitudes and commitment:**

Another important work attitude that has a bearing on organisation behaviour is commitment to the organisation.

Organisation Commitment refers to the strength of an employee's involvement in the organisation and identification with it. Strong organisation commitment is characterized by;

- (1) a belief in and acceptance of the organisation's goals and values
- (2) a willingness to exert considerable effort on behalf of the organisation; and
- (3) a desire to remain with the organisation

Organisational commitment goes beyond loyalty to include active contribution to accomplishing organisational goals. The concept of organisational commitment represents a broader work attitude than job satisfaction because it applies to the entire organisation than just a mere job. Further, it is likely to be more stable than job satisfaction because day-to-day events are not likely to affect it.

**Check your progress:**

**Match the following:**

A		B	
1.	Expressed feelings	1.	Values
2.	Evaluative Judgment	2.	Family
3.	A source of attitude	3.	Attitude
4.	Litter's scale	4.	Measurement of attitude
5.	Job satisfaction	5.	A type of attitude

**2.70 Group behaviour**

**Introduction**

The study of group behaviour is very important in organisational behaviour. Because managing groups in organisations is more difficult than managing individuals. This is due to the fact that the groups exhibit patterns of behaviour that are different from the behaviours of members in their individual capacity. By understanding groups and the dynamics of group behaviour, the manager will be able to utilise groups to the mutual advantage of the group members and the organisations. Understanding group cohesiveness, and the factors influencing group cohesiveness are very much essential for manager in managing human behaviour at work. When individuals are in groups, they act differently rather than do when they are alone.

**2.71 Definition of groups**

**Definition of Group**

Stephen. R. Robbins defined group as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. Groups can be either formal or informal. By formal groups, we mean those defined by the organisation's structure, with designated work assignments, establishing tasks. In formal groups, the behaviours that one should engage in are stipulated by and directed towards organisational goals. The three members making up an airline flight crew are an example of a formal group. In contrast, 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.

According to Huse and Bowditch, a group is any number of people who:

- have a common purpose or objective
- interact with each other to accomplish their objective
- are aware of one another
- perceive themselves to be part of the group

Organisations are defined as group of people, who come together, to achieve some common objectives. They work in a structured fashion and utilize resources to reach predetermined goals and targets. Therefore, groups are an integral part of any organisation. They influence individuals and therefore, have an impact on organisation behaviour.

A group is 'any number of people who share goals, often communicate with one another over a period of time, and are few enough so that each individual may communicate with all the others, person – to person'.

Two or more people interacting to achieve a common objective is also called a group.

## **2.72 Characters of groups**

The important characteristics of groups are

1. strong desire of association
2. development of leadership qualities
3. awareness among the members
4. qualities of individual
5. cohesiveness
6. perception of themselves as a group.

### **1. Strong Desire of Association:**

Human beings have strong desires to associate themselves with certain groups for the feelings of prestige and social distinction: i.e., in a way it is for ego satisfaction. Thus, the groups influence the thoughts and actions of the individuals, while the individuals achieve the sense of prestige and privilege through their formal and informal associations with the groups.

### **2. Development of Leadership:**

Development of leadership is another important characteristic of groups. There is probability for every member to develop leadership qualities by virtue of his/her association with the group. However, when the leader is a self-centred despot, or when the leader lacks self-confidence, he would discourage others to develop leadership qualities. In such situations, sooner or later, there is a possibility for split and birth of other identical groups.

### **3. Awareness Among Members:**

As the group is small, the members are psychologically aware of one another. Strengths, weaknesses, capacities, abilities, accomplishments, talents and needs of each member are known to others in the group. This enables the group to make use of each member according to his/her abilities, and to rise to the occasion to fulfil the aspirations of its members.

### **4. Properties of Individual:**

The groups are alive like individual. They are born; they grow, they function, they deteriorate, and even die. The group has an attitude, approach and behaviour to other groups, individuals and to the organisation at large. Thus, groups maintain the properties of individual human beings who are its members.

### **5. Cohesiveness**

Groups mobilise powerful forces which produce effects and impacts. This is mainly because of the cohesive nature of its members. Members of high cohesive groups exhibit less anxiety viz.,

- a. Feeling jumpy or nervous,
- b. Feeling under pressure to achieve higher productivity, and
- c. Feeling a lack of support from the company.

As groups mobilise power, events occurring in a group may have repercussions on its members, even though they are not directly involved in these events.

To sum up, the characteristics of groups include,

1. The groups exists
2. They are inevitable and ubiquitous
3. They mobilise powerful forces having profound effects on individuals, and
4. Through group dynamics there is a possibility for maximising good values.

Groups are characterised by common norms and values and headed by group leaders.

Wherever there are leaders, there are followers also. Group members interact and communicate between each other, and they are psychologically aware of one another. Cohesiveness is, therefore, inherent in groups. It can, however, be remarked that the characteristics of any group largely depend on the objectives for which the group is formed or the way in which the group is developed.

### **2.73 Functions of groups**

Groups perform three functions that are important to an enterprise's success.

#### **1. Socialisation of New Employees:**

The work group teaches the new employees the work norms, that is, how to behave at work. It orients and educates the new employees into the enterprise's work rules and norms and helps him.

#### **2. Getting the job done:**

The work group teaches the employee how to cope with the demands of the job. It is the organisation that provides the necessary training for employees to do the job, but in practice it is the work groups within the organisation that help the employees learn how to interact with the rest of the organisation and how to get the job done.

#### **3. Decision making:**

Well-established groups that are operating effectively can contribute to organisational effectiveness by turning out better decisions. Two heads are better than one.

#### **The other functions of groups are as follows**

1. The group is the context in which an individual fulfils various needs arising from his social nature and his psychological make-up.
2. The group helps the individual to acquire a favourable self-image
3. Various needs such as social status, prestige, and the approval of others are satisfied by the individual in-group settings only.
4. The individual derives satisfactions arising out of his belongingness to a group that has set or seeks to set high performance standards for itself and in which not only he respects his peers but they also, in turn, respect him.
5. Within the group occur such important processes as learning and the formation of beliefs, attitudes, and behaviour patterns
6. Association of the individual with different kinds of groups enables him to accomplish certain personal goals that may not be possible in any other way.
7. Groups provide structures through which organisational process operate to achieve various objectives.
8. Groups provide a means for communication and mechanisms for the performance of necessary activities of a complex nature.

## **2.74 Group Dynamics**

### **Group Dynamics**

The word “dynamics” has been derived from the Greek word meaning “force” “Hence group dynamics refers to the study of forces operating within a group”. In other words, “The social process by which people interact face to face in small groups is called group dynamics”.

Group dynamics in organisational behaviour is primarily concerned “with the interactions of forces between group members in a social situation”. Kurt Lewin is identified as the founder of group dynamics movement. His findings are based on the experiments he conducted on small groups in 1930s. The other experiments were those, which were conducted by Elton Mayo and his associates in 1920s and 1930s.

## **2.75 Group Formation**

### **Group Formation and Reasons**

There is no single reason why individuals form groups. Since a man does not live in isolation, he joins one group or the other. Most of the people belong to a number of groups because different groups provide different benefits to their members. At home, he is the member of the family; at work place, he is the member of a labour union or other formal or informal groups. This fact raises a question why people join a group. Some of the important reasons for forming a group are security, affiliation, status, esteem, power, rewards, and goal achievement.

#### **Security**

Unity is strength “By joining a group, one can reduce the insecurity of “standing alone” – one feels stronger, has fewer self-doubts, and is more resistant to threats. New employees are particularly vulnerable to a sense of isolation, and turn to the group for guidance and support.

#### **Affiliation**

People join the group because it provides them an opportunity to have regular company with those with whom they share something in common. They have come to this conclusion on the basis of their past experience. They rightly believe that their affiliation is likely to obtain for them friendship.

#### **Status:**

By joining the group a person gets identity with the group. He claims that he is a member of a particular group, which claims some identity in the organisation or in the society. The members of the group can also claim the status associated with the group.

#### **Esteem:**

Feeling high of one-self is self-esteem. The esteem of an individual increases by his association with a group of high status. The individual automatically gets the needed recognition from outsiders. The esteem group provides safety, encouragement and self-expression. The individual as a member of a group feels free, he may complain about his work, his boss, his pay, his working conditions etc. As group carries esteem, as a member he is sure to have favourable response from authorities because his feelings fall in line with the feelings of other members in the group.

#### **Power:**

One of the appealing aspects of groups is that they represent power. What an individual cannot achieve, a group can achieve easily. By joining the group an individual gets the group power.

#### **Rewards:**

When a group carries power and status, it may get several rewards including financial rewards. As a member of the group, one may also enjoy all the benefits and rewards of the group.

## **Goal Achievement:**

A person as an individual cannot achieve certain goals. There is a need to pool talents, knowledge and power to accomplish a goal. Hence, people join groups to achieve such goals.

### **2.76 Types of group**

There are various types of groups, which may be formed with different goals. Hence, groups can be classified in various ways on the basis of goals, duration, extent of structuring, legal organization, etc. The important types of groups are (1) primary and secondary groups, (2) coalitions (3) formal and informal groups (4) membership and reference groups, (5) in group and out groups (6) T. Group, (7) peer group, (8) command and task groups etc.

1. **Primary and secondary groups:** Primary groups consist of people in a close and face-to-face relationship over a period of time. It is considered as intimate group. Intimate interactions take place in a family, neighbourhood or work group when the inter-relationship are remote and general, such group can be called secondary groups according to Cooley, a sociologist.
2. **Coalitions:** In addition to primary and secondary groups, coalitions are very relevant to organization. The concept of a coalition has been used in organization analysis through the years. A recent comprehensive review of the coalition literature gives the characteristics of a coalition as follows:-
  - Interacting group of individuals
  - Deliberately constructed by the members for a specific purpose
  - Independent of the formal organization's structure
  - Leading a formal internal structure
  - Mutual perception of membership
  - Issue-oriented to advance the purpose of the members
  - External-forms
  - Concerted member action, act as a group
3. **Formal and informal group:** Formal groups are the ones, which are formally designed and organized, which have formal organisation and formally set goals and objectives. Groups, which are established under legal and formal authority to achieve a specific end result or to undertake delegated tasks, can be called formal groups.

Informal groups are a common feature of work life. There are many needs and desires of individuals, which cannot be satisfied without their affiliation and association with the respective groups. Infact, informal groups are part and parcel of human life and endeavour.
4. **Membership groups and reference groups:** Membership groups are those to which the individual actually belongs. Reference group, on the other hand, is the one, which the individual identifies for reference purposes. He may like to belong to the reference group also.
5. **Peer- Group:** In the work life, peer-group is another effective form of group making. It is a sense of belonging among the workers towards one another, irrespective of their attitudes toward their superiors. On the basis of their membership in a particular work group. High peer-group loyalty is not necessarily associated with high productivity.
6. **Command group and Task group:** A command group is determined by the organization chart. It is composed of the subordinates who report directly to a given manager. An elementary school principal and her twelve-teachers form a command group.

Task Group, also organizationally determined, represents those working together to complete a job task. However, a task group's boundaries are not limited to its immediate hierarchical superior.

### 2.77 Group cohesiveness

**Group cohesiveness:** Cohesiveness is a degree to which group members are attracted to each other and are motivated to stay in the group. Groups in which individuals generally agree and cooperate would be relatively more effective at completing their tasks than the group in which there is a lot of internal disagreement and a lack of co-operative spirit. The following factors determine the group cohesiveness.

- i) **Status of the group:** People, generally, are loyal towards a high status group rather than toward a low status group. A high status group receives greater loyalty from its members, which in turn makes the group even stronger and more likely to gain increased status.
- ii) **Size of the group:** The effective group is relatively small. Small groups are more closely knitted than large ones. When the group is small its members have constant face-to-face contacts. So it is easier to have close relationship with all the members of a small group than all the members of a large one.
- iii) **Time spent together:** If you rarely get an opportunity to see or interact with other people, you're unlikely to be attracted to them. The amount of time people spend together, therefore, influences cohesiveness. As people spend more time, they become more friendly.
- iv) **External threats:** Most of the research supports the proposition that a group's cohesiveness will increase if the groups come under attack from external sources. Management threats frequently bring together an otherwise disarrayed union.
- v) **Previous successes:** If a group has a history of successes, it builds an esprit de corps that attracts and unites members. Successful firms find it easier to attract and hire new employees than unsuccessful ones.
- vi) **Nature of the group:** Heterogeneous groups (Whose members have different interests and backgrounds) are often less effective in promoting their own interests than groups whose members are more homogeneous. Homogeneous groups whose members are alike on such factors as age, education, status, experience, background, etc. are better, when the task or goal requires mutual cooperation and conflict free behavior.
- vii) **Communication:** Groups whose members are located close together and can interact frequently and easily are likely to be more cohesive and effective than those at a greater distance. Such groups tend to develop their own language and symbols and code to communicate with group members.
- viii) **Location of the group:** Location of the group plays an important role to enhance cohesiveness. Particularly, isolation from other groups of workers tends to build high cohesiveness.
- ix) **Autonomy:** Like individual, the group of individuals may have dependent or independent function to other groups and thus will have different structure. When each individual of a group has independent and different activities, then the cohesiveness among members of the group will be less when compared with the group whose members are doing the operations which are dependent upon each other.

- x) **Leadership style:** The different styles of leadership influence the group cohesiveness differently. An effective leader keeps the members of the group close by helping them satisfying their social needs.
- xi) **Management behavior:** The behavior of a manager has a direct influence on the degree of cohesion that exists within the group. By creating competition among employees and by constantly comparing one employee with another, he may make close relations difficult. A manager can also build solidarity by rewarding co- operative behavior. He can utilize the group cohesiveness for achieving the goals of the enterprise, if he can provide them good leadership.

**Check your progress**

**State true or false:**

1. A person becomes a member of a group to become powerful
2. A group established according to rules and regulations is a formal group
3. A group has forming, storming, norming and performing stages.
4. The forces which operate and shape a group is called group dynamics
5. When are members of a group afreed to a decision, it is consensus.

**2.80 Summary:**

Personality is the interaction between an individual, traits, physique, and self with environment and others. Personalities are classified as introvert and extrovert and type A and B.

Perception is a cognitive process of seeing, receiving, selecting, organizing, interpreting and giving meaning to the situation. It is determined and influenced by perceiver’s characters, external factors and others. It is used in selection, performance appraisal. etc.

Learning is a permanent change in behaviour which is compulsory or voluntary. Classical theory conditions behaviour; operator conditioning theory converges the function of stimulus; and social learning is based on models. This is used to reduce absenteeism, improving employee descriptive.

Attitudes reflect the negative or positive feeling of a person towards something. Job satisfaction and organizational commitment are two important types of attitudes. There are various sources and measurement of attitudes.

A group is a collection of people who interact with each other. Groups are formed to satisfy various needs like safety and security, esteem, belongingness, etc. There are formal and informal groups. Group behaviour is influenced by group norms, group cohesion, group role, group conflict etc.

**2.81 Key words:**

- Introvert: a person who is quiet, calm, less interactive.
- Extrovert: a person who mingles freely, open minded and easy moving.
- Locus of control: a belief that makes a person to depend on his internal or external happenings.
- Sensation: response of a sensory organ.
- Halo effect: a general impression about an individual based on a single character.
- Contrast: an object stands out against the background.
- Retention: remembrance of learned behaviour over time.

Cognitive:	thought or view about oneself.
Reinforcement:	anything that increases the strength of response.
Job satisfaction:	individual's pleasurable or painful feeling of his job
Job involvement:	extent of affiliation shown to the job.
Organizational commitment:	loyalty towards the organization.
Reference group:	Special informal type of group for comparison.
Group norms:	rule for the behaviour of members.
Group dynamics:	extent of interaction among members of a group
Group cohesion:	the degree of attraction of members towards the group.

**2.82 Answers to check your progress:**

**Fill in the blanks: (2.21)**

1. Psychology
2. organizational behaviour
3. multi

**State true or false (2.39)**

1. True
2. True
3. True
4. True

**Give correct answer (2.45)**

1. Physical
2. psychological
3. Size
4. Attribution

**State true or false (2.54)**

1. False
2. True
3. True
4. True
5. True

**Match the following (2.65)**

1. Expressed feelings – Attitude (3)
2. Evaluative Judgment – Values (1)
3. A source of attitude – family (2)
4. Likert's scale – Measurement of attitude (4)
5. Job satisfaction – A type of attitude (5)

**State true or false (2.77)**

1. True
2. True
3. True
4. True
5. True

### **2.83 Activity:**

#### **Self – perceptual and self – concept**

**Objective:** You are requested to carry out this exercise in the classroom with your teacher. This exercise would help you to (i) identify your self – perception, and your self – concept (ii) obtain feedback from others.

#### **Exercise:**

1. Take out a sheet of paper and fold it in half from top to bottom.
2. You write, “How I see myself and “How I Think others see me”.
3. You write down five one-word descriptions (adjectives) under each category how you perceive yourself and how you are perceived by others.
4. You share your list with your classmates and discuss briefly. Each student may communicate what he or she most proud is of.

### **2.84 Case study:**

Ranjami Textiles is a small readymade garments company with 100 workers of which 60 are males and 40 are females. There are two supervisors, one for males (X) and another for females (Y). Supervisor X was strict in dealings with his subordinates and Y was normal in dealing her subordinates. At the end of the year it was found that men were more productive than females. The proprietor wanted to rectify the situation. Advise.

### **2.85 Review questions:**

1. What is personality? What are major determinants?
2. Examine the psychoanalytical theory of personality.
3. How does personality relate to organizational behaviour?
4. Define perception. Discuss the process involved in perception.
5. How do external factors affect perception?
6. What are the managerial uses of perception?
7. Narrate the various components of learning.
8. Discuss the nature of classical conditioning and operant conditioning theory, How do they differ from each other?
9. How can reinforcement be used to generate change in behaviour?
10. What is attitude? What are its sources?
11. Explain various types of attitudes.
12. How is job satisfaction measured?
13. Define the term “group” why are they formed?
14. Define group dynamics. Mention the factors responsible for group dynamics.
15. What is group cohesiveness? What factors are responsible for increase group cohesiveness?

### **2.86 Reference Books:**

1. Gordon W. Allport. Personality, Henry Holt, New York 1951
2. M.S. Saiyadain and Arun Monappa. Profile of Indian Managers, Vidya Vatami, New Delhi, 1977.
3. Uday Pavcek et al. Behavioural Processes in organizations, Oxford and IBH Publishing co., New Delhi.
4. Stephen P. Robbins. Organizational Behaviour, Prentice Hall of India, New Delhi 1996.
5. Albert Bandura. Social learning theory Prentice Hall, Englewood, Cliffs, N.J. 1977.

## UNIT III

### ORGANISATION AND SYSTEMS

- 3.0 Introduction
- 3.10 Learning objectives
- 3.11 Structure of the unit
- 3.20 Theories of organization
- 3.21 Classical theories
- 3.22 Neo – classical theories
- 3.23 Modern theories

#### **Check your progress**

- 3.30 Organisation rules
- 3.31 Concept of power
- 3.32 Types of power
- 3.33 Concept of Authority
- 3.34 Distinction between authority and power
- 3.35 Sources of authority
- 3.36 Limitations of Authority
- 3.37 Concept of status
- 3.38 Sources of status
- 3.39 Significance of status
- 3.40 Limitations of status

#### **Check your progress**

- 3.50 Organisational environment
- 3.51 Nature of organizational environment
- 3.52 Significance of organizational environment
- 3.53 Types of organizational environment
- 3.54 Elements of external environment
- 3.55 Impact of environment on organization
- 3.56 Coping with environment change

#### **Check your progress**

- 3.60 Summary
- 3.61 Key concepts
- 3.62 Answers to check your progress
- 3.63 Activity
- 3.64 Case studies
- 3.65 Review questions
- 3.66 References

#### **3.00 Introduction:**

You know that organization was described differently by various experts. Some concentrated on the structure. They advocated improvement in physical structure. Some predicted that relationship is the determinant of an organisation. Some other people thought that system or situation influences the structure. Thus, the organization has developed from physical structure to situations.

### **3.10 Learning Objectives:**

After studying this lesson, you will be able to

- 1) define the concept of organizational structure, power, authority and status.
- 2) elucidate traditional and modern theories of organization
- 3) differentiate various types of organizational power or status
- 4) establish relationship between structure, authority and status

### **3.11 Structure of the unit**

### **3.20 Theories of organization**

Based on the approaches of organisation, some authors have developed theories of organization. They are known a) Classical Theories, b) Neo-Classical Theories and c) Modern Organizational Theories.

### **3.21 Classical theories**

Classical theories are based on traditional thinking; these theories were first propounded in 1900 and incorporated original ideas of management. The classical theories were devoted mainly to the superior's authority, objectives, rules and economic activities. The theories are broadly divided into (1) bureaucracy (2) scientific management and (3) process management.

#### ***Bureaucracy***

The bureaucratic model developed because some people wanted to dominate others in business and other activities. They organized men and materials for achieving the objectives for their personal benefits. This theory was given a formal shape by a German sociologist, Max Weber, who believed that bureaucracy was an ideal weapon to harness human and physical resources. It is a formative model of organization characterized by a large and complex atmosphere with impersonal detachment from Human Resources. Rules, regulations, rigid hierarchy and specialized functions are important features of bureaucracy. It is the epitome of structural relationship to control.

The superior has more authority to control the subordinate. The importance of routine, objectivity, uniformity and consistency are very much stressed. Personal, inter - personal and mutual relations have no place. Rigidity and uniformity are the basic principles of bureaucracy. Authority and power are the important elements that govern this system. This type is available in military organisations. Red Tape, officialdom are its hallmarks.

#### ***Scientific Management***

The scientific management theory was propounded by F.W. Taylor and was carried out by Frank and Lillian Gilbreth, Henry L. Gantt and Emerson. Taylor postulated that management was haphazard and inefficient during their times. The Management was based purely on individuals' capacity. The personal talent of the manager guided the workers who were motivated by bonus and other monetary benefits. F.W Taylor therefore tried to find out the basic principles of management by using time and work-study, laying emphasis on services carried out by workers. H. Emerson contributed efficiency-engineering development at work. He emphasized the need for educating workers to increase their efficiency in production, which would benefit the employees as well as the management in the long run.

Scientific management created a revolution in the fields of engineering, production and work performance. It contributed towards efficiency, standardization, specialization and simplification. Importance is given to analysis, planning and control. Man was equaled with the machine. Workers who worked like machines were well rewarded. It fragments the whole worker into small units which de-humanised employees. It is also called shop management.

### **3.22 Neo-classical theories**

The classical theories concentrated on discipline and the economic well being of people. They ignored their morale and desires. Neo-classical theories while accepting the merit of classical theories have given more importance to Human Relations and behavioural sciences. The neo-classical theories modified, added and extended the classical theories by realizing the fact that management exists in a social system where factors have cognizant roles to perform. Employees can play crucial roles in the decision- making process. Human relations and behavioural science have become two important approaches of new classical theories.

#### ***Human Relations Theory***

The Human Relations theory was developed by Elton Mayo and his associates from 1924 -1932 at the Hawthorne plant of Western Electric Company. They experimented in four phases: illumination experiment, relay assembly test, interviewing programmes and the bank wiring observation room experiments.

The Hawthorne experiments brought about the conclusion that the business organization also includes social and psychological factors. It considered organization as a social process where feelings, sentiments and attitudes were given due importance. Mayo and Roethlisberger of Harvard Business School postulated that efficiency and productivity could increase if the attitudes of employees were well recognised.

#### ***Behavioural Science Theory***

The Behavioural science theory believes in inter-personal relations. While Human Relations concentrates on morale and productivity, behavioural science lays emphasis on inter-personal roles and relationships. F. Herryberg and V. Vroom suggested motorational models after Maslow who developed the need hierarchy. Sociologists and psychologists contributed significantly to the areas of behavioural science for treating the human element as a social system. Group behaviour was given more importance. McGregor, Arguris and Likert believed that self-actualised man would contribute to the development of management. They emphasized democratic values and human motivation. The task itself is the primary source of satisfaction and self-motivation. Unlike the beliefs of the classical theory, Behavioural science believes that human beings like work but it should not be super-imposed and should instead be self-realized. They enjoy work and believe in self-discretion and self-control. They are interested in their own jobs and creativity in healthy, safe, comfortable and congenial environment. People consider themselves to be important persons and like to be treated as important people by their superiors. The Behavioural science theory tries to develop new insights and brings about a congenial environment in the factory whereby new thinking and new techniques put forward by employees are welcome.

### **3.23 Modern theories**

Modern organizational behaviour has become complex. It synthesizes the classical and neo-classical theories, while incorporating technological development. Modern organization theories are classified into quantitative, system and contingency theories.

#### ***Quantitative Theory***

The quantitative theory includes operation research and quantification of the problem. It analyses the problems from quantifiable angles and provides solutions to complex problems only with the help of statistical and mathematical models such as linear and non-linear programming, game theory, decision tree, simulation and probability. Computers are used to solve management problems whereas mathematical models were previously used for the purpose. A large number of

problems are solved with the use of simulation equations and computers. The development of equations requires specialized skills and advanced knowledge of mathematics, statistics, economics and behavioural science. Models are tested within the context of the real world and use of operation research.

### **System Theory**

A system is a set of interconnected and inter-related elements of management activity. It is an arrangement of components of activities performed for achieving certain objectives. Thus, a system has three components: arrangement, objectives and a plan. The arrangement is designed and planned in an effective manner to achieve the objectives. Men, materials and money are planned to achieve the objectives of the organization. It has been agreed that the organization is a system wherein operation, marketing, finance, etc, are subsystems. The modern organization theory believes in the general systems theory (GST), which is applicable to all scientific phenomena. Kenneth and Building have contributed a systems theory to establish a single, self-contained and generalized theory for particular disciplines. The system approach believes in a static structure and a dynamic and cybernetic system. It has increased mobility, technological behaviours, self-awareness and the goal-directed approach. The system is organization wherein the various components are subsystems, which are managed and mobilized for attaining the organizational goals. It is an interconnected, interdependent and interacting arrangement of men and materials. For example, business is a social technical system, a plant is a botanical system, and a car is a mechanical system and so on.

### **Contingency Theory**

The contingency theory is an extension of the open system. It has an adaptable approach which is applicable to all situations. Organizing a business based on changing situations and the environment has its own quality and advantages. It is ready to cope up with the increasing needs of the company and society. The contingency theory is a situational theory, which changes its approach according to the requirements of the situation. It is away from the angle of different theories of management, although it cannot claim that the valuable theories of management are not applied for solving the problem. It is an attempt to provide something more contributory for the help of practicing managers.

### **Check your progress (3.23)**

#### **State true or false**

1. Classical theories emphasise structural aspects of organisation
2. Human relationship is the important factor under neo classical theories
3. Modern theories place importance either on system or situation.

### **3.30 Organisation Rules**

Organization are built by the aggregations of people who are for achieving goals. The behaviour of the people needs to be influenced in a proper manner. The power and authority help manager influence the subordinates behaviour to achieve their goals. Thus, organization behaviour is likely to remain incomplete without a reference to power and authority.

### **3.31 Concept of power**

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.” It is referred to as the ability to get things done despite the will and resistance of others or the ability to “win” political fights and outmanoeuvre the opposition. The power theorists suggest it is raw ability to mobilize resources to

accomplish some end without reference to any organized opposition. Pfeffer, defined power as a potential force and in more detail” as the potential ability to influence behaviour, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do.”

### 3.32 Types of power

There are five type of power viz. Reward, coercive, legitimate, referent, and expert power.

**Reward power:** This source of power depends on the person’s having the ability and resources to reward others. In addition, the target of this power must value these rewards. In an organizational context, managers have many potential rewards, such as pay increases, promotion, favourable work assignments, more responsibility, new equipment, praise, feedback and recognition, available to them. In operant learning terms this means that the manager has the power to administer positive reinforcers. In expectancy motivation terms, this means that the power to provide positive valences and that the other person perceives this ability.

**Coercive power:** This source of power depends on fear. The person with coercive power has the ability to inflict punishment or aversive consequences on the other person or, at least, to make threats that the other person beliefs will result in punishment or undesirable outcomes. This form of power has contributed greatly to the negative connotation that power has for most people. In an organizational context, managers frequently have coercive power in that they can fire or demote subordinates or be dock their pay, although the legal climate and union have stripped away some of the powers.

**Legitimate power:** This power source, identified by French and Raven, stems from the internalised values of the other person which give the legitimate right to the agent to influence them. The others feel that they have the obligation to accept this power. It is almost identical to what is usually called authority and is closely aligned with both reward and coercive power because the person with legitimacy is also in position to reward and punish. However, legitimate power is unlike reward and coercive power in that it does not depend on the relationship with others but rather on the position or role that the person holds. For example, people obtain legitimacy because of their title (captain or executive vice president) or position (oldest in the family or officer of a corporation) rather than their personalities or how they affect others.

**Referent Power:** This type of power comes from the desire on the part of the other persons to identity with the agent wielding power. They want to identify with the powerful person, regardless of the outcomes. The other grant the person power because he or she is attractive and has desirable resources or personal characteristics.

Advertisers take advantage of this type of power when they use celebrities, such as movie stars or sports figures, to do testimonial advertising. The buying public identifies with (finds attractive) certain famous people and grants them power to tell them what product to buy .For example, a review of research has found that arguments, especially emotional ones, are more influential when they come from beautiful people.

**Expert Power:** The last source of power identified by French and Raven is based on the extent to which others attribute knowledge and expertise on the power seeker. Experts are perceived to have knowledge or understanding only in certain well-defined areas. All the sources of power depend on the target’s perceptions, but expert power may be even more dependent on this than the others. In particular, the target must perceive the agent to be credible, trustworthy, and relevant before expert power is granted.

### 3.33 Authority

Authority is a means of influencing the behavior of people in the organization.

#### Definitions

“the willing and unconditional compliance of people, resting upon their belief that it is legitimate for superior to impose his will on them and illegitimate for them to refuse to obey”.

#### **Max Weber**

“Authority may be defined as the power to make decisions, which guides the actions of another. It is a relationship between two individuals; one superior, another subordinate. The superior frames and transmits decisions with the expectation that these will be accepted by the subordinate. The subordinate executes such decisions and his conduct is determined by them”. **Simon**

“Authority in the organization is the power in a position (and through it, the person occupying the position) to exercise discretion in making decisions affecting other”. **Koontz**

### 3.34 Distinction between authority and power

Sometimes two terms ‘authority and power ‘ are used interchangeably because of their common objective of influencing the behaviour of people on whom these are exercised. However, there is a difference between these two. While authority is the right to command, power is the capacity to command.

1. Authority is legitimised by certain rules, regulations, laws, and practices. In the case of power, there is no such legitimisation.
2. Authority is institutional and originates because of structural relationships. Power emerges because of personal factors and varies with the individuals. In the management of an organization, authority is the central element of formal organization and systematic communication. Power reflects the political realities within the organization and relates to the subtler, more informal patterns within the organization and relates to the subtler, more informal patterns of action and interaction that occur.
3. Authority exists in the context of organizational relationship, mostly in superior- subordinate relationship either direct or otherwise. Power relationship may exist between any two persons and organizational relationship may not be necessary.

### 3.35 Sources of authority

The first view is that authority is derived from higher levels. This is called the theory of formal authority. The second view is that legitimisation comes from below and flows upwards by those below a given manager. In this case, real authority is lacking. The third view is that authority emerges from the competence of a person

**1. Formal authority theory or classical theory:** Formal authority is required as basic to managerial jobs. The classical theory holds that the authority inherent in a managerial position is achieved by delegation from the higher positions. In a corporate entity, shareholders may delegate authority to Board of Directors, which may delegate to the chief executive. This process goes on till the last level of the organization, as shown below:-



## **Flow of formal authority**

Flow of this authority is known as top-down authority. Thus each manager in the organization has specific set of authority delegated to him and built into the role prescriptions of his position. The real authority vests at the top level in the organization. The authority at the top level arises because of provision of private property, social systems, or constitution, etc. irrespective of the specific source to which the ultimate authority is attributed, the classical theory of authority is basically a statement of what the situation should be if goal achievement is to be maximized. It establishes role prescriptions for managerial jobs. Authority at various levels of the organization is required because managers at each level are responsible to get the things done which are assigned to them. Classical thinkers have always suggested parity of authority and responsibility.

**2. Acceptance theory:** Acceptance theory views authority as being present when a directive is legitimized by virtue of its acceptance from below. Authority exists when subordinates are willing to be directed. Barnard challenged the traditional concept of flow of authority from top to bottom. According to him:

“Authority is the character of a communication (order) in a formal organization by virtue of which it is accepted by a contributor to or a member of the organization as governing..... or determining what he does or is not to do so far as the organization is concerned”.

An essential ingredient of Barnard’s concept of source of authority, is that the person subject to authority voluntarily accepts it. If the acceptance is lacking among sufficient number of the employees affected, the manager has lost whatever power was involved in his authority, and finds that his right has become meaningless.

**3. Competence Theory:** In addition to formal and acceptance theories of the source of authority, there is a feeling that authority is generated by personal competence. Urwick identifies formal authority as being conferred by organization, ‘ technical authority’ as being implicit in special knowledge or skill, and personal authority’ as being conferred by seniority or popularity. A person may get his order or advice accepted by others not because he is having any formal authority, but because of his personal qualities. These qualities may be technical competence and social prestige, such as competent engineers, economists, etc, in the organization whose advice may be sought and followed unerringly as if this is an order. Similarly, in other social groups people with charisma have the same effect.

### **3.36 Limitations of authority**

In any organization, the quantum of authority is the maximum at the highest level and minimum at the lowest level. In other words, the quantum of authority decreases at successively lower levels.

Any authority is not absolute. The authority enjoyed by an organization is exercised subject to various social, legal, political, and economic factors. Similarly, the use of authority by a superior over his subordinates is restricted by various factors. These factors are:

1. The authority is exercised with regard to moves and folkways of the group concerned. The use of authority generates different reactions from various groups. The authority must be exercised keeping in view the group’s fundamental social beliefs, codes, creeds and habits; otherwise the effective exercise of authority is limited.

2. There are biological limits on the authority. Human beings do not have the capacity to do certain things. These are physical- climate, geography, physical laws economic competition, market factors, etc., and technical limitation on the use of authority. These all suggest that an individual cannot be ordered to do a thing, which is not possible because of these limitations.
3. There are certain limitations, which restrict managerial authority. Such factors as partnership agreements, memorandum of association, articles of association, Factory Acts and Company laws put limitations on authority. A manager has to exercise authority in these contexts. Changes in these can be made, but these can be done through a definite procedure and not at the whim of a manager.
4. A manager's authority is limited because of the fact that his span of management is limited. There is a limit on the number of subordinates who can be effectively managed by a superior. The exercise of authority requires to take decisions and a manager cannot take such decisions about unlimited number of persons. Thus, his authority is limited to the subordinates who are managed by him.
5. A manager can use the authority, which is specifically delegated to him. Delegation of authority is required because of the assignments of duties and responsibilities.

### 3.37 Concept of status

Keith Davis said, status is the social rank of a person in a group. It is a mark of the amount of recognition, honour, and acceptance given to a person. Within groups, differences in status apparently have been recognized ever since civilization began. Wherever people gather into groups, status distinctions are likely to arise, because they enable people to affirm the different characteristics and abilities of group members.

### 3.38 Sources of status

**Sources of status** There are various sources through which the status can be acquired. They may be ascribed, achieved, scalar, functional, positional or personal.

- i. **Ascribed status:** status can be ascribed. Most frequently we hear such statements as, "president has become one of the directors", and "our new general manager is the brother of the Vice-president" and so on. Status, thus, can be acquired through the other person's position in the organization.
- ii. **Achieved status:** Self-made man is the classic example of this kind of status. Status is mostly achieved by virtue of skills, education, intelligence, and competence of an individual. Of all sources of status, this achieved status is a highly respectable one
- iii. **Scalar status:** In the formal organization, status is related to the position of an individual. In the hierarchy it is also known as formal status. The higher the position the higher will be the status and vice versa. For instance, the top of the company has very important people while the bottom echelons contain the less important people. That is to say, if an incumbent occupies a higher position in the organizational pyramid, he is considered to be a 'wheel' or executive with higher status.
- iv. **Functional status:** It is based on the type of work or activity performed in the organization. A white-collar worker is viewed as superior over a blue-collar worker. Sometimes, the task the individual performs plays a vital role in determining status. Two individuals may be

having the same pay, same experience, same rank but status may be different. For instance, the one in the Finance and Accounting department may have relatively more status than the one in the purchasing department. This kind of source is called functional status since the status is attached to the functions performed by the individuals. Normally, in organizations the professional members enjoy a greater prestige over the non- professional members. Functional status is, thus, a relative concept.

- v. **Positional status:** Status can also be positional. Regardless of who occupies it, status is attached to the particular position. For example, irrespective of the person holding the president's chair a person will have the same status by virtue of the 'chair'. If the president is changed, then the new president will have the same status as the old president.
- vi. **Personal status:** Status sometimes can be acquired through personality. People who are kind and good irrespective of their positions in the organization command respect in the society. It is also called "informal status". It is always true that good deeds bring people a personal status.

### 3.39 Significance of Status:

Status has importance in organizational settings. There are six factors indicating the significance of status in industry:

- (1) As in society, industry has a normative structure which forms the mudsill of a status structure;
- (2) Industry has a highly functionally differentiated structure which strengthens status distinctions;
- (3) Positions having complex functions and greater authority are assigned higher prestige or status;
- (4) Status distinctions legitimise and validate a social order, providing it justification;
- (5) Status distinctions facilitate organizational effectiveness and communication; and
- (6) Status structure integrates organizations into the broader society.

There is also a multiplicity of status structures. The employees have as many status systems as they have areas of participation: (i.e., the formal job structure, the labour union etc.) At a plant level, there exist four types of social participation: the isolation pattern, the local pattern, cosmopolitan and marginal patterns. The isolated views the entire status situation as unimportant and sometimes even immoral, and the localities tend to preserve the particularistic status system; the cosmopolites are frequently upwardly mobile; the unsuccessful marginal people are unable to reconcile conflicting status demands of different groups, while successful marginal people are able to perceive the status problems of different groups.

### 3.40 Limitations of status

#### Limitations of status

**1.Social Distance:** One important negative feature of status is the social distance that is emphasized by the status system of the organization. Sometimes status distinctions may be great or be overemphasized to the point that active cooperation is reduced. Overemphasis on status distinctions may also hamper authoritative communication among organizational members. If the organizational status is overemphasized and relatively few strata exist, impediments to communication are likely to develop. The high offices will become insulated from other lower counterparts. Social distance will become great because of status system. The top authority might come to live lonely in isolation. Many of the present day organizations face this problem of social distance that arise on account of status system.

**2.Excessive status symbols:** Symbols of status are very important but if status is permitted to become an end goal in itself, it can become pathological aberration too. Some members give excessive weightage to these symbols paying a very little regard to the intrinsic need for these symbolic trappings. Excessive preoccupation with status symbols may be expensive for the organization as a whole. For instance, the wages paid to staff assistant of a particular executive or department. Further, quite frequently, executives waste their time and effort in struggling to obtain and maintain ‘status symbols’. The individual who is status bound spends his energies attempting to achieve esteem by surrounding himself with all the visible signs to demonstrate that he really has status when, in fact, he may have very insignificant status. It should however, be noted that if the symbols any irregularities in the maintenance and arrangement of symbols or modifications in them may produce dissatisfaction and unhappiness on the part of members who are affected adversely.

**3. Friction in Work Relationship:** Status system creates values to all positions and any change in the values upsets the status quo. The working relationships and arrangement may be affected by status consideration in an organization. For instance, in the transfer of personnel, individuals react of partiality on the basis of consideration of status. A shop worker may be happy to accept a position in office because he can lay aside his uniform (worn clothes) and can don a prestigious white suit and a tie and hence regard change as acceptable (promotion). Conversely, attempts to transfer an office clerk to shop area may lead to resentment and objection and hence creates friction in work assignments.

**4. Individual competence Vs positions:** Status distinctions may not always correspond adequately to the competence of the individuals who are involved. For example an engineer may be only a poor mechanic and a doctor may be a crack, the vice- president may be the chairman’s son-in-law, but lack administrative skills and knowledge to lead the company etc. Therefore, situations are not rare where incompetent individuals may have sufficient power, authority as well as status. The status accorded to the position may tend to obscure the incompetency or weakness of the employee. Management, therefore, must assume the responsibility in keeping high- status positions filled with people of commensurate ability and skills. Only careful selection and alert management can minimize the glaring inconsistencies between status and abilities of the employees.

**5. Status Anxiety and Inconsistency:** Status system in an organization creates some sort of anxiety in the minds of aspirant members. One’s status position may appear to be undesirable and the individual may feel powerless to change it. He may feel, at the same time that he is entitled to something more than he is getting. It may be true that he is perceiving his capacity incorrectly or the organizational system is so biased that it does not realize and acknowledge the person’s competence and skill. Whatever be the reason, the inability to improve one’s status produce a sense of frustration within an individual. On the other hand, status inconsistency may also result in anxiety. By inconsistency we mean the various status symbols are not in harmony. That is to say, some of the symbols may be present indicating a position of importance, but some other symbols may be missing. For instance, the title of the position may be right, but the incumbent may lack a private office that is appropriate for the particular level. Status inconsistency leads to unhappiness because the individual is aware of the inconsistencies and deficiencies.

### **Check your progress**

#### **Give one word for the following:**

1. This power depends on the person’s ability and resource.
2. When people attend their work sincerely it is due to that power
3. This power is used to motivate consumers.
4. This helps a person to make use of his specialized power in a company.

### 3.50 Organisational environment:

The organization lives and breathes within a large environmental system. It is verbal shorthand to say that an organization interacts with its environment. In reality, it is always individuals who interact with other parts of the society. But when members act on behalf of their organization they are influenced by the organization's objectives and values. This factor may cause them to behave somewhat differently than if they were acting strictly in accord with their own needs and values. This phenomenon makes it feasible for us to examine the organization in relation to its larger system.

### 3.51. Nature of Organization Environment:

Organisation environment is characterized by the following features:

**1. Aggregative:** Organisation environment is the totality of all the external forces which influence the working and decision-making of an enterprise.

**2. Inter-related:** Different elements of environment are closely interrelated and interdependent. A change in one element affects the other elements. Economic environment influences the non-economic environment which in turn affects the economic conditions.

**3. Relative:** Organisation environment is a relative concept. It differs from country to country and even region to region. The nature of economic system in a country affects the environment of business.

**4. Inter-temporal:** Organisation environment is also an inter-temporal concept as it changes over time. For example, environment in India today is much different from that prevailing before 1991. In the short run, organisation environment may remain static. But in the long run, it does change.

**5. Uncertain:** Organisation environment is largely uncertain because it is very difficult to forecast the future environment. When the environment is volatile, i.e., changes very fast, uncertainty increases.

**6. Contextual:** Organisation environment provides the macro framework within which the business firm (a micro unit) operates. The environmental forces are largely the given within which an individual enterprise and its management must function.

### 3.52 Significance of Organisation Environment:

It is very important for firms to understand their environment and changes occurring in it. Enterprises which know their environment and are ready to adapt to environmental changes would be successful. On the other hand, firm which fail to adapt to their environment are unlikely to survive in the long run.

Some of the direct benefits of understanding the environment are given below:

**(i) First Mover Advantage:** Awareness of environment helps an enterprise to take advantage of early opportunities instead of losing them to competitors.

**(ii) Early Warning Signal:** Environmental awareness serves as an early warning signal. It makes a firm aware of the impending threat so that the firm can take timely action to minimize the adverse effects, if any.

**(iii) Customer focus:** Environmental understanding makes the management sensitive to the changing needs and expectations of consumers.

**(iv) Strategy Formulation:** Environmental monitoring provides relevant information about the organisation environment. Such information serves as the basis for strategy making.

**(v) Change Agent:** Business leaders act as agents of change. They create a drive for change at the gross root level. In order to decide the direction and nature of change, the leaders need to understand the aspirations of people.

**(vi) Public Image:** An organisation can improve its image by showing that it is sensitive to its environment and responsive to the aspirations of public.

**(vii) Continuous Learning:** Environmental analysis serves as broadbased and ongoing education for business executives. It keeps them in touch with the changing scenario so that they are never caught unaware.

### **3.53 Types of Organisation Environment:**

There are two broad types of organisation environment:

1. Internal Environment, and
2. External Environment.

Internal environment refers to the factors existing within a business firm. The internal factors are considered controllable because the enterprise has control over these factors. For example, a company can modify or alter its organization structure, policies and programmes, personnel, physical facilities and marketing mix to suit the changes in the environment.

The external environment consists of forces and factors outside an enterprise. The external forces are by and large beyond the control of a firm and are, therefore, regarded as uncontrollable. For example, a company has almost no control over national income, social forces, government policies, population, etc. However, sometimes a powerful corporation may be able to change some external factors.

#### **3.53.1 Internal Environment:**

The main internal factors which influence organisation decisions are as follows:

**1. Culture:** The values, belief and attitudes of the founders and top management of the company exercise a strong influence on what the company stands for, how it does things and what it considers important.

**2. Mission and Objectives:** The business philosophy and purpose of a company guide its priorities, business strategies, product market scope and development process.

**3. Top Management Structure:** The composition of the board of directors, the degree of professionalisation of management and the organizational structure of a company have important bearing on its business decisions. The board of directors sets the direction and monitors the performance of the company. Companies having highly qualified and responsible boards out perform those lacking such boards of directors. Sound management structures and styles facilitate timely decision-making.

**4. Power Structure:** The internal power relationship between the board of directors and the chief executive is an important factor. The extent to which top management enjoys the support of shareholders and employees at different levels also has an important bearing on decision-making and working of the company.

**5. Company Image and Brand Equity:** The image and brand equity of the company play a significant role in raising finance, forming alliances, choosing dealers and suppliers, launching new products, entering foreign markets, etc.

**6. Human and Other Resources:** The competence, morale and motivation of employees play a vital role in the success of the firm.

### **3.53.2 External Environment:**

The external environment of business comprises of micro environment and macro environment.

### **3.54 Elements of External Environment:**

There are two major components of external environment – micro and macro.

#### **3.54.1 Micro Environment:**

Micro environment refers to those individuals, groups and agencies with which the organizations come into direct and frequent contact in the course of its functioning. Micro environmental factors exercise a direct influence on the operations of the enterprise. Micro environment consists of the groups in the company's immediate operating environments which have a direct bearing on the performance of the company.

Micro environment consists of the following elements:

**1. Customers:** The people who buy a firm's products and services are its customers. A business exists to create and satisfy customers.

**2. Competitors:** A company may have both direct and indirect competitors. Direct competitors are the other firms which offer the same or similar products and services.

**3. Suppliers:** Suppliers refer to the people and groups who supply raw materials and components to the company. Reliable sources of supply enable the company to carry on uninterrupted operations and to minimize inventory carrying costs.

**4. Marketing intermediaries:** Several marketing intermediaries help a company in promoting, selling and distributing its products to consumers. Middlemen like agents, wholesalers, and retailers serve as a link between the company and its customers.

**5. Financiers:** The shareholders, financial institutions, debenture holders and banks provide finance to a company. Financial capacity, policies and attitudes of financiers are important factors for the company.

**6. Publics:** Publics include all those groups who have an actual or potential, interest in the company or who influence the company's ability to achieve its objectives. Media groups, environmentalists, non- government organizations (NGOs) and local community are examples of publics. These publics can have both positive and negative impact on a business firm.

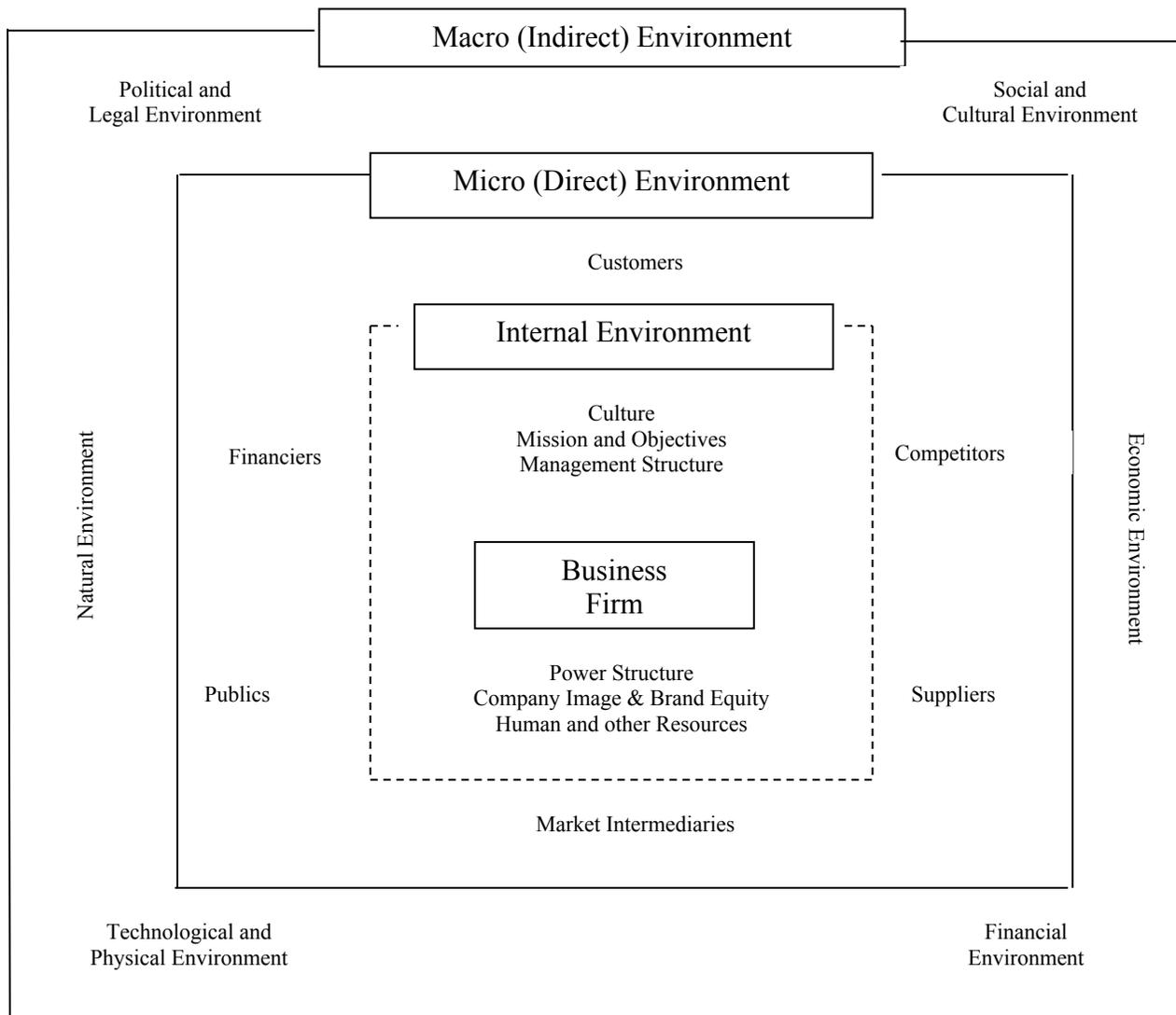
#### **3.54.2 Macro Environment**

Macro environment refers to the general environment or remote environment within which an organisation and forces in its micro environment operate. A company does not directly or regularly interact with the macro environment.

**Macro environment consists of the following components:**

- (i) Political and legal environment
- (ii) Social and cultural environment
- (iii) Economic environment
- (iv) Financial environment
- (v) Technological and physical environment
- (vi) Natural environment
- (vii) Global environment

**1. Political and Legal Environment:** Political environment comprises the elements relating to government affairs. It serves as the regulatory framework of business. The main constituents of a country's political and legal environment are constitutor, political organization, foreign policy etc.



***Elements of Organisation Environment.***

**2. Social and cultural Environment:** Social environment refers to the characteristics of the society in which a business firm exists. Social and cultural environment consists of the demography, social institute caste, tastes etc.

**3. Economic and Financial Environment:** The main components of economic environment are the nature of economic system, economic structure, economic policies, organisation and development of the capital market, economic infrastructure and product markets and factor markets.

**4. Technological and Physical Environment:** The main elements of technological and physical environment are rate of technological change, approaches to production of goods and services, new processes and equipment, and research and development (R&D) systems.

**5. Natural Environment:** The main natural forces are climatic conditions, agricultural, commercial and other natural resources, ecological system, levels of pollution,

**6. Global Environment:** International agencies (World Bank, IMF, WTO, EEC, etc), international conventions, treaties and agreements, economic and business conditions in other countries etc.

**3.55 Impact of Environment on Organisation:**

The impact of different elements of macro environment on business decision-making may be summarized as follows:

1. The economic environment exercises most significant influence on organization because itself is an economic institution. For example, decline in interest rates has reduced the cost of capital for business firms in India.
2. Social and cultural forces exercise significant influence on organization. For example, social consciousness among public requires more responsible behaviour on the part of organization in the matter of environment, customer service and labour welfare. Growing number of working women have increased the demand for life style products.
3. The political and legal environment provides the framework within which organization has to function. The viability of a business firm depends upon its ability for meeting the challenges arising out of political and legal change.
4. Technological, physical and natural environment also affect business. For example, cable TV has adversely affected radio and cinema.

### 3.56 Coping with Environmental Changes

An organization may use several techniques to cope with its environment.

**1. Buffering:** Buffering techniques are used to soften the impact of environment on the organization. Stocking materials, preventive maintenance, employee training, building inventory measures enable the organization to avoid damage due to changes in environment.

**2. Leveling:** Leveling attempts to reduce fluctuations in the environment. For example, retail firms faced with seasonal fluctuations offer price cuts in order to spread sales more evenly throughout the year. Special air fares for night flights is another example of leveling.

**3. Anticipation:** It means acquiring information about probable changes in the environment. A manufacturing firm tries to anticipate demand for its product before deciding production schedules and related matters.

**4. Rationing:** It involves allocating organizational resources according to a system of priorities. Rationing is resorted to when an organization is unable to meet all the demand.

**5. Dominating:** The organization attempts to control events in the environment and reduce its dependence on them. By developing several suppliers, a firm can reduce dependence on one or two suppliers.

**6. Changing:** An organization may change itself, its operations and output. For example, it may change its product line to meet changes in customers' preferences.

#### Check your progress

#### Match the following:

A		B	
1.	Buffering	1.	Two fold
2.	Rationing	2.	Banking sector
3.	Organisation environment	3.	Operating in fullcapea
4.	Customers	4.	Priority resources
5.	Macro environment	5.	Micro environment

### 3.60 Summary:

Organisation theory is how best to organize people and tasks to accomplish organizational goals. Classical, neo-classical and modern theories are important classical theory attaches importance to structure, while attaches importance to structure, while neo-classical to relationship and modern theory on systems or situation.

Power is ability to influence other people. Power emerges from personality fear, position, knowledge etc. It differs basically from authority. Status is the social value of a person. Status may be ascribed achieved, scholar, functional and personal.

Organisation environment is the totally of forces influencing a firm. Its nature aggregative, uncertain and contextual. Early warning signal, customer focus, public image are some advantages. It consists of two types: Internal environment are within the organization system and includes management, power system, company image etc. External includes micro and macro environment. Political, legal, social, cultural, economic, political and technological are the various parts of external environment.

**3.61 Key concepts:**

Bureau cracy	:	impersonalisation of an organization structure and position
Human relations movement	:	attaching more importance to human relationship in an organization.
System	:	inter connected and interrelated elements in an organization.
Legitimate power	:	power arising from a formal position
Micro environment	:	internal elements of an organization effecting it working
Macro environment	:	forces operating outside organization.
Coping	:	technique used to reduce influence

**3.62 Answers to check your progress state true or false (3.23)**

1. True
2. True
3. True

**Give one word for the following (3.40)**

1. Reward power
2. Coercive power
3. Referent power
4. Expert power

**Match the following: (3.56)**

- |                             |   |                            |
|-----------------------------|---|----------------------------|
| 1. Buffering                | - | Operating in full capacity |
| 2. Rationing                | - | Prioriting resources       |
| 3. Organisation environment | - | two fold                   |
| 4. Customers                | - | Micro environment          |
| 5. Macro environment        | - | Banking sector             |

**3.63 Activity**

If you have personal access for a company with national or international operations try to conduct some interviews and find out the personal interactions involved in working with their counterparts in abroad. In particular, ask questions about the nature and level of authority, and decision making in overseas units compared with head quarters. What kinds organization pattern is exercised? What changes you would recommend?

### **3.64 Case study**

Mr. Maran has been production manager of modern products Ltd. for two years. He has a big problem his boss Mr. Jothi who has been divisional manager for about 15 years. Mr. Jothi loves his job and his people. He knows all the 100 employees in the division by name. He spends a great deal of time wandering about listening to people's problems and helping supervisors out of trouble.

All that is fine for two things. He spends so much time talking to individual employees and supervisors that he is seldom in his office. Mr. Maran never knows what Mr. Jothi has told the employees. So in a way Mr. Jothi is more on the Mr. Maran's Job than himself.

#### **Questions:**

1. What organizational problems involved?
2. Which theory of organization should be applied to solve these problems?
3. What is Neo-classical theory of management? In what way it is an improvement over the classical theory?

### **3.65 Review questions:**

**Answer the following questions in 250 words.**

1. Critically examine the classical theory of organizational
2. What do you understand by Neo-classical theory of organization?
3. What are the sources of power?
4. Enumerate various sources of authority.
5. What are the sources of status?
6. What is internal environment? What are its component?
7. What is external environment? What are its components?

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## UNIT-IV MOTIVATION

- 4.00 Introduction
- 4.10 Objectives
- 4.11 Structure of the unit
- 4.20 Motivation – Definition
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### **Check your progress**

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### **Check your progress**

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#### **4.00 Introduction:**

You would have observed that some people show greater interest to their work and some others do not. Some are frequently absent. Some superiors find it easy to manage their subordinates while some others do not. Some students attend classes regularly while others do not. What do you observe from the above cases? All result out of good or bad motivation.

#### **4.10 Objectives:**

After reading this lesson you will be able to

1. define the concept of motivation and its sources.
2. identify the factors influencing morale;
3. describe the characters and styles of leaders.
4. explain various theories of leadership.

#### **Structure of the Unit:**

#### **4.20 Motivation – Definition:**

##### **Definitions**

The term motivation has been defined by management authors as under ;

“Motivation is the desire within an individual that stimulates him or her to action.” - **George R. Terry**

“Motivation is the way in which urges, drives, desires, aspirations, strivings or needs direct, control or explain the behaviour of human beings.” - **D.E. McFarland**

“Motivation is a willingness to expend energy to achieve a goal or reward. It is a force that activates dormant energies and sets in motion the action of the people. It is the function that kindles a burning passion for action among the human beings of an organisation.” - **C.B. Mamoria**

“Motivation is a general inspirational process which gets the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks they accepted and generally to play an effective part in the job that the group has undertaken.” - **Brech**

#### **4.21 Characteristics of Motivation:**

##### **1) Motivation is internal to person**

Motivation is an internal feeling. It is psychologically generated behaviour, which forces a person to action.

##### **2) Motivation is an ongoing process**

Motivation is a continuous activity. It goes on endlessly because needs and desires are many. One need may give rise to the other; they are numerous and motivate persons for their satisfaction.

##### **3) Motivation varies from person to person and time to time**

Motivation is different for different persons and it also varied according to time and place because wants are different for different people, according to time and places. Moreover, motivation is a psychological phenomenon and it is difficult to make clear assessment as to what exactly is the cause of motivation.

##### **4) Motivation may be positive or negative**

Positive motivation is based on incentives or reward. Edwin B. Flippo points out that, “positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward. “This incentive may be in the form of monetary or non-monetary

benefit. People can be motivated by praising them or giving them respect or by giving them authority and recognizing their contribution and seeking participation from them. Competition is another factor, which will motivate them to work more than their fellow employees to show their superiority.

Negative motivation is based on penalties, calling for explanation, threats, fear, etc. Fear of losing the job or promotion; pay deduction make employees work. These reasons push them towards the work. Negative motivation, if used frequently, may create disloyalty and non-cooperation, which may in turn result in low performance.

A person is also motivated if he is given fringe benefits, medical facilities, facilities for education of employees' children, housing accommodation, holidays and vacation, retirement benefits, etc. Training and development is also a cause of motivation.

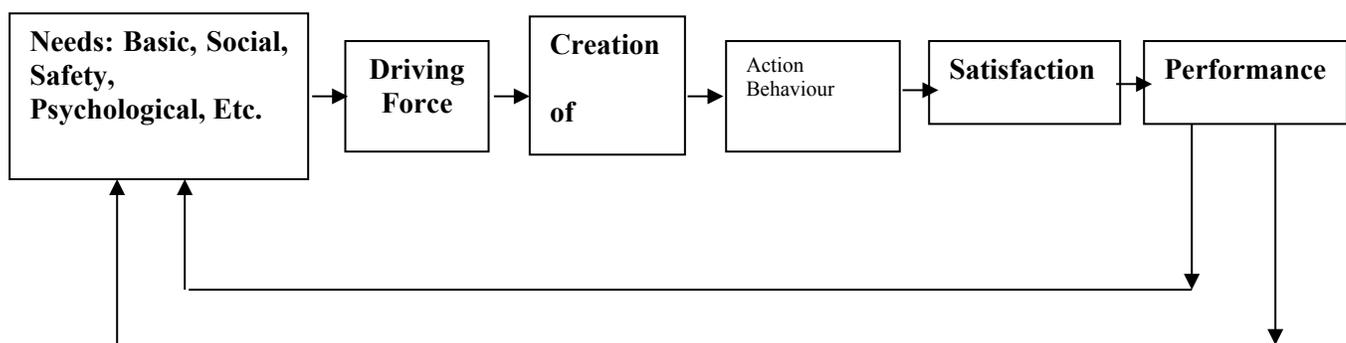
### Theories of Motivation

Theories of motivation can be categorized broadly under content or need theories, cognitive or process theories. Maslow, Alderfer, Murray, McClelland are some of the people who have made significant contribution to the content theories which basically look at the motives or needs in individuals that influence behaviour. Adams, Vroom, Porter and Lawler made significant contributions to the cognitive theories, which look into the dynamic process of how people assess work situations, and would engage themselves in work.

#### 4.22 Process of Motivation:

An unsatisfied need, drive, desire, or motive initiates motivation. An unsatisfied need, drive, desire, or motive cause tension (physical, psychological, or sociological) within the individual, leading him to engage in some kind of behaviour ( to seek a means) to satisfy the need and thereby reduce the tension. Note that this activity is directed toward a goal; achievement of the goal satisfies the need. For example, when a person needs water, he is driven by thirst, and is motivated by a desire for water (in order to satisfy the need). Depending on how well the goal is accomplished, the inner state is modified as shown by the feedback loop. Thus motivation begins with an unsatisfied inner state condition and ends with movement to release that unsatisfied condition, with goal-directed behaviour as a part of the process.

#### Motivation process



The underlying concept of motivation is that some driving force within an individual makes him/her attempt to achieve some goal in order to satisfy some need or expectation. This concept gives rise to the basic motivational process as given above.

People's behaviour is determined by what motivates them. Their performance is a product of both ability level and motivation.

$$\text{Performance} = \text{function} (\text{ability} \times \text{motivation})$$

Therefore, if the manager is to improve the work of the organisation, attention must be paid to the level of motivation of its members. The manager must also encourage staff to direct their efforts (their driving force) towards the successful attainment of the goals and objectives of the organisation.

#### **4.23 Significance of Motivation:**

Motivation is an important part of managing process. A team of highly qualified and motivated employees is necessary for achieving the objectives of an organisation. It is only through motivation process, they contribute maximum for accomplishing objectives. Without motivation, they may not have an urge to maintain or improve their efficiency. Importance of motivation in management may be judged on the basis of the following factors:

- (1) **Effective use of resources:** In business, all physical resources are to be used through human force. Effective and efficient uses of these resources depend on the ability and readiness of the work force. Thus teams of highly motivated employees greatly help in making optimum use of available resources for achieving objectives.
- (2) **Higher efficiency:** Motivation is directly related to the level of efficiency. Highly motivated employees make full use of their energy and other abilities to raise the existing level of efficiency. They produce more as compared to other employees.
- (3) **Accomplishment of organisational goals:** The process of motivation helps in shaping the working behaviour of the employees and making it desirable for achieving objectives. Highly motivated employees would make goal-directed efforts. They are more committed and cooperative for seeking organisational goals.
- (4) **Reduced labour turnover and absenteeism:** Highly motivated employees are the most important and valuable assets of the organisation. They are more loyal and sincere and therefore, they remain punctual and regular in their work and prefer to stay on-the-job for longer period of time. These factors help in reducing absenteeism and labour turnover.
- (5) **Healthy industrial relations:** Motivation is considered as a backbone of good industrial relations. Effectively motivated employees get more satisfaction and carry high morale which make them more disciplined. In such a situation, the possibilities of industrial disputes and unrest are reduced to the minimum and industrial relations gets improved.
- (6) **Improved corporate image:** Motivation also helps in improving the image of the organisation. If employees are motivated, they produce more, they maintain self-discipline and prove productive. Internal environment in the organisation ultimately gives better impression to the outsiders dealing with an organisation and its image is enhanced.

#### **4.30 Theories of Motivation:**

There are various theories of motivation. Different management experts have contributed them in the last two centuries. The important theories of motivation are explained here.

#### **4.31 Theory X and Theory Y**

A powerful influence for maturity on organisational behaviour was Douglas McGregor's theory X and theory Y, first published in 1957 in his book "Human side of enterprise ". These two theories clearly distinguished traditional autocratic assumptions about the nature of people (Theory X) from more behaviour-based assumptions (Theory Y). The usefulness of the McGregor theories is his convincing argument that most management actions flow directly from whatever theory of human behaviour manager hold and the Philosophy practised. Management's personnel practices, decision-making, operating practices and even organisational design flow from the assumptions about human behaviour.

<b>Theory X</b>	<b>Theory Y</b>
The typical person dislikes work and will avoid it if possible.	Work is as natural as play or rest.
The typical person lacks responsibility, has little ambition and seeks security above all	People are not inherently lazy. They have become that way as a result of experience.
Most people must be coerced, controlled, and threatened with punishment to get them to work	People will exercise self-direction and self –control in the service of objectives to which they are committed.
	People have potential. Under proper conditions, they learn to accept and seek responsibility. They have imagination, ingenuity and creativity that can be applied to work.
With these assumptions the managerial role is to coerce and control employees.	With these assumptions, the managerial role is to find the potential in employees and help them release that potential towards the common objective.

Theory X implies an autocratic approach to managing. Theory Y implies a humanistic and supportive approach to managing people.

#### 4.32 Abraham Maslow’s Need Hierarchy theory

Unsatisfied (US)	<b>Self-Actualization</b> Self- fulfilment, maximum skill potential, personal growth Management Influence: Challenging job assignments, opportunities for creativity, risk taking and high achievement.
US	<b>Esteem</b> Status, self-content, confidence, appreciation Management Influence: Recognition of good performance, important job assignments, job title, responsibility
US	<b>Social</b> Affection, acceptance, sense of belonging, friendship Management Influence: Stable group environment, facilities for interaction, permission to socialize.
US	<b>Safety</b> Security, protection from physical harm Management Influence: safe working conditions, job security, fringe benefit programme.
US	<b>Physiological</b> survival, hunger, thirst Management Influence: Air conditioning, clear air, equitable pay.

At the lowest level are placed physical needs, the next level is that of safety and security needs, the next higher level is that of social needs, then Ego or self-esteem needs then comes self-realisation needs at the top of the hierarchy of needs.

**Physiological Needs:** The fulfillment of physiological needs, such as thirst, hunger, sex, sleep, etc. takes precedence over all other needs; on the satisfaction of these needs, very survival and continuance of the human race is dependent upon.

**Safety needs:** Once physiological needs are met, ‘safety’ needs become important. While physiological needs have a reference to the present, the safety needs look to the future. The need for food, clothing, etc. when satisfied the safety needs appear.

**Social needs:** The needs for social belongingness have their origin in the gregarious nature of the human being. Since man is a social being, he has a need to belong and to be accepted by various groups. When social needs become dominant, a person will strive for meaningful relations with others. People interact simply because they enjoy it. Even such interactions which give no apparent tangible rewards are entered into simply because they reasonably assure that one is a part of the society and is accepted by the society.

**Esteem needs:** An employee stays in an organisation not merely because he gets his salary and other material rewards but he is there because others recognize that he is worthy of the job and other material benefits that he gets. This need manifests itself in three forms; (a) the need for status; (b) the need for power and (c) the need for recognition. The scuffle in the organisation for achieving the organisational status and the power, which goes with it, is the essence of the esteem needs. Promotion is recognition of one’s capability to shoulder higher responsibilities.

**Self actualization needs:** In the words of Maslow, these needs denote” what a man can be and should be “A self-actualised person has a cause; an ideology to fight for the goal set for himself. He concentrates on the feedback, which is task oriented and is not taken in by the personal criticism or praise.

Since such a person has a cause to believe in, many a times he forgoes fulfillment of other needs in pursuance of the cause. He is unmindful of the physical surroundings.

### **Criticism:**

Maslow’s need hierarchy presents a paradox in as much as while the theory is widely accepted, there is little research evidence available to support the theory. It is said that beyond structuring needs in a certain fashion. Maslow does not give concrete guidance to the manager as to how he should motivate his employees. The need hierarchy as postulated by Maslow does not appear in practice. It is likely that over fulfillment of anyone particular need may result in fixation for the need. In that case even when a particular need is satisfied a person may still engage in the fulfillment of the same need. Furthermore, in a normal human being, all the needs cannot always be satisfied entirely. There remains an unsatisfied corner of every need inspite of which the person seeks fulfillment of the higher need. A person may move on to the next need in spite of the lower need being unfulfilled or being partly fulfilled.

### **4.33 Herzberg’s two factory theory**

Herzberg extended the work of Maslow and developed a specific content theory of work motivation. In 1950’s he conducted a study noting responses of Accountant and Engineers employed by the firms in and around Pittsburgh. In collecting data he used the Critical Incidental Method. In this method, the respondent was asked to narrate one incident from his work life about which he was particularly unhappy and another incident from work-life about which he was particularly happy.

On analyzing the data thus collected Herzberg came to the conclusion that there are two sets of factors at the work life; one set he called “hygiene factors” while the other was called the “motivators “. The following are the hygiene factors and motivators.

<b>Hygiene Factors</b>	<b>Motivators</b>
i.e. dissatisfiers	i.e. satisfiers
1. Company policies and administration;	1. Achievement;
2. Technical supervision;	2. Recognition
3. Inter personal relations with superiors;	3. Advancement;
4. Inter personal relations with peers;	4. Work itself
5. Inter personal relations with subordinates;	5. Possibility of Growth
6. Salary	6. Responsibility
7. Job security;	
8. Personal life;	
9. Working conditions;	
10. Status	

Hygiene factors are those factors that by their absence inhibit performance but any addition in them does not increase efficiency or productivity. Those are job content factors that occur at the time of doing the job. Thus they are extrinsic to the job. These factors are called ‘dissatisfies’.

Motivators are those factors, which by their absence do not inhibit performance, but any addition in them increases efficiency. These are the job content factors that make the job itself a tool of motivation. These factors are also called ‘Satisfiers’.

By their very nature hygiene factors are necessary for the performance but what is required of the manager is to provide these factors to the required level and focus his attention to provide more and more on the motivators. Motivators cater to the higher order needs of the human being and, therefore, they are more important. In order to build these factors into the job design, a manager should load the job with motivators. This is the theory of job loading. Job loading can be done either by horizontally loading or by vertically loading the job. The horizontal job loading is known “job enlargement” while vertical job loading is known “job enrichment”.

#### **Criticism of Herzberg Theory’**

Even though Herzberg model of job enrichment was employed in some companies, the results were not uniform. One of the main criticisms against the theory is that it is not corroborated by subsequent research. Many critics do not agree to the straight jacketing of certain items into hygiene factors and motivators. Depending on the environment and perception, what a hygiene factor is to one may be a motivator to others.

Herzberg implies building challenges and freedom into the jobs. However, what a challenge is to one may be perceived as a threat by others. Moreover all jobs cannot be re-designed and enriched. eg. routine programmed jobs cannot be enriched.

In spite of the criticism, Herzberg has to be given credit for contributing substantially to the study of work motivation. He extended Maslow’s concept and made it more applicable to the work motivation. Herzberg added much to the better understanding of the job content factors and employee satisfaction, but fell short of a comprehensive theory of work motivation.

#### **4.34 Alderfer’s ERG Theory**

Alderfer identified 3 groups of needs; they are- Existence (E), - Relatedness (R) and Growth (G).

The **existence needs** are concerned with survival.

The **relatedness’ needs** stress the importance of interpersonal and social relationship.

The **growth needs** are concerned with individual’s intrinsic desire for personal development.

Alderfer is suggesting more of a continuum of needs than hierarchical levels. Factors of prepotency of needs. Unlike Maslow or Herzberg, he does not contend that a lower level need has to be fulfilled before a higher level need becomes motivating or that deprivation is the only reason to activate the need.

Overall, the ERG theories seem to take some of the strong points of the earlier content theories but is less restrictive and limiting. The fact remains, however, that the content theories in general lack explanatory power over the complexities of work motivation and, with the possible exception of the implications for job design of Herzberg's work, do not readily translate to the actual practice of Human Resources Management.

Like Maslow, Alderfer suggests that individuals progress through the hierarchy from existence needs, to relatedness needs to growth needs, as the lower level needs become satisfied. However, Alderfer suggests these needs are more a continuum than hierarchical levels. More than one need may be activated at the same time. Individuals may also progress down the hierarchy. There is a frustration- regression process. For example, if an individual is continually frustrated in attempting to satisfy growth needs, relatedness needs may reassume more importance. The lower level needs become the main focus of the individual's efforts.

**Relationships among Maslow's Alderfer's and Herzberg's theories of motivation.**

Maslow's hierarchy of needs	Alderfer's ERG theory	Herzberg's two-factor theory
PHYSIOLOGICAL	EXISTENCE	HYGIENE FACTORS
SAFETY	RELATEDNESS	
SOCIAL		
ESTEEM	GROWTH	MOTIVATORS
SELF-ACTUALISATION		

**4.35 Vrooms Expectancy theory**

***Vroom's expectancy model***

Victor Vroom (1964) presented the Expectancy theory (1964) as an alternative to the content theories. It provides a comprehensive and useful approach to understanding motivation. The model has been expanded and refined by Porter and Lawler (1968). Vroom proposed his expectancy model as an alternative to the content models. The content model is inadequate to satisfy the complex process of work motivation. Vroom's model is built around the concepts of Valence and Expectancy and is commonly called the VIE theory. Vroom explains that the motivation force is a product of valence and expectancy.

Another major input into the valence is the instrumentality of the first level outcome, in obtaining a desired second level outcome. For example, if a person is motivated towards superior performance it is the first level outcome (figure above) and is seen as being an instrument in obtaining promotion (second level outcome).

***Instrumentality:*** It refers to the relationship between performance and reward. Instrumentality refers to the degree to which a first level outcome will lead to a desired second level outcome. It provides answers to such questions" will I be promoted, if perform the job well". In this example, instrumentality refers to the person's perception of the relationship between high performance (first level outcome) and promotion (second level outcome).

**Expectancy:** People have expectancies about the likelihood that an action or effort on their part will lead to intended performance. Expectancy refers to the perceived relationship between the given level of effort and a given level of performance. If an employee sees no probability of being promoted even after superior performance, his expectancy is zero, i.e. action- outcome relationship indicates uncertainty. At the other extreme, if the action outcome relationship indicates certainty, then expectancy has a value of one. Normally employee is expecting somewhere between these two extremes.

#### 4.36 Porter – Lawler model

The controversy over the relationship between satisfaction and performance has been in existence since the Human Relations Movement. The content theories implicitly assume that satisfaction leads to improved performance. Although Vroom’s valence and outcome have performance implication, it was porter and Lawler who refined and extended Vroom’s model. Porter and Lawler promoted the thesis that performance causes satisfaction. They tried to explore the complex relationship between motivation, satisfaction and performance and point-out that effort does not directly lead to performance. Porter and Lawler start with the premise that motivation does not equal satisfaction and performance. It directly does not lead to motivation. It is mediated by abilities, traits and role perceptions. The rewards that follow and how these are perceived will determine satisfaction.

Although the Porter and Lawler model is more application oriented than the Vroom model, it is quite complex and has proved to be a difficult way to bridge the gap to actual management practice.

#### Check your progress

#### Match the following:

A	B
1. People are 1922	1. Maslows theory
2. People have hidden potentidy	2. Theory Y
3. Ascending order of needs	3. ERh
4. Alderfer	4. Theory X
5. Instrumental	5. Vrooms expectancy

#### 4.40 Morale:

You would have observed the workers in company and offices A worker shows high interest in his work when his morale is high and low interest when if its low. Similarly, the job satisfaction is expressed as high or low. All these due to morale condition of workers. Let us discuss the concept of morale.

#### 4.41 Definition of Morale:

##### Definitions:

Morale means “the attitude of employees and group towards their work environment and towards voluntary cooperation to the full extent of their ability in the best interests of the organisation.” - **Keith Davis**

“Morale refers to the condition of a group where there are clear and fixed group goals that are felt to be important and integrated with individual goals: where there is confidence in the attainment of these goals and the confidence in the means of attainment in the leader, associates and finally in oneself.”- **Morris viteles**

“A mental condition or attitude of individuals and group which determine their willingness to cooperate with others to meet organisational objectives”- **Flippo**

A mental condition of groups and individuals which determines their attitude.” -**Davis** A mental attitude of individuals or group, which enables an employee to realize that the maximum satisfaction of his coincides with the fulfilment of the objectives with those of the company and subordinates, his own desires to those of the company”- **MEE**

Morale is “state of mind, especially of persons associated with some enterprise, with reference to confidence, courage, hope etc.

Morale is also defined as the “ total satisfactions as a person derives from his job, his work-group, his boss, the organisation and his environment. It is also affected by his personality structure”.-

### **Dictionary**

#### **4.42 Factors Influencing Morale**

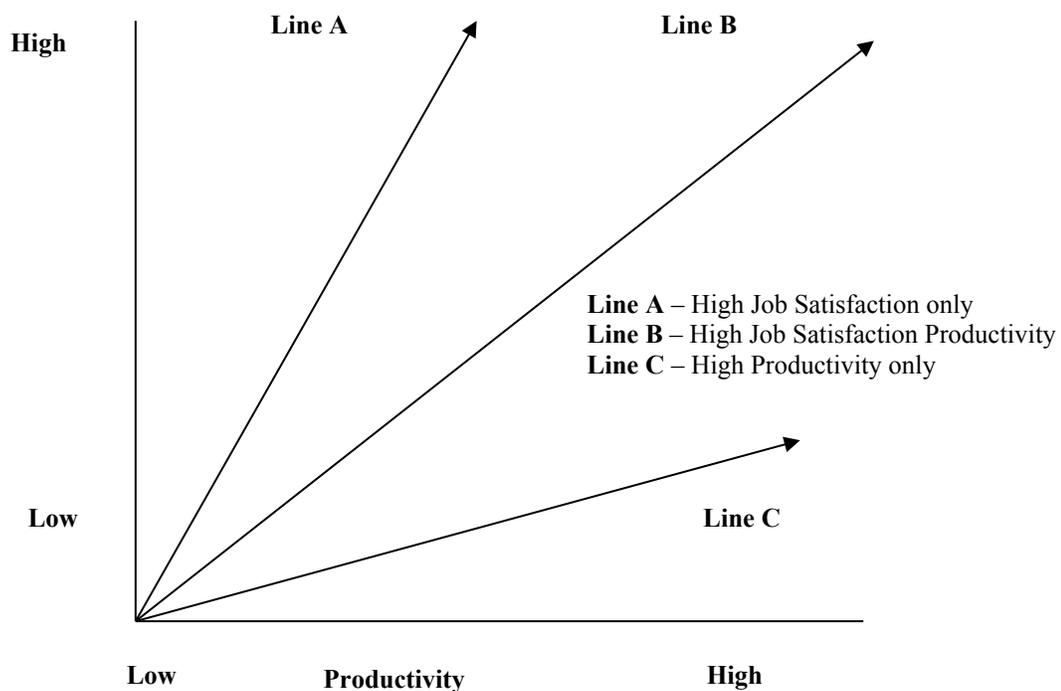
We have seen morale as a mental attitude. Hence morale is influenced by the following factors:

- a. Job satisfaction.
- b. Job involvement.
- c. Organisational commitment.

There are a number of factors. Some are extrinsic, some are intrinsic. All such factors, therefore, also influence morale.

Morale indicates the happiness of the employees with the organisational environment. It also refers to the preparedness of the groups of the employees to subordinate the individual and the group goals of the organisation.

Morale essentially is akin to job satisfaction. It represents the integration of an individual with the team and the organisation itself. Generally, it can be said that morale has a positive relationship with productivity. The higher the morale the higher is the productivity. However, this need not always be so, as can be seen from the following graph:



In the above graph

Curve – A represents high morale; Low productivity;

Curve-B represents high morale and high productivity; but low morale. And

Curve-C represents high productivity.

High productivity involves a combination of ability, training, work habits, performance goals etc. Curve ‘A’ above where morale is high but productivity is low indicates the management’s failure in the proper discharge of management functions:- chiefly the planning function.

Productivity can be high in spite of morale being low because of the rigid systems and controls imposed by the management.

The situations where productivity is higher in spite of morale being low or productivity being lower in spite of morale being high do not last long. In the first situation productivity is high because of the strict management controls and close supervision. It also happens in an atmosphere where the people are treated as machines. In this situation the management is apparently creating discontent in the organisation, which may blow up in its face. When this happens the productivity also dips.

In the second situation, when morale is high productivity is low, slowly people distance themselves from the Organisation because of the disillusionment about the management abilities. In this situation after sometime, the morale comes down. Thus in both these situations ultimately morale as well as productivity are at their nadir.

Every manager is always interested in curve ‘B’ indicating high morale as well as productivity. But morale is not a static phenomenon. Today the morale may be high but something may go wrong and the morale will start dwindling. A manager must have his fingers on the morale in the Organisation. No doubt a manager can know the level of morale in his organisation by morale surveys. These morale surveys involve drafting of questionnaires, interviewing people, tabulation and analysis of the data. This may be a time-taking process. Instead, he may pay due attention to some of the morale indicators that give an idea about the status of morale at a particular time.

#### **4.43 Indicators of Morale**

##### **Indicators of morale:**

A manager should always be interested in knowing the level of morale in his organisation. Morale cannot be quantified. However, it can be talked of in comparative terms. Though it is always possible that a manager conducts morale surveys, which can help a manager to know the status of morale, the following are the morale indicators, which give an idea to the manager about the status of morale.

1. The rate of rejections of finished products by Quality Assurance Dept. The higher the rate of rejections, the lesser is the morale.
2. The rate of wastage of raw material. The higher the wastage, the lower is the morale.
3. Petty grievances. The higher the number of the petty grievance the lower is the morale.
4. Absenteeism-In the Indian situation absenteeism is dependent upon seasons such as sowing etc. and the festivals. High absenteeism during these periods need not indicate low morale.
5. Resignations of skilled personal-in the Indian situation there are being large unemployment, an unskilled or a semi-skilled person, even if unhappy with the job cannot leave the job. On the contrary, however, a person having higher levels of skills can leave the job in case he is unhappy with the job. In the Indian situation, therefore, exodus of skilled personnel is a morale indicator.

6. Exit interviews-Since an employee who is leaving the organisation is not inhibited by the organisational constraints, he can afford to give vent to his feelings with regard to many practices in the organisation. The exit interviews do constitute a good source of information for the management to set right many non-productive or the pernicious practices or procedures in the organisation.

### **Check your progress**

1. It refers to the expression made by a person, good a bad, about others
2. It affects strangely the productivity and job satisfaction.

### **4.50 Leader ship:**

You would have heard of great leaders of the world. Some are ‘born leaders’ and some ‘made leaders’. All managers need not be good leaders but all leaders are good managers. The success or failure of an organization depends upon its leadership. The organizational effectiveness tends on again leadership. Let us discuss the concept and theories of leadership.

#### **4.51 Definition of leadership**

Keith Davis defines leadership as “the ability to persuade others to seek defined objectives enthusiastically. It is the human factor that binds people together and motivates them towards goals. Leadership is the process of encouraging and helping others to work enthusiastically towards objectives.”

Wendell French has defined leadership as ‘the process of influencing line behaviour of others in the direction of a goal or set of goals or more broadly, towards a vision of the future.’

Koontz and O Donnell defined leadership as, “influence, the art or process of influencing people so that they will strive willingly towards the achievement of group goals.”

Peter Drucker defined it as, “the lifting of man’s visions to higher sights, the raising of man’s performance to higher standard, the building of man’s personality beyond its normal limitations.”

A. Gouldner defined leadership as, “a role which an individual occupies at a given time in a given group.”

According to Chester I. Bernard, “it refers to the quality of the behaviour of the individual whereby they guide people on their activities in organized efforts.”

#### **4.52 Characteristics of leadership**

1. Leadership is the process of influencing the behaviour of others.
2. Leadership uses non-coercive method to direct and coordinate the activities of the members.
3. Leadership directs the people to attain some goal.
4. Leadership occupies a role for a given time and for a group.
5. A leader possesses qualities to influence others.
6. Leadership gives people a vision for future.
7. It is a group activity. Leader influences his followers and followers also exercise influence over their leader. Leadership interacts.
8. Leadership is meant for a given situation.
9. Leadership is a continuous process of influencing behaviour. It instills dynamism in the group.
10. It is a psychological process and multi-dimensional in character.

#### **4.53 Functions of Leadership**

Krech who identifies fourteen functions provides a useful summary.

1. The leader as executive – top coordinator of the group activities and over-seer of the execution of policies.
2. The leader as planner – deciding the ways and means by which the group achieves its ends. This may involve both short-term and long-term planning.

3. The leader as policy maker – the establishment of group and policies.
4. The leader as expert – a source of readily available information and skills, although there will be some reliance on technical expertise and advice from other members of the group.
5. The leader as external group representative – the official spokesperson for the group, the representative of the group and the channel for both outgoing and incoming communications.
6. The leader as controller of internal relations – determines specific aspects of the group structure.
7. The leader as purveyor of rewards and punishment – control over group members by the power to provide rewards and apply punishments.
8. The leader as arbitrator and mediator – controls interpersonal conflict within the group.
9. The leader as exemplar – a model of behaviour for members of the group, setting an example of what is expected.
10. The leader as symbol of the group – enhancing group unit by providing some kind of cognitive focus and establishing the group as a distinct entity.
11. The leader as substitute for individual responsibility – relieves the individual member of the group from the necessity of, and responsibility for, personal decision.
12. The leader as ideologist – serving as the source of beliefs, values and standards of behaviour for individual members of the group.
13. The leader as father figure – serving as focus for the positive emotional feelings of individual members and the object for identification and transference.
14. The leader as scapegoat – serving as a target for aggression and hostility of the group, accepting blame in the case of failure.

#### 4.54 Styles of leadership

Styles of leadership are usually classified under the two categories, namely, authoritarian (or autocratic) and democratic; Sometimes a third heading of laissez-faire is included. There are of course many dimensions within these broad headings and a number of other styles may be identified, such as for example, dictatorial, bureaucratic, benevolent, charismatic, consultative, participative and abdicatorial.

- The **authoritarian style** is where the focus of power is with the manager and all interactions within the group move towards the manager. The leader alone exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationship control of rewards or punishments.

Autocratic leader centralize power and decision making in them. They structure the complete work situation for their employees, who are supposed to do what they are told. The leaders take full authority and assume full responsibility. Leadership behaviour typically is negative, based on threats and punishment; but it can be positive, because an autocratic leader can choose to give rewards to employees, in which the style becomes ‘benevolent-autocratic’. Some employees have expectations of autocratic leadership. The result is that they feel a certain amount of security and satisfaction with this type of leader.

Some advantages of autocratic leadership style are that it provides strong motivation and reward for the leader. It permits quick decisions, because only one person decides for the entire group. It is the best style in emergencies. Furthermore this style gives good results when one is dealing with unskilled employees doing repetitive tasks.

The main disadvantage of autocratic leadership style is that most people dislike it. Frustration, dissatisfaction, fear, and conflict develop easily in autocratic situations. Employees do not involve their 'self' in the organisational activities because their drives and creativity are suppressed.

### **Participative leadership style or Democratic style**

Participative leadership style is the expression of leader's trust in the abilities of his subordinates. The leader believes that his people are desirous of contributing to the organisational efforts as well as they have requisite capacities. Participative leaders decentralize authority. Participative decisions are not unilateral, as with the autocrat, because they arise from consultation with followers and participation by them. The leader and group are acting as one unit. Employees are informed about conditions requiring decisions, which encourages them to express their ideas and suggestions. Whereas autocratic leader control through the authority they possess, participative leaders exercise control mostly by using forces within the group. The group members have a greater say in decision-making.

Participative style is supposed to be a better style of managing people. However, it is not without its own drawbacks. This style is useless when the leader is dealing with an emergency. Furthermore, the basic assumption of this style that the people have the skill and will to help organisational effort may not be correct.

### **Free rein leadership style or Laissez Faire Style**

On the continuum of leadership style free rein style is the extreme. Free rein leaders avoid power and responsibility. They depend largely upon the group to establish its own goals and work out its own problems. A free rein leader is the one who abdicates all his decision-making responsibilities and prerogative in favour of his followers. The leader plays only a minor role. In an organisational setting, such a leader happens to be a bystander; he happens to be there because of his organisational appointment. He fails to guide, motivate and develop his subordinates. This is more a non-style leadership or it could perhaps be called abdication.

Attention to the manager's style of leadership has come about because of a greater understanding of the needs and expectations of people at work.

It has also been influenced by such factors as:

- Changes in the value system of society;
- Broader standards of education and training;
- The influence of trade unions;
- Pressure for a greater social responsibility towards employees, example through schemes of participation in decision making; and
- Government legislation, for example in the areas of employment protection.

All these factors have combined to create resistance against purely autocratic style of leadership.

## **4.60 Theories of leadership:**

Leadership is a qualitative concept. That is why there is no single definition for leadership.

Let us see the various theories of leadership.

4.61 Trait theory

4.62 Behavioural theory

4.63 Contingency theory

4.64 Fielders contingency

4.65 Likert's systems

4.66 Managerial grid

4.67 Reddin's theory

4.68 Situational theory

4.69 Path-goal theory

## Theories of Leadership

### 1. Trait Theories

The most commonly used approach to the study of leadership concentrated on leadership traits. Trait theories of leadership try to differentiate leader from nonleaders on the basis of traits. A leader was described on the basis of qualities such as intelligence, charisma, decisiveness, enthusiasm, strength, integrity, and self-confidence. There were certain characteristics such as physical energy or friendliness that were essential for effective leadership. These personal qualities like intelligence were felt to be transferable from one situation to another. Since all individuals did not have these qualities, only those qualities can be considered as leaders. It is, however, intended to identify traits that are consistently associated with leadership. For example, intelligence, dominance, self-confidence, high energy level and task-relevant knowledge are five traits that show positive correlation with leadership.

### 2. Behavioural Theories

The deficiency in the trait theory to explain the leadership prompted the researchers to take into the behaviours that specific leaders exhibited. The Ohio state Group and the University of Michigan Group are the two popular studies which developed the leadership styles. Ohio State studies have identified two types of leadership behaviour described by the subordinates.

**Initiating structure:** The leader is characterized as holding the highest position with initiating structure and he assigns group members particular tasks. He expects workers to maintain definite standards of performance and emphasizes the meeting of deadlines.

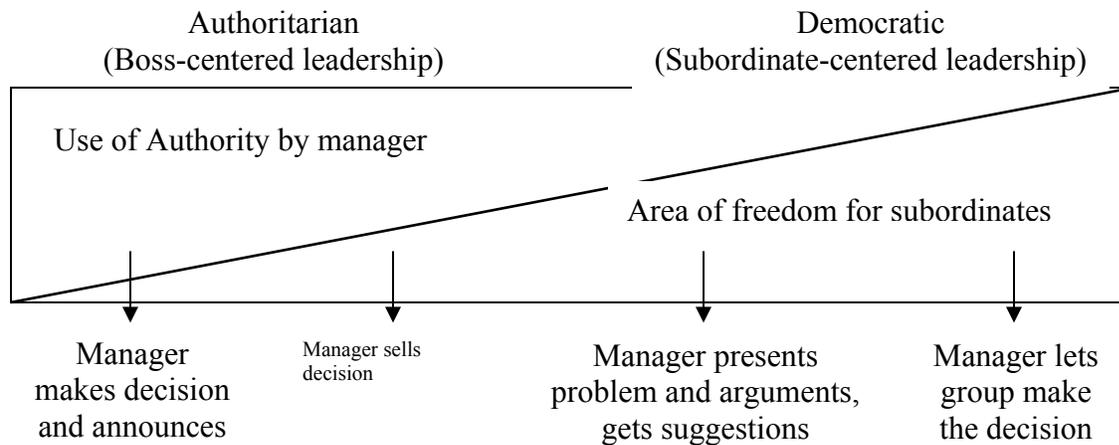
**Consideration:** A leader with consideration shows concern for his or her followers' comfort, well being, status, and satisfaction. Such leaders help subordinates with personal problems and treat all subordinates as equals.

### 3. Contingency Theories of Leadership

**Tannenbaum and Schmidt's Leadership Pattern:** Contingency theory advocates that there is no "one best way" to lead in all situations. Effective leadership style varies from situation to situation. Leadership style depends upon various factors like traits of the leader, the characteristics of the nature of the task being done and other situational factors. It was felt that the concern for task tends to be represented by autocratic leader behaviour, while concern for relationship is represented by democratic behaviour. This was popular because it was generally agreed that, leaders influence their followers by either ways (1) they can tell their followers what to do and how to do it or (2) they can share their leadership responsibilities with their followers by involving them in the planning and execution of the task.

The former is the traditional authoritarian style, which re-emphasises task concerns. The latter is more of a non-directive democratic style, which stresses the concern for human relationship. The authoritarian leadership is often based on the assumption that the power of leaders is derived from the position they occupy and the members of the group are inherently lazy (theory X). The democratic style approves that the power of the leaders is granted by the group they are to lead (theory Y). In authoritarian style all policies are determined by the leader. In democratic style, policies are open for group discussion and decision.

Robert Tannenbaum and Warren H Schmidt depicted a broad range of styles between these two extremes as a continuum moving from authoritarian or boss centered leader behaviour at one end to democratic or subordinate centered leader behaviour at the other end.



#### 4. Fiedler's Contingency Theory

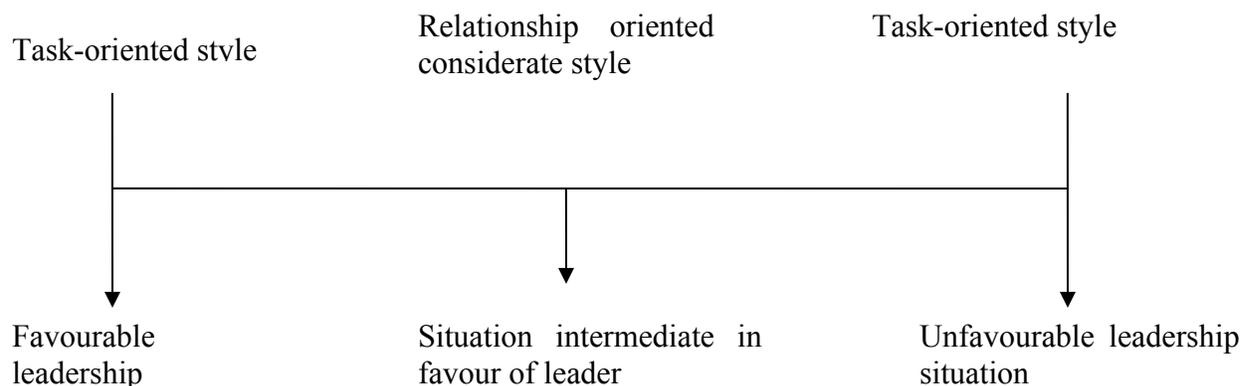
The point of concern is not the 'best' style of leadership but of the most effective type of leadership style for a particular situation. The effective or ineffective leadership style depends upon the important elements of the situation.

Fiedler (1967) developed a contingency model of leadership effectiveness. The model is based on the relationship between leadership style and the favourableness of the situation.

The favourableness of situation depends upon the following

1. The leader-member relationships: the personal relations with the members of the group are a critical variable in determining the favourableness and unfavourableness of a situation.
2. The degree of task structure: the degree of structure in the task that there group has been assigned to perform.
3. The leader's position power. The power and authority that their position provides which is the third most critical dimension of the situation.

Situations are favourable to the leader if all the three of the above dimension are high i.e.. If the leader is well accepted by the followers (first dimension traits). If the task is very structured and everything is spelled out (second dimension-high) and if a great deal of authority is formally attributed to the leader's position (high-third dimension), the situation is highly favourable. If the three dimensions are low, the situation is highly unfavourable. It was discovered that under very favourable and very unfavourable situations the task-oriented leader was the most effective.



### 5. Likert's System-4-Management

Rensis Likert (1967) suggests that managers operate under four systems. In system-1 the manager operates in very authoritarian manner and exploits the subordinates. In system-2 the manager is a benevolent autocrat, behaves in paternalistic manner and still tries to be autocratic. In system-3 manager adopts a consultative approach. He consults subordinates but takes the final decision. In system-4 manager uses a democratic style. Manager presents the problem and makes the decision by consent. The typical characteristic of the four systems is indicated in the chart given below:

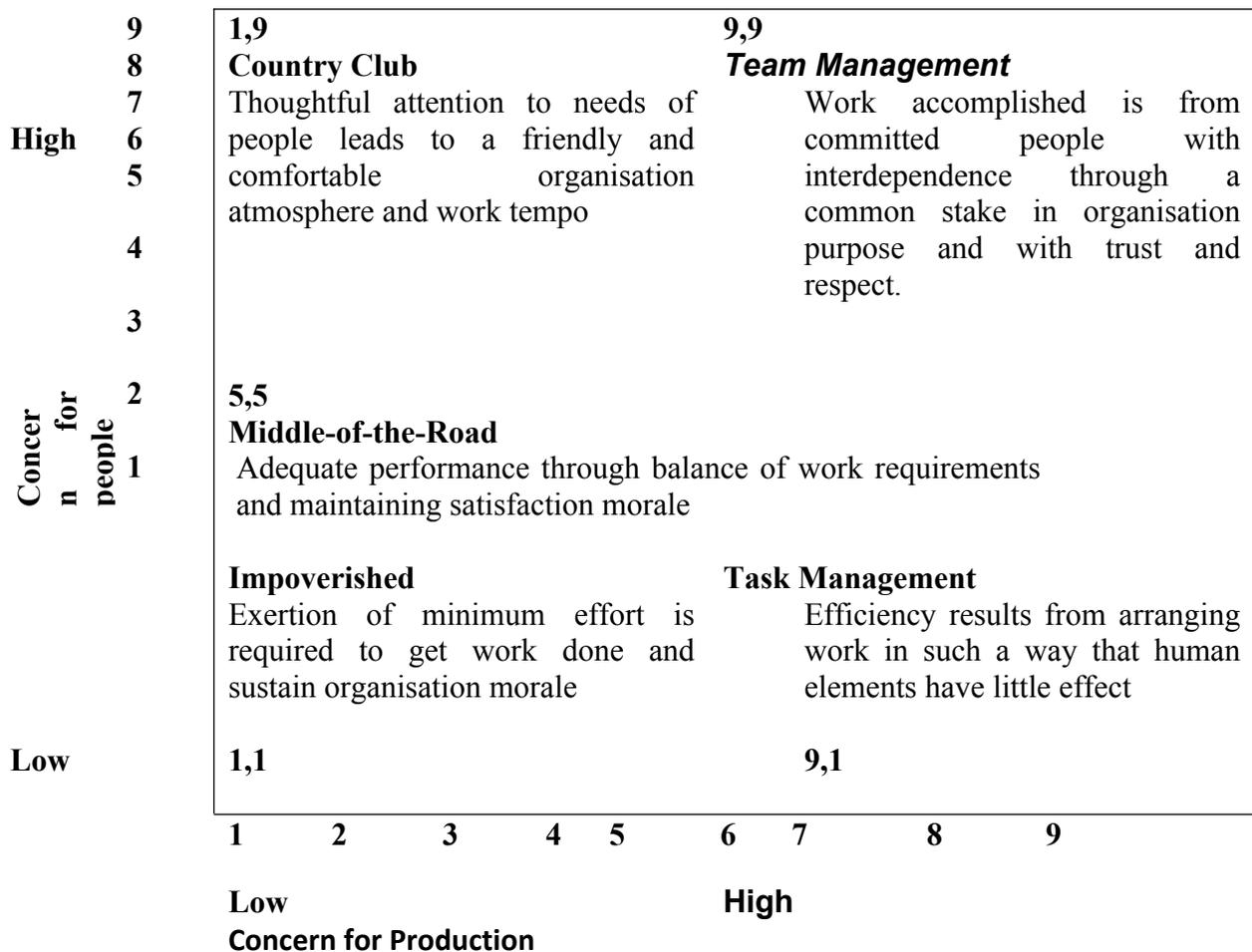
Characteristic	System-1 exploitative	System-2 Benevolent	System-3 consultative	System-4 participative
	Authoritative	Authoritative		
Trust in Subordinates	None	Considerate	Substantial	Complete
Motivation accomplished by	Fear, threats	Rewards, punishments	Rewards, punishments involvements	Group participation/involvements
Communication	Very limited	Limited	Fairly Widespread	Widespread
Interpersonal interaction	Very limited	Limited	Moderate amount	Extensive
Decision making	Centralized	Mostly centralized	Some participation allowed	Participation allowed
Control	Centralized	Mostly centralized	Moderate delegation	Extensive delegation
Informal organisation	Always developed and in opposition to the organisation	Usually developed and partially in opposition to the organisation	May be developed and may support or oppose the organisation	Informal organisation is the same as the formal organisation

To sum up, system 1 is a task oriented, highly structured authoritarian management style. System 4 is a relationship – oriented management style based on teamwork, trust and confidence. System 2 and 3 are intermediate stages between two extremes, which approximate closely to theory X and theory Y assumptions. Organisations are only beginning to realize that their most important assets are Human Resources and that the managing of these resources is one of their most crucial tasks.

### 6. Managerial Grid

Robert R Blake and Janes Mouton's (1969) managerial grid is one of the very popular approaches to identify the leadership style of practising managers. Concern for people and concern for production are the two dimensions of the grid. Concern for people is on the vertical axis and concern for production is on horizontal axis. These two dimensions are similar to the consideration and initiating structure functions identified by the Ohio state studies and the employee-centered and production-centered style used in the Michigan studies.

In the managerial grid, five different types of leadership based on concern for production (task) and concern for people (relationship) are located in four quadrants. A 9 by 9 grid is generated on the basis of these two dimensions. Blake and Mouton identified 1,1 or impoverished style of managers who are low on both in their concern for people and production, the 1,9 to country club style managers having high concern for people but low concern for production, the 5,5 or the middle – of – the – road style of managers who have moderate levels of concern for both people and production. The 9,1 or the manager style, manager has high concern for production but very little concern for people and finally the 9,9 or team management style manager has high concern for both people and production i.e., the leader with a rating of nine on the horizontal axis has a maximum concern for production. People become more important for the leader as his rating progress up the vertical axis. A leader with a rating of nine on the vertical axis has maximum concern for people.



**Managerial Grid (Blake & Mouton)**

According to Blake and Mouton, the one best style for all managers in all organisations and under all situations is the 9,9 or team management style.

**7. Reddin’s Three Dimensional Managerial Grid:**

Blake and Mouton do not relate the style of a manager to effectiveness. William J. Reddins (1970) has added a third dimension to the 2 dimensional managerial grids.

The four basic leadership styles represented in the central grid are same as those identified in Ohio state studies and 2 dimensional managerial grids. Reddins said that the four styles on upper

right are effective and the four styles on the lower left are ineffective. The upper right of the four styles achieve the output requirement and goals of the job.

### **Effective Styles:**

1. Executive: - This style gives great concern for both tasks and relationships. A manager using this style is seen as satisfying the group for setting goals and organizing work.
2. Developer: - This style gives maximum concern for people and minimum concern for task. A manager using this style is seen as having implicit trust in people and is primarily concerned with their goal accomplishment.
3. Benevolent Autocrat: - This style gives maximum concern to task and minimum concern to people. The manager is seen as having well defined methods for accomplishing goals that are helpful to managers.
4. Bureaucrat:- This style gives minimum concern for task and people. The manager using this style is seen as appropriately delegating to subordinates decisions about how the work should be done.

### **Ineffective Styles:**

1. Compromises: - It is high task and high relationship behaviour. The manager with this style is seen as initiating more structure that is needed by the group. He appears to be not genuine in interpersonal relationships.
2. Missionary: - This style gives maximum concern for people and minimum concern to tasks. A missionary manager is seen as unwilling to accomplish a task if it risks disrupting on relationship or losing a “ good person” image.
3. Autocrat: - This style is high concern for task and minimum concern for people. An autocrat manager is seen as imposing methods on others and interested in short run outputs.
4. Deserter: - This style is minimum concern for people and task. Deserter is seen as providing little support when needed by the members of the group.

A model such as a Tri- dimensional leader effectiveness model is distinctive because it does not depict a single deal leader behaviour style that is being suggested for all situations.

## **8. Hersey and Blanchard’s Life Cycle Or Situational Approach**

Taking the lead from Fiedler’s work on situational variables, Hersey and Blanchard incorporated the majority of the followers into their model. The level of majority is defined by the following criteria:

1. Degree of achievement motivation.
2. Willingness to take on responsibility.
3. Amount of education and / or experience.

### ***Telling style***

This style involves high task behaviour and low relationship behaviour. In this situation followers are unwilling to take responsibility. They have to be directed with clear and specific direction about their roles. They have to be told about what, how, when and where to do various tasks because of the follower’s low level of maturity. Telling style is for low maturity people.

### ***Selling style***

This style involves high task behaviour and high relationship behaviour. In this situation people are unable but willing to take responsibility. They are confident but lack skills at this time. The leader tries to get the followers psychologically to buy into desired behaviour through two-way communication and explanation. Selling style is for low to moderate maturity.

### ***Participating style***

This style involves high relationship behaviour and low task behaviour. People at the maturity level are able but unwilling to go, what the leader wants. They are unwilling due to lack of confidence or insecurity. The leader has to actively listen to people and support their efforts. Thus a supportive, nondirective, participating style has the highest probability of being effective with individuals at this maturity level.

### ***Delegating style***

This style involves low relationship behaviour and low task behaviour. People at this maturity level are both able and unwilling to take responsibility. The responsibility for carrying out the plans is given to these mature followers. They are permitted to run the show. Delegating is for high maturity people.

### **Application of Situational Leadership**

Situational leadership helps to assess the maturity level of the followers. The leader in situational leadership style should help followers to grow in maturity, as they are able and willing to go. **Adjusting leadership behaviour through the four styles.**

Situational leadership contends that strong direction (task behaviour) with immature followers is appropriate if they are to become productive. It suggests further that the leader should provide positive reinforcement and socio-emotional support to the people who are graduating from immaturity to maturity. The leader should decrease the control over their activities but also continue to decrease relationship behaviour as the followers reach high level of maturity. If the followers are very mature, the leader has to leave them on their own. Then there is more trust and friendship between the leader and the followers. However, the leader has to watch the performance level and the leader should also provide appropriate socio-emotional support and direction.

### **Path-Goal Leadership Theory**

Robert House of the university of Toronto initially developed this theory, and House and Mitchell later refined it. It is called path-goal approach because its primary concern is the leaders 'influence on his follower's perception of their work goals, personal goals and paths to achievement of these goals'. It is based on the notion that a leader behaviour motivates and satisfies his followers to such an extent that it promotes the attainment of the followers' goals and clears the path to attainment of these goals. It uses expectancy framework from motivation theory of Vroom. Leadership, according to this path-goal theory is closely related to motivation, on the one hand, and the power, on the other. In essence, the theory attempts to explain the impact that leader behaviour has on follower's motivation, satisfaction and performance.

According to the authors of the theory, there are four basic or major styles of leadership behaviour. They are:

- 1. Directive leadership:** Here the subordinates know exactly what is expected of them and leader gives specific directions. There is no participation by the subordinates. When the demands of the task on hand are ambiguous or when organisational procedures, rules and policies are not clear, a directive leader may complement the task by providing the necessary guidance and psychological structure for his followers. When the demands of the task are clear to the followers, high level of directive leadership may impede effective performance.
- 2. Supportive leadership:** The leader is friendly and approachable and shows a genuine interest for subordinates. This style of leadership has its most positive effect on the

satisfaction of followers who perform tasks that are full of stress, and are frustrating and unsatisfactory or unsatisfying.

- 3. Participative Leadership:** The leader asks for and uses suggestions from subordinates but takes the decision by himself.
- 4. Achievement-oriented leadership:** The leader sets challenging goals for subordinates and shows confidence in them to attain these goals and perform well. For followers performing ambiguous, non-repetitive tasks, the higher the achievement orientation of the leader, the more confident they would be that their efforts would pay-off in effective performance. Contrary would be the case, when followers perform unambiguous and repetitive tasks.

The path goal theory suggests that these various styles can be and actually are used by the same leader depending on the characteristics of the subordinates and the environmental pressures. House has concluded that a high degree of direction in autonomous or ambiguous situations increases satisfaction by clarifying the path to Goal achievement. In contrast, strongly defined tasks are performed best with greater employee satisfaction when the leader demonstrates high degree of consideration. The autonomous jobs are most intrinsically satisfying than structured activities are. As a result, leader behaviour will be less relevant to the need or performance of subordinates than when the path is more difficult to negotiate.

### **Check your progress**

Give one word for the following:

1. A person having this style takes are decisions by himself Autocrat.
2. These personal qualities are seen in the leader (Traits)
3. According to this theory leadership ranges between initiative structures as consideration.
4. He developed four styles of leadership.
5. This approach classified the leadership into 91 categories (Management grid)

### **4.70 Summary:**

#### **Motivation:**

Motivation involves a process that includes motive, goal and behaviour. The motivation theories are broadly classified into three parts: Human based theories suggest that people are prompted to were to satisfy their needs, that the nature of personality contest advocates one to put efforts for the accomplishment of grace is the nature based theories. The expectancy theory states that human efforts to lead the performance and rewards.

#### **Morale:**

Morale is the positive or negative feeling about something which has to do with job satisfaction, productivity and attendance of people.

#### **Leadership:**

Leadership is a process of influencing group activities towards the achievement of set goals. Autocratic, democratic and Laissez Faire are the popular styles. The prominent theories of leadership are trait theories, behaviour theories, contingency theory, path-goal theory, situational theory and the managerial grid etc.

### **4.71 Key words:**

Need hierarchy	:	Needs follow an order in their satisfaction.
Self actualization	:	Achieving the maximum in one's life.
Hygiene	:	factors which physical or monetary nature cause job satisfaction

Motivators	:	factors which non-monetary and psychological nature cause job satisfaction.
Expectancy	:	relates efforts to performance
Morale	:	good or bad feeling of something
Autocratic	:	Centralization of decision making power
Democratic	:	decentralized decision making power
Trait theory	:	Successful qualities associated with a leader
Managerial grid	:	technique to identify various types of leadership.

#### 4.71 Answers to check your progress:

##### Match the following (4.36)

1. Theory X
2. Theory Y
3. Margolis theory
4. ERh theory
5. Vrooms expectancy

##### Give one word for the following (4.43)

1. Morale
2. Morale

##### Give one word for the following (4.60)

1. Autocratic
2. Traits
3. Behaviours theory
4. Literates systems approach
5. Managerial guid.

#### 4.73 Activity:

Each class member begins by completing the following questionnaire.

Rate the following 12 factors according to how important each is to you. Place a number on a scale of 1 to 5 on the line before each factor.

Very important	5	somewhat important	4	3	Not important	2	1
-----1.		An interesting Job					
-----2.		A good boss					
-----3.		Recognition and appreciation for the work I do					
-----4.		The opportunity for advancement					
-----5.		A satisfying personal life					
-----6.		A prestigious or status job					
-----7.		Job responsibility					
-----8.		Good working conditions					
-----9.		Sensible company rules, regulations procedures are police.					
-----10.		The opportunity to grow through learning new things.					
-----11.		A job I can do well and succeed at					
-----12.		Job security					

This questionnaire is based on two factors of motivation. Now add your score on each category:  
Now find out have you given more importance to hygiene factors or motivators?

#### **4.74 Case study:**

The director of the part-time course hired the services of three fresh and new teachers to handle different subjects. One among them was Mr. Bharat, who had rural background and sound academic record. He was very strict in attendance and evaluation. Within a few days, he became popular among the students. But the late comers found difficulty to manage Mr. Bharath. Soon they began oral complaints about Mr. Bharat. When it brought nil result, the late comers gave a written complaint. But because of the popularity of the teacher, the director did not take any action. One day the latecomers and their friends boycotted the classes and pressed for immediate solution.

#### **Questions:**

1. What is wrong with Mr. Bharat?
2. What motivational theory is to be applied?
3. What remedies do you suggest to director to correct the situation?

#### **4.75 Review questions:**

##### **Give short answers:**

1. Illustrate the process of motivation
2. Explain briefly theory X and theory Y
3. Comment critically the Maslow's need hierarchy theory.
4. Why the two factor theory has wider application?
5. Mention the factors affecting morale.
6. Describe briefly the major styles of leadership
7. Enumerate the important traits of a successful leader.
8. Explain briefly the contingency theory of leadership
9. Discuss the Likert's systems four leadership styles.
10. What are the major classifier of leadership used in managed grid?

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**UNIT V**  
**MANAGEMENT OF CHANGE**

- 5.00 Introduction
- 5.10 Objectives
- 5.11 Management of change
- 5.12 Meaning of change
- 5.13 Features of change
- 5.14 Forces of change
- 5.15 Resistance to change
- 5.16 Dealing with resistance to change
- 5.17 Introduction of change
- Check your progress**
- 5.20 Conflict Management
- 5.21 Meaning of conflict
- 5.22 Sources of conflict
- 5.23 Classification of conflicts
- 5.24 Managing the organization conflicts
- Check your progress**
- 5.30 Organisational development
- 5.31 Definition of Organisation Development
- 5.32 Important issues in Organisation Development
- 5.33 Advantages of Organisation Development
- 5.34 Progress of Organisation Development
- 5.35 Organisational Development Intervention
- 5.36 Types of organizational Development Interventions
- Check your progress**
- 5.40 Organisational effectiveness
- 5.41 Factors affecting organizational effectiveness
- 5.42 Components of organizational effectiveness
- Check your progress**
- 5.50 Organisational culture
- 5.51 Concept of organizational culture
- 5.52 Features of organizational culture
- 5.53 Sources of organizational culture
- 5.54 Maintaining organizational culture
- 5.55 Types of organizational culture
- Check your progress**
- 5.60 Cross cultural Management
- 5.61 Global Culture in MNC's
- 5.62 Assessment of cultural difference between countries
- 5.63 Countries culture on Hofstede's frame work
- Check your progress**
- 5.70 Summary
- 5.71 Key concepts
- 5.72 Answers to check your progress
- 5.73 Activity
- 5.74 Case
- 5.75 Review question
- 5.76 References

## **5.00 Introduction:**

Change is inevitable in the life of the individual and organization. You find change in fashion technology, process, product and culture. One should prepare to meet the change to make it current and dynamic. An organization which fails to change itself is likely to be left behind the race. When you say change, you actually mean a change in status quo in the organization. This lesson provides an overview to a manager to cope with changes.

## **5.10 Objectives:**

After reading the lesson, you will be able to

1. define change and its management,
2. comprehend conflict and its types,
3. examine the types of organizational development,
4. state the meaning and types of organizational culture
5. assess the strength of resistance power, conflict management styles, organizational effectiveness and culture.

## **Management of change**

We live in an age of transition. One of the few things of real permanence in our world is change. It has become an inescapable fact of life a fundamental aspect of historical evolution. The amount of technical information available doubles every ten years. Change is inevitable in a progressive culture. Change, in fact, is accelerating in our present day society. Revolutions are taking place in political, scientific, technological and institutional area. Sophisticated communication capabilities have also increased. Telemarketing, 'robotics' etc are taking over some jobs currently performed by employees that bear testimony of the fast paced, rapidly changing organisation. Pressures for change are created both outside and inside the organisation. In fact, an organisation that refuses to adapt and adopt change cannot last longer.

## **Meaning of change**

Change is to be initiated at various levels within the organisation system. Manager has to ensure that the individuals and groups in organisations and structures, processes and behaviour of sub-systems adopt to the changing external and internal environment. A manager can bring in the needed change in many ways. The individual can be made ready to accept the change by offering special training required to handle the new assignment. Groups can be helped through team building efforts to operate interactively in a smooth and harmonious fashion, so as to increase their effectiveness. Technological changes can be introduced with the change in the structures and the job can be redesigned or new policies initiated which serves the need of both employees and organisation. The changes at attitudinal, perceptual and behavioural level can be brought by changing the organisational climate.

## **Features of change**

### **Characteristics of organisational change:**

- 1) Change basically results from stimuli from both outside and inside the enterprise;
- 2) Change takes place in all the organisations but at varying rates of speed and degrees of significance;
- 3) Finally, the enterprise changes in several ways. Its technology may change; its structure, people, procedures and other elements may also change.

Any alteration that occurs in the overall work environment is called change. Change requires new adjustments and new equilibrium. The nature of work change is so complicated that the management should gain acceptance for the change, and restore the group equilibrium and personal adjustment that change upsets.

## **Forces of change**

- a) **Internal Forces:** There are some internal forces that cause changes in the organisations. They relate to change in machinery, equipment, methods and procedures, work standards, change in the structure, changes in authority, status, and responsibility etc.
- b) **External forces:** Outside the organisation, environmental conditions are becoming less and less stable day by day. They are even becoming turbulent. These pressures necessitate the organisation to change and adapt to meet the new demands and requirements. Organisation cannot afford to be rigid and inflexible in the wake of environmental pressures. They must be dynamic and viable, so that they can survive.
- (i) **Technology:** Technology is the major external pressure of changes. It is perhaps the greatest factor that the organisation has to reckon has to with. The rate of technological changes is so fast that we have to run to be where we are. Technological changes are creeping in our private lives too. They are also responsible for changing the nature of jobs performed at all levels in the organisations. Knowledge explosion, more particularly the computer technology and automation have made a remarkable impact on the functioning of industries in recent times. Technology change has always been equated with the progress in society. Today's technology has outstripped the imagination of the science fiction writers of the last generation. Each technological alternative results in setting into motion a chain of changes. Technology necessitates an organisation to change its process of manufacturing, make line and staff adjustments etc. Organisations of to day must equip themselves to absorb rapid extensive changes in the technology and the resultant need to deal with the great ambiguity and uncertainty.
- (ii) **Economic Shocks:** Increase in the purchasing power of the people has increased the demand for luxury goods. The consumer has also become quality conscious.
- a) Export/import policy of the Government.      b) Changes in the interest rates.  
c) The status of the economy.                      d)The status of money market.
- (iii) **Market Situation:** Changing market situations is a seemingly ubiquitous phenomenon. The market changes include rapidly changing tastes of consumers, needs and a desires of consumers, suppliers, etc. Competition for new products, designs, changes in quality are growing at a terrific pace. In a nutshell the entire complexion of the market is changing. Modern organisations are functioning in a highly competitive terrain. If they are to survive, they must adapt themselves to the change and adopt the change as well.
- (iv) **Social and Political Changes:**Such environmental pressures as social and political changes, as well as the relations between government and business also influence the results of the organisational efforts. Many new legal provisions get introduced every time that affects the organisations. Organisational units literally have no control over these forces but in order to survive they must adapt to changes.

## **Resistance to change**

Many a time change is resisted by employees, even if the change is for their benefit and the organisation. Resistance to change is perhaps one of the baffling problems a manager encounters because it can assume many forms. The effects of resistance may be overt or implicit, may be subtle and cumulative. Implicit resistance may be manifested in tardiness, loss of motivation to work, increased absenteeism and the requests for transfer etc. Overt resistance, on the other hand, assumes the form of wildcat strikes, shoddy work, and reduction in productivity etc.

In fact, there may be near-infinite reasons why people resist change in the organisation. According to Keith Davis, the following are the main reasons for resistance to change.

- 1) **Economic Reasons:** Keith Davis, remarks “people fear technological advances may result in unemployment, reduced work hours, demotion, reduced wages and reduced incentives and hence resist change.”
- 2) **Obsolescence of Skills:** Sometimes, however, introduction of new technology throws people away from doing important jobs (or demanding works) to less important or dead-end ones where little or no skills are required to exhibit. More realistically, when people perceive psychological degradation of the job they are performing they resist such a change.
- 3) **Preference for Status Quo:** Perhaps the biggest and the most sound reason for the resistance to change is the preference for status-quo. People have vested interest in the status quo. Change may pose disturbance to the existing comforts of status quo.
- 4) **Fear of the Unknown:** Change presents the unknown things, which cause anxiety. Whenever people do not know exactly what is likely to happen, they are likely to resist it. The unknown thing poses a constant threat. Thus people resist change and its consequences.
- 5) **Social Reasons:** Economic and personal reasons for the resistance apart, some social reasons may also be accountable for the possible resistance to change. Social displacements and peer pressure are among those social reasons that are very important for the manager to consider when dealing with resistance to change.
- 6) **Social Displacements:** Introduction of change often results in breaking up of work groups. In the work environment develop informal relationships. When the friendship with fellow-members is interrupted, then there is a possibility for the employees to experience psychological let down. When the social relationships develop, as normally is the case, people try to maintain them and fight social displacement by resisting change.
- 7) **Peer Pressure:** Situations are not rare where individuals are prepared to accept change at their individual level, but refuse to accept it for the sake of the group.
- 8) **Security:** People have to learn new methods of doing things. They are not sure whether they would become adept in the new method even after training. This fear of retraining the effectiveness with new methods creates a sense of insecurity in the minds of the people. This is apart from the economical job security.
- 9) **Undermining of Status and Authority:** The newer technologies and methods may do away with part of the status and authority that is vested with a position earlier. For example if the work methods are completely automated, the supervisor feels that his authority and status are undermined and that he will have no control over the subordinates and they will not respect or obey him.
- 10) **Retraining:** Change may require the employee to go for retraining to update his/her skill to work with the newer machines. But some may be scared to interact with the new machines and methods. People prefer the status quo. Most of the people are comfortable with the existing set up. This may also add to the resistance to change.
- 11) **Non-Involvement in the Decision Making:** People may resist change if they are not consulted before the introduction of change. Whenever changes are introduced without the participation of those who are concerned with the change, they will definitely resist change. On the other hand, if the contemplated changes are the result of the participation of all those who are going to be affected, it will make them to take personal interest to see that the change works.

## **Dealing with resistance to change**

Kotter and Schlesinger (1979) identified six general approaches to handling resistance. They are described below:

### ***a) Education and Communication***

Resistance can be reduced through communication with employees to help them see the logic of a change. Resistance can be expected if the nature of the change is not made clear to the individual who is going to be affected by change. If people get to know the facts and the misunderstanding gets cleared up. This can be done through listening, group presentation etc. Different people see different meanings in a proposed change. People may distort the information if they see discomfort and threats in their past work situation.

### ***b) Participation***

Participation is the involvement of the individuals who resist changes in the decision making process. It becomes difficult for them to resist change as they have participated in decision-making.

### ***c) Facilitation and support***

The change agents can offer counselling, new skills training when the employee fears and anxiety are high. This would help in reducing the resistance to change. It is expensive and results are uncertain.

### ***d) Negotiations***

Potential resistance to change can be dealt with through negotiations. A specific reward package may be negotiated that will meet their individual needs. If the resistance is centered in a few powerful individuals, there is a possibility of being blackmailed by others.

### ***e) Manipulation and Co-operation***

Manipulation is distortion of facts and withholding of the desirable information to accept change. Co-operation, on the other hand is a form of both manipulation and participation. It seeks to buy off the leaders of a resistance group by giving them a key role in the change decision. If the individuals are alert, the change agents' credibility may drop to zero.

### ***f) Coercion***

Coercion is the application of threats of force upon resistance. Examples of threats include, threats of transfer, loss of promotion etc. The advantages and disadvantages of manipulation of co-operation are valid with coercion also.

## **Introducing change**

Management of organisational change is a complex phenomenon involving formidable exercises on the part of the management. Before a particular change is shaped and implemented effectively in an organisation, certain minimum number of steps need be followed viz.

- 1) Recognize the forces demanding change;
- 2) Recognise the need for the change;
- 3) Diagnose the problem;
- 4) Plan the change;
- 5) Implement the change
- 6) Follow-up or seek feedback.

### **1) Forces Demanding Change:**

Whenever a manager intends introducing change he should proceed in a logical sequential order. Manager should, first of all, identify the forces demanding change. Change is the reaction to the pressures created both within and outside the organisation. These forces thus may be internal or external. Depending upon the nature of the change agent, as well as the strength of the forces, the managerial strategy to introduce the change will be decided upon.

### **2) Recognise Need for Change:**

All forces certainly do not demand change but some do require careful attention on the part of the management. Manager should identify the discrepancy between what is and what should be. He must analyse the forces that contribute to this gap through evaluation or performance reports. Management then must try to separate unnecessary forces and keep a close eye on next the step in the process known as diagnosis.

### **3) Diagnose the Problem:**

The next phase in the management of change is a thorough and careful diagnosis of the problem. This involves the identification of the root cause.

It is advisable that the work of diagnosing the problem be entrusted to an outside consultant. Generally the services of an outsider are useful at this stage because he is not restrained by the internal inhibitions. He can afford to call a spade a spade. Various diagnostic techniques such as interviews, questionnaires, observation and secondary data/ unobtrusive measure, etc., are used in this stage. The manager or change agent depending on the nature of the problem and capabilities of the enterprise employs these diagnostic techniques.

### **4) Plan the Change:**

The diagnosis would tell the manager if the change has to be adopted; it might also give him a clue as to the manner and the phases in which it is to be introduced.

According to Harold Leavitt “all organisational changes can be classified as change in structure, task, technology or people. Changing structure involves reorganisation of the departments, re-specification of span of control, decentralization etc. Changing task includes job enrichment, job specification and specialization and job redefinition or any other changes concerned with the task of employees. Changing technology involves introduction of new lines of production, installing new control systems, instituting new selection and recruitment etc. And finally, changing people comprises of training, development activities etc.

### **5) Implementing the Change:**

Having identified the focal points of concentration, the manager’s immediate job is to implement change. Here he confronts a biggest challenge through resistance by the employees. Nadler and Tushman assert that any change encounters three problems in implementation.

Having taken in account the problem at this stage of implementation of change the manager can think of implementing change-

- a) by Changing the structure and/or
- b) by changing the technology and/or
- c) by changing people.

### **6) Action and Evaluation**

The change agent and the employees carry out specifying methods to solve the identified problems. The effectiveness of the action plan is evaluated and if necessary modification is carried out. Action research has two advantages. It is problem focused and has a favourable solution. Action research involves people heavily in the process, and resistance to change is reduced.

## Check your progress:

### Give one word for the following:

1. In the entire world, that does not change
2. It indicates that situation when people do not welcome changes in the organization
3. It refers to the steps involved in introducing the changes in the organization

## 5.20 Conflict Management

Conflict is a part of life. People are being subjected to conflict both inside and outside the organisation. Conflicts arise due to limitation of resources, competition and difference in values, goals, attitudes, expectations etc. Whatever may be the cause, if conflicts are not managed well, they may adversely affect the mental health of the managers and also the health of the organisation.

An organisation consists of people with different backgrounds; as these individuals differ in their opinions and attitudes, interaction among them often leads to conflicts. Conflict, which can occur at individual, group or organisation levels, discourages people from cooperating with each other. While some degree of conflict is desirable in organisations so as to promote the spirit of competition among employees, it jeopardizes the effective functioning of the organisation if it is allowed to persist for a long time. Therefore it becomes essential to resolve conflicts quickly. Though there are several methods available to resolve conflicts, the ideal way is through negotiation. Thus, in order to be effective, it is important that the manager possesses adequate negotiation skills.

## 5.21 Meaning of Conflict

Conflict may be defined as the disagreement between two or more individuals or groups over an issue of mutual interest, Conflicts may arise between two parties when: one party (an individual or a group) feels that the actions of the other party will either affect its interests adversely or obstruct the achievement of its goals; the goals of both the parties differ significantly or are interpreted differently; or the basic values and philosophies of the two parties are different. Conflicts can range from small disagreements to violent acts.

Conflict may be defined as a situation in which there is a breakdown in decision making owing to irrational and incompatible stand taken by one or all related to decision making. Thus conflict leads to disruption and incompatibility in the behaviour of the people. Conflict is the function of opposite views held by the parties in dispute. The conflict becomes worse when the people stick to their irrational stand. Managing conflicts does not mean merely containing them. Conflict management involves anticipation of conflict devising means by which destructional conflicts can be avoided and when the conflict do occur overcoming them without creating problems for people and the organisation.

## 5.22 Sources of Conflict

- ❑ **Organisation change:** Organisations undergo changes due to new technological political and social developments that affect them or due to change in the competitive forces. As people may hold different views about change and the future direction of an organisation, conflict may arise.
- ❑ **Personality clashes:** Individuals' personalities differ widely due to difference in their levels of maturity, emotional stability and their behaviour. When they do not recognize or appreciate these differences conflicts occur.
- ❑ **Difference in value sets:** Different people have different opinions, values and beliefs. When people with contradicting values and beliefs interact with each other conflict is likely to occur. These conflicts are often irrational and difficult to be resolved.

- ❑ **Threats to status:** Most individuals associate their identity with their status in society or the organisation. When an individual feels that another person's acts may harm or damage his image, which in turn may affect his status, conflict, is likely to arise.
- ❑ **Perceptual difference:** People perceive different things, issues and their environment differently. When they act as though their perception is the only reality, without attempting to understand or another person's view, conflict arise.

### 5.23 Classification of conflicts

Conflicts in all organisations occur when people fail to arrive at a consensus regarding the organisational goals or the means to achieve them. Organisational conflict can be classified as follows:

#### **Intra-personal Conflict:**

According to most behavioural theories, people are motivated to achieve goals either when meeting the goals results in the satisfaction of a need or when the incentives for achieving the goal are attractive. However, this is not as simple as it seems. An individual may have conflicting needs or he may have to overcome many barriers to achieve his goals. Thus, the process of achieving goals is complicated one. In the process of achieving his goals, an individual may experience stress and frustration and may face internal conflict. This is referred to as interpersonal conflict.

#### **Interpersonal Conflict:**

People always try to maintain their image and respect. When someone threatens their self-concept, they try to retaliate and this leads to interpersonal conflict. Different individuals have different tolerance levels, and this depends on their personalities. Individuals with low tolerance levels get into interpersonal conflicts frequently. Often, interpersonal conflicts are the result of differences in perception and gaps in communication.

#### **Inter Group Conflict:**

In an organisation, people from different departments compete for limited resources such as funds, personal and support services. This competition often results in conflict. Sometimes conflict occur when one group attempts to take the entire credit for the successful completion of a task, to the completion of which another group may have also made significant contributions. Perceived inequitable treatment in matters of working conditions, rewards and status, in comparison to other groups can also lead to inter group conflict.

#### **The Role of Conflict:**

The approach to the organisational conflict is very simple and optimistic. The organisation conflict is based on the following assumptions. Chris Argyris says that there is basic incongruence between the needs and characteristics of adult, mature employees and the requirements of the modern formal organisations. The behavioural approach has re-examined the concept and advocated the following assumptions

1. Conflict is inevitable.
2. Conflict is determined by the structure.
3. Conflict is integral to the nature of change.
4. A minimal level of conflict is optimal.

On the basis of these assumptions, the management of organisational conflict has taken several approaches.

### 5.25 Managing the organizational conflict

#### **Managing the Organisational Conflict:**

Conflict cannot be managed simply. The three main strategies are avoidance, diffusion and confrontation.

**Avoidance:**

This is not facing conflict. People may use several mechanisms to avoid conflict. There are several methods used to avoid conflict. One way of avoiding conflict is ignoring the situation causing conflict. Another way is run away from the situation. This may be either physically or mentally. The third method is to accept all the demands of the parties. Avoidance strategies do not help the people in leadership positions. Leaders who avoid conflict are seen as incompetent and lack courage. Subordinates may create more conflicting situations to weaken the leader. However, issue once avoided may surface again. When the emotions are high, the conflict can be ignored. The issue can be slowly taken up when the people involved in are in more congenial and harmonious mood. This strategy reduces the self-confidence of the people involved in resolving the conflict.

**Diffusion:**

The decision may be delayed until the tempers cool down. Diffusion may involve the focus on unnecessary issue to avoid the critical problem for sometime. This leaves the future uncertain and cause dissatisfaction to the people.

**Confrontation:**

Confrontation is facing conflict. Confrontation may involve negotiation and using authority. Authority may be used to sort out the conflict. This may satisfy one party and dissatisfy the other. Negotiation is another mechanism of collaboration which can be used to resolve the conflict.

**Check your Progress****Fill in the blanks**

1. \_\_\_\_\_ is the difference between two individuals over an issue of mutual interest.
2. Conflict which arise within oneself is called as \_\_\_\_\_ conflicts
3. Conflict between one person and another is called as \_\_\_\_\_ conflicts.
4. When parties are cooled by delaying a decision, it is called as \_\_\_\_\_

**5.30 Organisational Development**

Organisation has life you know it stretches its life span like a product. Several changes take place in its life you cannot implement any change just like that. It is a challenge to authority to infuse a change infuse a change in the structure. Because a number of variables affect the system. Therefore, you must understand that development of an organization is a planned effect.

**5.31 Definition of Organisational Development**

Various OB experts have defined Organisation Development in various ways. Some important definitions of OD are given below:-

“OD is an effort planned, organisation wide, managed from the top, to increase organisation effectiveness and health through planned interventions in the organisation’s ‘processes,’ using behavioural- science knowledge.” **Richard Beckard**

The Social Technology of Organisation Development defines: “OD is a process of planned change – change of an organisation’s culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalises and legitimises this examination.” **Warner Burke and Harvey A.Hornstein**

(Organisation Change and Development) “OD aims at enhancing congruence between organisational structure, processes, strategy, people and culture; developing new and creative organisational solutions; and developing the organisation’s self – renewing capacity.” **Michel Beer**

(1969) suggests that OD is – a response to change, a complex educational strategy to change the beliefs, attitudes, values and structures of organisations so that it can better adopt to new technologies, markets and challenges, and the dizzying rate of change itself. **Warren G Bennis**

### **5.32 Important issues in Organisational Development**

1. The OD effort should start at the top level of the management and should reach the lower levels through the organisation structure.
2. The change agents help the organisation to help itself so that the organisation develops the ability to identify the problem, solve the problem and implement the selected plan.
3. The needed change depends upon the nature and type of the problem within the organisation. Identifying and defining the problem as accurately as possible is a must as it determines the rest of the activity. This helps to use the right intervention techniques.
4. The focus of the change may be either at the individual level or at the group level or at the organisational level. The type and nature of intervention to be used varies from individual level to the organisational level.
5. Now many of the changes are socialistic rather than individualistic. Appropriate intervention techniques are to be employed.
6. Evaluating the effectiveness of OD programme is equally important as diagnosing the problem and using the appropriate ‘OD’ intervention technique.

### **5.33 Advantages of Organisational Development**

1. OD improves the organisational effectiveness. To be more specific, OD increases productivity, boosts morale through improved utilization of human resources.
2. OD provides better management from top to bottom.
3. OD improves commitment and involvement from the members of the organisation in making the organisation successful.
4. OD improves coordination and teamwork among the members of the group and among the groups.
5. OD helps to understand the strengths and weaknesses of the organisation.
6. OD improves communication, problem solving and conflict resolution skills.
7. OD efforts help to develop a work environment that encourages creativity and openness.
8. OD provides opportunities for personal growth and development.
9. OD reduces the negative attitude of the people towards the organisation.
10. OD makes the organisation competitive by adapting itself continuously to the changing environment.
11. OD keeps the organisation healthy and attracts good people.

### **5.34 Process of Organisational Development**

1. *Planned change*- the planned change separates the OD efforts from other kinds of more hazard changers that frequently occur in modern organisations.
2. *Comprehensive change*-OD efforts generally involve a total system. The entire organisation or unit within the organisation is of unit analysis.
3. Emphasis upon work groups- OD efforts though aimed at organisational changes are oriented towards groups.
4. Long range-The process of change takes months or in some cases, years,
5. Participation of a change agent-‘OD’ experts suggest need for an outside third ‘change agent’.
6. Emphasis upon intervention and action research- The ‘OD’ approach emphasizes an active participation in the ongoing actives. Acton research helps to attack problems.

### **5.35 Organisational Development Interventions**

#### ***Meaning of OD Interventions***

OD techniques, also known as OD interventions are defined by French and Bell as “The planned activities clients and consultants participate during the course of an organisation development program.” They are essentially a set of planned activities, which are introduced to bring the desired change in the organisation. In this context, OD interventions are said to be the action component of Organisational Development (OD) interventions attempt to improve the “fit” between the individual and the organisation, between the organisation and its environment and among the different organisational components like strategy, structure and processes. OD practitioners do not believe in power, control, conflict and coercion. They attach importance to collaboration, confrontation and participation.

#### **5.36 Types of Organisational Development interventions**

As the members interact with each other, the facilitator moderates the discussions and provides an opportunity for each participant to express his/her opinions, beliefs and ideas. He also takes a note of the expressions and reactions of the participants during the interactions and at the end of the sessions, provides them feedback on their behaviour. The feedback helps members of the group to know more about themselves as well as of others and learn about group dynamics (such as how a group comes into existence, forms its norms and grows). This kind of training helps them to improve their listening skills, learn to talk openly and accept individual differences.

#### ***The Survey Feed Back***

The survey feedback (French and Bell, 1978) is a good diagnostic tool. The findings of the survey feed back can be used for several types of interventions. Attitude surveys and data feed back are basically used for the survey feed back. Whenever the organisation contemplates introducing a change, it is necessary to do an attitudinal survey of individuals and groups at all levels in the organisation. These surveys provide a useful data for future trends. Every one in the organisation can participate in survey feed back. A questionnaire is usually completed by all members in the organisation or unit. Organisation members may be asked to suggest questions or may be interviewed to determine what issues are relevant. The questionnaire typically asks members for their perceptions and attitudes on a broad range of topics – such as decision-making practices, communication effectiveness. Co-ordination between the units, and satisfaction with the organisation, job, peers and their immediate supervisor.

#### ***Process Consultation***

In process consultation, great emphasis is laid on understanding organisational processes. The processes include flow of work, flow of communication, roles and responsibilities of employees, group problem solving and decision-making, co-operation and competition among groups, etc. In this technique, the external consultant helps individual employees or work groups understand process events, human and social processes and the consequences of these processes. According to Edgar Schein a process consultant should help the client organisation set an agenda for meetings, present feedback on observations to members of the client organisation and offer coaching and counselling to organisational members (about the change process, performance improvement and so on). He should educate teams on the mechanism by which processes can be changed. Though he does not actively participate in the discussions, he should make suggestions if the teams fail to find any solution. This is because the process consultant is expected to play the role of a resource person and not an expert. He does not lead work teams but only facilitates their attempts to analyse the processes in their units, diagnose the problems and determine the processes that need improvement.

## Team Interventions

Team interventions are the techniques used by OD practitioners to improve the performance of work teams. In general, groups and teams are considered synonymous, but technically there are some differences between them. A group is a number of people gathered, placed or working together, whereas a team is a form of group which is characterized by a higher degree of cohesiveness, interdependency and interaction between members and a commitment to common goals. Team building interventions cover four substantive areas in the working of organisational teams, namely, problem diagnosis, task accomplishment, maintaining team relationships, and improving team and organisation processes.

- (1) **Gird Seminar**- a five-day seminar where participants learn more about the Gird and about their own personal style of managing. The goals of the gird seminar are: to increase self-understanding; to experience problem-solving effectiveness in teams; to learn about managing inter-face conflict; and to comprehend organisation implications.
- (2) **Team Building** – follows the gird seminar and is concerned with the diagnosis of barriers to sound teamwork and the identification of opportunities for improvements within the actual work teams. A major goal is to establish objectives for team and individual development.
- (3) **Interface Development** – marks the start of overall OD. This phase is concerned with inter – group relations, analyzing barriers to interface co- operation and co – ordination, and applying problem-solving and decision-making skills. Conflicts and frictions among groups are identified and analysed.
- (4) **Ideal strategic organisational model** – in this phase participants of the top team study and diagnose the current goals, needs and business activity of the organisation. The top team then designs an ideal corporate mode and specify a blueprint for the redesign of the organisation.
- (5) **Implementing development** – this phase is concerned with the implementation of the ideal corporate model. This involves the examination of existing activities, identification of those that are sound, and then design specific action as necessary to change activities to meet the ideal mode.
- (6) **Consolidation** – is the overall, evaluation phase. It is concerned with stabilizing and consolidating progress achieved in the earlier phase (1)-(5). The organisation continues to adapt and it is necessary to monitor environmental changes, which may call for a shift in the mode.

## Transaction Analysis:

Transaction analysis is another ‘OD’ technique. Transaction analysis is both an approach for defining and for analyzing communication interaction between people and theory and theory of personality. Managers or trainers or consultants, who are in influencing roles, will be able to develop others, and help them to become self sufficient and capable of solving problems. Transaction analysis is one of the important tools to understand the personality style of the individuals. TA holds that an individual’s personality is made up of three-ego states- the parent, the child, and the adult. These labels have nothing to do with the age.

**The parent:** The parent ego state performs functions, regulatory behaviour through prescriptions, and sanctions, and nurturing through providing support. It is an ego state of authority and superiority. A person acting in his parent state is usually dominant, scolding and otherwise authoritative.

**The Adult:** The adult ego state performs the function of collection of information, and the processing of such information like a computer. The adult state is rational and objective. It deals with reality and objectively gathers information. It is not prejudiced by the values of the parent or the natural urges of the child.

**The child:** The child ego state is concerned with several functions like creativity, curiosity and fun, and with manipulation, rebellion and sulking. The child contains all the impulses that are natural to an infant. Acting in this state, one can be obedient or manipulative, charming at one moment and

repulsive the next. Whereas the parent acts as he or she was taught, the child is emotional and acts according to how he feels at the moment.

The parent and child ego states feel and react separately while only the adult state thinks or processes transactional data logically before acting. In most situations, the ideal interaction is an adult stimulus, followed by an adult response. The parallel transaction i.e., parent-parent, adult-adult and child-child can go on smoothly. Parallel transactions leave communication channels open for further exploration of the relationship. The communication is short-circuited whenever a cross transaction occurs. Transactional analysis is a personal method for analyzing and understanding behaviour.

TA is a useful technique for understanding how people communicate with each other and helps us to identify ways of maximizing adult-adult transactions. TA also helps to quickly identify and untangle crossed transactions. An understanding of the ulterior transactions that occur in organisation can be minimized by overriding authentic encounters. Transaction analysis training is to make people understand (1) their own ego states (2) their mode of communicating with others and (3) the effectiveness of complimentary transactions. Transaction analysis is particularly useful in improving dyadic relationship between the superior and subordinate. Transaction analysis may help people to understand others better and assist them in altering their responses so as to produce more effective results.

**Check your progress**

**Match the following:**

A		B	
1.	Organisation Development	1.	Training in Inter personal rela
2.	Sensitivity training	2.	Improving process of Organisation
3.	Process low situation	3.	Id
4.	Transactional analysis	4.	Long-term effect

**5.40 Organizational Effectiveness**

‘Organisational Effectiveness’ (OE) is a term that is more comprehensive than is reflected by mere good performance and productivity of members. OE reflects how effectively the organisation can discharge its obligations with respect to all its constituencies including employees, shareholders, customers, suppliers, government agencies and the general public. The growth, development, motivation, morale and satisfaction of the employees in the system combine with the good image projection of the organisation to the society.

**5.41 Definition of OE**

(1979) pointed out that an organisation may be considered as effective when it succeeds in achieving the desired objectives with efficiency in a given environment setting. This can be analysed as following elements. **David J Lawless**

1. Every organisation is concerned with achieving its objectives. Short term and long term, both these objectives are interdependent.
2. Efficiency is concerned with eliminating all types of wastages in men, materials, machines, methods and money. Hence efficiency is unattainable unless a proper semblance between means (process) and ends (outcomes) is established within the organisation.

Chris Argyris thinks that “an organisation increases its effectiveness as it obtains (a) increasing outputs with constant or decreasing inputs or (b) constant outputs with decreasing inputs and (c) is able to accomplish this in such a way that it can continue to do so. He further clarifies that effectiveness is related to (i) achieving its objectives (ii) maintaining itself internally and (iii) adapting to its external environments.

The development of OE concept to date cannot be stated as pragmatic because each one of these models developed so far is lacking on one count or the other.

#### **5.42 Factors Affecting the Organisational Effectiveness**

We are concerned with the effectiveness of the organisational unity over a period of time. Rensis Likert identifies three variable- causal, intervening and end-result.

##### **Causal variables:**

Causal variables are those factors that influence the course of development within an organisation and its results or accomplishments. These independent variables can be altered by the management and its organisation. They are not beyond the control of the organisation; like general business conditions, leadership strategies, skills and behaviour management decisions, and the policies and structure of the organisation are examples of causal variables.

##### **Intervening variables:**

Leadership strategies, skills and behaviour and other causal variables affect the human resources and are intervening variables in an organisation. According to Likert, intervening variables represent the current conditions of the internal state of the organisation. They are reflected in the commitment to objectives, motivation and morale of member and their skills in leadership, communications, conflict resolution, decision-making and problem solving.

##### **Output or End Result Variables:**

Output or end-result variables are the dependent variables are the dependent variable that reflects the achievements of the organisation. In evaluating the effectiveness, perhaps more than 90 percent of managers in the organisation look for at measures of output alone. Based on all this an attempt has been made by N.S. Gupta (1988) to identify the parameters which may be helpful in understanding the concept of effectiveness.

1. General characteristics of effectiveness.
2. Environmental setting.
3. Achievement of short-term and long-term goals.
4. Efficiency attainable within the organisation.

#### **5.43 Components of Organisation Effectiveness:**

The following factors influence effectiveness.

1. Personal effectiveness.
2. Managerial effectiveness.
3. Organisation characteristics.
4. Environmental characteristics.
5. Employees' characteristics.
6. Managerial policies and practices.

Personal effectiveness and managerial effectiveness are the integral part of the organisation effectiveness.

**Personal Effectiveness:** Personal effectiveness is better self-awareness. Understanding oneself alone, does not make a person effective. One single model of self-awareness is the JOHARI (Joseph & Harry) Window. Personal effectiveness must be viewed across three dimensions, openness, perceptiveness and communication. All these three are significant dimensions in interpersonal relationships. The extent to which one shares ideas, feelings experiences, impressions, perceptions and various other personal data with others, openness is an important quality and contributes a great deal to a person's effectiveness.

**Managerial Effectiveness:** Likert found that employee-centered supervisor who use general supervision tend to have higher productivity than job centered supervisor who use close supervision. When people respond to the high expectations of their managers with high performance, it can be called effective.

**Organisational Characteristics:** Organisation structure influences organisational effectiveness. It is generally observed that structure in terms of functional specialization, size, centralization of decision-making, and even formalization is likely to affect productivity and efficiency.

**Employee's Characteristics:** People are the important constituent of the organisation. Employees are required to identify themselves with the organisation. They should believe that achievement of the organisational goals fulfils the achievement of individual goals. Goals create conflict. Effort should be made to forge integration between the individual and organisation goals.

### **Managerial Policies and Programmes:**

Managerial policies and practices are also related to effectiveness of the organisation. Among these policies and practices mention may be made of (1) strategic goal setting (2) resource acquisition and utilization (3) performance environment, (4) leadership and decision making and (5) organisations adaptation and innovation.

### **Check your progress**

#### **State true or false**

1. OE is a productivity concept
2. OE involves measurement of efficiency
3. Output results reflect achievement of the organization
4. OE consists of various dimensions of effectiveness.

### **5.50 Organizational Culture**

You have already studied the individual personality and its impact on behaviour in unit II. Just as individual has his / her own personality, so too does an organization. The organisational personality is called organizational culture. Just what organizational culture is, how it is created and maintained, how it is learnt, and how it affects the employees' behaviour at were are discussed in this unit.

#### **5.51 Concept of organizational culture**

Schwartz & Davis: - Organisational Culture is a pattern of beliefs and expectations shared by the members of the organisation. These beliefs and expectations produce norms that powerfully shape the behaviour of individual and groups in the organisations.

Organisational Culture represents a complex pattern of beliefs, expectations, ideas, values, attitudes and behaviour shared by the members of the organisations.

Edgar Schein, defines organisational culture as “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems. It refers to a system of shared meaning held by members that distinguishes the organisation from another organisation.”

#### **5.52 Features of Organizational culture**

Organisation culture is a common perception held by the organisation members. It helps the members to have a shared understanding of the organisation. It explains how things are done and the way the members are supposed to behave. The ten characteristics (GG Gordon and W M Cummins 1979) listed below explain the organisation culture.

1. Individual initiative: It is degree of responsibility, freedom and independence given to the individuals.
2. Risk tolerance: The degree to which employees are encouraged to be aggressive, innovative and risk taking.
3. Direction: The degree to which the organisation creates clear objectives and performance expectation.
4. Integration: The degree to which units within the organisation are encouraged to operate in a co-ordinated manner.
5. Management Support: It is the degree the management supports the subordinates.
6. Control: The rules and regulations and the amount of direct supervision that is used to oversee and control employee behaviour.
7. Identity: The degree to which members identify themselves with the organisation.
8. Reward System: The degree to which compensation is based.
9. Conflict Tolerance: The degree to which employees are encouraged to vent out their criticism / opinion freely.
10. Communication: The degree to which organisation communication is restricted to formal hierarchy.

### **5.53 Sources of culture**

#### ***Sources of Culture***

Culture is transmitted to employees in a number of forms like, stories, rituals, material symbols and language.

***Stories:*** Stories typically contain a narration of events about the organisation founders, rule breaking, rags to richness successes, reduction in the work force, reallocation of employees, reaction to past mistakes etc.

A security supervisor has to ensure the people entering organisation with a proper identity card. Even if the chairman of the company walks without identity card he has to be stopped although the security supervisor knows that he is the chairman. If the chairman obeys to get his identity card, this incident gives a clear message that no matter who you are, you have to obey rules. Such stories speak about the organisation culture.

***Rituals:*** Rituals are repetitive sequences of activities that express and reinforce the key values of the organisation. Individuals who perform well are rewarded in annual meetings. Such annual reward meetings convey to the people of the organisation that achieving the targets and performing better through hard work is important. Such annual rituals help to learn the organisation culture.

***Material Symbols:*** Organisations provide sports facilities for the employee enjoyment. Organisation may arrange for the informal gatherings of all the employees. This conveys the value of openness and equality. The organisation may provide a car, a bungalow, a holiday in a foreign country, perks and dress etc. This conveys to the employee the importance of people in the organisation.

***Language:*** Many organisations use language as a way to identify members of a culture or subculture. The members accept and preserve the culture by learning the language; Libraries are a rich source of terminology. Organisations develop unique terms to describe equipment, offices, key personnel, suppliers, customers, or products that relate to business. New employees may find it difficult in the beginning. However, after sometime, these terms become a part of the language. This language unites members of a given culture.

## 5.54 Maintaining organization culture

The ways in which an organisation functions and is managed may have both intended and unintended consequences for maintaining and changing organisational culture.

### *Methods of maintaining organisational culture*

- a. ***What Managers And Teams Pay Attention To-*** one of the most powerful methods of maintaining organisational culture involves processes and behaviours that managers, individual employees and teams pay attention to: that is the events that get noticed and commented on. The ways of dealing with these events sent strong messages to the employees on expected behaviours and important approaches.
- b. ***Reactions To Incidents And Crises-*** When an organisation faces crises, the handling of those crises by managers and employees reveal a great deal about its culture. The manner in which the crises are dealt with can either reinforce the existing culture or bring out new values and norms that change the culture in some way.
- c. ***Role Modelling, Teaching and Coaching-*** Aspects of organisational culture are communicated to employees by the way managers fulfil their roles. In addition, managers and teams may specifically incorporate important cultural messages into training programs and day-to-day coaching on the job.
- d. ***Allocation of Rewards And Status-*** Employees also learn about the organisational culture through its reward systems. What is rewarded and what is punished convey to employees the priorities and values of both the individual managers and the organisation.
- e. ***Recruitment, selection, promotion and removal -*** one of the fundamental ways in which the organisation maintains its culture is through recruitment. In addition, the criteria used to determine who is assigned to specific jobs or positions, who promotions and who is removed from the organisation through early retirement and so on, reinforce and demonstrate aspects of organisational culture.
- f. ***Rites, ceremonies and stories -*** Rites and ceremonies are planned activities or rituals that have important cultural meaning. Many of the underlying beliefs and values of an organisation's culture are expressed as stories that become a part of its folklore. These stories transmit the existing culture from old to new employees and emphasize important aspects of that culture.

## 5.55 Types of culture

Cultural change involves tremendous amount of efforts and time and also need skilful people to manage this change successfully.

### **1) Bureaucratic Culture**

An organisation that values formality, rules, standard operating procedures and hierarchical coordination has a bureaucratic culture. Long-term concerns of bureaucracy are predictability, efficiency and stability. Behavioural norms support formality over informality. Managers view their role as good coordinators, organizers and enforcers of written rules and standards. Tasks, responsibilities and authority for employees are clearly defined. The organisation's rules and processes are spelled out in manuals and employees believe that their duty is to follow them.

### **2) Clan Culture**

Tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management and social influence are attributes of a clan culture. Its members recognize an obligation beyond the simple exchange of labour for a salary. They understand that contributions to the organisation exceed beyond the contractual agreements. Loyalty is rewarded by security. Because the individuals believe that organisation will treat them fairly in all respects and aspects, they hold themselves accountable to the organisation for their actions. Long-time clan members serve as mentors and role models for the newer members. These

relationships perpetuate organisation's norms and values over successive generations of employees. In this type of a culture, members share a sense of pride in membership. They have a strong sense of identification and recognize the interdependence.

### **3) Entrepreneurial Culture**

High levels of risk taking, dynamism and creativity characterize an entrepreneurial culture. There is a commitment to experimentation, innovation and being on the leading edge. This culture doesn't just react quickly to change in the environment-it creates change. Effectiveness means providing new and unique products and rapid growth. Individual initiative, flexibility and freedom foster growth and are encouraged and well rewarded.

### **4) Market Culture**

The achievement of measurable and demanding goals, especially those which are financial and market based (eg., sales growth, profitability and market share) characterize a market culture. Hard-driving competitiveness and profit orientation prevail throughout the organisation.

### **Check your progress**

#### **State True or False**

1. Organisational culture represents belief and attitude
2. Language helps to promote culture
3. Social get-to-gather in a company promotes OC
4. Government departments have bureaucratic culture.

### **5.60 Cross Culture Management**

The border crossings of time and space, of nation- states economics and of organization of and industries focus increases attention on how culture facilitates global inter connections. For example, emerging information technologies expose us to cultural norms, values and behaviours of many nations; telecommunications provide access to much of the world and movies and music and the internet reflect behaviour that may differ from our own. Travel also exposes us to new experiences and different behaviour. Thus, the impact of one author on the other is the subject matter of this lesson.

### **5.61 Global culture in MNC's**

#### **Multinational Corporations**

Most of the firms currently listed in the fortune 500 are multinational corporations- companies that maintain significant operations in two or more countries simultaneously.

While international businesses have been around for centuries, multinationals are a relatively recent phenomenon. They are a natural outcome of the global economy. Multinationals use their worldwide operations to develop global strategies. Rather than confining themselves to their domestic borders, they scan the world for competitive advantages. The result is that manufacturing; assembly, sales and other functions are being strategically located to give firm advantages in the marketplace.

Managers of a multinational company confront a wealth of challenge. They face diverse political systems, law, and customs. But these differences create both problems and opportunities. It's obviously very difficult to manage. An operation that spans fifteen thousand miles and whose employees speak five different languages are located under a single roof where a common language is spoken. Differences create opportunities, and that has been the primary motivation for corporations to expand their worldwide operations.

If people were becoming more homogeneous, we could take a culture free approach to be justified at present for the following reasons: (1) there are differences in OB across national culture. (2) These differences explain a large proportion of the variance in attitudes and behaviours. (3) And for now at least and probably for a number of years to come, these differences are not decreasing at any significant rate. On the last point we might speculate that despite the tremendous increase in cross- culture communication, there continue to be unique country- specific traditions and customs that shape the attitudes and behaviour of the people in the those countries.

## **5.62 Assessing differences between countries**

### **Assessing differences between countries:**

American children are taught early the values of individuality and uniqueness. In contrast Japanese children are taught to be “team players” to work within the group, and to conform. A significant part of American students education is to learn to think, to analyse and to question. Their Japanese counterparts are rewarded for recounting facts. These different socialization practices reflect different types of employees. The average American worker is more competitive and self-focused than is the Japanese worker. Predictions of employee behaviour based on samples of American workers are likely to be off- target when they are applied to a population of employees- like the Japanese- who perform better in standardized tasks, as part of a team, with group- based decisions and rewards.

### **The Hofstede Framework**

A more comprehensive analysis of cultural diversity has been done by Greet Hofstede. In contrast to most of the previous organisation studies, which either included a limited number of countries or analysed different companies in different countries. Hofstede surveyed over 116,600 employees in forty countries who all worked for a single multinational corporation. This database eliminated any difference that might be attributable to varying practices and policies in different companies. So any variations that he found between countries could reliably be attributed to national culture.

His huge database confirmed that national culture had a major impact on employee’s work-related values and attitudes. More importantly, Hofstede found that manager and employees vary on four dimensions of national culture: (1) individualism versus collectivism; (2) power distance; (3) uncertainty avoidance; and (4) quantity versus quality of life. (Actually, Hofstede called this fourth dimension masculinity versus femininity, but we’ve changed his terms because their strong sexist connotation).

### **Individualism vs. Collectivism**

Individualism refers to a loosely knit social framework in which people are chiefly supposed to take care of their own interests and those of their immediate family. This is made possible because of the large amount of freedom that such a society allows individuals. Its opposite is collectivism, which is characterized by a tight social framework in which people expect others in groups to which they belong (such as an organisation) to look after them and protect them when they are in trouble. In exchange for this security, they feel they owe absolute loyalty to the group.

Hofstede found that the degree of individualism in a country is closely related to that country’s wealth. Rich countries like the United States Great Britain and the Netherlands are very individualistic. Poor countries like Colombia and Pakistan are collectivists.

### **Power Distance**

People naturally vary in their physical and intellectual abilities. This in turn creates difference in wealth and power. Hofstede used the term power distance as a measure of the extent to which a society accepts the fact that power in institutions and organisations is distributed unequally. A high- power- distance society accepts wide differences in power in organisations. Employees show a great deal of respect for those in authority. Titles, rank and status carry a lot of weight. When negotiating in high-power-distance countries, companies find that it helps to send representatives with titles at least as high as those with whom they’re bargaining. Countries high in power distance include the Philippines, Venezuela and India. In contrast, a low-power- distance society plays down inequalities as much as possible. Superiors still have authority, but employees are not afraid of the boss. Denmark, Israel, and Austria are examples of countries with low power –distance scores.

### **Uncertainty Avoidance:**

We live in world of uncertainty. The future is largely unknown and always will be. Societies respond to this uncertainty in different ways. Some societies are more or less comfortable with risks. They're also relatively tolerant of behaviour and opinions that differ from their own because they don't feel threatened by them. Hofstede describes such societies as having low uncertainty avoidance; that is people feel relatively secure. Countries that fall into this category include Singapore, Hong Kong and Denmark.

A society high in uncertainty avoidance is characterised by a high level of anxiety among its people, which manifests itself in nervousness, stress and aggressiveness. Because people feel threatened by uncertainty and ambiguity in these societies, mechanisms are created to provide security and reduce risk. Organisations are likely to have more formal rules, there will be less tolerance for deviant ideas and behaviours, and members will strive to believe in absolute truths. Not surprisingly, in organisations in countries with high uncertainty avoidance, employees demonstrate relatively low job mobility and lifetime employment is a widely practiced policy. Countries in this category include Japan, Portugal, and Greece.

### **Quantity Vs. Quality of Life.**

The fourth dimension, like individualism and collectivism, represents a dichotomy. Some cultures emphasise the quantity of life and value things like assertiveness and the acquisition of money and material things. Other cultures emphasise the quality of life, the importance of relationships, and show sensitivity and concern for the welfare of others.

Hofstede found that Japan and Austria scored high on the quality dimension. In contrast, Norway, Sweden, Denmark, and Finland scored high on the quantity dimension.

### **5.63 Countries culture on Hofstede frame work**

Comparing the forty countries on the four dimensions, Hofstede found U.S. culture to rank as follows:

- ❑ Individualism - collectivism = Highest among all countries on individualism
- ❑ Power distance = Below average
- ❑ Uncertainty avoidance = well below average
- ❑ Quantity – quality = well above average on quantity.

These results are not inconsistent with the work image of the United States. The below-average score on power distance aligns with what one might expect in a country with a representative type of government with democratic ideals. In this category, the United States would rate below nations with a small ruling class and a large powerless set of subjects, and above those nations with very strong commitments to egalitarian values. The well-below-average ranking of uncertainty avoidance is also consistent with the representative type of government having democratic ideals. Americans perceive themselves as being relatively free from threats of uncertainty. The individualistic ethic is one of the most frequently used stereotypes to describe Americans and based on Hofstede's research, the stereotype seems well founded. The United States was ranked as the single most individualistic country in his entire set. Finally the well-above- average score on quantity of life is also no surprise. Capitalism-which values aggressiveness and materialism-is consistent with Hofstede's quantity characteristics.

The United States is strongly individualistic but low on power distance. This same pattern was exhibited by England, Australia, Sweden, the Netherlands and New Zealand. Those least similar to the United States on these dimensions were Venezuela, Colombia, Pakistan, Singapore and the Philippines.

The United States scored low on uncertainty avoidance and high on quantity of life. The same pattern was shown by Ireland, the Philippines, New Zealand, India, and South Africa. Those least similar to the United States on these dimensions were Chile, Yugoslavia, and Portugal.

### **Check your Progress**

#### **State true or false**

1. Cross culture helps to define who you are and what is expected of you.
2. Like an iceberg, cultural attributes are both above and below the surface of awareness
3. Culture frames our sense of what is right
4. Global travel exhibits global culture
5. Global teenagers are grouped into thrills & chills (18%), upholders (16%), Quiet achievers (15%), Resigned (14%), Bootstrappers (14%), and world savers (12%).

#### **5.70 Summary**

Like human beings change is inevitable in organizations also. Several forces influence changes in internal and external environment of organizations. Changes are resisted by both individuals and groups. Therefore, change needs to be introduced planned manner.

Conflicts arise due disagreement between two persons due to perception, personality, values, status etc. Avoidance, diffusion and confrontation are the strategies to resolve conflict.

OD, as a technique, is designed to improve organizational effectiveness in a changed situation. OD interventions are targeted towards individuals, groups of individuals and organization itself.

Organizational effectiveness is the degree which an organization attains within its short term and long-term goals. It is determined by causal factors, intervening factors and end-result factors.

Organisational culture is a set of the beliefs, norms and behaviour that are shared by the employees. A dominant culture is share by majority. Culture is transmitted to employees in a number of forms like stories, rituals, material, symbols, and reaction to past practices. It is maintained through selection, socialization, etc.

Most societies are organized as nation states. The culture of each nation is reflected not only in how individuals act and react, but also in how political and economic systems are structured, how natural resources are allocated how technology is used and industries and business are organized. Crossing of culture can be measured through Hofstede's framework.

#### **5.71 Key Concepts**

- Planned change : A change resulting from a deliberate decision to alter the organization
- Role conflict : A situation that arises when others have different perceptions of a person's role.
- Adaptiveness : degree or ability of an organization to adjust itself with changes
- Socialization : process that adopts employees to the organization culture.
- Culture shock : an employee's feeling of confusion, insecurity and anxiety caused in a strange new work environment
- Clan culture : extending loyalty, commitment towards the organization more than for money etc.
- Individualism : a person taking care of his interest and family

#### **5.72 Answer to check your progress**

##### **Give one word for follow (5.17)**

1. Change
2. Resistance
3. Introducing change
- 4.

**Fill in the blanks (5.29)**

1. Conflict
2. Intra-personal
3. Inter-personal
4. Diffusion

**Match the following (5.36)**

- |                               |                                           |
|-------------------------------|-------------------------------------------|
| 1. Organizational Development | - Long term effect                        |
| 2. Sensitivity training       | - training in interpersonal effectiveness |
| 3. Process consultation       | - Improving process of organization       |
| 4. Transactional analysis     | - Id, ego, superego                       |

**State True or False (5.43)**

1. True
2. True
3. True
4. True

**State True or False (5.55)**

1. True
2. True
3. True
4. True

**State True or False (5.65)**

1. True
2. True
3. True
4. True
5. True

**5.73.1 Activity**

You are aware the changes taking place in banking sector and railway system due to the introduction of Information Technology in their daily activities. It has brought many tremendous changes into their day to-day activities. Those changes, you are required a prepare a profile of organization structure. Mark 3 if you think high 2 for moderate and 1 for low.

**Profile of organizations**

	<b>Recent changes</b>	<b>Banking</b>	<b>Railways</b>
1.	Skill requirement		
2.	Education		
3.	Nature of work		
4.	Culture of people		
5.	Communication		
6.	Personal touch		
7.	Quality of sense		
8.	Decision making		
9.	Treatment		
10.	Effectiveness		

### 5.73.2 Activity 2

Identify a cultural “Story” with which you are familiar and explain what it means. For example, the story of king Pari was popular, who gave the chariot to a plant. Identify the cultural message from this story.

### Activity: 3

Read the following statements and Assess you own skills. Circle the number on the response scale that most closely reflects and describe you when you tried to work with someone else. Add up your total points and prepare a brief action plan for yourself improvement.

		Good		Moderate	Poor	
		5	4	3	2	1
1.	I recognize the source of conflict					
2.	I do not attack others					
3.	I know when to escalate a conflict					
4.	I know my strengths and weaknesses					
5.	I assess the outcome of a conflict					
6.	I can flexibly shift my behaviour					
7.	I know when I am assessed					
8.	I project I am on you are on Position					
9.	I develop my base of power					
10.	I know be politics in my comp					

### 5.74 Case study

#### The Angry Decan Airline passenger

Mr. Mani was night supervisor in Decan Airline. His office is immediately behind the ticket counter in the Chennai Airport. He was occasionally called upon to deal with passengers who had unusual problems that employees could not solve. One evening at about 11 pm he was asked to deal with an angry passenger who approached him with the comment” your incompetent employees have lost my bag again, and your baggage attendant is not helping me at all. I want some service. Is everybody incompetent around here? I have an important speech in the bag that I have to deliver at 9’O clock in the morning, and if I don’t get it, I will sue this airline.

#### Questions:

How should Mr. Mani respond to the passenger? What stroking helps her? Would assertiveness training help?

### 5.75 Review question (200 words)

1. What is change? what are the forces of change?
2. Who do individuals resist change?
3. How would you deal with resistance?
4. How would you classify conflicts?
5. How can you manage conflicts?
6. Explain briefly any two OD interventions
7. What are the various components of organizational effectiveness?
8. What are the different features of organization culture?
9. What are the sources of organization culture?
10. Assess the culture of different nations using Hofstede’s framework